

KNOWSLEY CORE STRATEGY EXAMINATION

MATTER 3: HOUSING PROVISION

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Issue 1: Objectively Assessed Needs

1 Question 3.1: The Strategic Housing Market Assessment (SHMA)

- 1.1 JPL recognises that the 2010 SHMA (EB04) has failings, primarily relating to the fact that it predates the issue of the National Planning Policy Framework (NPPF). However, the SHMA does cover the essential matters required by paragraph 159 of the NPPF, in particular it does "*identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period*". The difficulty is that the Submitted Core Strategy (SCS) does not fully meet these needs, in particular for affordable and market housing.
- 1.2 The SHMA does recognise that the housing market extends well beyond Knowsley and there has been joint working with neighbouring authorities. As such, JPL considers that the requirement of NPPF paragraph 159 (first bullet point) has been met. In this regard, there is no requirement within the NPPF that a joint SHMA must be prepared where housing markets cross administrative boundaries. The only requirement is for joint working.
- 1.3 The SHMA should have been reviewed in 2012. This did not occur which is a failing. However, such a review is unlikely to have invalidated the findings of the SHMA, particularly the need to provide high levels of affordable and market housing and to rebalance the housing stock.

2 Question 3.2: The Full Objectively Assessed Needs for Market and Affordable Housing.

- 2.1 The starting point to consider this question is NPPF paragraph 159 which makes clear that in meeting the "*full housing needs*" of an area, account must be taken of much more than just meeting household and population projections. There is also a need to "*address the need for all types of housing*" and to "*cater for housing demand and the scale of housing supply necessary to meet this demand*". It is also appropriate to take into account the aspirations of the Plan, particularly in Knowsley's case, for population stabilisation which is key to achieving the Spatial Vision and Objectives.

- 2.2 The question asks specifically about recent population and household projections. In this context, it is important to emphasise that historically the housing requirements of Knowsley (and much of the rest of Merseyside) have not been determined by reference only or mainly to trend-based population and household projections. To do so would condemn Knowsley (and much of the rest of Merseyside) to a perpetual cycle of decline. Instead housing requirements have been historically determined by the needs of regeneration and economic growth, including population stabilisation and rebalancing the housing stock. As an example, the RS housing provision of 450 dwellings net per annum for the period 2003-2021 was well in excess of the 2003-based CLG household projections and was intended to support the wider economic and regeneration objectives of the Council.
- 2.3 The most recent set of Government population and household projections covering the whole plan period are 2008-based. These show a projected increase of 360 households per year over the plan period 2010 – 2028.
- 2.4 In March 2013, the Government published the 2011-based series of population and household projections. These show a much lower household increase, of only 241 per annum over the much shorter period of 2011 to 2021. In these circumstances, the issue arises what significance these new projections have for the SCS housing requirement.
- 2.5 The 2011-based projections represent the Government's current estimate of what might happen up to 2021 based on past trends. However:-
1. The projections are clearly labelled as "*interim*" and therefore will be the subject of further revision once more complete data is available. Consequently, the 2011-based series are different from previous series which were not labelled in this way, including the 2008-based series.
 2. The projections only cover part of the plan (2011 to 2021). They provide no information about the rest of the plan period (2021 to 2028). No assumption can be made that the same rate of household formation will apply beyond 2021.
 3. The projections are based on trends in the previous five years which was a period of severe economic downturn nationally and locally. In the case of Knowsley, it was also a period when new housebuilding activity was very low and there was a continuing programme of large-scale demolitions. It is not surprising in these circumstances that trend-based projections would produce a forecast of a low rate of household increase. The issue is whether these past trends are a reasonable basis for future planning over the much longer period to 2028 which will include a full economic cycle and when the SCS policies for economic regeneration will take effect.
 4. A major difference between the 2008-based and 2011-based CLG household series nationally is that significantly lower rates of household formation are projected from a given population. This is reflective of the effect that the severe economic downturn has had over the past five years on the ability of people to access housing. Again, the issue is whether these past recessionary

trends are a reasonable basis for future planning over a period covering a full economic cycle.

- 2.6 Our concerns about using the 2011-based projection series for long term planning to 2028 are shared by the technical information accompanying it. The ONS says in its Methodology Statement:-

"Projections are not forecasts and take no account of policy nor development aims that have not yet had an impact on observed trends."

Similarly, DCLG says in its Quality Report on the 2011-based household projections:-

"...there are limitations in the use of these projections, as they are demographically trend-based only and do not take account of any policy changes that may affect actual household formation in future. Therefore, users of the household projections should consider the projections alongside other local information available that they may help interpret better those projections ..."

"There are particular limitations in the use of the 2011-based interim household projections. The projections only span a 10-year period. So users that require a longer time span would need to judge whether recent household formation rates are likely to continue."

- 2.7 Very similar views are expressed by the CLG in the Draft National Planning Practice Guidance (NPPG) which was issued last month (September 2013). It says:-

"The 2011-based household projections are trend-based... They do not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour."

"The 2011-based Interim Household Projections only cover a ten year period up to 2021, so plan makers would need to assess likely trends after 2021 to align with their development plan periods."

"The household-projection based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which were not captured in past trends. For example, formation rates may have been suppressed historically by under-supply and worsening affordability of housing. The assessment will therefore need to reflect the consequences of past under delivery of housing ..."

The last paragraph is particularly applicable to Knowsley where there has been substantial under-delivery of housing since 2003 which will have affected migration rates and household formation.

- 2.8 In conclusion, undue reliance should not be placed on the annual household increase shown by the 2011-based CLG household projections as an indicator of the full housing needs of the Borough to 2028. In line with national policy, account must also be taken of other sources of information about housing need. The SHMA shows that if housing demand is to be met then 741 market homes and 568 affordable dwellings would need to be delivered yearly.

2.9 Finally, this matter needs to be considered within the pro-growth agenda of the NPPF, and in particular its declared objective "*to boost significantly the supply of housing*". A reduction in the housing provision below that in RS would not be consistent with this objective.

3. **Question 3.3: Population Implications**

3.1 This is a question for the Council to answer initially.

4. **Question 3.4: Employment Implications**

4.1 JPL considers that the SCS housing requirement would support the economic objectives of the Plan for the following reasons:-

1. Unless housebuilding activity is significantly increased, the economically active population of the Borough will continue to decline. The need for a good stock of labour, including well-qualified workers, is essential if the Borough is to attract inward investment and keep its present larger employers.
2. The present resident labour force in Knowsley has much lower levels of educational attainment and skills than most other parts of the North West Region. This is a significant deterrent to many types of firms considering locating in the area, especially in the key knowledge-based industries. This problem can be partly addressed by training. However there is also a need to attract more highly skilled workers to live in Knowsley. This can only be achieved by a substantial improvement in its housing offer, and in particular the provision of significant numbers of executive/aspirational homes (SHMA 14.9.10 and the 2012 Knowsley Economic Regeneration Strategy (PG32) pages 20 and 26).
3. As a result of the present poor housing offer, many more highly paid people working in Knowsley choose to live elsewhere because of a lack of suitable housing opportunities in the Borough, This produces not only unsustainable travel patterns but has adverse social and economic implications. The unbalanced housing stock also makes the Borough less attractive to inward investment and contributes to its poor image regionally and nationally.
4. Housebuilding activity has major economic benefits for a local area. The Government's Housing Strategy says that it has produced 3% of national GDP over the last decade. It also says that two new jobs are created for each dwelling built and every £1million of new housebuilding output supports 12 net jobs per annum. These are significant benefits which should be given significant weight given Knowsley's severe economic and social problems.

5. **Question 3.5: The Reasoning Behind the Housing Requirement**

5.1 Subject to the above, JPL supports the reasoning underlying the SCS housing requirement of 8100 dwellings.

5.2 There are no compelling local circumstances which would justify a lower level of provision:-

1. The SHLAA (ED01) and the Green Belt Study (EB08) show that the proposed requirement can be accommodated without impinging on areas essential to Green Belt purposes or high environmental value.
2. There are no problems of infrastructure capacity which would warrant a lower level of development. Indeed, the SCS requirement is justified by the need to make efficient use of the existing community and other infrastructure of the area, including schools, shopping areas and other community facilities.

Issue 2: Housing Distribution

6. Question 3.6: Housing Distribution.

6.1 Policy CS3 provides what it calls a "*broad indicative distribution*". JPL supports this approach. There is an element of flexibility but it provides a reasonable level of certainty about "*what will or will not be permitted and where*". (NPPF paragraph 154).

6.2 The starting point to consider the proposed distribution is that the whole of Knowsley functions as one housing market. Although there are sub-markets based on each of the townships, these are not self-contained and there are high levels of overlap. This is particularly true of the Huyton, Whiston and Prescott areas. In consequence, there can be no reason in principle why the housing needs arising in one part of the Borough cannot be met by the allocation of land in another. The main drivers of the housing distribution over the Borough should therefore be factors such as relative sustainability, attractiveness to the market, regeneration needs, environmental acceptability and ability to meet demand.

6.3 JPL considers that the "*broad indicative distribution*" does reasonably balance these factors. In particular the 33% allocated to Prescott, Whiston, Cronton and Knowsley Village is justified as:-

1. It reflects housing demand and market signals. These areas are attractive to the residential market and are capable of supporting high levels of housebuilding. In particular, they can accommodate much of the outstanding need for executive/aspirational housing of which there is a severe shortfall in the Borough.
2. The area is highly sustainable as a location for new housing development. There are major job opportunities locally which will be further enhanced by the development of the Cronton Colliery site as a strategic employment development location. There is ready access to high quality public transport, including train stations at Whiston and Prescott. Prescott town centre is one of the major retail locations in the Borough whilst the Whiston area not only has its own local centre but ready access to the nearby Huyton Town Centre.

3. There are no environmental constraints which would prevent housing development on the scale being sought. There are suitable opportunities, including the strategic proposal South of Whiston.
 4. Development would support the regeneration and economic development initiatives in this area, including the remodelling of Prescott town centre.
- 6.4 JPL considers that the proposed distribution would not lead to any significant change in the relative roles and functions of the various settlements in the Borough. There is no evidence that the amount of housing allocated to Halewood (1539 dwellings) is insufficient to maintain its services and facilities. It must also be borne in mind that Halewood is the most peripheral of the four townships in the Borough and is not well located to meet the general housing needs of the rest of Knowsley. The SHMA (Tables 3.8 and 3.9) shows that the settlement has almost as strong a relationship with Liverpool as with the remainder of Knowsley.

7. **Question 4.7: Implementation**

- 7.1 No comments at this stage..

Issue 3: Supply

8. **Question 3.8: The Deliverability and Developability of Sites.**

- 8.1 JPL's concerns on deliverable and developable sites are set out in detail in Appendices 1 and 2. JPL's conclusions are:
1. The SHLAA and the Housing Position Statement (HPS) significantly over-estimates the developable capacity of sites outside the Green Belt.
 2. The SCS will not produce a five supply on adoption. As such it is likely to be found out-of-date (NPPF (49)).
 3. The identified supply outside the Green Belt will not make up the qualitative shortfalls identified by the SHMA and PG32, in particular for affordable and executive/aspirational housing.

9. **Question 3.9: Density Assumptions.**

- 9.1 JPL agrees in principle with the density assumptions used by the SHLAA and the Core Strategy. It considers that there is no basis to increase densities as the bulk of housing demand in the District is for family housing. The market for high density apartments is limited.

10. Question 3.10: Non-Delivery Discount

- 10.1 JPL agrees with the 20% discount for non-delivery. From JPL's viewpoint, the only issue is whether it is sufficient to take full account of the uncertainty around much of the identified supply, as set out in our Appendices 1 and 2.
- 10.2 JPL agrees with the approach taken by the CS towards windfall sites. The NPPF does allow an allowance to be made for windfall sites in the five-year supply provided certain requirements are met. In this regard, there is no compelling evidence that windfall sites have consistently become available and will continue to provide a reliable source of supply. In particular, the Council has prepared a very detailed SHLAA which identifies almost all potential opportunities in Knowsley's urban areas. Accordingly, it is highly unlikely there will be significant numbers of windfall sites coming forward in the next few years.
- 10.3 The NPPF makes no reference to authorities being able to make a windfall allowance beyond five years. The Draft NPPG says in this respect that plan makers should not rely on windfall allowances in years 6-15 because "*local planning authorities have the ability to identify broad locations in years 6-15, allowing a degree of flexibility to meet development needs where specific sites cannot be identified*".

11. Question 3.11: Qualitative Issues

- 11.1 The issue raised about affordable housing is one for the Council to answer initially.
- 11.2 There are qualitative issues other than affordable housing which need to be addressed; in particular the need to increase the amounts of executive/aspirational housing (SHMA 1.11.21 and 14.9.10).
- 11.3 This imbalance in the Council's housing stock has significant consequences for the type and location of sites which the CS needs to make available.

12. Question 3.12: Phased Release of Housing Sites.

- 12.1 JPL considers there is no planning basis to phase the release of sites within the existing urban area other than for infrastructural reasons.
- 12.2 JPL considers that the phasing arrangements for the sites proposed for release from the Green Belt for housing development should be reviewed. Some should be brought forward for early development in order to ensure that a five year supply is established in the early years of the plan period and "*to boost significantly the supply of housing*" in accordance with NPPF".

13. Question 3.13: The Housing Trajectory.

- 13.1 For the above reasons, JPL considers that the trajectory is not realistic and measures need to be put in place to increase the supply of deliverable sites early in the plan period.