

Matter 3: Strategic policies & housing

Issue 1: Housing need and the approach to supply

We will be examining the detailed figures relating to regeneration areas and other allocations under separate matters later in the examination. The same is true in respect of a forward supply of sites. In terms of supply, under this issue we are looking primarily at the principles at this stage.

1. Is the identified need of 13,360 homes as set out in Policy WS 1.1 soundly based, and does it accord with the evidence and national planning policy and guidance?

1. Part B states that the local plan will provide for a minimum of 13,360 net additional dwellings equivalent to 835 dwellings each year. This is based on the Wirral Strategic Housing Market Assessment (SHMA) (October 2021) which includes 779 per annum based on the Governments standard methodology for calculating housing need, plus an uplift of 6 per annum to support economic growth. In addition, an allowance of 50 dwellings each year is added to make up for demolitions.
2. The NPPF¹ states that to determine the minimum number of homes needed, strategic policies should be informed by a local housing needs assessment, conducted using the standard method set out in the PPG².
3. The PPG³ also sets out when it might be appropriate to plan for a higher housing need figure than the standard method, these include where there are growth strategies for the area, where there are strategic infrastructure improvements, where an authority is taking unmet need from a neighbouring authority, and where previous levels of housing delivery, or previous assessments of need are significantly greater than the outcome from the standard method. This is not a limited list.
4. The HBF supports the Council in using the standard method as the starting point for the calculation of the housing requirement. The HBF also supports the Council in including an uplift to support economic growth, although we consider that the uplift should be significantly above that currently proposed. The HBF also considers that it is appropriate for the Council to consider the number of dwellings to be lost each year to demolition, change of use or conversion either as part of the supply calculation or the housing requirement.
5. The HBF considers that the Council will need to take into account the economic and regeneration aspirations of Wirral as well as the wider Liverpool City Region (LCR). The NPPF⁴ is clear that planning policies should 'seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment', there is a clear risk that if sufficient housing is not provided these

¹ NPPF 2021 Paragraph 61

² PPG ID:2a-004-20201216

³ PPG ID: 2a-010-20201216

⁴ NPPF 2021 Paragraph 82

strategies will not be delivered, that jobs will not be provided or that unsustainable commuting patterns will be created.

6. There are also high levels of affordable housing need identified, with the 2021 SHMA identifying a need of 374dpa (and the previous document identifying 705dpa) that would also justify an uplift to the housing requirement, in line with the PPG⁵.

2. Are there exceptional circumstances justifying an alternative approach to the use of the local housing needs methodology (LHN) with reference to NPPF paragraph 61?⁶

7. As set out above the HBF considers that there are circumstances justifying an alternate approach to identifying the local housing needs, providing a housing need over that identified by the standard method. This appears in line with the Council's approach which has identified a need to increase the housing requirement over the standard method.

3. Is the divergence in the local plan requirement for housing from the Strategic Housing Market Assessment (SHMA) [H8] and census data justified?

8. The 2021 SHMA identifies an annual need for 779 dwellings and recommends that this is uplifted to 785 to support economic growth. The Council have then also included an additional allowance for 50 dwellings to allow for demolitions.

4. Is the application of a 10% slippage margin in Policy WS1.1. justified? Has this been consistently applied and at the appropriate point?

9. The Table included in Policy WS1.1 Part C includes the application of a 10% discount. Paragraph 3.16 states that the Council has applied a 10% discount to relevant categories of supply to account for the potential that some planned housing may not ultimately be delivered. It also suggests that further details can be found in the Housing Delivery Strategy. The Housing Delivery Strategy identifies that the Council has also applied a 10% non-delivery rate to all extant planning permissions.
10. The HBF considers that the use of a 10% slippage may be appropriate. The HBF agrees with the Council's assumption that not all sites or applications will come forward as expected, and that making an allowance for this is appropriate.

5. Is the approach to the allowances for conversions, changes of use, windfalls and return to use of empty homes justified and effective?

11. Table 3.2 summarises the Council's housing supply for the Plan period. The HBF notes that the supply includes an allowance for conversions and change of use (1,600dwgs), windfalls (480dwgs) and empty homes (1,410dwgs). The HBF would generally recommend that these allowances are not included in the supply and instead form part of the flexibility in supply. However, the HBF recommends that if the Council intends to include an allowance for conversions, changes of use, windfall and the return to use of empty homes that they have an appropriate evidence base to support this, this would be

⁵ PPG ID: 2a-024-20190220

⁶ [H6.1].

in line with the NPPF⁷ which states that where an allowance is made for windfall sites there should be compelling evidence that they will provide a reliable source of supply. Whilst the PPG⁸ clearly highlights that for empty homes to be included as a contribution to completions it would be for the authority to ensure that empty homes had not already been counted as part of the existing stock of dwellings to avoid double counting.

12. The Housing Delivery Strategy (May 2022) states that the Local Plan includes a windfall allowance for 30dpa, stating there is a long history of windfall sites becoming available across the Borough, with an average of 58dpa over the last 5 years and 49dpa over the last 10. The Strategy proposes a stepped approach to the Empty Homes allowance of 100dpa for years 1-5, 90dpa for years 6-10 and 80dpa for years 11-16, suggesting over the last 5 years an annual average of 215 long term empty homes have been returned to use (191dpa over 10 years). The Strategy also considers that an allowance of 100 units per annum provides a realistic estimate for net gains through conversion and change of use. It suggests that annual average delivery of the last five years has been 127 dpa and 109 over the last 10.
13. However, the HBF is concerned that historic trends may not always be an accurate reflection, particularly in areas that have not adopted a Plan in the last 20 years⁹. The HBF considers that the Council needs to have clear and compelling evidence that they will continue to provide a source of delivery, this needs to be in light of the emerging plan and the policy requirements it includes, and where relevant other Council policies and strategies. If any allowances are to be included within the supply the HBF would suggest that the allowance is not included within the first three years from examination of the Plan to avoid double counting.

6. Are housing requirements and employment change suitably aligned?¹⁰ If not, how should they be?

14. The HBF generally supports the Council in seeking to ensure that their housing requirements and employment change are aligned by including an uplift to their housing requirement. However, the HBF considers that the uplift required in order to create this balance is likely to be significantly higher than that currently proposed by the Council.
15. The Plan currently proposed to allocate 65.6ha of employment land. This has been based on the Economic Capacity Impact Scenario provided in the Wirral Employment Land and Premises Study 2021, which suggests that 52.9ha are required for the period 2020-2037. The SHMA has used Oxford Economic Forecasts which identifies an average annual employment growth of 82 jobs per year, in relation to their uplift of 6dpa. Whilst the Employment Land and Premises Study identifies forecast requirements of 2,033 jobs and 49ha in relation to the Economic Capacity Impact Scenario¹¹.

⁷ NPPF 2021 paragraph 71

⁸ PPG ID: 68-030-20190722

⁹ Wirral UDP, which was adopted in February 2000, with a housing requirement of 10,500 dwellings for the period April 1986 to March 2001.

¹⁰ Noting that the Local Plan ostensibly includes 6pa to account for employment growth and makes provision for 65.60ha of employment land.

¹¹ Employment Land and Premises Study 2021, Table 8.10 page 111.

Issue 2: Affordable housing and housing mix

1. Does Policy WS3.1 set out a justified and effective approach to securing housing to meet affordable housing need in Wirral over the plan period?

16. Policy WS3.3 sets the requirements for affordable housing provision in different viability zones, these range from 10% in viability zones 1 and 2 to 20% in zones 3 and 4, this affordable housing requirement will apply to new build market housing schemes of 10 or more dwellings.
17. The HBF supports the need to address the affordable housing requirements of the borough. However, the HBF is concerned that insufficient affordable homes will be provided to meet the needs identified. This is not necessarily an issue with Policy WS3.3 but more of the general spatial strategy which will potentially see more homes delivered in the areas where the lowest levels of affordable homes are provided, and the significant levels of allowances for elements such as empty homes, windfall, conversion and change of use within the housing land supply.
18. The HBF considers that it is unlikely to be appropriate to seek to increase the proportions of affordable homes required above those set out in the policy, due to viability concerns. The NPPF¹² is clear that the derivation of affordable housing policies must not only take account of need but also viability and deliverability. Therefore, the Council will need to consider other methods of increasing affordable housing provision including increasing the housing requirement and providing more homes in areas that will be able to provide more affordable homes.

2. Why does the affordable housing needs figure differ from 705 dpa previously evidenced? Is that robust?

19. This change appears to be due to a change in the methodology used, rather than a change in circumstances. Paragraph 4.36 sets out the two main reasons for the reduction these are the time taken to reduce the backlog of need has changed from 5 years to 10 years, and that updated information on newly built and pipeline affordable housing have been included. The HBF is particularly concerned in relation to the change to the time within which the backlog is to be addressed, it needs to be remembered that these are actual people in need of affordable homes and that they are being expected to wait over an even longer period. The HBF does not consider that this is a robust approach to addressing the affordable housing need in the Wirral.

3. Is the proposed approach consistent with paragraph 65 of the Framework?

20. Part F of this policy requires 25% of the affordable housing to be First Homes and it states that the remainder of the requirement should be for alternative affordable home ownership products, affordable rent and social rent in line with national policy and the needs identified in the latest SHMA. The SHMA identifies a tenure split of 35% social rented, 22% affordable rented, 18% affordable home ownership and 25% First Homes. The HBF notes that this would mean that 43% of the affordable homes would be for

¹² NPPF 2021 Paragraph 34

affordable homeownership, and that the NPPF requirement for 10% of the total number of homes would not be met.

4. Does the proposed approach accord with the findings of the SHMA and other evidence?

21. The SHMA (2021) identifies an affordable housing need for 374 dwellings each year. It also identifies a tenure split of 35% social rented, 22% affordable rented, 18% affordable home ownership and 25% First Homes. Table C.18 of the SHMA sets out in more detail the tenure split for each settlement area, which shows a much higher need for social rented homes in Wallasey and lower need for areas such as Bromborough & Eastham and Heswall. This suggests that the policy approach may not meet the specific affordable housing needs in all areas of the district.
22. The CIL and Viability Assessment (2022) states that the 'viability of development within some of these areas is unquestionably challenging at the present time'¹³. Appendix 5 of the Assessment sets out the residential appraisals in more detail and clearly identifies some of the viability issues. Brownfield sites in the low value areas and lower median value areas are clearly shown to not be viable, and that half of the typologies on brownfield sites in the upper median are also not viable. The Assessment also shows that brownfield flatted typologies are also not viable. The HBF is concerned that the schemes that are being identified as not viable are those where the Council is seeking to focus its development, and will potentially mean that the affordable needs are not met.

5. Are the implications of a shortfall of affordable housing provision understood, including beyond the Plan period, and does the Plan provide any mechanism to address this?

23. The HBF does not consider that the implications of a shortfall in affordable housing provision have been fully considered by the Council. There is little evidence in relation to the potential implications during the Plan period or beyond, and there does not appear to be any mechanisms included to address this. For example, the HBF notes that whilst the total number of new affordable homes is included within the Monitoring Framework there are no related targets or actions to be taken if the affordable need is not being met. The HBF notes that over the last five years for example the affordability ratio¹⁴ has got worse, increasing from 5.92 in 2017 to 7.22 in 2021.

6. Is the provision in Policy WS3.1 E to delay affordable housing delivery on schemes in viability zones 1 and 2 justified and effective?

24. The HBF supports the Council in taking a flexible approach to the delivery of affordable homes, including the potential use of an overage clause as needed, as this can help development to come forward. However, it is not clear why this would only apply to development within Zones 1 and 2 when there is potential for viability challenges in other areas also. However, the HBF also continues to have concerns in relation to what

¹³ Local Plan CIL & Viability Assessment Study 2022 paragraph 5.37

¹⁴ Ratio of median house price to median gross annual (where available) workplace-based earnings (23 March 2022)

this will mean in terms of the delivery of affordable homes to meet the identified need, particularly in the short to medium term.

7. Is the mechanism for securing affordable housing contributions sufficiently clear including in respect of viability?

25. The HBF does not consider that the Council's approach to viability is sufficiently clear.

8. Is the approach to self-build and custom build housing and also specialist housing justified? Would policies WS 3.5 and WS 3.6 be effective in practice?

26. The HBF would be keen to understand the evidence to support the need for custom and self-build housing in Wirral, and how it has informed the requirements of Policy WS3.5. PPG¹⁵ sets out how custom and self-build housing needs can be assessed. The SHMA (2021) states that during the period March 2016 to November 2018 there were 186 households on the Self-build Register, with the Hoylake / West Kirby, Heswall, mid-Wirral and the rural being mentioned most frequently as the preferred areas to live. It is noted that the Local Plan states that within the period March 2016 and January 2021 there were 304 households on the Self-Build Register, and that whilst the identified preference is for the rural area it is not likely to be met due to policy for the Green Belt. The HBF notes that the register appears to be free and unrestricted in terms of registry and as such may overrepresent the true demand for self and custom build homes. There appears to be limited information available as to how many homes are currently being delivered through self and custom build. The PPG¹⁶ also sets out how local authorities can increase the number of planning permissions which are suitable for self and custom build housing. These include supporting neighbourhood planning groups to include sites in their plans, effective joint working, using Council owned land and working with Home England. The HBF considers that alternative policy mechanisms could be used to ensure a reliable and sufficient provision of self & custom build opportunities across the Borough including allocation of small and medium scale sites specifically for self & custom build housing and permitting self & custom build on sustainable sites.

27. The HBF does not consider that the Council has appropriate evidence to support the requirement for developers on sites of more than 50 dwellings to provide service plots for custom or self-build housing. The HBF is concerned that as currently proposed this policy will not assist in boosting the supply of housing and may even limit the deliverability of some sites and homes. The HBF is also not clear whether there is even a demand from custom and self-builders to live on sites within a larger residential development scheme.

28. The HBF is also concerned in relation to the requirement for any plot that hasn't been sold within 12 months being offered to a Registered Provider at a fair value. It is not clear what the justification is for this policy or what is considered to be a fair value.

9. Is Policy WS 3.4 Housing Mix, justified and effective?

¹⁵ PPG ID: 67-003-20190722

¹⁶ ID: 57-025-20210508

29. The HBF understands the need for a mix of house types and sizes and is generally supportive of providing a range and choice of homes to meet the needs of the local area including ensuring there is appropriate provision of family homes. The HBF recommends a flexible approach is taken regarding housing mix which recognises that needs and demand will vary from area to area and site to site; ensures that the scheme is viable; and provides an appropriate mix for the location. However, it is not clear from this policy how all new residential developments will be able to address the mix of housing particularly where this is a small site for example. It is also not clear how the needs for older people or specialist housing can be addressed on all sites or how it will be determined whether it is appropriate.
30. This policy states that outside of regeneration areas a minimum of 70% of market dwellings will be developed for larger dwellings of three or more bedrooms, within the regeneration areas this should be a minimum of 30%. It is noted that the 2021 SHMA recommends that 65% of market dwellings should have three or more bedrooms¹⁷. It is not clear how the Council's housing policy will ensure that this need is met, particularly considering the focus on Regeneration Areas.
31. The HBF also considers that flexibility in this policy will be important, as there are some concerns how this policy will sit alongside other policy requirements such as the housing density requirements, which may be difficult to achieve with significant numbers of larger homes, which may lead to viability issues in some areas. Again, this will need to be considered in terms of the policy meeting the recommended mix as set out the SHMA.

Issue 3: Other housing needs

1. Have the housing needs of all members of the community been robustly assessed and translated into policy?

32. The HBF is concerned that the Plan will not meet the housing needs of all members of the community. The NPPF¹⁸ is clear that the size, type and tenure of housing need for different groups in the community should be assessed and reflected in planning policies these include those that require affordable housing, families with children, older people and people who wish to build their own homes. As has been highlighted by the HBF through this and our previous responses we do not consider that the Plan provides for the needs of those seeking affordable homes or family homes. And whilst the Plan does make some provision for self and custom build homes it does not reflect the locational requirements of those who wish to build these homes, therefore limiting the effectiveness of this policy in meeting these needs.

2. Is the approach in Policy WS 3.7 to traveller accommodation based on evidence, consistent with recent case law and effective?

Issue 4: Housing viability

¹⁷ 2021 SHMA Figure ES2 (page 10) and Table 6.4 (page 118)

¹⁸ NPPF 2021 paragraph 62

1. Is there appropriate evidence regarding viability, market conditions, and infrastructure funding to indicate that the level of development that the Local Plan intends to enable would be delivered in practice?

33. The HBF is concerned that the evidence regarding viability clearly indicates that the level of development that the Local Plan intends to enable would not be delivered in practice. The CIL and Viability Assessment (2022) states that the 'viability of development within some of these areas is unquestionably challenging at the present time'¹⁹. Whilst Appendix 5 of the Assessment sets out the residential appraisals in more detail and clearly identifies some of the viability issues. The HBF is concerned that the schemes that are being identified as not viable are those where the Council is seeking to focus its development.
34. The HBF is also concerned that there is not sufficient evidence to ensure that there is the necessary infrastructure funding to support the level and location of development proposed in the Plan. As set out previously the Viability Assessment clearly identifies challenges in the viability of development in certain areas and for certain typologies, this is likely to mean that in these areas and for these types of development there are likely to be issues with providing or contributing towards infrastructure, or with development not coming forward as infrastructure cannot be provided.

2. Are there any implications of macro-economic/ other trends to be considered (notably the pandemic, changing structures of work, sectoral demands, interest rate changes since the viability appraisal, etc.)?

35. The HBF considers that these issues have the potential to impact on the confidence of home buyers, and potentially the levels of sales and prices achieved, these impacts may be more acutely felt in some areas of the market than others. These issues have also been felt in terms of build costs.

3. Is a 2 to 3% premium above normal market expectations justified in the light of funding and investment forecast?²⁰

4. Are Local Plan density expectations aligned with viability work, and have anticipated housing sizes/mix been assessed?²¹ Are density expectations in Local Plan policy WS3.2 deliverable? Are those densities supported by appropriate evidence?

36. The HBF generally supports the Council in setting a density policy, making efficient use of land and making as much use as possible of previously developed land (PDL) in accordance with NPPF²².
37. The HBF is concerned that sufficient consideration has not been given to other policy requirements which may also impact on density and site layout including the use of the M4(2) and M4(3) standards, the NDSS (although briefly mentioned in the Study the

¹⁹ Local Plan CIL & Viability Assessment Study 2022 paragraph 5.37

²⁰ See [INSP001][WBC003a] and [DV1] paragraph 4.30.

²¹ [DV1] paragraph ES14.

²² NPPF 2021 Paragraph 125

potential impact on density is not evidenced), provision of cycle and bin storage, the mix of homes provided, the availability of EV Charging alongside parking, any implications of design coding and the provision of tree-lined streets, highways requirements, and the requirements in relation to Biodiversity Net Gain, changes to the Building Regulations requirements in relation to heating and energy and the Future Homes Standard. The HBF is concerned that in order to achieve the densities proposed the Council may not be able to deliver on a number of these other policy requirements. The HBF considers that it would be beneficial to reconsider the reality of the density requirements alongside the impacts of all of the Council's policy requirements and Government policy.

38. The HBF is also concerned that the use of higher densities has implications for the type, size and tenure of the homes provided and may mean that the Council is not always able to provide an appropriate housing mix across the Council area. This may mean that the homes delivered do not meet the housing needs of the local community or the market demand in the area.
39. The HBF is also concerned that the density requirements have not been fully considered within the Viability Assessment, which does not appear to have considered the potential impacts in terms of cost in providing for example more mews homes, or more flatted developments, or the use of undercroft or basement parking. It should be noted for example that the NDSS requirements for a 3-storey home is higher than for a 1 or 2 storey dwelling.

5. Would affordable housing provision be unduly suppressed by focussing development in 'lower' viability zones, by allowing affordable housing to be provided in the later phases of development, or by the unviability of flatted typologies?²³

40. The HBF considers that affordable housing provision would be suppressed by focussing development in lower viability zones, by allowing affordable housing to be provided in later phases of development and by the unviability of flatted typologies. Table 2 of Appendix B of the Council's response to the Inspectors' Initial Questions²⁴ anticipates that 1,637 affordable dwellings will be provided during the Plan period. This equates to only 4.38 years of the affordable housing need of 374dpa, and due to the allowance for affordable housing to come forward during later phases this could see a significant under-delivery of affordable homes during the early years of the Plan. The HBF considers that the Council should seek to ensure that there affordable housing needs are met, and as soon as possible, this means that the Council should consider alternative approaches to development which will see more affordable homes delivered. This is likely to mean more sites being delivered for housing outside of the lower viability zones which will include affordable homes, and support for more affordable housing schemes.

6. With reference to the 2018 Viability Study [DV1.1], paragraph 5.44 onwards, has 2.5% return on Gross Development Value ('GDV') been taken to establish viability?

²³ With reference to [DV1][DV1.1][WBC0003a].

²⁴ WBC003a

More broadly, do viability calculations accord with the approach in the Planning Practice Guidance?

7. Has Local Plan viability assessment work taken into account the totality of policy expectations, including in respect of housing standards?²⁵

41. The HBF considers that there are some aspects of the Viability Assessment that have not given full consideration as to how policy expectations will interact and how they will work in practicality. For example, in relation to the Unit Size assumptions provided in table 5.2²⁶ where the floorspace assumption for a 3-bed house is 86sqm, this doesn't even meet up to the smallest of the NDSS requirements for a 3-storey dwelling, which is 90sqm, given the move towards higher density development it is likely that developments will much more frequently include 3-storey dwellings. The HBF is concerned that other elements of higher density developments have also not been taken into consideration including higher costs, the need for a whole block of apartments to be completed before sales are likely to take place, or even potentially for a block of terraces or mews homes, parking provision or waste schemes.
42. The HBF notes that a consortium which includes a number of HBF members has highlighted further concerns in relation to elements of the Viability Assessment and how this work has taken into account the totality of policy expectations. This includes concerns in relation to the provision for the Future Homes Standard and the 'net zero ready' developments; and the housing mix, density and floorspace used.

8. Are assumptions regarding affordable housing and sheltered/ extra care development justified?²⁷

9. How would the Local Plan interact with CIL or any successor regime?

43. The HBF considers that the introduction of CIL would not be appropriate for Wirral at this time, as shown by the Council's viability evidence²⁸, and if introduced would have the potential to impact on the deliverability of the Plan. The viability of development within Wirral is already identified as challenging, and the introduction of CIL or any successor regime has the potential to lead to the non-delivery of homes, and the failure of the Plan to meeting housing needs for their community.

²⁵ [1323692], noting [DV1] paragraph ES 7.

²⁶ Wirral Local Plan CIL & Viability Assessment Study 2022 page 47

²⁷ [1323868]

²⁸ Viability Assessment Paragraph 10.23