



COUNCILLOR PHIL DAVIES

CABINET

Monday 18 July 2016

CORE STRATEGY LOCAL PLAN -
STRATEGIC HOUSING MARKET
ASSESSMENT UPDATE

Councillor Phil Davies, Leader of Wirral Council, said:

“Wirral – like every other area in the UK – is required to submit its Core Strategy Local Plan to Government next year. This Plan must include a detailed assessment of the Borough, including its housing market.

“This report provides Cabinet with the outcome of an initial assessment. It sets out the findings of an independent study into the demographic and economic changes expected in Wirral and how that impacts the Borough’s housing needs. It also summarises the requirements of national policy.”

REPORT SUMMARY

Wirral’s Housing Strategy, reported elsewhere on this agenda, sets out the vision for housing in the future and this report begins a consultation based on the objectively assessed housing need (OAN) as to how this can be delivered.

This report sets out the findings of a study into the need for new housing in Wirral and its implications for the future land supply to be identified in the Council’s emerging Core Strategy Local Plan. It summarises the requirements of national policy and sets out the alternative options that are available to the Council.

The report recommends that the Council accepts the assessment of objectively assessed need (OAN) identified in the Strategic Housing Market Assessment (SHMA) and consults on the need to make further changes to the Proposed Submission Draft Core Strategy Local Plan, to accommodate the need for additional housing.

The recommendations would support the delivery of Wirral Plan 2020 pledges relating to the promotion of economic growth and good quality housing that meets the needs of

residents and would support the delivery of the Wirral Partnership Housing Strategy, which is also included on the agenda.

The report is a key decision, because of its impact on a wide range of communities living or working in the Borough.

The more detailed findings of the SHMA, related to the needs of particular groups, will be the subject of a further report.

RECOMMENDATIONS

- (1) That the objectively assessed need (OAN) identified in the Strategic Housing Market Assessment (SHMA) prepared by Nathaniel Lichfield and Partners (NLP) and the assessment of the Borough's land supply set out in the Council's Strategic Housing Land Availability Assessment (SHLAA) April 2016 are approved as part of the evidence base for the emerging Core Strategy Local Plan, subject to any further revisions that may be required in response to the emerging Devolution Deal Liverpool City Region Strategic Housing and Employment Land Market Assessment (SHELMA).
- (2) That the Council publishes the SHMA and SHLAA on the Council's website and in public libraries for public consultation.
- (3) That the results of consultation are reported to Cabinet before the Draft Core Strategy Local Plan is submitted for the approval of Council for submission to the Secretary of State.
- (4) That a further separate report is prepared on the more detailed findings of the SHMA, including the provision of affordable and specialist housing.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 To approve the use of the objectively assessed housing need identified in the Strategic Housing Market Assessment Update prepared by NLP in determining the future requirement for housing in Wirral to 2032.
- 1.2 To comply with the legal and procedural requirements necessary to complete the preparation and adoption of an up-to-date Core Strategy Local Plan for Wirral, in line with the National Planning Policy Framework (NPPF).

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The preparation of an up-to-date Strategic Housing Market Assessment is a requirement of national policy, to inform the preparation of the Council's statutory Local Plan for the area.
- 2.2 Not preparing an up-to-date Local Plan would mean that the Council would have to continue to rely on the Unitary Development Plan adopted in February 2000.
- 2.3 The national presumption in favour of development would be held to apply where the development plan is absent, silent or relevant policies are out-of-date (NPPF paragraph 14). In the absence of an up-to-date Local Plan, decisions on planning applications will have to be made in the context of the National Planning Policy Framework, with policies in the Unitary Development Plan only carrying weight according to their consistency with the Framework.
- 2.4 Not preparing an up-to-date Local Plan may also incur financial penalties and the intervention of the Secretary of State.
- 2.5 Alternative housing and employment scenarios have been assessed as part of the Strategic Housing Market Assessment prepared by NLP and will be subject to consultation in line with the recommendations of this report.
- 2.6 Alternative land supply options have been assessed as part of the Council's Strategic Housing Land Availability Assessment Update 2016, which will also be subject to consultation in line with the recommendations of this report

3.0 BACKGROUND INFORMATION

- 3.1 The relevant Background Information is set out in Appendix 1 to this report

4.0 NEXT STEPS

- 4.1 The Council will now need to consult on the findings of the SHMA and on the future housing requirement for the Borough; verify the assessment of the future land supply set out in the SHLAA; and consult on the wider changes that may now be necessary to the Core Strategy Local Plan.

- 4.2 Assuming that the necessary consultation can be completed by the end of September 2016, it is expected that a report of consultation could be presented to Cabinet, towards the end of the year.

5.0 FINANCIAL IMPLICATIONS

- 5.1 The Strategic Housing Market Assessment was commissioned from NLP for £47,020, from an original estimated budget of £60,000, funded from the Council's Housing Strategy budget. The contract was extended by £500, to extend the analysis to include an additional scenario related to the economic forecasts produced by Oxford Economics for the LEP; by a further £500, to purchase the more up-to-date Experian projections in December 2015; and by £8,000, funded from the Council's Forward Planning budget, to take account of the latest 2012-based household projections published in February 2014 and December 2015, under Contract Procedure Rule E111.
- 5.2 Additional house-building could support the delivery of the Council's Medium Term Financial Strategy and could support an increase in income through New Homes Bonus and Council Tax.

6.0 LEGAL IMPLICATIONS

- 6.1 The Local Plan must be prepared in line with the process set out in national legislation and can only be adopted by the Council if it is found to be legally compliant and sound by a Planning Inspector appointed by the Secretary of State.
- 6.2 To be sound, a local plan must be: positively prepared, to meet objectively assessed development and infrastructure requirements; justified, in terms of being the most appropriate strategy when considered against the reasonable alternatives; effective, in terms of being deliverable and based on effective joint working on cross-boundary strategic priorities; and be consistent with national policy, by delivering sustainable development in line with the National Planning Policy Framework (NPPF, paragraph 182).
- 6.3 To be legally compliant, the local plan must be prepared to fully comply with national legislation and regulations.
- 6.4 The Council will not be able to submit a Core Strategy Local Plan to public examination without basing its housing requirement on up-to-date evidence of objectively assessed need based on the requirements of national policy or without being able to demonstrate a credible five-year supply and the broad locations for future supply over the rest of the plan period to 2032.
- 6.5 The Council has a legal Duty to Co-operate with named public bodies including adjoining local authorities and national agencies, under the Localism Act 2011. A failure to comply with the Duty to Co-operate can be fatal to the legal compliance of the Local Plan and could require the Core Strategy to be withdrawn.
- 6.6 The Council must also comply with its own statutory Statement of Community Involvement, last adopted in March 2014.

6.7 The approval of the final Draft Core Strategy Local Plan will require a resolution of Council before it can be published and submitted to the Secretary of State for public examination.

7.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

7.1 The Council's Core Strategy Local Plan is prepared by the Council's Forward Planning Service, supported by other teams responsible for housing, regeneration, transport, economic development and public service delivery.

7.2 The engagement and consultation set out in section 9 of this report is expected to cost up to £5,000, which will be funded from existing resources within Regeneration and Planning.

7.3 New housing development currently attracts New Homes Bonus at a rate linked to the Council Tax banding of each new dwelling constructed or empty property brought back into use plus a £350 premium for every new affordable dwelling provided.

7.4 New housing will also have implications for other Council services, including transport, education, social services and the Wirral Growth Plan, which are still to be determined through consultation.

7.5 Consultation with Duty to Co-operate partners and other stakeholders will be undertaken using existing staff resources.

8.0 RELEVANT RISKS

8.1 Not modifying the Core Strategy to address the issues identified in the SHMA and SHLAA could lead to the Core Strategy being withdrawn, with abortive costs and/or unnecessary time and expense being incurred at a future public examination.

8.2 A failure to comply with the requirements of national policy, for example by not making adequate provision for viable new development to meet objectively assessed needs, with sufficient flexibility to adapt to rapid change or to comply with the Duty to Co-operate, can be fatal to the legal compliance and soundness of the Core Strategy.

8.3 There may be a need to revise the final number of new homes to be provided, either before or during the public examination, to take account of any new or emerging evidence, including the implications of any more up-to-date population and household projections, including the findings of the emerging Liverpool City Region SHELMA.

8.4 A failure to have a Local Plan in place by March 2017 could lead to intervention by the Secretary of State under new powers introduced by the Housing and Planning Act 2016, including potential financial penalties, including the withdrawal of some or all, of the Council's annual award of New Homes Bonus.

- 8.5 Payments under the New Homes Bonus are also under review, following national consultation undertaken in March 2016 and could be amended, in terms of the amount and duration of payments for each new home completed.

9.0 ENGAGEMENT / CONSULTATION

- 9.1 The review of the Council's SHMA has been undertaken in response to public consultation on the Proposed Submission Draft Core Strategy published by the Council in December 2012.
- 9.2 As the SHMA would significantly revise the evidence base for the Proposed Submission Draft Core Strategy, consultation will need to include the findings of the SHMA; the proposed future housing requirement to be contained within the Core Strategy; and the Council's assessment of the existing land supply.
- 9.3 Consultation will be undertaken in line with the Council's statutory Statement of Community Involvement, approved on 10 March 2014, accompanied by the documents referred to in the on-line Document Library.
- 9.4 The Council will also need to formally approach surrounding local authorities under the Duty to Co-operate for their views on the future housing requirement for Wirral and to ascertain if they could meet any of Wirral's housing need.
- 9.5 The consultation will be used to verify the objectively assessed need for new housing in the Borough; inform the final housing requirement to be contained within the Core Strategy Local Plan; and demonstrate that the Council has identified and assessed all the reasonable alternatives.
- 9.6 The results of consultation will be reported back to Cabinet before any findings are included in the final Draft Core Strategy Local Plan.

10.0 EQUALITY IMPLICATIONS

- 10.1 The Core Strategy has been subject to ongoing Equality Impact Assessment.
- 10.2 Results of previous Equality Impact Assessments prepared at each stage in the preparation of the Core Strategy can be viewed at <http://www.wirral.gov.uk/planning-and-building/local-plans-and-planning-policy/local-plans/core-strategy-local-plan-0>
- 10.3 While the delivery of housing to meet identified housing needs can have positive implications for all groups, consultation at this stage will only relate to the global number of new homes required, rather than the impact on any specific or particular group, which will be the subject of a separate further report.
- 10.4 A revised Equality Impact Assessment will, however, be presented alongside the final proposals to be included in the final Core Strategy Local Plan.

REPORT AUTHOR: **Andrew Fraser**
Forward Planning Manager
telephone: (0151) 691 8218
email: andrewfraser@wirral.gov.uk

APPENDICES

Appendix 1 – Background Information
Appendix 2 – Summary of SHMA Scenarios

The following items can be viewed in the on-line Document Library: [Here](#)

Strategic Housing Market Assessment for Wirral (NLP, May 2016)
Strategic Housing Land Availability Assessment for Wirral (Wirral Council, April 2016)

REFERENCE MATERIAL

Additional background information relating to the earlier stages in the preparation of the Core Strategy Local Plan can be viewed on the Council's website at: <http://www.wirral.gov.uk/planning-and-building/local-plans-and-planning-policy/local-plans/core-strategy-local-plan>

The Government's National Planning Policy Framework and Planning Practice Guidance can be viewed at: <http://planningguidance.communities.gov.uk/>

The ONS 2012-based Subnational Population Projections can be viewed at: <http://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/bulletins/subnationalpopulationprojectionsforengland/2014-05-29#projections-for-local-authorities>

The CLG 2012-based Household Projections can be viewed at: <https://www.gov.uk/government/statistical-data-sets/live-tables-on-household-projections>

The ONS 2014-based Subnational Population Projections can be viewed at: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/bulletins/subnationalpopulationprojectionsforengland/2014basedprojections>

The report of the Local Plan Expert Group can be viewed at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/508345/Local-plans-report-to-governement.pdf

Government consultation on revisions to the New Homes Bonus can be viewed at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/487095/151217_-_nhb_draft_condoc_published_version.pdf

Government consultation on "incentives" to local plan delivery can be viewed at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/507019/160310_planning_consultation.pdf (Chapter 6 refers)

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Core Strategy - Publication of Proposed Submission Draft (Council)	15 October 2012 (Minute 60 refers)
Approval of Consultation on Initial Proposed Modifications to the Core Strategy (Delegated Decision)	20 June 2013
Adoption of Revised Statement of Community Involvement (Council)	10 March 2014 (Minute 90 refers)
Approval of Consultation on Further Proposed Modifications to the Core Strategy (Delegated Decision)	18 November 2014
Approval of Liverpool City Region SHELMA (Delegated Decision)	24 November 2015

BACKGROUND INFORMATION

Planning Policy Context

- 1 National planning policy is set out in the National Planning Policy Framework (NPPF, March 2012) accompanied by national Planning Practice Guidance (PPG).
- 2 It is national policy to boost significantly the supply of housing and improve the overall affordability of home ownership, particularly for first time buyers (NPPF, paragraph 47 refers). It is also national policy for the planning system to do everything it can to support sustainable economic growth (NPPF, paragraph 19 refers).
- 3 To achieve this, the Council must prepare a statutory Local Plan to set out how land in the Borough is to be developed over the next 15 to 20 years. As part of the Local Plan, the Council is required to establish the local requirement for housing and to identify enough land for development to meet it in line with national policy.
- 4 Before deciding on a final housing requirement figure, the Council is required to identify the objectively assessed need (OAN) for housing in its area by preparing a Strategic Housing Market Assessment (SHMA), to identify the scale and mix of housing which the local population is likely to need over the period that the Local Plan is intended to remain in force.
- 5 The calculation of OAN must not take policy considerations into account. Only once the OAN has been identified, can the Council then apply other considerations, such as environmental capacity, viability and growth ambitions, before arriving at the figure for the final housing requirement, which will be adopted through the Local Plan. The final housing requirement may therefore be higher or lower than the OAN.
- 6 The housing requirement and the proposals for how it will be met must, however, be tested by a Planning Inspector appointed by the Secretary of State, who will test the soundness and legal compliance of the Local Plan, before it can be legally adopted and brought into force.
- 7 The Government expects local plans to be at an advanced stage of preparation by the end of March 2017 and has recently consulted on proposals to penalise authorities who do not comply with this expectation.

The Council's Core Strategy Local Plan

- 8 The Council's emerging Core Strategy Local Plan was published for public comment in December 2012 (Council, 15 October 2012, Minute 60 refers). A number of respondents cited the need for the Council to undertake further evidence to identify Wirral's objectively assessed housing need, to reflect the requirements of recent revisions to national planning policy and to replace the housing requirement contained within the former Regional Spatial Strategy, which was then still in force, awaiting final revocation.

- 9 In response to these comments and to ensure that the Core Strategy Local Plan was based on the most robust up-to-date evidence, the Council appointed Nathaniel Lichfield and Partners (NLP) to carry out an SHMA to identify the potential scale of future housing need and demand in Wirral to 2032 and beyond. The analysis has been complicated by unexpected significant changes between previous projections and the population recorded in the 2011 Census, limitations in the subsequent Interim Household Projections and the late publication of Stage Two 2012-based national household projections in December 2015.
- 10 While the SHMA also provides more detailed information with regard to the need for affordable housing and the needs of particular groups, only the elements related to the overall need for housing are addressed in this report. The implications of the more detailed information, for example with regard to the Council's approach to the provision of affordable and specialist housing, will be addressed in a separate additional report.
- 11 National PPG sets out the broad approach that local authorities should take when assessing their OAN but there is no single approved methodology. Household projections published by the Government, which estimate how many new households will form over time, based on past rates of migration (in and out of the Borough), natural change (births and deaths) and the likelihood of different age groups in the population to form new households, should, however, provide the starting point. The assessment should then take account of other factors which may affect local household formation such as housing affordability and economic growth.
- 12 The calculations are complex and highly sensitive to slight adjustments in their underlying assumptions and are often subject to long and detailed discussion at the later stages of the plan preparation process, when the Local Plan is being examined by a Planning Inspector appointed by the Secretary of State.
- 13 A Local Plan Expert Group, appointed by the Government in September 2015 to identify potential reforms to the Local Plan process, has recently made recommendations to simplify the process for preparing housing market assessments for use in the planning system. While NLP have taken these recommendations into account, they cannot yet be applied in full until they have been formally endorsed by the Government. NLP have therefore continued to present a series of scenarios based upon a range of housing, economic and population factors, trends and forecasts, to help inform the Council's future decision making.
- 14 Further details on each scenario are set out in the 'Summary of SHMA Scenarios', attached to this report.

Strategic Housing Market Assessment (SHMA) Results

Housing Market Linkages [section 3 of the SHMA refers]

- 15 The SHMA demonstrates that Wirral's housing market is largely self-contained, with over 70 per cent of all household moves taking place within Wirral, with the majority of the remaining households moving to and from Liverpool and to a lesser extent to and from Cheshire West & Chester.
- 16 The SHMA also demonstrates that the Wirral population is highly mobile, with approximately 45,000 people or 32% of those in employment, travelling outside the Borough to work, to areas including Liverpool (40%), Cheshire West and Chester (23%) and Flintshire (6%).
- 17 Wirral's strongest external links are, however, still with Liverpool.

Demographic Context [section 5, paragraphs 5.6 to 5.15 and section 6 of the SHMA refer]

- 18 According to the latest 2012-based national population and household projections Wirral's population is projected to increase by almost 11,000 between 2012 and 2037. This marks a step change from the previous long-term trend of population loss in Wirral, which is currently thought to reflect the under-recording of people at the 2001 Census and a significant increase in the population of Liverpool, who are most likely to move from Liverpool to Wirral.
- 19 Typically, migration out of Liverpool to Wirral is focused in the older age groups, whilst migration out of Wirral to Liverpool and elsewhere is mostly focused in the young adult age groups, largely to attend university and find work. As a result, the number of people aged 60 and above is set to increase significantly in Wirral, with the largest increase seen in those aged 85 and over. If existing trends continue, the number of people of working age is projected to decline by 8.5% or by 15,129 people by 2037.

Economic Context [section 4 of the SHMA refers]

- 20 The SHMA shows that there has been a significant increase in house prices in Wirral since 2000 (+167%) when compared to Merseyside as a whole (+148%). There are, however, significant differences in the average house price across the Borough, with considerably higher house prices in western and rural parts compared to the older urban areas in the east.
- 21 The ratio of average house price to average earnings has also risen sharply since 1997, with affordability almost halving during this period, demonstrating a significant underlying need for affordable housing.
- 22 In terms of overcrowding, while the proportion of households living in overcrowded conditions is modest (3.9%), levels of overcrowding are increasing in the Borough at a rate higher than the regional average, The number of concealed households had also risen by over 53% since 2001, which may reflect people living in smaller

houses to manage costs or being forced to share accommodation with friends or family due to a lack of affordable housing.

Affordable Housing Need [sections 9 to 11 of the SHMA refer]

23 The SHMA identifies a total affordable housing need of 1,034 homes per year in Wirral, based on housing register data (3.3x income plus 20% deposit). PPG states that this need should be considered against the percentage of affordable housing that could be delivered by market housing led developments. NLP therefore recommend that up to 40% of all new housing should be delivered as affordable housing, subject to viability testing through the Local Plan.

24 In terms of the split required between housing type and size over the plan period, NLP also recommend the following percentage targets for Wirral, subject to viability testing:

Property Sizes

- *Total market and affordable housing* - 40% 1 or 2-bed and 60% 3 or 4-bed dwellings
- *Affordable housing* - 85% 1 or 2-bed and 15% 3 or 4-bed.

Property Types

- *Market housing* - 35% semi-detached; 25% detached; 10% terraced; 10% flat/maisonette; and 20% bungalow/specialist older people's accommodation
- *Affordable housing* - 30% semi-detached; 10% detached; 15% terraced; 20% flat/maisonette; and 25% bungalow/specialist older people's accommodation.

25 The recommended split between property size and type is intended to rebalance the stock towards 2-bed dwellings; larger more aspirational housing; and good quality accommodation designed specifically for the growing older person population. NLP nevertheless recommend that the Council takes a flexible approach when dealing with housing-related planning applications, to ensure that housing viability is not compromised by an unsuitable housing mix.

26 A further separate report on the Council's proposed approach to the delivery of affordable and specialist housing, will be presented later in the year.

Population-Led Scenarios [section 7 and paragraphs 7.9 to 7.24 of the SHMA refer]

27 NLP has considered five population-led scenarios, to assess their potential impact on the need for new housing:

- **Scenario A** – reflects the national 2012-based subnational population projections as the 'baseline' scenario.

- **Scenario Ai** – assumes that more new households will form over time as ‘pent up’ demand within the younger population (25-34 age groups) is released following a long period of unmet need given the lack of mortgage availability during the recession.
- **Scenario B** – based on the longer-term trend of migration which shows more people leaving the Borough than coming in.
- **Scenario C** – models the population impacts of balancing migration, to ensure that the number of migrants coming into the Borough equals the number moving out.
- **Scenario D** – looks at the impact of stripping out all migration into and out of Wirral so the only way the population can change is from the interaction of births and deaths.

28 Under each of these scenarios, based on existing trends, Wirral would experience an increasingly ageing population and a steep decline in the number of residents of working age. Fewer jobs will be able to be supported and the need for new homes would range between **451** and **757** per year up to 2032, largely to meet the needs of smaller, older households.

29 NLP advise that the only scenario that is likely to meet the needs of Wirral’s existing and future population is Scenario Ai, which assumes that more new households will form over time as ‘pent up’ demand within the younger population (25-34 age groups) is released following a long period of unmet need given the lack of mortgage availability during the recession – which would give rise to a need for **757** additional dwellings per year up to 2032.

Market Signals [paragraphs 8.8 to 8.17 of the SHMA refer]

30 In accordance with existing national PPG, NLP conclude that market signals, including the rate of change in house prices, the affordability ratio and the relative under-delivery of housing in the past, would justify increasing the population-based OAN by 5%, to **795** dwellings per year.

Affordable Housing [paragraphs 8.30 to 8.35 of the SHMA refer]

31 In accordance with existing national PPG, NLP advise that the significant underlying need for affordable housing should also be reflected, by raising the population-based OAN by a further 10%, to **875** dwellings per year up to 2032.

Employment-Led Scenarios [section 7 and paragraphs 7.25 to 7.46 of the SHMA refer]

32 It is national policy that significant weight should be placed on the need to support economic growth through the planning system (NPPF, paragraph 19).

- 33 A series of employment-led scenarios have therefore also been calculated to assess whether any additional housing would also be needed, to take account of economic growth.
- 34 These scenarios assess how many people would need to move into Wirral to support a given level of employment within the Borough, taking economic activity, commuting rates and the likely age of in-migrants into consideration. The scenarios then calculate how many new homes this increase in population is likely to generate.
- 35 Sensitivity tests also calculate the number of new homes that might be needed if the out-commuting rate was to reduce by 5% over the plan period, if a larger proportion of Wirral residents took up job opportunities in Wirral rather than in adjoining districts and fewer working age people were needed to move into the Borough.
- 36 The SHMA examines the following employment-led scenarios:
- **Scenario E** – based on the “policy-off” economic forecasts produced by Oxford Economics as part of their work for the Liverpool City Region Local Enterprise Partnership in 2014.
 - **Scenario F** – based on the “policy-on” Oxford Economics forecasts, which included the potential job growth from schemes at Wirral Waters (International Trade Centre, Advanced Supplier Park and East Float) and Wirral International Business Park (Former MOD site and Former RV Chemicals).
 - **Scenario G** – based on the number of dwellings that would be necessary to sustain job stabilisation over the Plan period (i.e. no net gain/loss in jobs).
 - **Scenario H** – considers how much housing would be needed if past trends of (negative) job growth were to continue into the future.
 - **Scenario I** – based on the most up-to-date “policy-off” economic forecasts produced by Experian (December 2015) which contain more optimistic growth assumptions than those previously forecast by Oxford Economics.
- 37 These scenarios identify a need for between **188** and **1,304** new homes each year up to 2032.
- 38 Under the scenarios which project job losses, it is estimated that a large number of working age people would leave the Borough and household growth would only be in the older age groups.
- 39 Under the scenarios which forecast job growth, a significant increase in the working age population would be required. In the absence of a significant change in commuting patterns or further large reductions in unemployment and economic inactivity, this level of job growth would require very high levels of net in-migration and would result in the need for a substantial number of new dwellings.

- 40 NLP advise that at least 790 additional homes would need to be provided each year if the number of jobs that could be supported by the local population was to remain stable to 2032, supported by in-migration of up to 10,348 additional people (Scenario G refers).
- 41 Any further job growth above this would require a further substantial increase in in-migration and a further substantial increase in the number of homes that would need to be provided to support it.
- 42 NLP advise that the latest 'policy-off' economic baseline projections from Experian (December 2015), which show employment growth in Wirral of 7,730 jobs to 2032 (Scenario I), would require 1,233 additional dwellings to be provided, given the existing pattern of migration of older age groups. Any figure below this would effectively represent holding back the 'natural' trajectory of the underlying Wirral economy.

Policy-Led Benchmarks [section 7 and paragraphs 7.47 to 7.50 of the SHMA refer]

- 43 The SHMA also models two scenarios which assess the impact on the population if the previous average rate of housing delivery continued to 2032 and if the need for affordable housing was accommodated (at 40% of all new housing development), which would suggest a need for **383** or **2,585** new homes each year respectively.
- 44 NLP advise that maintaining the average rate of actual housing delivery over the last 12 years could reduce the working age population by over 8% or 12,544 people by 2032 and could reduce the number of jobs that could be supported by the local population by 7,321.

Overall Objectively Assessed Need [section 8 of the SHMA refers]

- 45 Taking all the scenarios into consideration, including market signals and the need for affordable housing, the SHMA concludes that the Borough's OAN for housing should stand at between **875** and **1,235** per year, equivalent to the provision of **between 15,750 and 22,230 additional new homes** over the next 15 years.
- 46 The lower end of the range reflects Scenario Ai, with the two additional uplifts for market signals (5%) and affordable housing (10%) applied.
- 47 The higher end of the range reflects Scenario I, to provide a sufficiently large labour force to support the latest Experian economic forecasts, excluding any allowance for a reduction in out-commuting of 5%.
- 48 Were the recommendations of the Local Plan Expert Group to be accepted by the Government, the lower end of the range may only need to be uplifted by a single factor of 10% and the OAN would therefore stand at 15,030 homes over 15 years or 835 per year.

- 49 NLP, nevertheless, advise that an OAN below 900 homes per year would fail to prevent the net loss of working age people and would therefore not support economic growth, which could have implications for the ability to meet the economic growth aspirations of the Wirral Growth Plan.

Policy Implications

- 50 The findings will not only have implications for the final housing requirement to be included in the emerging Core Strategy Local Plan but also for the calculation of the housing land supply that is used in the determination of planning applications.
- 51 National policy states that relevant policies for the supply of housing should not be considered up-to-date if the local planning authority cannot demonstrate a five-year supply of deliverable housing sites (NPPF, paragraph 49) and that where relevant policies are out-of-date, planning permission should be granted unless any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in the Framework taken as a whole or specific policies in the Framework indicate development should be restricted (NPPF, paragraph 14 refers).
- 52 The SHMA recognises that this level of housing provision would be very challenging for the Borough to achieve without a step-change in housing delivery and a transformation in the local housing market and that providing additional housing to secure additional jobs could simply perpetuate unsustainable travel patterns if the planned level of employment is not secured.
- 53 In terms of previous rates of housing delivery, the highest rates in Wirral occurred in the late 1970's, related to the rapid expansion into open countryside prior to the establishment of the Merseyside Green Belt in 1983. A large number of completions during this period were also Local Authority built properties, which totalled around 40 per cent of all completions.
- 54 Net completions in Wirral have rarely exceeded 600 per year since the mid-1990s. The most recent highest rate of housing delivery in Wirral was in 2007/08, prior to the onset of the recession, at 820 gross completions, of which over 60% were flats or apartments. Only since 2012 have gross completions slowly begun to recover, to around 500 per annum and viability remains an issue in parts of the Borough, particularly on smaller schemes and on previously developed sites.

Housing Requirement

- 55 The Council must now use the objectively assessed need (OAN) as the basis for deciding on the figure to take forward as the new housing requirement, to be delivered through the Core Strategy Local Plan, as it will be the housing requirement figure in the Local Plan, rather than the OAN, that will be the target against which housing supply will normally be measured.
- 56 National policy states that local planning authorities should positively seek opportunities to meet the development needs of their area and that local plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change, unless any adverse impacts of doing so would significantly and

demonstrably outweigh the benefits, when assessed against the policies in the Framework taken as a whole or specific policies indicate development should be restricted (NPPF, paragraph 14).

- 57 The Council will therefore need to consider if any adverse impacts of meeting the full OAN in Wirral would significantly and demonstrably outweigh the benefits, taking into consideration specific NPPF policies and constraints which restrict development, such as those relating to Green Belt; agricultural land; European Protected Sites; national Sites of Special Scientific Interest; Local Green Space; designated heritage assets; and locations at risk of flooding and coastal erosion.
- 58 Recent case law indicates that it is not sufficient to simply determine the maximum housing land supply available and constrain the housing requirement to that figure. A distinct assessment must be made of whether specific policies dictate or justify constraint.

Sub-Regional Context

- 59 The decision regarding the final housing requirement for Wirral will also need to be taken alongside neighbouring local authority partners to ensure that strategic cross-boundary issues have been properly addressed, particularly as any failure to meet Wirral's full objectively assessed needs could result in additional pressure on neighbouring authorities to accommodate any unmet need.
- 60 The Council has already informally sought the views of surrounding local authorities on the emerging range of objectively assessed need as part of the preparation of the SHMA. While the surrounding local authorities would generally support the Council meeting the population-led housing needs of the future population in line with the national household projections, they would have concerns over the levels of in-migration which would be required to deliver the higher-level growth scenarios, primarily because of the impact on their own aspirations to grow their own working age populations.
- 61 To help resolve these issues, Liverpool City Region authorities have now jointly commissioned a Strategic Housing and Employment Land Market Assessment (SHELMA), to identify the scale of housing and employment land that would be needed to inform a Liverpool City Region Single Spatial Framework, in line with the Devolution Agreement agreed in November 2015.
- 62 The SHELMA, which is scheduled for completion by September 2016, will identify revised OAN figures both for the LCR as a whole and for each of the individual districts, including Wirral, based on the more recent 2014-based population projections, which can be used to further verify the findings of the Wirral SHMA but which may give slightly different results on the basis of the joint consideration of employment needs in particular.
- 63 While it is too early to draw firm conclusions, it is already known that the 2014-based population projections show a further upward trend in growth, when compared with the projections used by NLP and it is therefore unlikely that the

OAN identified in the SHELMA will be significantly lower than that identified by NLP in the Wirral SHMA.

Housing Land Supply

- 64 Previous reports have explained the importance of the Council being able to demonstrate that an ongoing five-year housing land supply is in place for the whole of the plan period before the Core Strategy is submitted to the Secretary of State, based on the number of new homes that are needed and the likelihood that they will be delivered on the sites identified.
- 65 In many cases, these issues have been the single most important factors which have led to the delay, postponement, rejection and withdrawal of significant numbers of other Local Plans across the country.
- 66 National planning policy, in particular, requires local planning authorities to:
- use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in the National Planning Policy Framework, including identifying key sites which are critical to the delivery of the housing strategy over the plan period;
 - identify and update annually a supply of specific deliverable sites sufficient to provide five years' worth of housing against their housing requirements with an additional buffer of 5% (moved forward from later in the plan period) to ensure choice and competition in the market for land. Where there has been a record of persistent under delivery of housing, local planning authorities should increase the buffer to 20% (moved forward from later in the plan period) to provide a realistic prospect of achieving the planned supply and to ensure choice and competition in the market for land; and
 - identify a supply of specific, developable sites or broad locations for growth, for years 6-10 and, where possible, for years 11-15 (NPPF, paragraph 47);
- 67 To be considered deliverable, sites should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years and, in particular, that development of the site is viable. Sites with planning permission should be considered deliverable until permission expires, unless there is clear evidence that schemes will not be implemented within five years, for example they will not be viable, there is no longer a demand for the type of units or sites have longer term phasing plans (NPPF, footnote 11 refers).
- 68 To be considered developable, sites should be in a suitable location for housing development and there should be a reasonable prospect that the site is available and could be viably developed at the point envisaged (NPPF, footnote 12 refers).
- 69 The Council has updated its Strategic Housing Land Availability Assessment (SHLAA), to April 2016, to identify sites without a current planning status that could

potentially be brought forward for housing, in addition to sites that already have planning permission or are allocated for development in the Unitary Development Plan.

- 70 The SHLAA has considered vacant brownfield sites in the Borough (irrespective of their current designation); previous planning permissions for housing which have expired; urban greenfield sites not otherwise identified for protection in the Unitary Development Plan; and sites identified and submitted for consideration by landowners and developers. The assessment is updated on an annual basis.
- 71 The SHLAA places each site into one of three categories, depending on when they could deliver housing, based on their suitability, availability and economic viability:
- **Category 1** - sites considered to be suitable for housing and which could be delivered within five years;
 - **Category 2** - sites considered to be developable but which may have some additional constraints which mean that they are more likely to be delivered within a 6-10 year period;
 - **Category 3** - sites considered not currently developable and subject to constraints which may only make them deliverable within an 11-15 year period, if at all.
- 72 All the sites put forward in the Green Belt by developers and landowners have been placed in Category 3 and have been excluded from the calculation of the future housing land supply, as their delivery would currently be reliant upon an appropriate future Local Plan review.
- 73 The Council's previous SHLAAs have identified a diminishing supply of suitable, viable and deliverable urban sites. The most recent update shows a total potential capacity of up to 5,651 new homes without planning permission but this includes employment sites, open spaces and other sites subject to constraints such as flood risk and contamination.
- 74 The SHLAA April 2016 identifies that 1,249 of the total potential new homes could be delivered within the next five years. In addition to the sites identified in the SHLAA, there is currently planning permission in place for over 2,200 homes in Wirral. Taken together, this would currently be equivalent to a 2.8-year supply calculated against the lower range OAN or a 1.9-year supply calculated against the higher range need.
- 75 These figures do not include the potential for housing delivery at Wirral Waters. The Council has granted outline planning consent for up to 13,521 dwellings at Wirral Waters, subject to a section 106 agreement signed in May 2012. A further outline planning application for 1,531 units and a full planning application for 141 units have also been approved but the relevant section 106 agreements have not yet been signed.

- 76 The information submitted with the planning applications at Wirral Waters highlighted that a high proportion of prospective residents (up to 90%) were expected to move into the Borough from elsewhere, with 70% moving from outside the City Region. The Council continues to hold discussions with Peel to support the acceleration of residential development within the Wirral Waters scheme and the latest projection by the developer is for 1,000 units to be delivered within the next five years.
- 77 NLP advise monitoring the progress of major employment-related development schemes, such as Wirral Waters, which if developed over the course of the Core Strategy plan period could require the assessment of economic aspirations to be significantly revised.
- 78 Any shortfall against the housing requirement would normally need to be met by bringing sites forward from Category 2 and Category 3 – sites which may be subject to alternative designations or which may currently prove to be considered unacceptable or be subject to constraints which render them unviable, particularly in the short-term, which could impact on housing delivery. In Wirral's case, additional sites, which are not currently identified in the SHLAA, would also need to be identified.
- 79 Table 1 shows the total potential number of dwelling units within each Category in the SHLAA at April 2016 (excluding previously undeveloped sites in the Green Belt), against the recommended lower range OAN:

Table 1

Status	Estimated Number of Units	Cumulative Capacity	Lower Range OAN	Shortfall Against OAN
Commitments (with planning permission)	2,221			
Category 1 (deliverable in years 0 – 5)	1,249	3,470	4,375	905
Category 2 (deliverable in years 6 – 10)	1,443	4,913	8,750	3,837
Category 3 (not currently deliverable until years 11 – 15)	2,959	7,872	13,125	5,253
Potential capacity at Wirral Waters	1,000	8,872	13,125	4,253
Total potential supply	8,872			

- 80 The OAN is, however, based at 2014 and any shortfall in housing delivery in 2014/15 and 2015/16 would normally be expected to be met within the first five years of the plan period. Table 2 therefore sets out the current housing land supply position measured against both the lower and upper range of the recommended OAN.

Table 2

		Lower Range OAN (875 per year)	Upper Range OAN (1235 per year)
A	Objectively Assessed Need (OAN) 2014-2016	1,750	2,470
B	Net Completions 2014 - 2016 (new build plus net gain from conversions minus demolitions)	1,035	1,035
C	Shortfall of completions against target 2014-2016 (A - B)	715	1,435
D	15 year projected demolitions 2016-2031 (currently assumed at 50 each year)	750	750
E	15 year gross housing target 2016- 2031 including shortfall and projected demolitions (OAN x 15) + C + D	14,590	20,710
F	Total housing land supply at April 2016 (Including all SHLAA sites, units with planning permission and estimated delivery at Wirral Waters)	8,872	8,872
G	Shortfall in Supply (D - E)	5,718	11,838

- 81 Table 1 and Table 2 both demonstrate that even if all of the potential capacity identified in the SHLAA 2016, including a modest level of development at Wirral Waters, can be delivered, there would still be a significant shortfall in the supply of future housing land in the Borough against the calculated OAN under both scenarios.

Land Supply Options

- 82 There are seven main options for providing an appropriate future land supply, which could be pursued together or apart:

Employment sites – the Council’s existing Employment Land and Premises Study currently shows a shortfall of employment land, subject to the delivery of high density employment development at Wirral Waters.

The Borough’s future employment land needs will be re-considered as part of the Liverpool City Region SHELMA and a review of employment sites is currently being undertaken by the Council’s Investment Team. While some sites may come forward for housing, they are unlikely to be of sufficient scale to address the full extent of the overall shortfall over the plan period.

Town centres - the Council could seek to promote a greater element of mixed-use as part of a wider range of commercial-led developments but it is currently unclear

whether it would be realistic or possible to deliver any significant additional housing capacity.

Open spaces – the Council would need to actively reconsider the re-designation of currently protected sites and/or significantly lower the existing standard of recreation and open space provision to generate any significant additional housing capacity.

Increased densities – the Council could promote a higher density of housing development to maximise the potential capacity of available sites but this could have a significant impact on the character of the existing urban area, some of which are already protected by existing density controls or heritage-related designations.

Wirral Waters – to be included, the Council would need to be able to demonstrate that there was a reasonable prospect of the site actually coming forward, in terms of completed new dwellings, to meet the Boroughs identified housing needs.

On the basis of the Local Plan Viability Study Baseline Report, the SHLAA currently assumes a maximum build-out rate of around 50 homes per year on larger sites. Recent consultation also indicates that house-builders would currently seek to build no more than 100 houses each year in any one location, to avoid market saturation.

Other local authorities – the key districts of Liverpool and Cheshire West and Chester have already indicated that they are unlikely to be able to accommodate any of Wirral's housing needs.

- 83 The only other potential remaining source of supply is land in the existing Green Belt.

Summary of Strategic Housing Market Assessment (SHMA) Scenarios

1. Population-Led Scenarios

Scenario A – 2012-based Subnational Population Projections - Baseline

This 'do nothing' scenario reflects the 2012-based subnational population projections and demonstrates that there will be a significant shift in the Borough's population profile if current trends continue over time, with an increasingly ageing population and a steep decline in the number of residents of working age. This would result in an annual housing need of **685** dwellings per year.

Scenario Ai – Sensitivity Test – Partial Catch-up

As Scenario A is purely based on recent trends, it does not take account of the impact of the recession on the supply of housing and the ability of households to form, given the lack of mortgage availability. NLP has therefore tested a scenario which assumes that 'pent up' demand within the younger population (25-34 age groups) is released over time and results in higher household formation which, over the long term, returns to longer term trends. This would result in an annual housing need of **757** dwellings per year.

Scenario B – Long Term Migration Trend

This scenario looks at average migration trends observed in Wirral over a longer time period than under Scenario A, when Wirral experienced higher levels of out-migration than in recent years, particularly from people of working age.

Under this scenario, the population of Wirral is projected to increase by just 66 people between 2014 and 2032, with an increase in households of 7,786 (reflecting increasingly smaller households) and an annual housing need of **451** dwellings.

Scenario C – Zero Net Migration

This scenario models the population impacts of balancing migration, to ensure that the number of migrants coming into the Borough equals the number moving out.

This scenario would lead to a population increase of 3,313 people over the period 2014 to 2032, with an increase in 9,364 new households in Wirral and would generate a need for **542** dwellings per annum up to 2032. Although not feasible in practice, this scenario highlights that it is largely older people who migrate into Wirral and largely working age people who leave.

Scenario D – Natural Change

This scenario examines the consequences of stripping out all the migration both into and out of Wirral over the period 2014 to 2032. As a consequence, the only way the population can change is from the interaction of births and deaths.

Even after removing all migration, the population is still projected to increase by 3,831 residents between 2014 and 2032. This equates to household growth of 8,303, with a requirement for **481** new homes each year. However, due to the ageing population, virtually all of the population growth will be in the older age categories and the number of working age residents will decline. The number of jobs that could be supported by the resident population would therefore fall by 3,014 over time.

Whilst this scenario is again not feasible in practice, it provides a useful indication of the extent to which Wirral's underlying needs are driven by the level of births relative to deaths and underlines the importance of in-migration to support future economic growth.

2. Employment-Led Scenarios

Scenario E – Liverpool LEP OE Job Growth

This scenario models the “policy-off” economic forecasts produced by Oxford Economics as part of their work for the Liverpool City Region Local Enterprise Partnership, which estimated the loss of 5,500 jobs in Wirral between 2014 and 2032.

To reflect this level of job decline, taking into account current commuting patterns and projected changes in economic activity rates, it is estimated that a large number of working age people would leave the Borough and household growth would only be in the older age groups, generating an annual housing need of **488** dwellings per year.

Scenario Ei – Sensitivity Test

Reducing the net commuting rate over time, by 5% over the Plan period, could moderate the number of new dwellings needed, to **188** dwellings per year, as more of Wirral's existing residents would take up job opportunities in Wirral.

Scenario F – Policy-On Economic Growth Scenario

This scenario uses the “policy-on” Local Enterprise Partnership Oxford Economics forecasts which tested the policy responses that might be necessary to secure a higher level of economic growth within the Liverpool City Region, including potential job growth from major schemes at Wirral Waters and Wirral International Business Park.

This scenario increases the number of jobs in Wirral by 8,800 over the period 2014 to 2032. In the absence of a significant change in commuting patterns or further large reductions in unemployment levels, this level of job growth would require very high levels of net in migration, to generate a significant growth in the working age population and result in a need for a substantial number of new dwellings, up to **1,304** per year.

Scenario Fi – Sensitivity Test

Reducing the net commuting rate over time, by 5% over the Plan period, could moderate the number of new dwellings needed, to **965** dwellings per year.

Scenario G – Job Stabilisation

This scenario examines the number of dwellings that would be necessary to allow the Borough to maintain the same number of jobs throughout the Plan period. Due to the

declining number of economically active residents over time, there would need to be a substantial increase in the level of net in-migration, with a need for **790** dwellings per year.

Scenario Gi – Sensitivity Test

Reducing the net commuting rate over time, by 5% over the Plan period, could moderate the number of new dwellings needed, to **475** dwellings per year.

Scenario H – Past Trends Job Growth

This scenario considers how much housing would be needed if past (negative) trends in job growth were to continue, based on the average decline in the number of jobs of -148 per year between 1997 and 2014.

As the population is aged, more people are required to sustain the workforce, hence even though the number of jobs declines under this scenario, the Borough's working age population would still need to increase to counteract the effect of people leaving the workforce to retire, resulting in an overall need for **641** dwellings per year.

Scenario I – Experian Forecast

This Scenario models the impact of the most up-to-date 'policy-off' Experian economic forecasts for December 2015, which project job growth of 7,730 in Wirral over the period between 2014 and 2032. To support this level of job growth, there would need to be a substantial increase in the size of the labour force through net in-migration, which would generate a need for **1,233** dwellings per year.

Scenario li – Sensitivity Test

Reducing the net commuting rate over time, by 5% over the Plan period, could moderate the number of new dwellings needed, to **898** dwellings per year.

3. Policy-Led Benchmarks

Scenario J – Affordable Housing Need

This scenario looks at the level of housing that would be required to meet the level of affordable housing need identified by NLP in the other sections of the SHMA. Assuming that 40 per cent of all new housing would be brought forward as affordable would result in a requirement for **2,585** dwellings per year.

Scenario K – Past Delivery Rates

This scenario calculates the impact on the local population of continuing the past rate of housing delivery between 2003/04 and 2014/15, when a total of 4,596 new homes net of demolitions were delivered in Wirral, at an annual rate of **383** per year. This scenario would result in a population decline, of 3,150 residents to 2032, with a corresponding decline in the number of jobs that could be supported, by 7,321.

Table 1 – Wirral SHMA Update 2016 - Summary of Scenario Outputs

Scenario	Change in Population 2014-2032	Change in Jobs 2014-2032	Total Additional Dwellings 2014-2032	Annual Average Dwellings Required 2014-2032
A - 2012-based SNPP	10,140	-2,085	12,326	685
Ai - 2012 SNPP With Partial Catch Up	10,140	-2,085	13,622	757
B - Long Term Migration	66	-6,295	8,112	451
C - Zero Net Migration	3,313	-4,711	9,756	542
D - Natural Change	3,831	-3,014	8,651	481
E – Oxford Economics 2014 Job Growth	1,486	-5,500	8,792	488
Ei – Oxford Economics 2014 – Sensitivity Test	-11,850	-5,500	5,385	188
F – Oxford Economics 2014 Policy-On Job Growth	37,441	8,800	23,467	1,304
Fi – Oxford Economics 2014 Policy-On – Sensitivity Test	22,390	8,800	17,373	965
G - Job Stabilisation	14,912	0	14,213	790
Gi - Job Stabilisation – Sensitivity Test	928	0	8,549	475
H - Past Trends Job Growth	8,308	-2,664	11,539	641
I - Experian December 2015 Job Growth	34,439	7,730	22,191	1,233
Ii - Experian Job Growth – Sensitivity Test	19,529	7,730	16,156	898
J - SHMA Affordable Housing Needs	-	-	46,530	2,585
K - Past Net Housing Delivery	-3,150	-7,321	6,894	383