



GL Hearn

Part of Capita plc

Mid Mersey Strategic Housing Market Assessment

Halton, Warrington & St.Helens
Councils

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This document must only be treated as a draft unless it has been signed by the Originators and approved by a Business or Associate Director.

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December 2015

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Limitations

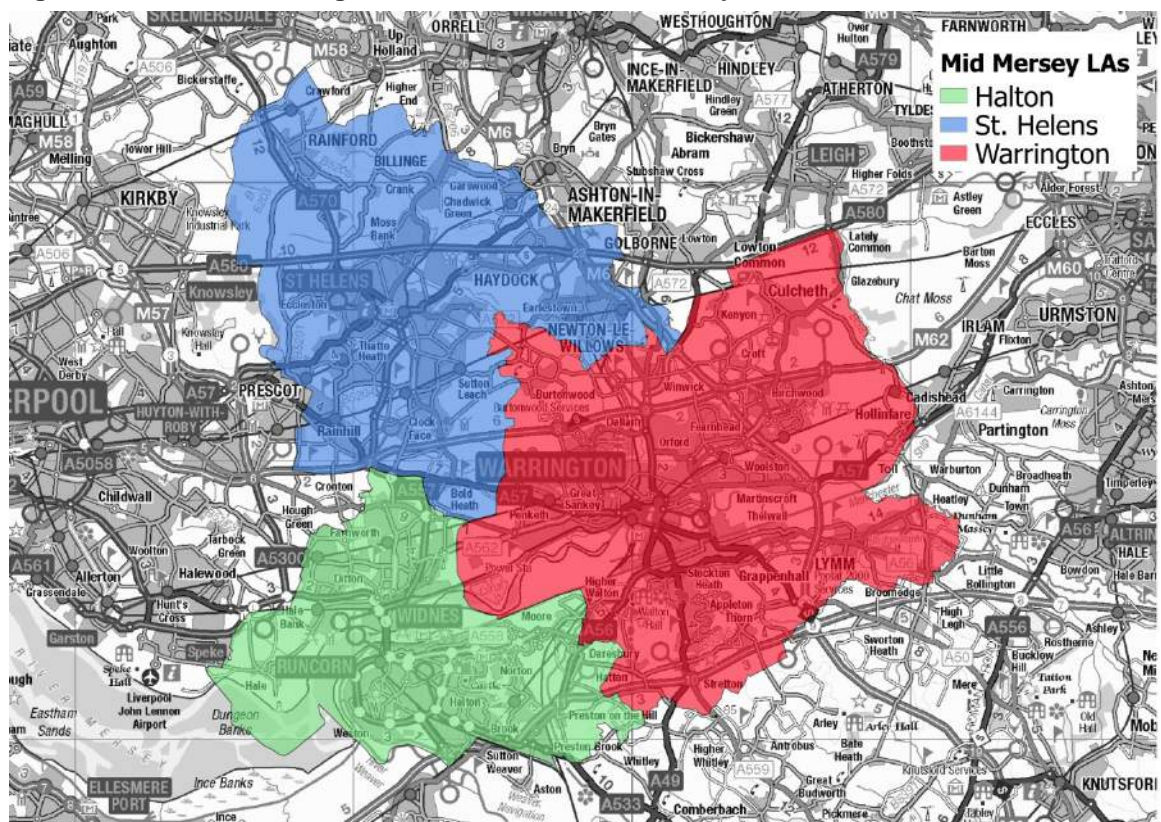
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1 INTRODUCTION

Context and Purpose

- 1.1 GL Hearn has been commissioned to prepare a Strategic Housing Market Assessment (SHMA) for the Mid-Mersey Area. GL Hearn leads a consultancy team which includes Justin Gardner Consulting (JGC) and Chris Broughton Associates (CBA).
- 1.2 The SHMA has been commissioned by Halton Borough Council, St.Helens Metropolitan Borough Council and Warrington Borough Council. The location of these Boroughs is outlined in Figure 1 below.

Figure 1: Commissioning Authorities within Mid-Mersey



Source: GL Hearn based on OS data, 2014

- 1.3 The preparation of the SHMA has followed relevant national policy and guidance, specifically the National Planning Policy Framework (NPPF)¹ and Planning Practice Guidance (PPG) on Housing and Economic Development Needs Assessments². It defines the Objectively Assessed Need (OAN) for housing as national planning policy requires, as well as considering the need for different types of housing and the housing needs of different groups within the community.

¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6077/2116950.pdf

² <http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/>

- 1.4 The preparation of a new SHMA has been commissioned to respond to the requirements of the NPPF and PPG to provide a fit-for-purpose evidence base to inform and support planning and housing policies, including to:
- Reflect the latest datasets including population and household projections;
 - Comply with the requirements of the NPPF, the PPG and the Planning Advisory Service's guidance on objectively assessed needs and housing targets (July 2015);
 - Comprehensively inform duty to cooperate requirements;
 - Incorporate and have full regard for housing and economic growth imperatives and the connections between them;
 - Enable improved alignment between housing and workspace evidence bases.
- 1.5 With the Duty to Cooperate in mind the commissioning authorities have throughout this SHMA process given neighbouring local authorities, local developers and wider stakeholders the opportunity to comment on the emerging work this includes two stakeholder events which took place on 28th of May 2015 (to discuss methodology and Housing Market Area) and on 11th November (to discuss emerging findings).

National Planning Policy Framework (NPPF)

- 1.6 The National Planning Policy Framework (NPPF) was first published in March 2012. The Framework sets a presumption in favour of sustainable development whereby local plans should meet objectively assessed development needs, with sufficient flexibility to respond to rapid change, unless the adverse impacts of doing so would significantly or demonstrably outweigh the benefits or policies within the Framework, in which case that development should be restricted.
- 1.7 The NPPF highlights the Strategic Housing Market Assessment (SHMA) as a key piece of evidence in determining housing needs. Paragraph 159 in the Framework outlines that this should identify the scale and mix of housing and the range of tenures which the local population is likely to need over the plan period which:
- Meets household and population projections, taking account of migration and demographic change;
 - Addresses the need for all types of housing, including affordable housing and the needs of different groups in the community; and
 - Caters for housing demand and the scale of housing supply necessary to meet this demand.
- 1.8 This is reaffirmed in Paragraph 50 of the NPPF. The SHMA is intended to be prepared for the HMA, and include work and dialogue with neighbouring authorities where the HMA crosses administrative boundaries.
- 1.9 Paragraph 158 of the NPPF also emphasises the alignment of the housing and economic evidence base and policy. Paragraph 17 in the NPPF reaffirms this, and outlines that planning should also take account of market signals, such as land prices and housing affordability. However, it also makes clear that plans must be deliverable.

- 1.10 Paragraph 181 sets out that Local Planning Authorities (LPAs) will be expected to demonstrate evidence of having effectively cooperated to plan for issues with cross-boundary impacts when their Local Plans are submitted for examination. This highlights the importance of collaborative working and engaging constructively with neighbouring authorities, as required by Section 33A of the 2004 Planning and Compulsory Purchase Act.
- 1.11 Local plans must be ‘sound.’ The NPPF sets out that this means that they must be positively prepared, justified, effective and consistent with national policy. This is tested by an independent inspector through the plan examination process. To be positively prepared, a Plan “*should be prepared based on a strategy which seeks to meet objectively assessed development and infrastructure requirements, including unmet needs from neighbouring authorities where it is reasonable to do so and consistent with achieving sustainable development.*” Thus local authorities in preparing plans must seek to work with their neighbours to consider whether there are unmet needs in one area which could be met within another – principally through joint working at a HMA level.

National Planning Practice Guidance

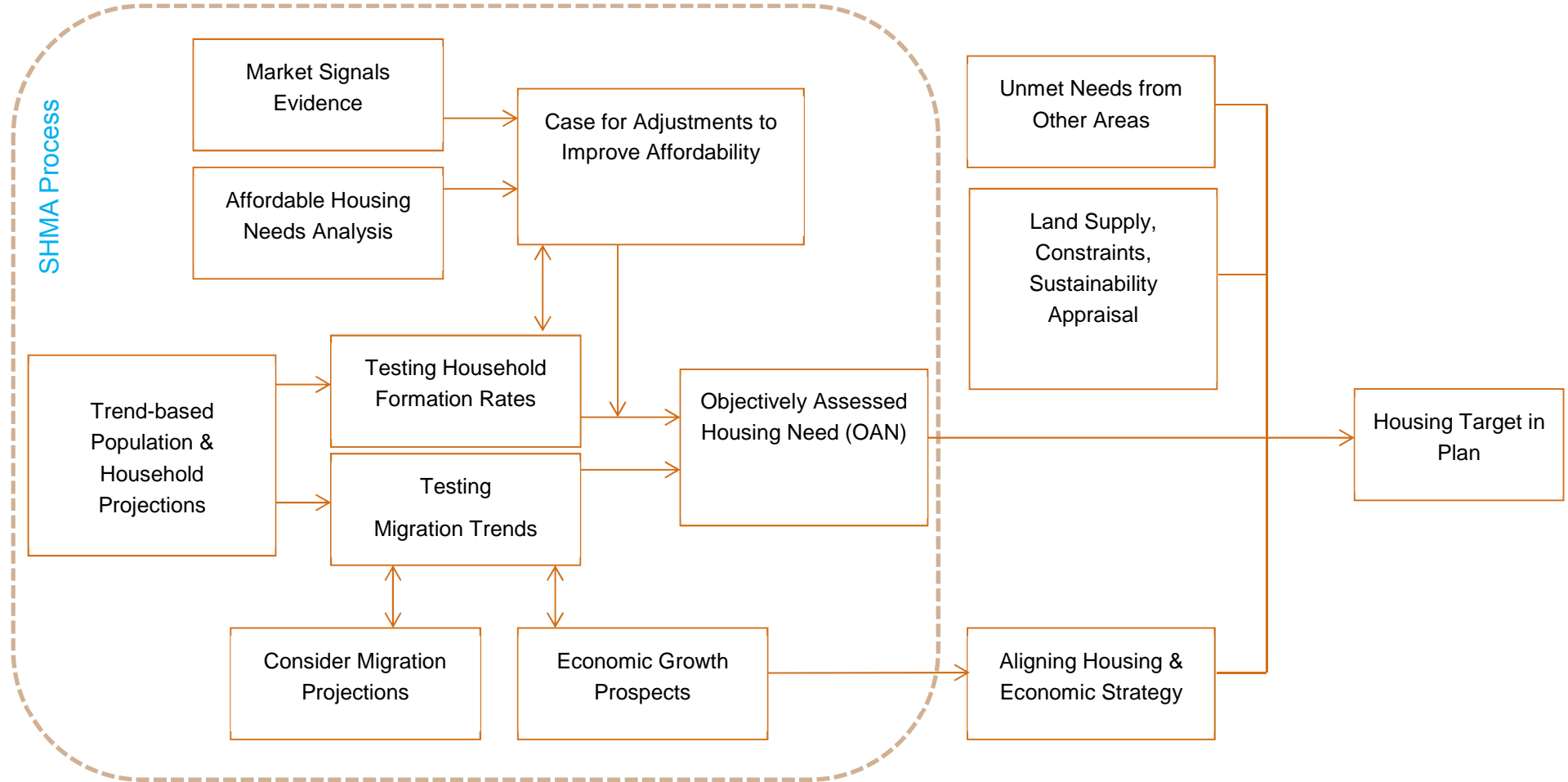
- 1.12 Planning Practice Guidance (PPG) was issued by Government in March 2014, although it is a continuously updating document, the latest update was in March 2015. This includes guidance on ‘Assessment of Housing and Economic Development Needs’. This is relevant to this report in that it provides clarity on how key elements of the NPPF should be interpreted, including the approach to deriving an objective assessment of the need for housing. The approach in this report follows that in the PPG.
- 1.13 The Guidance defines “need” as referring to:
- “the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet this need.”*
- 1.14 It sets out that the assessment of need should be realistic in taking account of the particular nature of that area, and should be based on future scenarios that could be reasonably expected to occur. It should not take account of supply-side factors or development constraints. Specifically, the Guidance sets out that:
- “plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historical under performance, infrastructure or environmental constraints. However, these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans.”*

- 1.15 Against this context it is important to recognise that **the SHMA assesses need for housing, it does not set housing targets** – which need to take account both of unmet needs from other areas and other factors including development constraints and delivery of supporting infrastructure.
- 1.16 The Guidance outlines that estimating future need is not an exact science and that there is no one methodological approach or dataset which will provide a definitive assessment of need. However, the starting point for establishing the need for housing should be the latest household projections published by the Department for Communities and Local Government (CLG). At the time of preparation of this report the latest projections are the 2012-based Household Projections, which were published in February 2015. These are based on the 2012 Sub-National Population Projections published by ONS in May 2014 (see Table 21).
- 1.17 The Guidance sets out that there may be instances where these national projections require a reasonable adjustment to take account of factors affecting local demography or household formation rates, in particular where there is evidence that household formation rates are or have been constrained by supply.
- 1.18 It suggests that proportional adjustments should be made where the market signals point to supply being constrained relative to long-term trends or to other relevant comparators in order to improve affordability. The market signals that will be examined include affordability ratios, the levels of overcrowding and Houses in Multiple Occupation (HMO) and changes to tenure distribution. These indicators provide a good measure of whether household formation has been constrained or not. If household formation is or has been constrained the formation rates will be adjusted or a reasonable adjustment to the overall assessment of need will be made. The extent of which will reflect returning household formation rates for certain key groups back to pre-recession levels.
- 1.19 Evidence of affordable housing needs is also relevant, with the Guidance suggesting that the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing. In some instances it suggests this may provide a case for increasing the level of overall housing provision.
- 1.20 The Guidance also indicates that job growth trends and/or economic forecasts should be considered having regard to the growth in working-age population in the housing market area. It sets out that where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility and other sustainable options such as walking and cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing and infrastructure development could help to address these problems.

Overview of the Approach to Deriving OAN

- 1.21 The NPPF and PPG set out a clear approach to defining the Objectively Assessed Need (OAN) for housing, this has been summarised within Figure 2 overleaf. This summarises the approach that has been used to consider OAN. The area within the dotted line comprises the work to be undertaken as part of the SHMA.
- 1.22 The approach to Strategic Housing Market Assessments is 'policy-off'. This means that any policy or physical constraints have not been applied to the assessment nor does it take into account historic targets or land supply factors. Upward adjustments may be necessary when projecting forward past trends, as an isolated trend based approach is likely to also carry forward the effect of past constraints in estimating future needs.
- 1.23 The Objectively Assessed Housing Need (OAN) is the core output of the SHMA. This is then tested against land supply, constraints and sustainability appraisals among other tests in order to arrive at a housing target within Local Plans which maybe higher or lower than the OAN. The housing target could also be increased above the OAN to reflect unmet needs from other areas. Those subsequent tests (after identification of the OAN) do not however form part of the SHMA process.
- 1.24 After this introductory section the report is structured as follows:
- Chapter 2 – Housing market areas;
 - Chapter 3 – Characteristics of the housing market area;
 - Chapter 4 – Trend based demographic projections;
 - Chapter 5 – Economic-led housing need;
 - Chapter 6 – Aligning demographic and economic-led need
 - Chapter 7 – Affordable housing need;
 - Chapter 8 – Housing market dynamics and market signals
 - Chapter 9 – Need for different sizes of homes
 - Chapter 10 – Specialist housing need
 - Chapter 11 – Conclusions and recommendations.

Figure 2: Overview of Approach



2 HOUSING MARKET AREAS

- 2.1 The National Planning Policy Framework (NPPF) states that local planning authorities should use their evidence base to ensure Local Plans meet the full, objectively assessed needs for market and affordable housing in their housing market area (HMA).
- 2.2 In simple terms, the HMA is a geographical area in which the majority of people, who move, will move within. It also reflects functional relationships between where people live and work. However, defining housing market areas is an inexact science and there is no single source of information that will clearly identify housing market areas.
- 2.3 The NPPF makes clear that in planning for housing provision, it is important to consider housing needs and dynamics across a HMA, with each area seeking to meet needs within it where possible. The Planning Practice Guidance (PPG) similarly highlights that needs should be assessed across the relevant functional area. The Mid-Mersey HMA is a previously identified HMA for the three local authorities. This has been tested through examination in each of the three local authorities. The first question is therefore, is the Mid-Mersey HMA still an appropriate geography?

Approach to Defining Housing Market Areas

- 2.4 The PPG defines a housing market area as “*a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work.*”
- 2.5 The Planning Advisory Service’s (PAS) Technical Advice Note on *Objectively Assessed Need and Housing Targets*³ (referred to throughout this document as the PAS Guidance) suggests that a good starting point would be a top-down analysis, such as national research on the geography of housing market areas, published by CLG in 2010. The study, led by the Centre for Urban and Regional Development Studies (CURDS) at Newcastle University, sought to identify a consistent set of HMAs across England. However, this data is based on 2001 data. The PAS Guidance sets out that it should be “*checked against local knowledge and the latest data. Again migration and commuting are the most useful indicators in practice, because they provide clear measures of containment*”.
- 2.6 The approach therefore in the remainder of this section is to review the existing evidence and provide an update to this using more recent data where this is available in order to define what HMAs the Mid-Mersey authorities fall within.

³ *Objectively Assessed Need and Housing Targets* - Planning Advisory Service (July 2015)

National Policy and Guidance

National Planning Policy Framework

- 2.7 The NPPF sets out that local planning authorities (LPAs) should have a clear understanding of housing needs in their area, and that they should prepare a Strategic Housing Market Assessment (SHMA) to assess their full housing needs, working with neighbouring authorities where HMAs cross administrative boundaries⁴. In Paragraph 47 it outlines that to significantly boost the supply of housing, local planning authorities should use their evidence base to ensure that their local plan meets the full, objectively-assessed need for market and affordable housing in the housing market area, as far is consistent with the policies set out in the Framework.
- 2.8 The NPPF emphasises that housing need is expected to be assessed for the HMA, and that development constraints should not be applied to the assessment of need, although these are relevant considerations in bringing together evidence to set policy targets in plans.

Planning Practice Guidance

- 2.9 PPG on *Housing and Economic Development Needs Assessments* was issued by Government in March 2014 (and subsequently revised, with the latest version dated March 2015 which has been used to inform this approach). This provides a definition of a Housing Market Area (HMA) and provides Guidance on how this should be defined.
- 2.10 The PPG outlines what a housing market area is, setting out:

“A housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. It might be the case that housing market areas overlap.

The extent of the housing market areas identified will vary, and many will in practice cut across various local planning authority administrative boundaries. Local planning authorities should work with all the other constituent authorities under the duty to cooperate⁵.”

- 2.11 The PPG sets out that housing market areas can broadly be defined using three different sources of information:
- **House prices and rates of change in house prices** – providing a market-based definition based on areas with similar house price characteristics;
 - **Household migration and search patterns** – considering the extent to which people move house within an area, with a housing market area considered to be that in which typically 70% or more of local moves are contained within (excluding long-distance moves);
 - **Contextual data** - such as travel to work areas, retail and school catchments – with travel to work areas providing information regarding commuting.

⁴ CLG (2012) *National Planning Policy Framework, Paragraph 159*

⁵ Reference ID: 2a-0110-20140306

- 2.12 The three strands of information look at different aspects of household behaviour, and there is no right or wrong answer regarding what weight should be applied to different factors. What the PPG (Reference ID: 2a-009-20140306) says is that:

“No single source of information on needs will be comprehensive in identifying the appropriate assessment area; careful consideration should be given to the appropriateness of each source of information and how they relate to one another. For example, for housing, where there are issues of affordability or low demand, house price or rental level analyses will be particularly important in identifying the assessment area. Where there are relatively high or volatile rates of household movement, migration data will be particularly important. Plan makers will need to consider the usefulness of each source of information and approach for their purposes.”

- 2.13 Retail and school catchment data has not been reviewed as it is not widely available or consistently produced. In addition, school catchment areas tend to be more locally-based than housing market geographies.
- 2.14 This paper addresses the indicators identified in the PPG in drawing conclusions on the HMA geographies.

Practical Issues

- 2.15 The PPG largely reiterates previous guidance on defining HMAs set out within the CLG’s 2007
- 2.16 Advice Note on *Identifying Sub-Regional Housing Market Areas*. There has been effectively no change in guidance, which continues to emphasise that there is no right or wrong answer as to how a HMA should be defined and that the approach should, in effect, reflect local market characteristics and circumstances.
- 2.17 There is a range of previous work which has been undertaken to define HMAs over the last decade, at national, regional and local levels. It is now appropriate to review this, not least given that a significant proportion of the past work is informed by 2001 Census data regarding commuting and migration patterns. 2011 Census flow data was issued in late July 2014.

- 2.18 There are some further practical issues which are dealt with in the recent PAS Guidance⁶ This report, written by Peter Brett Associates (PBA), outlines that in practice, the main indicators used to define HMAs are migration and commuting flows, but goes on to point out that:

“One problem in drawing boundaries is that any individual authority is usually most tightly linked to adjacent authorities and other physically close neighbours. But each of these close neighbours in turn is most tightly linked to its own closest neighbours, and the chain continues indefinitely

Therefore, if individual authorities worked independently to define HMAs, almost each authority would likely draw a different map, centred on its own area. This of course would produce nearly as many HMAs as local authorities, with huge overlaps. For a more useful definition of HMAs we need a top-down analysis, which maximises containment across the country as a whole rather than a given local authority, and also centres HMAs on the main urban areas.”

- 2.19 Such a “top down analysis” is provided by a research study led by the Centre for Urban and Regional Development Studies (CURDS) at Newcastle University to define HMAs across England, which was published by Government in November 2010⁷. This has defined a consistent set of HMAs across England based on migration and commuting data from the 2001 Census.
- 2.20 PBA emphasise that this should be considered ‘only a starting point’ and should be sense-checked against local knowledge and more recent data, especially on migration and commuting – concluding that more recent data ‘should always trump’ the national research. GL Hearn agrees with PBA’s conclusions in this respect.
- 2.21 A further practical issue regards the geographical building blocks that housing market areas are built up from. A key purpose of a SHMA is to define the Objectively Assessed Need (OAN) for housing. The PPG is clear that the starting points are the official population and household projections. These are published at a national level, and for local authorities. They are not published below local authority level, nor is the data available (regarding migration and trends in household formation which are key drivers within the projections) below local authority level. On this basis GL Hearn consider that **Housing Market Areas should be based on the ‘best fit’ to local authority boundaries**; albeit that SHMAs can (and should) recognise cross-boundary influences and interactions. The PAS Guidance supports this, concluding that:

“It is best if HMA boundaries do not cut across local authority areas. Dealing with areas smaller than local authorities causes major difficulties in analysing evidence and drafting policy. For such small areas data availability is poor and analysis is complex. These complications are not offset by the benefit of greater accuracy.”

- 2.22 This approach seems widely accepted and is a practical response to data availability and one GL Hearn would wish to adopt. In practical terms, GL Hearn are of the view that towards the edges of

⁶ Peter Brett Associates (PBA) for PAS (June 2014) *Objectively Assessed Need and Housing Targets*

⁷ C Jones, M Coombe and C Wong for CLG (Nov 2010) *Geography of Housing Markets, Final Report*

most housing markets there are likely to be influences in multiple directions with some overlap between HMAs. However, the best fit to LA boundaries will provide the most robust assessment of Housing Market Areas.

- 2.23 This section of the report first reviews existing research which has sought to consider the definition of the HMAs.

Existing Research Defining Housing Market Areas

- 2.24 There has been a considerable body of technical work and analysis undertaken to define HMAs across the country. This work adopts a range of different technical approaches, which to some extent reflect the different spatial characteristics of housing markets in different areas; but more probably reflect the weight which is attached to different factors such as migration and travel to work patterns, and variations in house prices.

National Research

- 2.25 The CURDS research⁸ on *the Geography of Housing Market Areas* in 2010 which sought to consider the geographies of housing markets across England. This academic- driven project considered commuting and migration dynamics, and standardised house prices. This was brought together to define housing markets across England, as follows:

- Strategic (Framework) Housing Markets – based on 77.5% commuting self-containment;
- Local Housing Market Areas – based on 50% migration self-containment; and
- Sub-Markets – which would be defined based on neighbourhood factors and house types.

- 2.26 The two-tier structure (strategic/local) in the CLG research (which is mapped and analysed) is useful at disaggregating strategic housing market areas which are generally for modelling of issues such as affordability; whilst the more local housing market areas are of greater relevance in considering issues relating to local market dynamics and supply-demand balance. However, the practicalities of using each must be considered depending on location, particularly in more urban areas.

- 2.27 The CLG research defines the market areas in two further ways. The first is a ‘gold-standard’ which is based on an aggregation of ward areas and therefore is more detailed than the second definition the ‘silver-standard’. The ‘silver-standard’ definitions are comprised of local authority areas. For plan making purposes the silver-standard is perhaps a more practical basis for defining a housing market area – not least as demographic projections are not published below local authority level.

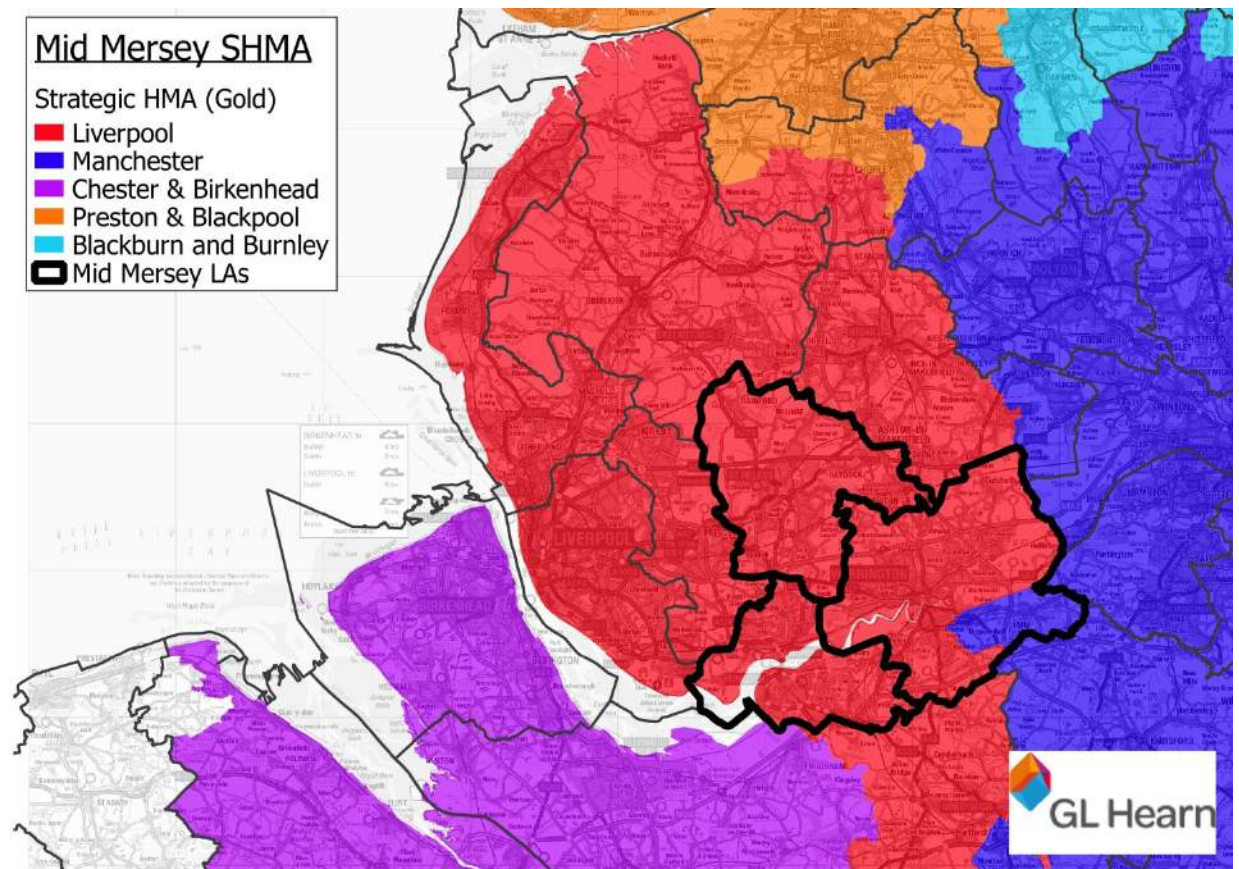
Strategic Housing Market Areas

- 2.28 At a ‘gold-standard’ the CLG research defines parts of Warrington Borough around Lymm and Grappenhall as falling within the Manchester Strategic HMA. The remainder of Warrington

⁸ <http://www.ncl.ac.uk/curds/research/defining/NHPAU.htm>

alongside all of St.Helens and Halton are located within the Liverpool Strategic Housing Market Area.

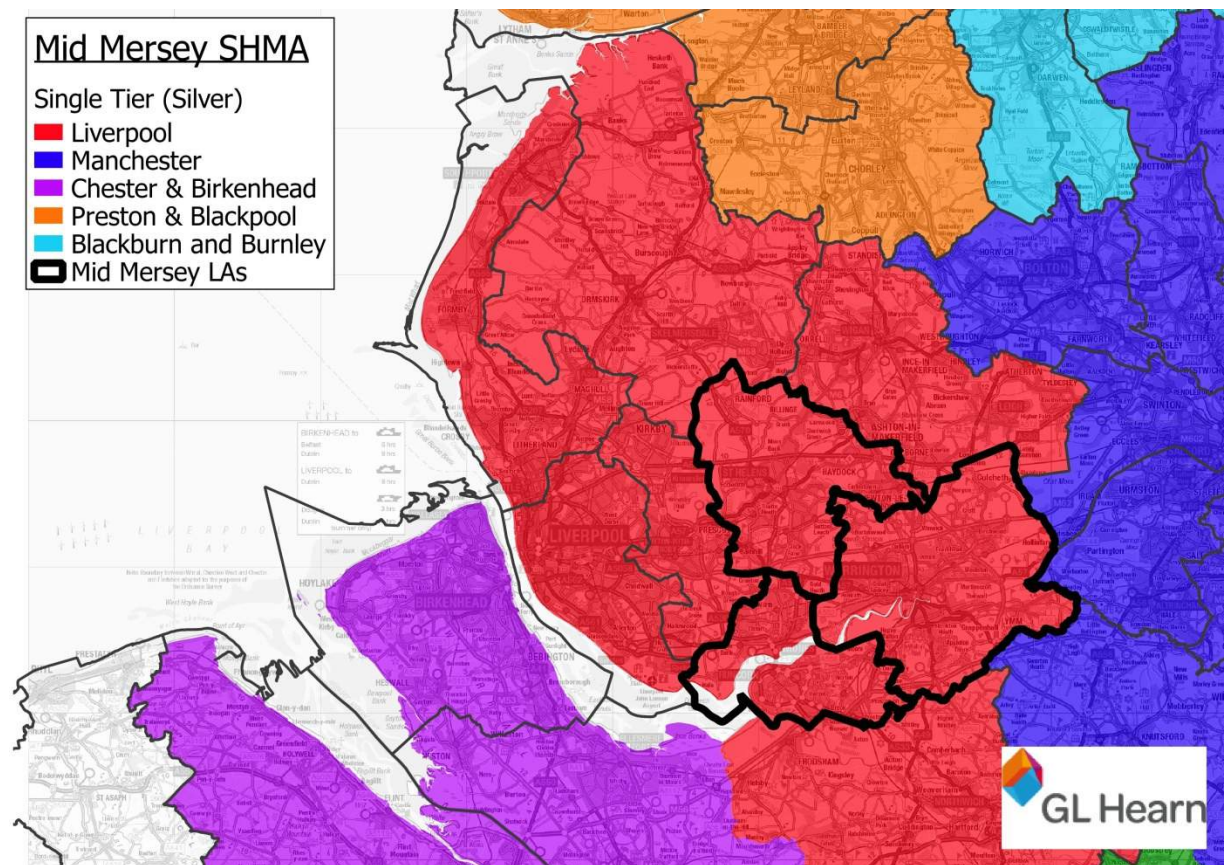
Figure 3: Gold Standard CLG-defined Strategic HMAs



Source: CLG/CURDS, 2010

- 2.29 By this definition the majority of the land mass and population of Warrington Borough, including Warrington town centre falls within the Liverpool HMA. The Liverpool Strategic HMA extends northwards to include the majority of Wigan and southwards to include parts of Cheshire West and Chester (comprising areas formerly part of Vale Royal).
- 2.30 The 'silver-standard' Strategic HMAs (based on local authority boundaries) in Figure 4 acknowledges this and includes all of Warrington Borough as within the Liverpool HMA along with Wigan, Knowsley, Liverpool, St.Helens, Sefton, Halton, Warrington, Vale Royal (now part of Cheshire West and Chester) and West Lancashire local authority areas. This 'silver-standard' geography is effectively a best fit to Local authority areas.

Figure 4: Silver Standard Housing Market Area



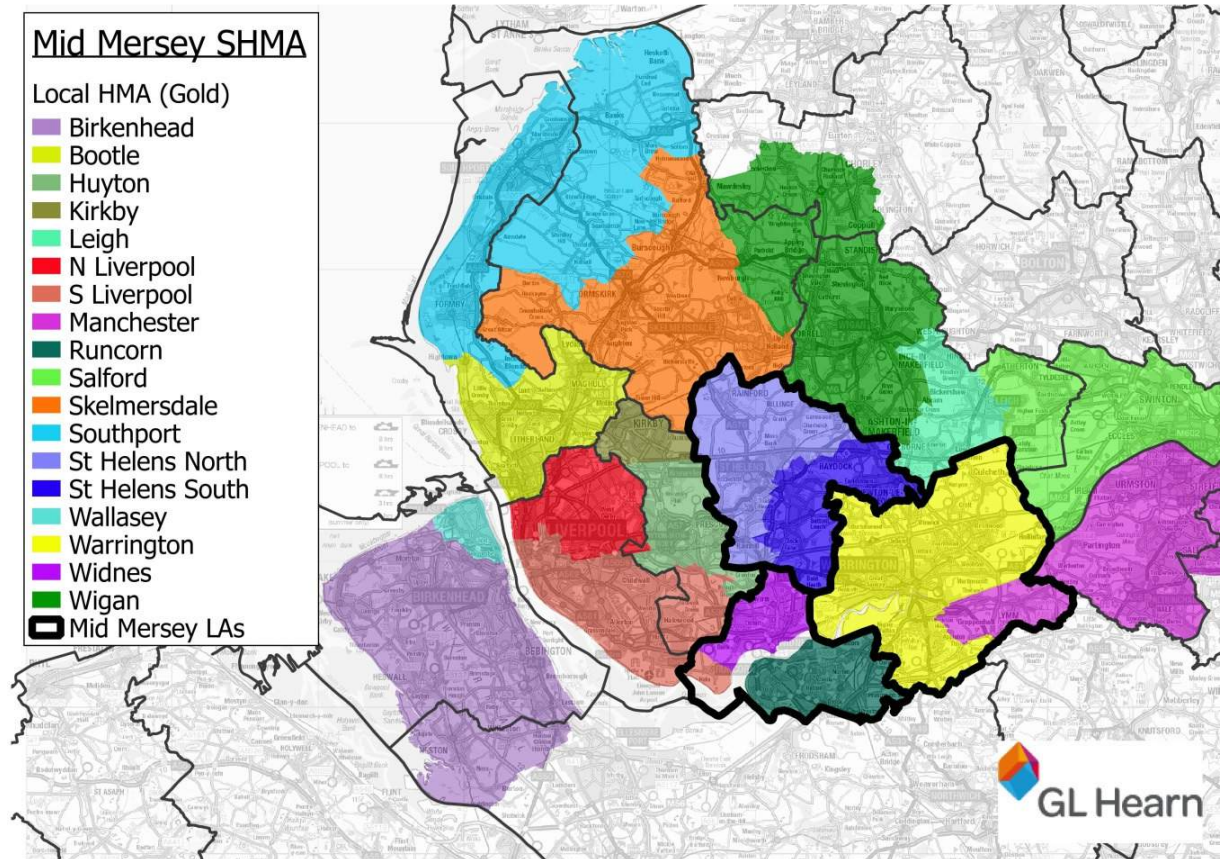
Source: CLG/CURDS, 2010

2.31 According to the CLG, this definition is considered to be inferior to the two-tier definition; although it is the preferred approach by PBA in the PAS Guidance Report due to its closer conformity with local authority boundaries than the ‘gold-standard’.

Local Housing Market Areas

2.32 Within the Strategic HMAs, the CLG study also defined a number of local housing market areas (LHMAs). Those in and around Mid-Mersey have been mapped in Figure 5. It should be noted that these are based on 2001 Census analysis.

Figure 5: CLG-defined Local Housing Market Areas



Source: CURDS, 2010

2.33 St.Helens is divided into a St.Helens North LHMA (which includes the town of St.Helens) and a St.Helens South LHMA which includes Haydock and Newton-Le-Willows. Halton is divided into three Local HMAs: south of the river is identified as being the Runcorn LHMA whereas; north of the River is predominantly identified as a Widnes HMA and then there is the village of Hale, which falls within the South Liverpool LHMA.

2.34 As with the strategic HMA (Gold Standard CLG-defined) the parts of Warrington around Grappenhall/Lymm fall into Manchester LHMA with the remainder within a Warrington LHMA. The Manchester LHMA also includes parts of Manchester City, Stockport, Tameside and Trafford local authority areas.

2.35 The silver standard is considered to provide the most appropriate assessment of Housing Market Areas as for example, both the local and the gold standard HMAs result in HMAs boundaries that straddle local authority areas. Such a boundary is impractical, given that planning policy is mostly

made at the local authority level, and that many of the key datasets are unavailable for smaller areas.

Regional Research

Administrative Geographies

- 2.36 The geography of what is described of as the “Liverpool City Region” has varied. The Liverpool City Region was defined in 2004 in *Moving Forward: The Northern Way* as comprising the local authorities of Liverpool, Sefton, Wirral, St.Helens, Knowsley and Halton (i.e. the Merseyside authorities plus Halton). The document however recognised a wider economic area which included overlapping economic centres and the travel to work areas of Ellesmere Port, Warrington, Chester and Deeside.
- 2.37 In 2009, the local authorities of Halton, Knowsley, Liverpool, Sefton, St.Helens and Wirral signed a Multi-Area Agreement (MAA) with Government. This was referred to as the MAA for the City Region. In 2010 a Liverpool City Region Local Enterprise Partnership was designated. This continued to be based on these six local authorities. This six authority definition was also used in the now revoked North West of England Regional Spatial Strategy, although this recognised a wider geography/ area of influence. Most recently in 2014, Parliament approved the establishment of a Liverpool City Region Combined Authority. This again reflects the six authority geography.
- 2.38 Through the LEP geographies, Warrington is separated from St.Helens and Halton and the other Liverpool City Region authorities. The Cheshire and Warrington Local Economic Partnership area includes Cheshire East, Cheshire West and Chester and Warrington local authorities.
- 2.39 The Cheshire and Warrington LEP however recognises that their role and opportunity for growth is based on *“to look outside our area and connect into the two major cities of Liverpool and Manchester through the Atlantic Gateway (what Lord Heseltine and Sir Terry Leahy termed ‘Britain’s Second Engine of Growth’), and a Science Corridor”*.
- 2.40 The economy of Cheshire and Warrington is characterised by a highly active resident population, a strong in-built enterprise culture, and a highly skilled workforce. This economic strength provides employment opportunities beyond the authority boundaries, with the area being a net importer of labour.
- 2.41 The Cheshire and Warrington Local Economic Partnership’s Strategic Economic Plan⁹ goes on to state that *“Cheshire and Warrington is a major economy in its own right but it also shares important economic linkages with its neighbours, and the wider national and international economy. Crucially, the sub-region is bounded by the Liverpool and Manchester City Regions. This link matters fundamentally to the area; Manchester and Liverpool are – on any measure – cities of international*

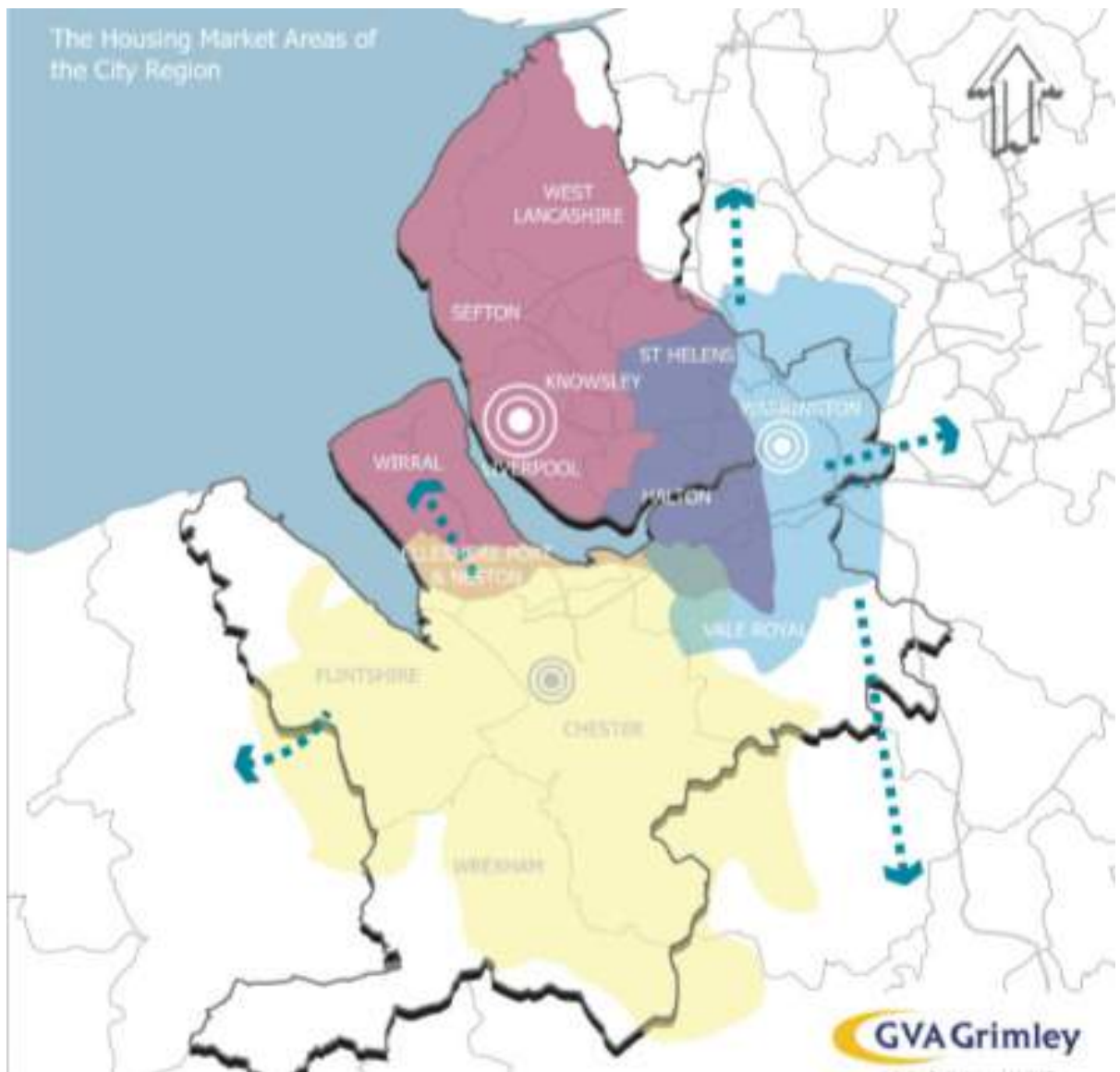
⁹ <http://www.871candwep.co.uk/content/uploads/2015/05/Strategic-and-Economic-Plan-and-Growth-Plan-for-Cheshire-and-Warrington.pdf>

stature, and – with a major port and two international airports, universities of international repute, and strong cultural identities – both are global economic nodes that the residents and businesses of Cheshire and Warrington can exploit’.

2007 Liverpool City Region Housing Strategy

- 2.42 The 2007 Liverpool City Region Housing Strategy defined a wider geography for the City Region, comprising not just the authorities which together form the LCR Combined Authority but authorities in Cheshire & North East Wales (Wrexham, Flintshire, Ellesmere Port and Neston and Chester, Vale Royal) as well as Warrington and West Lancashire. To avoid confusion this report will refer to this as the ‘wider LCR.’
- 2.43 Housing market areas were defined through a process which involved five thematic tests. Patterns of movement were examined, including analysis of travel to work and migration over time. The role and function of areas was examined in relation to shopping, employment and educational catchments. Socio-economic and neighbourhood characteristics were analysed and mapped and differences in house prices were examined.
- 2.43.1 Drawing these strands of work together, the Strategy defined three functional housing market areas which demonstrated high levels of “functional integrity” or shared characteristics. These were:
- Northern HMA – comprising Liverpool, Sefton, Wirral, Knowsley and West Lancashire;
 - Southern HMA – comprising Flintshire, Wrexham, and Chester, Ellesmere Port and Vale Royal; (now forming Cheshire West and Chester) and
 - Eastern HMA – comprising Warrington, Halton and St.Helens.
- 2.44 The assessment drew in particular on work undertaken by Philip Leather at Ecotec in 2005 to map travel to work flows. This was used to map the area in which more than 5% of people travel to work to destination authorities. This showed a strong pattern of commuting into Liverpool from adjacent local authorities, but with less flows from the south of the wider LCR than other areas. It showed that the areas of influence for Sefton, Wirral, West Lancashire, Knowsley, Halton and St.Helens were all broadly encompassed within that for Liverpool using a 5% threshold.
- 2.45 The Housing Strategy concluded that the main commuting flows relating to Liverpool were with Sefton, Knowsley and Wirral; with weaker links with Halton, St.Helens and West Lancashire. It found that in the case of Wirral, there were flows both into Liverpool; and south towards Ellesmere Port and Chester. Looking at patterns of net migration alongside the commuting flows and other data supported a split into three HMAs.
- 2.46 The Housing Strategy recognised zones of flexibility or overlap in which there were influences in a number of directions. Ellesmere Port, Halton and St.Helens and the western parts of Warrington Borough were all recognised as within a zone of flexibility/ overlap with the Northern HMA. These are shown spatially on the plan below.

Figure 6: Housing Market Areas and Zones of Flexibility



Source: GVA, 2007

- 2.47 The report comments that the Eastern Market Area is diverse. As a result of the contrasting housing stock characteristics of the authorities within the market area it provides a generally ‘balanced’ housing offer. It states Warrington would appear likely to continue to benefit from its close proximity to both Liverpool and Manchester and its relatively strong ‘residential offer’ and that there are regeneration challenges and the need to build balanced housing markets in St.Helens and Halton.

2.48 Key features of the Northern HMA identified in the City Region Housing Strategy included:

- Localised areas of deprivation including St.Helens, Halton and northern Warrington;
- Housing choice across the eastern areas are balanced with larger properties in the south and smaller properties in the north and west;
- Significant house price rises coupled with low household income leading to increased affordability pressures, particularly in the south of the area;
- Good quality of place, quality of life and access to essential services.
- However, the relatively high affluence of some parts of the area masks extremes in areas of multiple deprivation when averaged out.

Summary of Existing Research

2.49 The national and regional research presents a somewhat inconsistent picture on the relevant HMAs with a number of potential market areas and overlaps at play. However, there is some consistency in that both identify Halton and St.Helens more focused towards Liverpool, with Warrington more peripheral to this. There is also some consistency in analysis showing the east of Warrington Borough being more closely linked with Manchester than with Liverpool.

2.50 The PAS Guidance supports the identification of a 'best fit' of local authority boundaries to functional housing market areas for practical reasons. Generally, GL Hearn would support this, not least because a good deal of the data needed to support development of a SHMA (including demographic projections) is principally available at a local authority level, with the availability of more local level data 'patchy.'

2.51 With this in mind the majority of Warrington is more closely linked to Halton and St.Helens authorities to the east of the Borough (and strategically to Liverpool) therefore should be part of the same housing market areas.

2.52 Although recognising that the eastern fringe retains closer links to Manchester (including the adjacent parts of Trafford) and that there are strong economic links through the Cheshire and Warrington Local Enterprise Partnership to Cheshire West & Chester and Cheshire East.

2.53 As well as the historic definitions more recent data has also been reviewed including flow data (migration and commuting) from the 2011 census, as well as house price data taken from CLG and Land Registry. This allows GL Hearn to determine the most appropriate housing market(s) for the Boroughs using more contemporary data.

House Prices and House Price Trends

- 2.54 As the PPG suggests, house price patterns and trends are a useful indicator of demand dynamics and pricing levels in different areas. This kind of market approach has some merit – clearly for areas or authorities to be serving the same market area, there must be some broad comparability and relationship between house prices.
- 2.55 To begin with, median house prices have been considered at local authority level. This provides an initial high level indication of areas with comparable or diverging house prices. The change in median house prices over a 5, 10 and 15-year period has been reviewed.

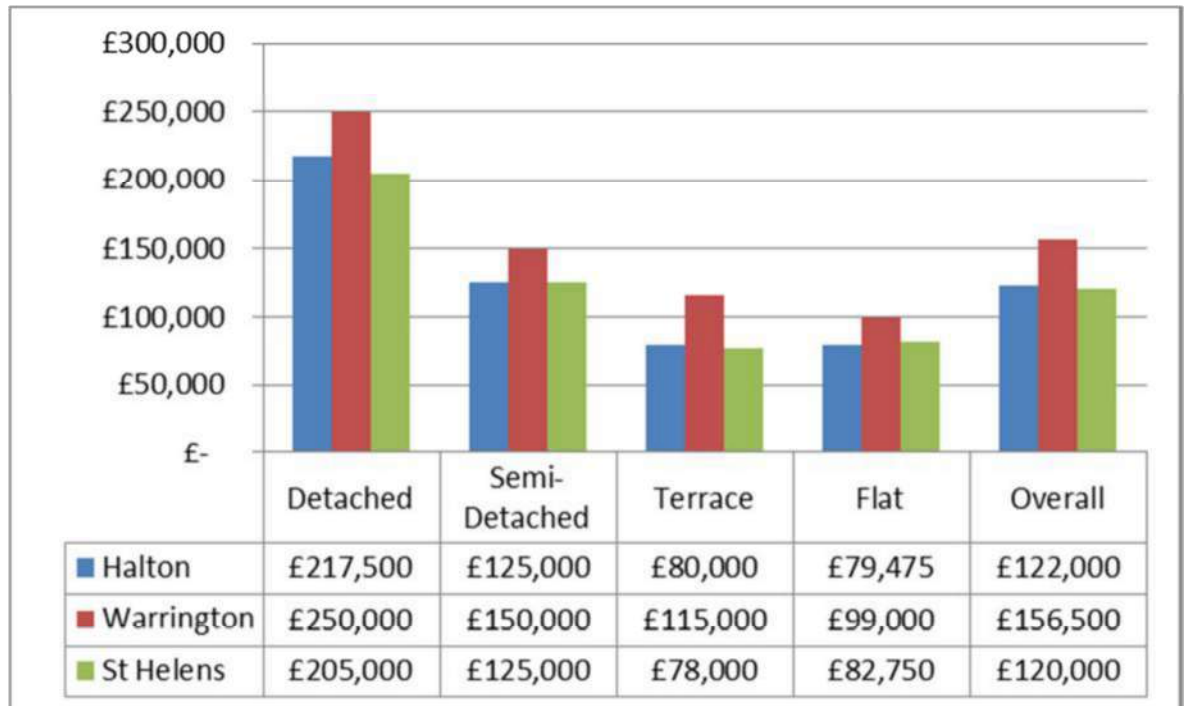
Table 1: Changes in Median House Prices, 1999-2014

	1999	2004	2009	2014	15-year change	10-year change	5-year change
Halton	£49,500	£99,000	£120,000	£122,000	146%	23%	2%
St.Helens	£48,500	£96,250	£110,000	£120,000	147%	25%	9%
Warrington	£60,000	£134,995	£145,000	£156,500	161%	16%	8%
England & Wales	£73,000	£150,000	£169,000	£192,500	164%	28%	14%

Source: HM Land Registry/ CLG

- 2.56 This data should be treated with a note of caution as median house price will reflect the mix of stock being sold. That is, places with a higher number of larger, detached homes (e.g. rural locations) will generally have higher house prices than those with a higher number of smaller, flatted homes (e.g. urban areas).
- 2.57 This high level analysis highlights some important dynamics. It can be seen that median house prices in Warrington have over the longer term grown further than those in St.Helens and Halton. However, over the last 5 and 10 year periods house prices have risen more in St.Helens albeit from the lowest base.
- 2.58 In the shorter term (5 years) house price change has been similar in Warrington and St.Helens. Over the medium to long term there has been a broad alignment of growth between St.Helens and Halton.
- 2.59 The Land Registry information can also be broken down by house type, as shown in Figure 7. This data shows that Warrington has higher house prices than the other local authorities. There is also a broad correlation with St.Helens and Halton in each of the housing types.

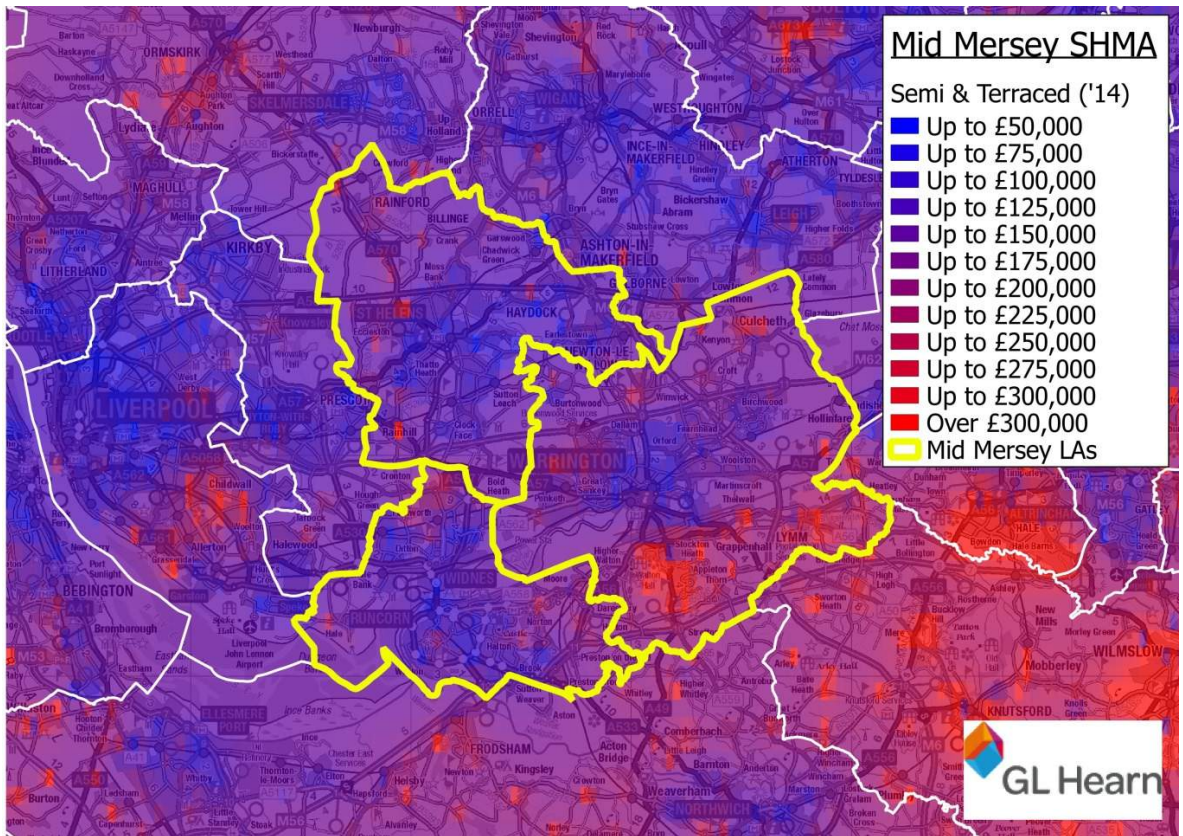
Figure 7: Median House Prices by Local Authority, 2014



Source: GLH Analysis: Land Registry Price Paid Data

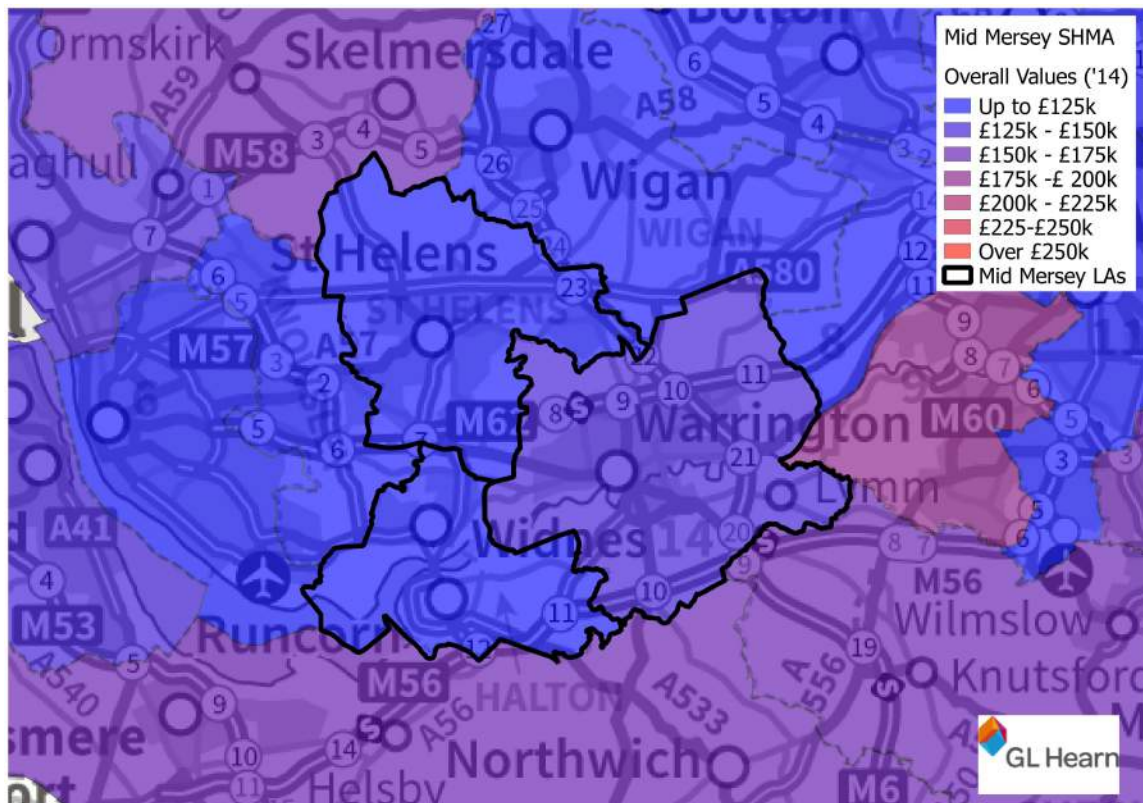
- 2.60 More recent house price data has also been mapped to show localised house price dynamics, for this only at semi-detached and terraced properties have been considered. This strips out some of the skewing of price resulting from the housing mix.
- 2.61 As Figure 8 illustrates house prices in the eastern and southern parts of Warrington are broadly higher than those in the remainder of Warrington (including Warrington Town), where prices broadly correlate with those in St.Helens and Halton.

Figure 8: Weighted Average Price of Semi-detached and Terraced Property Sales



Source: HMLR, 2014

2.62 Aggregating this data to a local authority level as shown in Figure 9 again shows a clear distinction with Warrington in comparison to St.Helens and Halton. The map also shows that to the east of Warrington (Trafford) house prices are higher again, with prices in St.Helens and Halton similar to those in Wigan, Knowsley and the western parts Warrington Borough.

Figure 9: Weighted Average Price of Semi-detached and Terraced Property Sales

Source: HMLR, 2014

- 2.63 While Figure 9 correctly illustrates higher house prices Warrington Borough compared to Halton and St.Helens this is somewhat misleading. The higher price bracket which Warrington falls into is driven by significantly higher house prices in Lymm than in the rest of the Borough.
- 2.64 In 2014 the median sales value in Lymm was £244,950 compared to Warrington Town £150,000. Despite only comprising 9% of the total sales in the Borough, the higher house price in Lymm increase the overall median house price for the Borough (£156,500) making it fall into higher price bracket when otherwise it would be on the threshold of the between the two.

Summary of Price and Price Trend Analysis

- 2.65 The analysis of current house prices provide some market based indication of integration between the markets of Halton and St.Helens and the most populated parts of Warrington. When drawing HMA boundaries at a local authority level, GL Hearn would consider a HMA based on the three Mid-Mersey local authorities to be appropriate. Although the eastern part of the Borough has links with local authorities in Greater Manchester the fact that the majority of the population, households and recent sales (2014) have taken place in that western part of the Borough Warrington, more closely aligns the entire Borough with St.Helens and Halton. However, functional relationships also need to be considered, and are addressed next.

Analysing Migration Flows and Patterns

- 2.66 Migration flows reflect households' movement between areas, and thus is a key factor in considering the geography of housing markets. To test the definition of the HMA, and to understand functional housing market inter-relationships across local authority boundaries, Census data on internal migration flows between the relevant local authority areas has been analysed.
- 2.67 Analysis looks at the self-containment rate of movements to and from each of the Boroughs, as well as internal movements within the Mid-Mersey Authorities. The guidance suggests that a HMA would typically, although not always, have self-containment rates of 70% when long distance moves are excluded. Although the term long distance is not defined in the guidance we have defined any move to/from outside of Lancashire (including Greater Manchester), Staffordshire, Cheshire and North Wales (Denbighshire, Flintshire and Wrexham) as being long distance.
- 2.68 From the Census, both the percentage of those already living in the Borough who moved elsewhere in the Borough (outward containment) and the percentage of those who moved to the Borough who were already residents (inward containment) for each authority has been calculated.
- 2.69 Before long distance moves are excluded the self-containment rate for each Borough showed a range from 64.4% to 72.7%. However, when long distance moves are excluded the same figures increases to 74.2% to 77.8%. Therefore, all the boroughs individually exceed 70% for both measures it is considered that the 70% threshold is only a typical figure.

Table 2: Self-Containment Rates by Local Authority, 2011

	% of those moving from the Borough	% of those moving to the Borough	% of those moving from the Borough	% of those moving to the Borough
	(Outward)	(Inward)	(Outward)	(Inward)
	Including Long Distance		Excluding Long Distance	
Halton	68.2%	72.7%	74.4%	77.8%
St.Helens	68.3%	70.7%	74.6%	75.5%
Warrington	64.4%	65.2%	74.2%	73.6%

Source: Census, 2011

- 2.70 Continuing to exclude long distance moves, the next step was to group the authorities to understand what the self-containment rates would be with these combinations, thereby continuing the approach of excluding long distance moves to achieve this. All combinations of two Mid-Mersey Boroughs exceed 70% with the highest being the relationship between Halton and Warrington (78% - 79%) and when all three Boroughs were grouped together the self-containment ranges from 80% - 81%.

Table 3: Migration Self-Containment Rate by Combination of Local Authorities (2011)

	% of those moving from the Area	% of those moving to the Area	% of those moving from the Area	% of those moving to the Area
	(Outward)	(Inward)	(Outward)	(Inward)
	Including Long Distance		Excluding Long Distance	
St.Helens and Halton	70%	73%	76%	78%
Warrington and Halton	69%	71%	78%	79%
Warrington and St.Helens	69%	70%	77%	77%
Halton, Warrington and St.Helens	71%	74%	80%	81%

Source: Census, 2011

- 2.71 While this analysis indicates that the local authorities could be considered Housing Market Areas in their own right, this would ignore the broader alignment between the Mid-Mersey authorities. Indeed, the PAS guidance suggests that:

“As well as the 70% containment test the final definition of the HMA should meet a common-sense test, which is important though impossible to specify rigorously – that the areas in the HMA should be more closely linked to each other than to areas outside the HMA.”

- 2.72 As the following analysis shows Warrington and Halton strongest links are with the other Mid Mersey authorities than with anywhere else outside of the defined area. This is also reflected in the CURDs geographies which reflected a much wider alignment.

Migration Flows

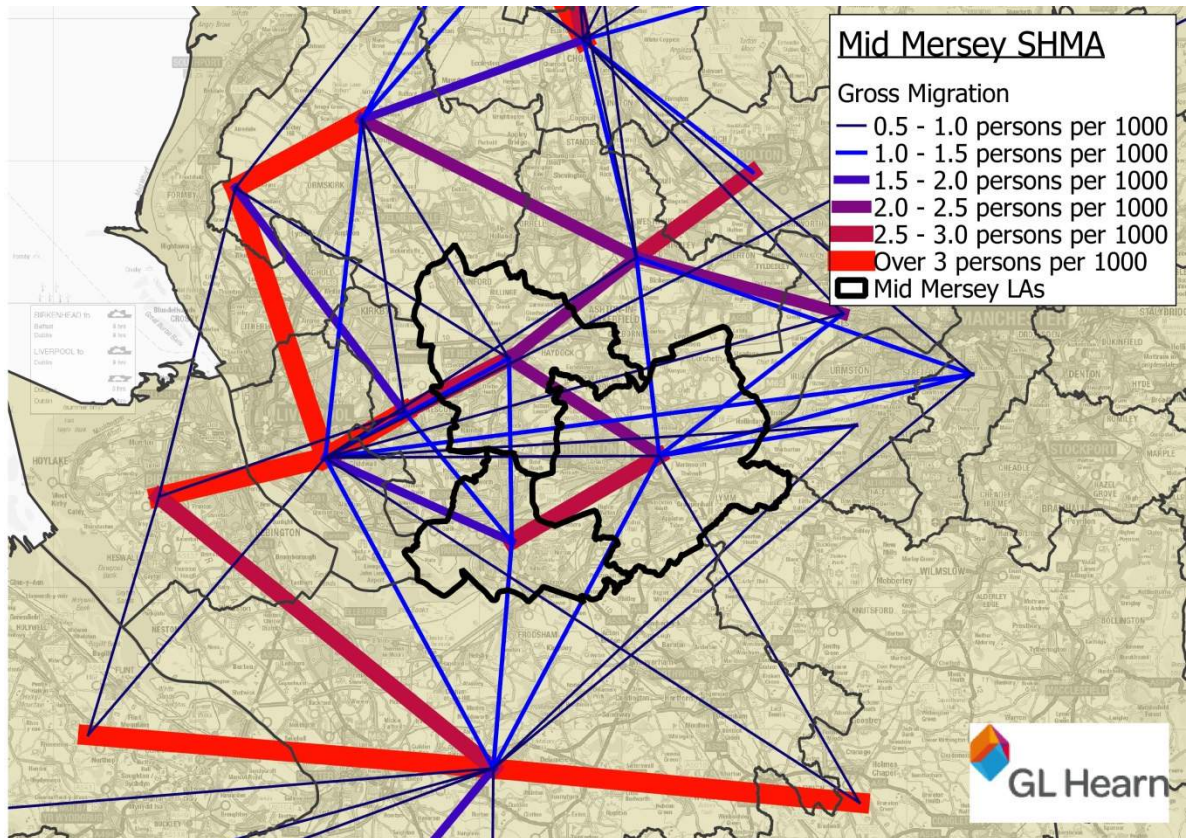
- 2.73 As well as self-containment rates, gross and net migration flows have also been examined. The data typically shows larger flows between authorities that are close to, or border, one another. There are also typical patterns of flows to university towns and cities around the country. The scale of flows is partly influenced by the population of the authorities, with the expectation that two large urban/ metropolitan authorities would support stronger flows than two smaller ones.
- 2.74 Taking this into account, GL Hearn has sought to standardise the analysis of flows to take account of the combined population of different authorities. The table below shows gross migration flows and gross flows expressed per 1,000 head of combined population. For this the 2001 census data has been used. While this is not the latest available dataset it is the most comprehensive.

Table 4: Average gross migration flows per annum (over 0.5 per 1000) (2011)

Location 1	Location 2	Gross Flow	Combined Population	Gross Per '000 Head
St.Helens	Knowsley	874	321,201	2.72
Halton	Warrington	878	327,974	2.67
St.Helens	Wigan	1163	493,157	2.35
Warrington	St.Helens	839	377,536	2.22
Halton	Liverpool	972	592,161	1.64
Halton	Knowsley	389	271,639	1.43
St.Helens	Liverpool	902	641,723	1.40
Warrington	Cheshire West & Chester	718	531,836	1.35
Warrington	Wigan	692	520,077	1.33
Halton	Cheshire West & Chester	599	455,354	1.31
Warrington	Manchester	904	705,355	1.28
Warrington	Salford	536	436,161	1.22
Halton	St.Helens	336	301,054	1.11
Warrington	Trafford	204	428,806	1.04
Warrington	Liverpool	350	668,643	0.97
St.Helens	West Lancashire	115	285,993	0.94
Warrington	Cheshire East	242	572,355	0.88
St.Helens	Sefton	160	449,098	0.71

Source: Census, 2011

- 2.75 The analysis undoubtedly confirms a complex set of interactions and flows between Mid-Mersey and its neighbouring authorities. However, there are a number of pertinent migration patterns and relationships which can be drawn out.
- 2.76 This again draws out that Halton and Warrington, and Warrington and St.Helens have a close migrator relationship, with these comprising Warrington's two strongest migration relationships and overall comprising two of the top five migration relationships (2nd and 4th) involving the Mid-Mersey authorities. By comparison the relationship between Halton and St.Helens is less than half in gross terms and when weighted by population, and reflects only the 5th strongest migration relationship for each authority.
- 2.77 Interestingly the table also shows that St.Helens has a notable relationship with Knowsley and Wigan, which are stronger than those with Halton and Warrington. Knowsley, however, has a much stronger relationship with Liverpool and Wigan has a stronger relationship with Bolton. The relationships are also mapped in Figure 10.
- 2.78 While there is some rationale for considering a wider HMA which could include Knowsley, Wigan and/or Liverpool, Warrington's relationship with Liverpool and Knowsley is relatively weak as is that between Halton and Wigan. Furthermore, the house prices in Liverpool and Knowsley are lower than the Mid-Mersey local authorities particularly Warrington. We note that St.Helens does have strong migratory links to Wigan and Knowsley however it has an equally strong relationship with Warrington.

Figure 10: Gross Weighted Migration Flows (2011)

Source: ONS, 2011

- 2.79 As illustrated Warrington's relationship with individual Boroughs outside of the Mid-Mersey authorities are relatively weak. There are however notable flows to the Greater Manchester authorities when combined, although this is not an appropriate comparison. Similarly, there is also a notable link between Halton and Warrington with Cheshire West and Chester to the south.
- 2.80 The dynamics of the net flow of people to and from Mid-Mersey has been examined, although this is less relevant than the gross flows as two large bi-directional flows can negate each other and not show up in analysis of net flows. Nevertheless, it provides some illustration of the direction of flow but should not be factored into the identification of Housing Market Areas. The results of this analysis are illustrated in Table 5.
- 2.81 As Table 5 shows the largest net flow is from Knowsley to St.Helens, followed by Halton to Warrington. Typical we also see flows are from areas which do not have a University to cities that do. This is seen in the flows from Mid-Mersey to Leeds, Manchester and Sheffield, the largest net flow involving two Mid-Mersey authorities. There is also a notable flow from Warrington to Leeds, as with other long distance moves this latter relationship is probably linked to student movements.

Table 5: Net Migration Flows (Over 50 persons per annum and Mid-Mersey Flows) (2011)

From	To	Net Per Annum
Knowsley	St.Helens	164
Halton	Warrington	124
Warrington	Leeds	95
Halton	Liverpool	90
St.Helens	Manchester	88
Halton	Cheshire West and Chester	83
St.Helens	Wigan	77
St.Helens	Liverpool	76
Warrington	Preston	67
Warrington	Manchester	64
Halton	Manchester	60
Warrington	Conwy	59
St.Helens	Leeds	55
Warrington	Sheffield	53
Warrington	Liverpool	52
St.Helens	Sheffield	50
From	To	Net Per Annum
Warrington	St.Helens	21
Halton	St.Helens	14

Source: ONS, 2011

- 2.82 Typically, UK cities show a net out-migration from the City (which has a younger population and attracts migrants from across the UK and internationally) to the immediately surrounding areas. This is partly related to family life cycles and lifestyle.
- 2.83 With Liverpool, a strong flow into both Halton and St.Helens would be expected, this is evident, although the net flow is one back in to the City. It can be assumed that this is linked at least in part to student movements as there are no Universities within these two boroughs.

Summary of Migration Flow Analysis

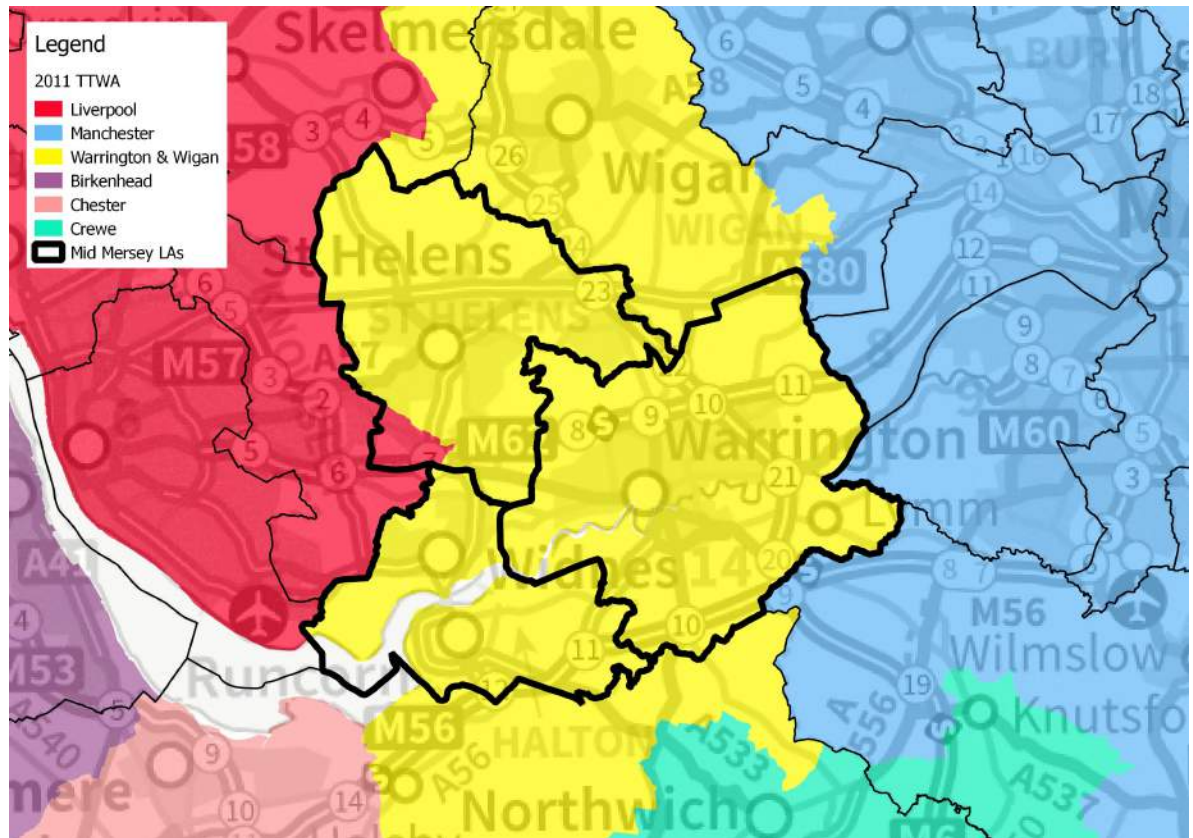
- 2.84 Crucially, there is justification that the three Mid-Mersey authorities should be considered as a single HMA in that the self-containment rates are around 80%. However, it is acknowledged that a combination of any two of the HMA also exceed the guideline 75% threshold.
- 2.85 Migration patterns also clearly confirm the strength of the relationship between Warrington and Halton. There is also a notable relationship with St.Helens although arguably St.Helens by this measure is more closely linked with Knowsley and to a lesser extent Wigan although both of these have closer relationships elsewhere.
- 2.86 There is some analysis of sub-local authority migration patterns in the qualitative work later on in this chapter.

Analysing Commuting Patterns

- 2.87 Commuting flows provide important evidence of the functional relationships between various authorities. The PPG directs planning authorities to consider commuting flows as a source of contextual information about the spatial dynamics of the local labour market. These dynamics will somewhat influence search patterns and location choices within the housing market.

Travel to Work Areas

- 2.88 The first source to consider is the recently published 2011 Travel to Work Areas (TTWAs) as drawn from the 2011 census data and analysed by the ONS. TTWA are the smallest areas that can be defined in which two thirds of the population live and work. These are therefore, useful in defining HMA areas. They provide a useful starting point as they offer national coverage and comparability.
- 2.89 As shown in Figure 11, the majority of all three authorities fall within a Wigan and Warrington TTWA. The only exception to this is the area around Rainhill in St.Helens, which falls within the Liverpool TTWA.
- 2.90 The Warrington and Wigan TTWA also extends into most of Wigan and the eastern part of West Lancashire (Appleby Bridge) to the North. It also extends into the north eastern part of Cheshire West and Chester around Frodsham and Whitley.
- 2.91 It is also clear from this analysis that Liverpool and Knowsley are separate from Halton, St.Helens and Wigan, giving further credence to Mid-Mersey HMA definition.

Figure 11: 2011 Travel to Work Areas

Source: ONS, 2015

- 2.92 The more recent commuting flows drawn from the 2011 census also provide an important evidence base of the functional and market relationships between various authorities. Examining self-containment rates for each of the Boroughs shows that resident (outward) self-containment (i.e. the percentage of working age residents in employment who also work in the Borough) ranges from around 48% in St.Helens to 59% in Warrington. Halton had a self-containment rate of 54%.
- 2.93 The criteria for defining TTWAs is for 66% - 75% of the area's resident workforce, to live and work in the area, the area must also have had a working population of at least 3,500. Where the working population is in excess of 25,000, self-containment rates of 66% are accepted, whilst a self-containment rate of 75% is expected in smaller areas (3,500 - 25,000 population). Therefore, a self-containment rate of 66% is relevant to Mid-Mersey.
- 2.94 Pairing up each of the local authorities does not provide a self-containment rate that reaches 66% although Halton and Warrington again have the strongest relationship (65.1%). By combining all three authorities a resident self-containment rate of is 66% is almost reached.
- 2.95 The self-containment rate of jobs (i.e. the percentage of local jobs which go to local residents) has also been reviewed. By this measure the 66% threshold is not reached, however, it does reach 65.4% when all three boroughs are combined. Table 6 below outlines the self-containment rates of both resident and job self-containment.

Table 6: Self-Containment Rates (2011)

Resident Self Containment (outward)	All Residents	Self-Contained	%
St.Helens	68,226	32,661	47.9%
Halton	50,338	27,270	54.2%
Warrington	85,129	50,422	59.2%
St.Helens & Halton	118,564	63,696	53.7%
St.Helens & Warrington	153,355	92,403	60.3%
Halton & Warrington	135,467	88,152	65.1%
St.Helens, Halton and Warrington	203,693	133,898	65.7%
Job Self Containment (inward)	All Jobs	Self-Contained	%
St.Helens	54,774	32,661	59.6%
Halton	50,370	27,270	54.1%
Warrington	99,646	50,422	50.6%
St.Helens & Halton	105,144	63,696	60.6%
St.Helens & Warrington	154,420	92,403	59.8%
Halton & Warrington	150,016	88,152	58.8%
St.Helens, Halton and Warrington	204,790	133,898	65.4%

Source: Census, 2011

- 2.96 Finally, the major movements involving Mid-Mersey authorities with the wider area have been examined. There are notable commuting patterns to Warrington, Liverpool and Manchester as the major employment centres within the sub region. Other major employment centres Chester, Wigan and Trafford.

Table 7: Major Outward External Commuting Movements (2011)

From	To	Commuters	% of Residents
St.Helens	Warrington	6,804	9.97%
Halton	Warrington	5,786	11.49%
St.Helens	Knowsley	5,725	8.39%
St.Helens	Liverpool	5,053	7.41%
Warrington	Halton	4,674	5.49%
Halton	Liverpool	4,518	8.98%
Warrington	Manchester	4,232	4.97%
St.Helens	Wigan	4,073	5.97%
Warrington	Trafford	3,226	3.79%
Halton	Cheshire West and Chester	2,680	5.32%
Warrington	Liverpool	2,628	3.09%
Warrington	St.Helens	2,516	2.95%
Warrington	Cheshire West and Chester	2,462	2.89%
St.Helens	Halton	2,265	3.32%
Warrington	Salford	2,155	2.53%
Halton	Knowsley	2,043	4.06%
Warrington	Cheshire East	2,005	2.35%
Warrington	Wigan	2,000	2.35%
St.Helens	West Lancashire	1,775	2.60%
Halton	St.Helens	1,500	2.98%

Source: Census, 2011

- 2.97 Looking at those working within the Mid-Mersey HMA there is a particular relationship between the Mid-Mersey authorities and Wigan, which is also reflected in the 2011 TTWA analysis.
- 2.98 Wigan are progressing their own SHMA and while a large number of Wigan residents work in Warrington there is no reciprocal movement. Indeed, over 71% of jobs in Wigan are taken up by local residents.

Table 8: Major Inward External Commuting Movements (2011)

To	From	Commuters	% of Workforce
Warrington	St.Helens	6,804	6.83%
Warrington	Wigan	6,539	6.56%
St.Helens	Wigan	5,787	10.57%
Warrington	Halton	5,786	5.81%
Halton	Warrington	4,674	9.28%
Warrington	Cheshire West and Chester	3,894	3.91%
Halton	Cheshire West and Chester	3,663	7.27%
Warrington	Liverpool	3,191	3.20%
Halton	Liverpool	2,890	5.74%
St.Helens	Knowsley	2,593	4.73%
St.Helens	Warrington	2,516	4.59%
Halton	St.Helens	2,265	4.50%
St.Helens	Liverpool	2,213	4.04%
Warrington	Cheshire East	2,073	2.08%
Warrington	Trafford	1,876	1.88%
Warrington	Manchester	1,804	1.81%
Warrington	Salford	1,738	1.74%
Halton	Knowsley	1,738	3.45%
St.Helens	Halton	1,500	2.74%

Source: Census, 2011

Summary of Commuting Flow Analysis

- 2.99 Commuting flows again indicate a relatively complex pattern of relationships across the sub region with labour markets within authorities seemingly integrating to different degrees at different spatial levels.
- 2.100 There is once again clear confirmation of the strong functional interactions between the three local authorities, particularly key is Warrington, which is the largest employment centre within the Mid-Mersey area. Indeed, the analysis of self-containment suggests that the Mid-Mersey authorities are a justifiable HMA on the basis of commuting patterns.
- 2.101 However, Wigan has also been identified as a potential area of overlap as well as the major employment centres of Liverpool and Manchester. However, the recent ONS 2011 TTWA reflect 2011 data show that while Liverpool has an economic influence within the Mid-Mersey area around Rainhill the majority of the district is focused towards Warrington and Wigan and that Warrington's influence extends southwards into Cheshire West and Chester but that the majority of CW&C is focused on Chester City
- 2.102 These overlapping influences are reflective of the LEP geography which split the Mid Mersey Authorities with Warrington in the Warrington and Cheshire LEP and St.Helens and Halton in the Liverpool LEP.

Qualitative Evidence

- 2.103 As part of the consultation with local estate and letting agents they were asked 'to what extent do the agents' area of operation mirror housing market boundaries?'
- 2.104 Based upon the perceptions of estate and letting agents the local housing markets of main towns within each of the three local authorities are broadly self-contained. Around (and in some cases over) 80% of all transactions are bought sold or let to local people. Of the other 20% most are from neighbouring authorities with very little long distance re-location.
- 2.105 Agents told us that the road and rail network enables residents to commute to labour markets within Mid-Mersey and to the cities of Manchester and Liverpool and this is the main driver of demand for incomers. We were told that Incomers generally find that they can get more for their money in Mid-Mersey than in these cities. However new build housing also tended to supply local demand and did not attract a high proportion of incomers.
- 2.106 In Halton, both Widnes and Runcorn estate and letting agents described a highly self-contained housing market with an estimated 80% to 90% vacancies either bought by or let to existing local households. Agents told us that this was largely due to high levels of self-contained local employment although higher priced housing would tend to house people who travelled further to work in Warrington or Liverpool.
- 2.107 Agents in St.Helens described the town as being unique in terms of its location and characteristics. They said that the re-sale and letting market is highly self-contained with 90% of transactions being made by local households.
- 2.108 Warrington agents painted a more complex picture and the evidence from agents suggests that a number of sub areas are noteworthy and as they attract incomers with different characteristics from the Manchester and Liverpool housing market areas. Agents in Culcheth told us that two sub markets existed there with quite different characteristics. One area has mainly lower priced housing where social housing and former social housing is evident. Here most sales and lettings are made to local households. However, the other area is higher priced housing that attracts a lot of interest from Manchester based households who re-locate here to escape the City and to place their children in local high performing local schools.
- 2.109 Agents at Fernhead (East Warrington) and Great Sankey (West Warrington) told GL Hearn that these areas are notable for higher levels of demand from younger people attracted by local employment, cheaper prices than Manchester or Liverpool on a like for like basis and the ability to commute to these cities. The agents stated about 25% of transactions were incoming households mostly from Manchester and Liverpool. The agent described large volumes of households that would commute to these cities and beyond with easy access to the M6, M56 and M62.

- 2.110 Interviews with agents based in the village of Lymm and Stockton Heath (south of the Manchester Ship Canal), were significant as these areas have a high proportion of premium market residences. GL Hearn were told that these areas have the highest proportion of sales to incomers in Stockton Heath it is estimated that 50% of sales were to incomers for the more expensive property. Incomers were typically high income managers and professionals many of which would work in the nearby cities. Agents told that the village character in these areas and high quality local shops and services with access to good schools were factors that incomers also took into account.
- 2.111 Warrington town centre agents mostly concentrated on town centre rather than borough wide re-sales as many were multi-branch agencies. They told us that the proportion of incomers was high, especially into the apartment market. Incomers are typically young professionals who are attracted by Warrington, the ability to commute to their place of work (if they are not employed in Warrington) and the night time economy. There was some evidence of second homes in this market. GL Hearn were told that some employees found it convenient and economical to rent or buy small apartments for occupation during the working week rather than commute on a daily basis.
- 2.112 Further details on the qualitative evidence can be seen in the Market Signals chapter.

Drawing the HMA Analysis Together

- 2.113 There is no single source of information for defining a HMA and many HMAs also overlap. In line with the PPG, GL Hearn have analysed three key data sources: house price trends and dynamics, commuting flows and migration patterns. This has allowed the extent of the relevant housing market area for the Mid-Mersey authorities to be defined.
- 2.114 The starting point for this work was to examine existing definitions of housing market areas in the region. The CURDS work indicated that all three local authorities fell within a wider Liverpool framework housing market area. There are clearly a complex set of relationships across the Mid-Mersey area; however, the balance of evidence across all three data sources demonstrate a significant integration between the commissioning authorities that justifies their identification as a single HMA based on best fit to local authority boundaries.
- 2.115 In market-terms (as reflected in the house price analysis) the relationship between the authorities is relatively strong although Warrington seems to have slightly different dynamics. However, this is driven by significantly higher house prices in Lymm, whereas house prices in the most densely populated parts of the borough (i.e. Warrington Town) have much closer alignment to Halton and St.Helens.
- 2.116 The migration data identify a degree of self-containment which meets or exceeds expected thresholds for housing market areas, although this is also the case for the individual authorities. However, the self-containment rates are stronger for the accumulation of the three Mid-Mersey authorities as opposed to individually. In addition, there is still significant movement between the Mid Mersey authorities with Warrington much more closely aligned with Halton and St.Helens than

anywhere else. The PAS guidance also allows for common sense test to be applied. Which in our judgement (as well as that of local agents) suggests that there is an alignment between the three authorities.

- 2.117 The recently released 2011 TTWA areas also identify a relationship between the Mid-Mersey Authorities (along with Wigan). The area also has lesser but notable relationships with parts of Cheshire West and Chester and West Lancashire. Although adjoining Warrington there is no strong links with Cheshire East and like the others previously mention cannot justify inclusion within the same HMA as the Mid Mersey authorities.
- 2.118 In commuting terms St.Helens has strong relationships with Liverpool, Knowsley and Wigan. This is particularly the case in the western parts of the Borough where there are large numbers commuting Liverpool. However, the majority of the Borough falls within the Wigan and Warrington TTWA using the very latest ONS evidence with Liverpool and Knowsley falling within the Liverpool TTWA.
- 2.119 GL Hearn recognise that there are overlaps within the HMAs and the fact that HMAs do not start and end at local authority boundaries. For example, Warrington has a relationship with the local authorities in a number of directions, most notably its economic links to Cheshire West and Chester (which are also shown through the LEP). Similarly, Liverpool's influence is likely to extend into the western periphery of the Mid-Mersey area. However, in practice and in line with the PAS guidance it is necessary to work on Areas based on local authorities or groupings of local authorities.
- 2.120 In the view of GL Hearn, the triangulation of the sources strongly supports defining a Mid-Mersey housing market area based on Warrington, St.Helens and Halton Boroughs. The Strategic Housing Market Assessment has been prepared on this basis. This Housing Market Area was also proposed at an earlier Duty to Cooperate event with all in attendance agreeing its suitability.
- 2.121 In the context of the Duty to Cooperate, those authorities with close links to Mid-Mersey have been engaged with, on strategic housing issues; not only including the preparation of the SHMA (and this engagement is expected to continue) but through also through the subsequent development of plan policies.
- 2.122 To complement this work the surrounding local authorities are also undertaking their own analysis of HMA geographies. The Greater Manchester Authorities are undertaking their own SHMA as are the Cheshire Authorities. Liverpool City Council which identifies a wider HMA (which does not include the Mid Mersey authorities) is also currently updating their SHMA. These studies do not identify any gaps or overlapping geographies at a local authority level. Although the boundaries of HMAs will always be permeable to a certain degree.

3 CHARACTERISTICS OF THE HOUSING MARKET

Housing Stock and supply

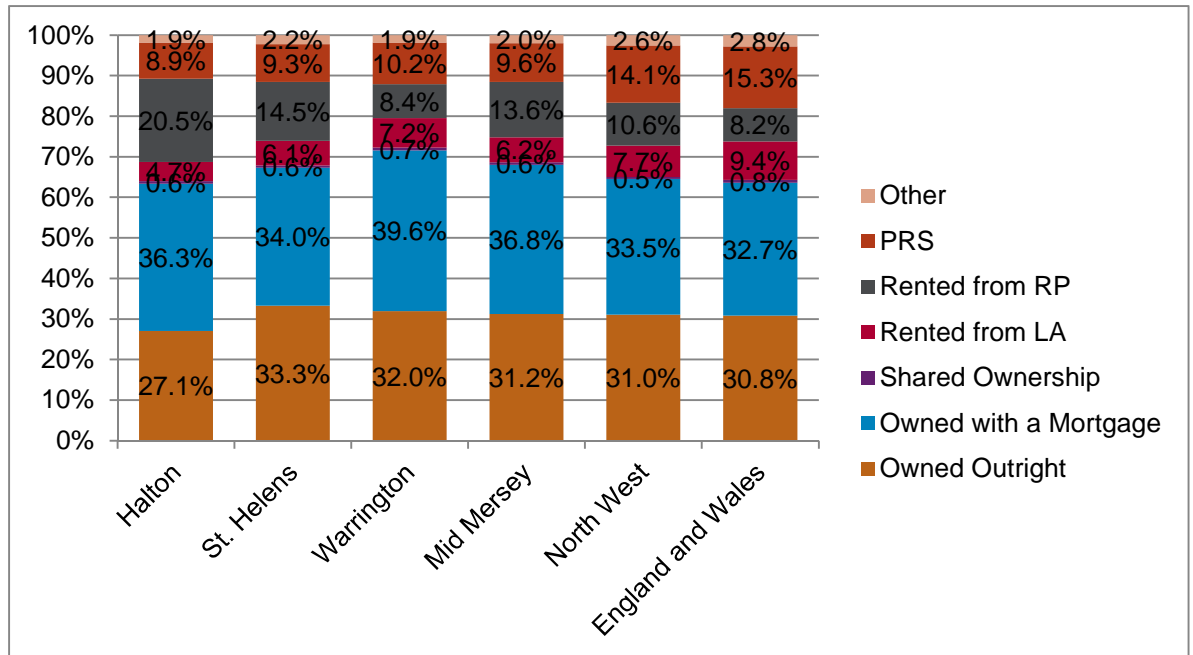
- 3.1 Although new housing will be delivered in the wider housing market over the coming years, much of the housing stock that will be present in 2037 is already in place; and it is thus important to understand the current housing offer. In this section the current housing offer is profiled, considering the stock of different types, sizes and tenures of homes, how this has been changing and how it varies across the three local authorities within the HMA.
- 3.2 There were 221,934 household spaces in the Mid-Mersey HMA in 2011, of which 39.6% were in Warrington, 35.7% in St.Helens and 24.6% in Halton¹⁰.

Tenure Profile

- 3.3 A detailed profile of tenure mix can be gleaned from the 2011 Census. Like much of the North West, the tenure profile in the HMA is dominated by owner occupation. The proportion of owner occupation in Warrington (72.3%) is higher than St.Helens (67.8%) and Halton (64%) which is the only Borough lower than the North West figure (65%).
- 3.4 Warrington, has the highest proportion of private renting (10.2%), however, it is below the regional (14.1%) and national averages (15.3%). Halton has a particularly low level of privately rented stock (8.9%). St.Helens has the highest proportion of households which owned their home outright. Social renting across the HMA, at around 20%, is slightly above the regional average. Halton has a slightly higher percentage of socially rented properties (25.2%). The tenure distribution is illustrated in Figure 12.

¹⁰ Census Household Spaces

Figure 12: Detailed Tenure Composition (2011)



Source: Census 2011

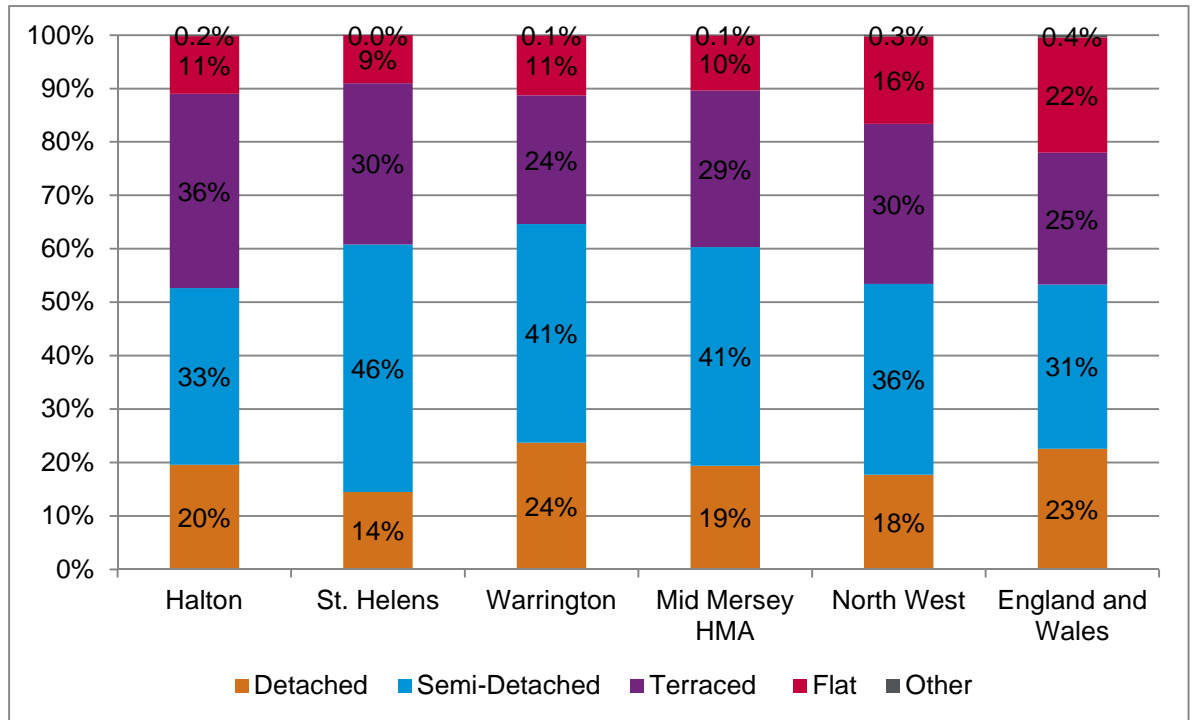
3.5 According to the Censuses between 2001 and 2011, the total housing stock in the Mid-Mersey HMA increased by 7.9%. This is above the rate of growth across the North West region (6.8%) but below that in England (8.3%). Overall, the change in total stock in Warrington was highest (10.0%); with St.Helens seeing 5.1% growth in stock and 9.0% in Halton.

House Types

3.6 The HMA has an above average proportion of semi-detached homes and a lower proportion of flatted properties relative to the North West. It has a high proportion of terraced homes relative to the national average.

3.7 Of the three authorities, Warrington has the highest proportion of detached homes (24%) - significantly higher than the lowest proportion in St.Helens (14%). Halton has a higher percentage of “other” properties which include caravans and barges but this is still below the regional and national figures. By contrast, St.Helens has the highest percentage of semi-detached properties (46%).

Figure 13: Profile of Stock by Type (2011)



Source: Census 2011

Housing Size

3.8 The size mix of housing in the Mid-Mersey HMA is dominated by family homes with around 67% of the stock comprising three or more bedrooms. Three-bed homes are the most prevalent size of home across all three authorities, and accommodate 51% of households in the HMA. Relative to England and Wales (19%), there is a below average representation of homes with four or more bedrooms (16.0%). Of the three authorities, Warrington has the strongest representation of one-bed and two- bed properties (accommodating 32.7% of households), although this remains lower than the equivalent figures in the North West (38%) and England and Wales (39.2%).

Table 9: House Size – Number of Bedrooms (2011)

	No Bedrooms	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	5+ Bedrooms
Halton	0.2%	8.2%	23.8%	52.4%	13.2%	2.2%
St.Helens	0.2%	6.1%	26.3%	55.7%	9.6%	2.0%
Warrington	0.2%	9.0%	23.6%	46.9%	16.4%	3.9%
Mid-Mersey HMA	0.2%	7.8%	24.6%	51.4%	13.2%	2.8%
North West	0.2%	9.5%	28.5%	45.0%	13.1%	3.7%
England and Wales	0.2%	11.5%	27.6%	41.6%	14.4%	4.6%

Source: Census 2011

Overcrowding and Under-Occupation

3.9 Studying levels of overcrowding and under occupation in the housing stock is an important part of the SHMA. The Guidance identifies overcrowding as an important indicator of the supply/demand

balance. Analysis of housing occupancy is also useful as an indicator of any potential mismatch between the supply and demand for different sizes of homes.

- 3.10 Overcrowding is defined by the number of households who have one or more rooms less than their household need; for example, a couple with a young child would have a need for two rooms but may only have one. Conversely under occupation is defined by the number of households who have one or more rooms more than their household need.

Table 10: Overcrowding and Under-Occupation (2011)

	Under Occupied		Over Occupied	
	#	%	#	%
Halton	41,048	77.0%	2,638	4.9%
St.Helens	60,944	80.5%	3,102	4.1%
Warrington	67,990	79.9%	3,821	4.5%
Mid-Mersey HMA	169,982	79.4%	9,561	4.5%
North West	2,302,256	76.5%	187,816	6.2%
England and Wales	17,070,912	73.1%	1,995,860	8.5%

Source: Census 2011

- 3.11 We can see that 79.4% of households in the HMA have an excess of space for the number of residents. There is a higher level of under occupation in St.Helens (80.5%). Halton (77%) has the lowest level of under occupation but this is still higher than the regional (76.5%) and National (73.1%) equivalent.
- 3.12 In the market sector in particular, the sizes of homes which households occupy relates more to their age and what they can afford than it does to the size of the household. In the affordable sector there is a closer relationship between household and house size.
- 3.13 With a growing older population, GL Hearn would expect under-occupation of homes to increase over time in the absence of intervention. However, by providing an appropriate mix of attractive homes, some older households may choose to downsize.

- 3.14 The 2011 Census suggested that 4.5% of households in the HMA are over-crowded using the 'bedroom standard.' This is below the North West and national averages. Overcrowding is highest in Halton, affecting 4.9% of households. The Market Signals section considers how overcrowding has changed since 2001¹¹.
- 3.15 Some of the over-crowding could be attributed to a shifting ethnic profile in the area with some BME groups likely to have higher household size. The BME population in Mid Mersey has grown by 6,800 persons between 2001 and 2011. As a percentage of the total population it has grown from 1.6% to 2.9%. The largest growth was in Warrington which increased its BME population by 4,100 people and it now contributes 4.1% of the total population. This is shown below in more detail.

Vacant and Second Homes

- 3.16 The 2011 Census provides data on the number of household spaces with no usual residents which can be used as a proxy for vacancy and second homes. The data indicates that there are just over
- 3.17 7,700 vacant properties or second homes in the Mid-Mersey HMA equivalent to 3.5% of the dwelling stock. This is below the average for the region (4.5%). St.Helens has the highest level of vacant/ second homes with 4.5% of homes having no usual residents.

Table 11: Vacant and Second Homes (2011)

	Total households	Household Spaces with no usual residents	% Vacant/Second Homes
Halton	54,694	1,382	2.5%
St.Helens	79,278	3,542	4.5%
Warrington	87,962	2,822	3.2%
Mid-Mersey HMA	221,934	7,746	3.5%
North West	3,150,410	140,861	4.5%
England and Wales	24,429,618	1,063,574	4.4%

Source: Census 2011

Population Characteristics

Population Size

- 3.18 The 2011 Census recorded that the HMA had a population of just over 500,000. Of this 40% live in Warrington, 35% in St.Helens and 25% in Halton. A more recent estimate is used from the MYE estimates which shows the population has increased to 509,970. This is set out in more detail in the following chapter.

¹¹ This analysis uses the Census 'occupancy rating' measure which is a cruder measure of overcrowding as it does not take into account family member relationships.

Table 12: Headline Total Population, March 2011

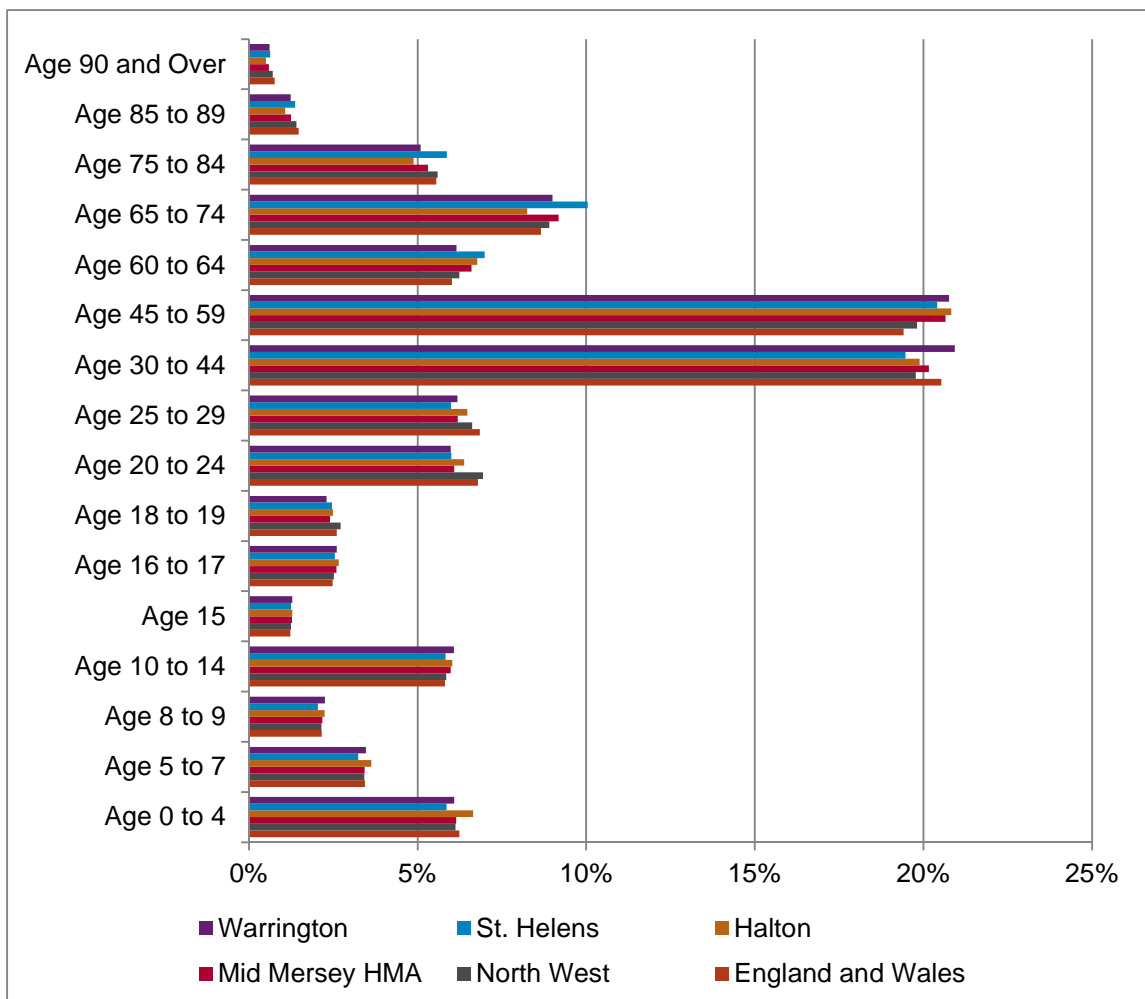
Census Population (March 2011)	
Halton	125,746
St.Helens	175,308
Warrington	202,228
Mid-Mersey HMA	503,282
North West	7,052,177
England and Wales	56,075,912

Source: Census 2011

Population Structure

3.19 The population structure differs across the three authorities. Halton has the highest percentage of pre-school and school aged population. Conversely, St.Helens has a particularly high proportion of people aged 60 and over, Warrington has a higher proportion of working age population over 30.

Figure 14: Population Structure by Five Year Age Bands (2011)



Source: Census 2011

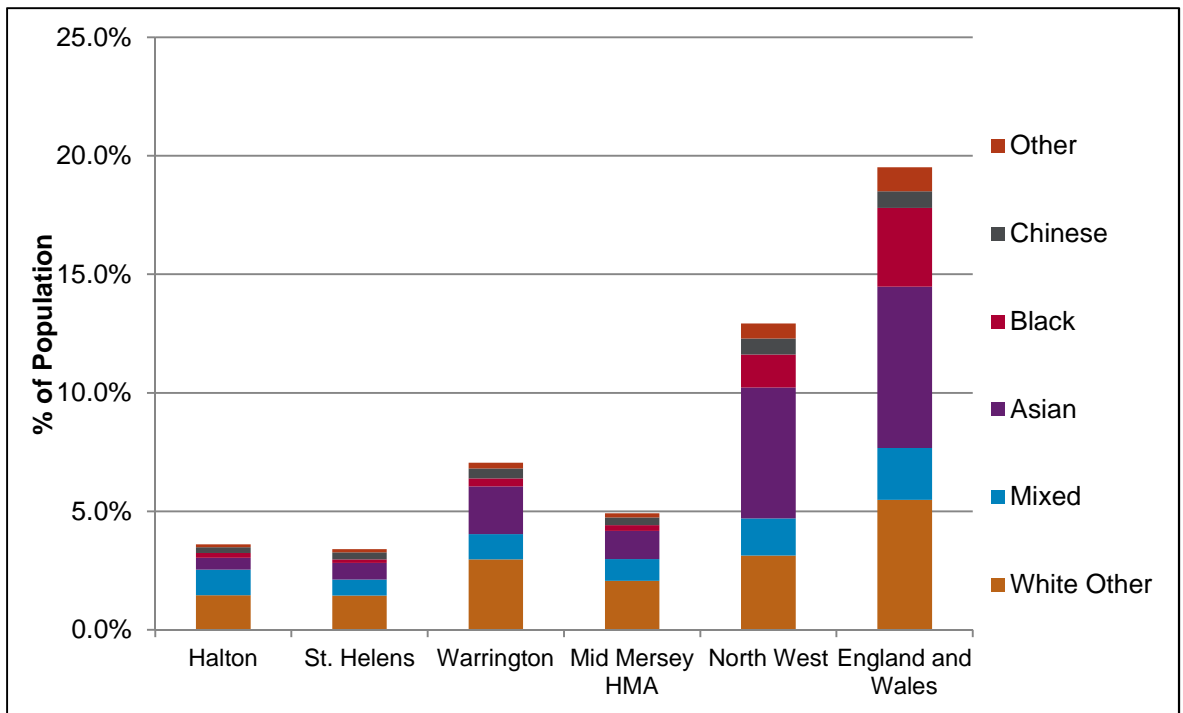
Ethnic Profile

3.20 The figure below (Figure 15) profiles the population by ethnic group from the 2011 Census. Across the three authorities, 95.1% of the population are White British - this is far higher than the England average (80.5%) and North West averages (87.1%).

3.21 Halton (2.2%) and St.Helens (2.0%) have a similar percentage of the non-white population, however, in Warrington there is a higher population of BME groups (4.1%). The ethnic population in Warrington is driven by a comparatively high percentage of Indian and Pakistani population compared to the other Mid-Mersey authorities.

3.22 Warrington also has a high percentage of non-British White population compared to the other Mid-Mersey Authorities. Across the HMA as a whole, the largest minority ethnic groups are White Other (2.1%) and Asian/Asian British (1.2%). In the national and to a lesser extent the regional context then the BME population and each of the BME groups are relatively minor.

Figure 15: Population by Ethnic Group – Local Authorities



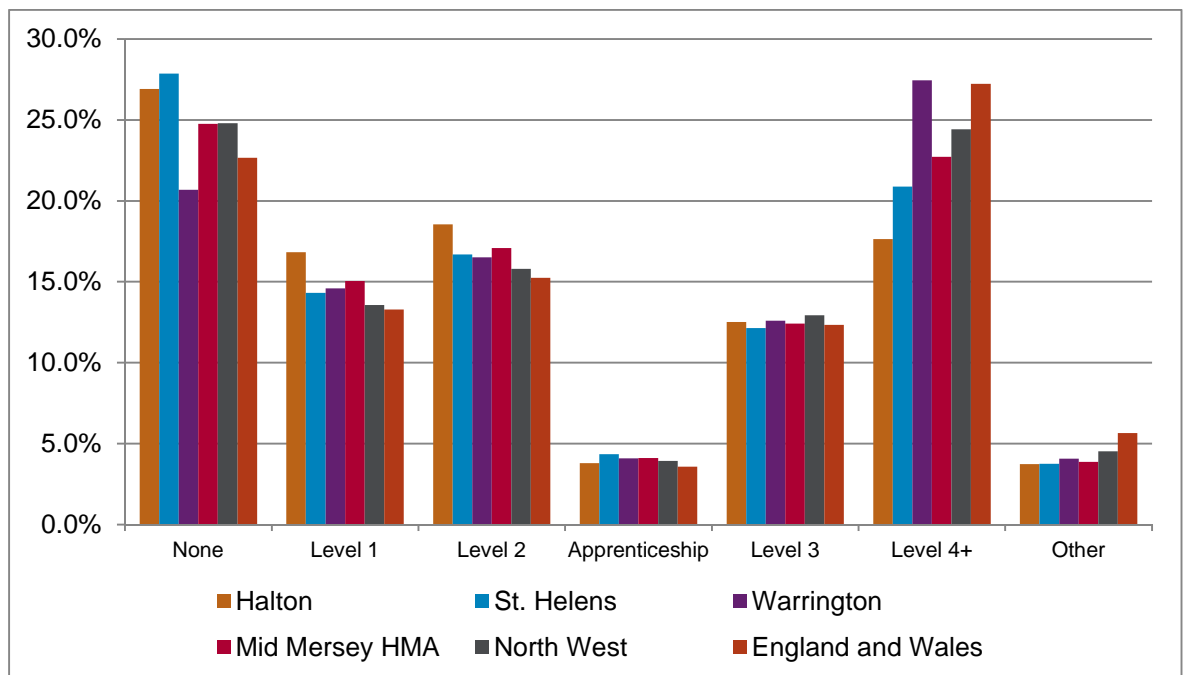
Source: Census 2011

Labour Market

Qualifications and Skills

3.23 The population across Mid-Mersey is generally lower qualified in comparison to the North West and national profiles. Around 23% of the population across the HMA have Level 4 or above qualifications (compared to 24% across the North West). Just under 25% have no qualifications which is comparable to the region but above the England and Wales figure (22.7%). This is shown in Figure 16.

Figure 16: Qualifications (2011)



Source: Census 2011

3.24 Warrington has a substantially better qualified population than Halton or St.Helens with 27% of the population aged 16 or over qualified to Level 4 or above (equivalent of an under graduate degree) compared to 18% and 21% respectively, which are above the regional and national averages. In contrast, almost 28% of the working age population in St.Helens and 27% in Halton have no qualifications, which are above the regional (25%) and national averages (22.7%), whereas Warrington is much lower at almost 21%.

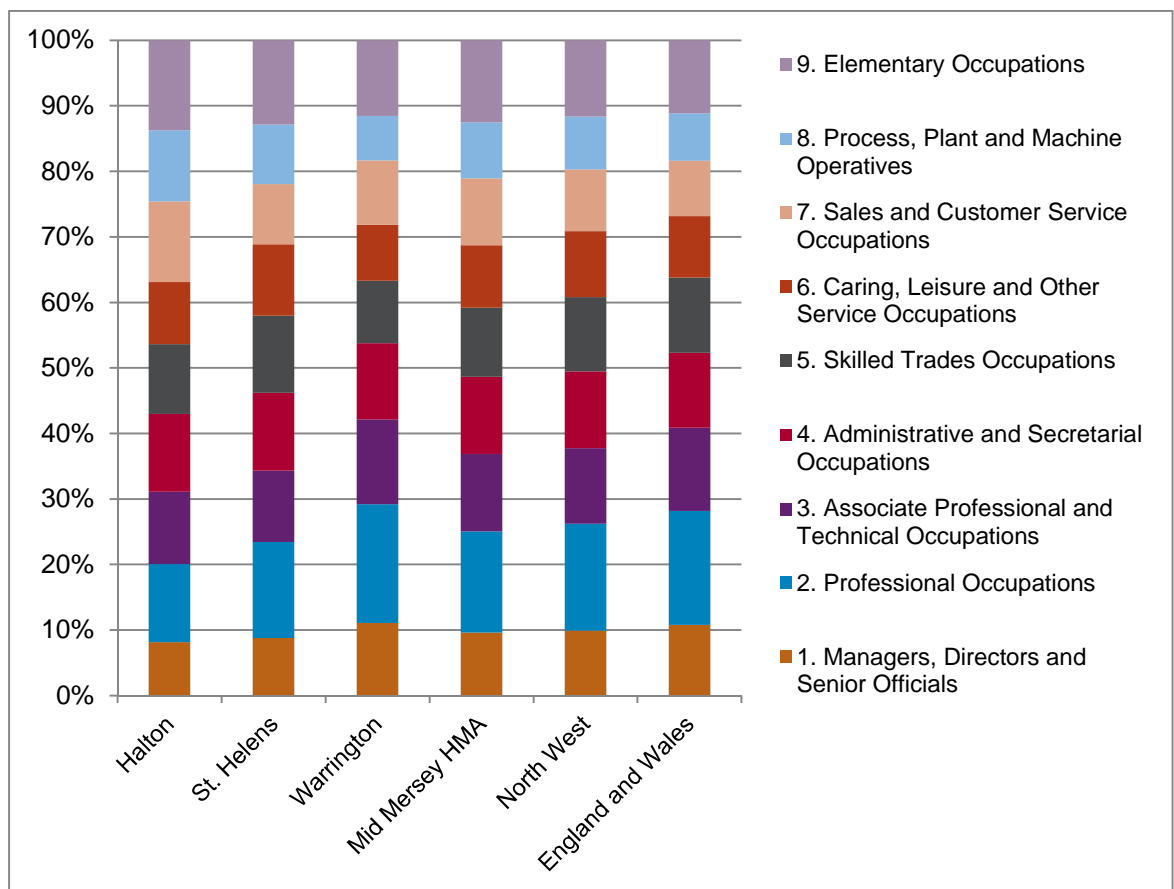
Occupations

3.25 The skills profile of the population is also borne out in the profile of residents' occupations. Resident occupations are skewed towards lower skilled (and generally lower income) occupations, with 37% of the working age population in the HMA employed in a Managerial, Professional or Associate Professional Occupation compared to 41% Nationally and 38% for the North West.

3.26 The Halton figure is the lowest of the three (31%) compared to 34% in St.Helens and 42% in Warrington. Conversely, Halton has the highest percentage of unskilled workers 37% compared to

28% in Warrington. By comparison the equivalent figure for England is 27% and 29% in the North West.

Figure 17: Occupational Profile (2011)



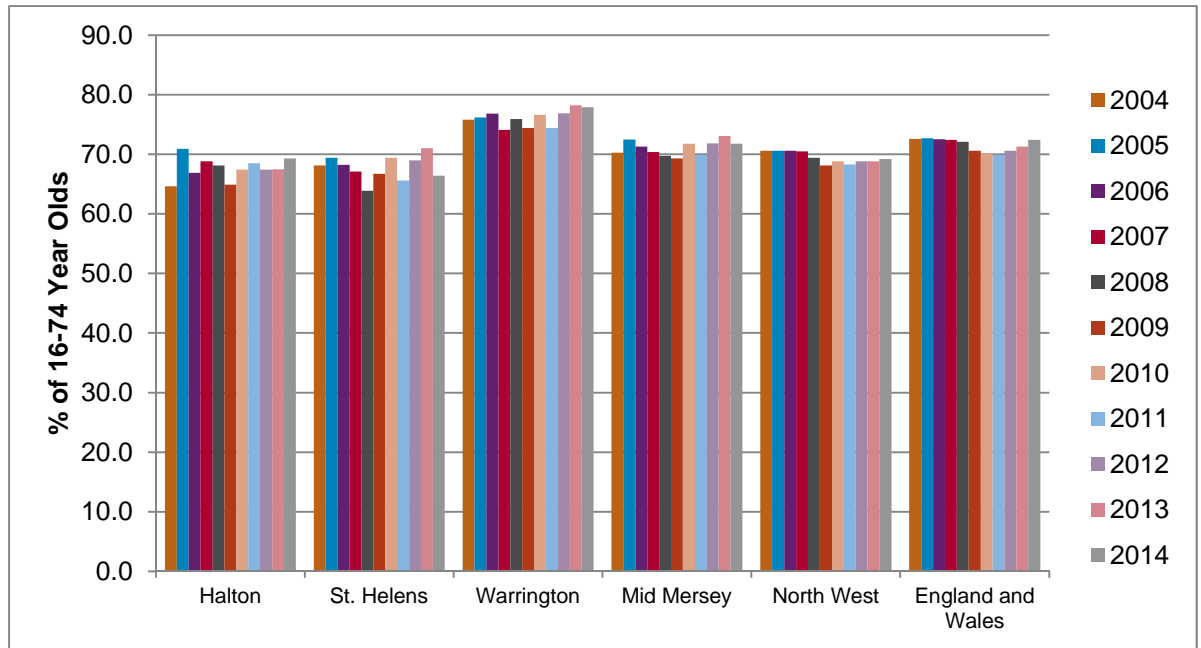
Source: Census 2011

Employment Rate

3.27 The figure below (Figure 18) tracks the employment rate (the percentage of the economically active population 16-74 in employment) in both of the HMA authorities and comparator areas. The employment rate has fluctuated over the analysis period (particularly at a local authority level). This partly reflects the economic backdrop and partly the sample survey nature of the data.

3.28 Currently the employment rate in Warrington is at 77.9%; whereas in St.Helens the employment rate is significantly lower at 66.4% with Halton at 69.3%. The St.Helens figure is below both the England figure (72.4%) and the North West (both 69.2%).

Figure 18: Employment Rate Trends



Source: Annual Population Survey

Income and Earnings

- 3.30 Annual gross resident earnings in the HMA (£25,431) are akin to the North West figure (£25,292), but below the National figure (£27,341); somewhat reflecting the skills and occupation profile identified earlier.

- 3.31 It is useful to compare the incomes of full-time employed residents of the HMA with those working in jobs located in the HMA, who may or may not also be residents. At around £25,769 the median income of Mid-Mersey workers is around £400 higher than the median income of Mid-Mersey residents. However, this masks some significant differences in Halton workplace earnings over £2,000 higher than resident earnings and in St.Helens resident earnings are £1,800 higher than workplace earnings. The correlation between resident and workforce earnings is closes in Warrington – with those working in the Borough earning over £750 more per annum than residents.

Table 13: Annual Median Workplace and Resident Earnings (2014)

	Residents	Workplace
Halton	£25,288	£27,456
St.Helens	£24,551	£22,723
Warrington	£26,455	£27,210
HMA Average	£25,431	£25,796
North West	£25,292	£25,229
England and Wales	£27,341	£27,314

Source: NOMIS/Annual Survey of Hours and Earnings 2015

- 3.32 Higher workplace earnings than residents' earnings suggests that there is a concentration of higher paid jobs in the Boroughs, with some in-commuting to higher paid roles.

KEY MESSAGES

- The HMA accommodates 221,934 dwellings (2011). However, housing delivery over the 2001-11 period fell below national levels.
- The housing offer is characterised by a mid-range of properties, with above average representation of semi-detached homes and those with 3 bedrooms. Over 68% of households are owner occupiers.
- The population structure differs across the authorities. Halton has a younger population than Warrington whose population is more biased towards working aged adults aged between 30 and 60 which is younger still than St.Helens which has the highest percentage of retirees.

4 TREND-BASED DEMOGRAPHIC PROJECTIONS

Introduction

- 4.1 The analysis carried out follows the requirements of the National Planning Policy Framework (NPPF) and the more recent CLG advice contained in National Planning Practice Guidance (PPG) (March 2014) about assessing housing and economic development needs.
- 4.2 This section considers the demographic evidence of housing need. The analysis begins by considering the most recent population and household projections published by ONS/CLG. The projections in this section look at housing needs in the period from 2014 to 2037.
- 4.3 The start point reflects a base position for which a reasonable amount of data is available (the ONS mid-2014 population estimates) with the end date aligning with the time to which current official projections run (e.g. the ONS subnational population projections (SNPP) and the CLG subnational household projections (SNHP)).
- 4.4 The PPG sets out that the latest official projections should be the start point for the analysis of housing need (the latest such projections being the 2012-based household projections from CLG which were published in February 2015). In the period from 2014 to 2037, these projections show an annual growth in households of 1,485 across the HMA (227 in Halton, 445 in St.Helens and 813 in Warrington).
- 4.5 Whilst these projections are a start point for analysis, the information in this section seeks to interrogate the data feeding into the CLG analysis as well as to draw on more up-to-date information where available (such as from the ONS mid-year population estimates).
- 4.6 GL Hearn have also sought to consider a number and range of different demographic assumptions to look at population growth. The scenarios are described as they are developed, but for clarity are listed below for reference. In converting population into households, all of these scenarios are underpinned by the household formation (headship) rates contained within the 2012-based CLG household projections. An alternative view about household formation can be found in the market signals section of this report.

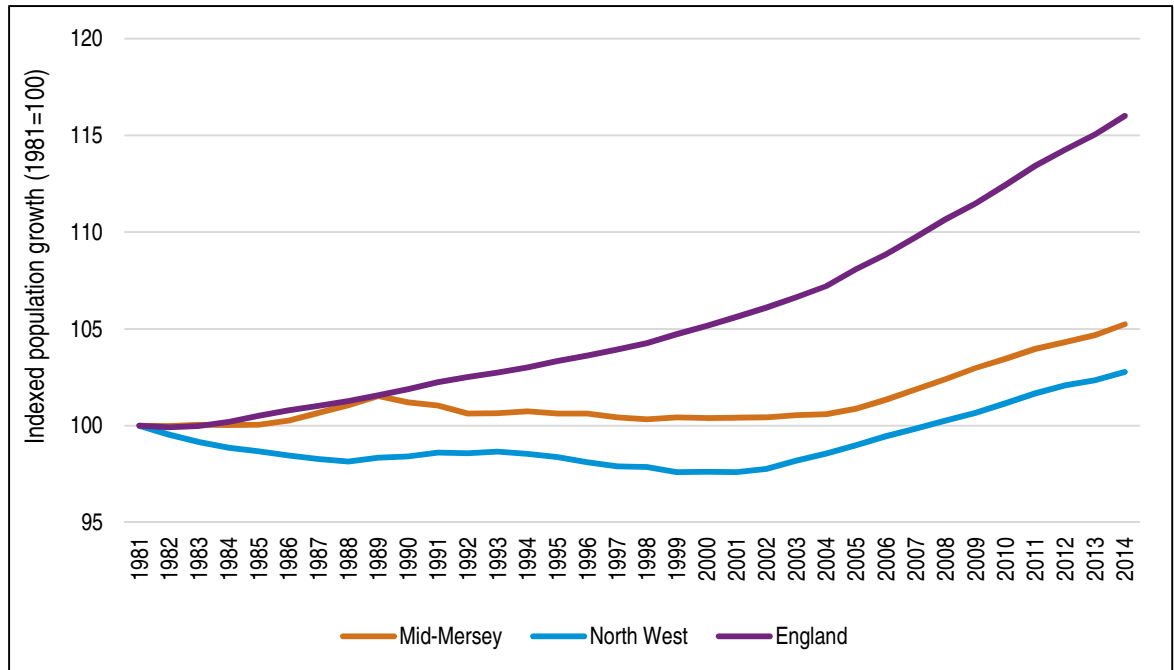
Table 14: Demographic scenarios developed

Scenario	Broad description
SCEN 1 - SNPP	Based on the population assumptions in the latest ONS subnational population projections (SNPP)
SCEN 2- 2014SNPP	Based on an assessment of what new mid-year population estimates (MYE) say about migration and how this might translate into the next SNPP (which will be a 2014-based version and expected to be published in Spring 2016). Data for the period to 2014 is fixed by reference to the MYE.
SCEN 3- UPC	Based on the 2012-based SNPP (as updated in SCEN 2 for recorded population levels) but with an adjustment for Unattributable Population Change (UPC) post-2014
SCEN 4- 2014UPC	Based on combining the assumptions underpinning the previous two projections (SCEN 2 and SCEN 3). This essentially takes a mid-point of the assumptions from those two scenarios

Demographic profile of Mid-Mersey

- 4.7 The population of Mid-Mersey in 2014 is estimated to be 510,000, this is an increase of 23,400 people since 2001 – a 4.8% increase over the 13-year period. This level of population growth is below that seen across the North West region (5.3%) and somewhat lower than the average for England as a whole (9.8%). Over the period from 2001, population growth was particularly strong in Warrington (7.9% increase) and notably weaker in St.Helens (0.2%). It is also possible to consider longer-term trends in population growth with data being available back to 1981.
- 4.8 Figure 19 shows that population growth in Mid-Mersey has historically been quite flat (i.e. no change in population levels), however, since about 2004 there has been a notable increase in the number of people. In comparison with the North West, population growth has been relatively strong although in comparisons with England as a whole it is clear that the increase in the number of people has been modest. All areas have seen stronger population growth over the past decade or so. Overall, the population of Mid-Mersey has grown by 5% since 1981, above the growth level seen in the North West (3%) but well below the figure for England (16%).

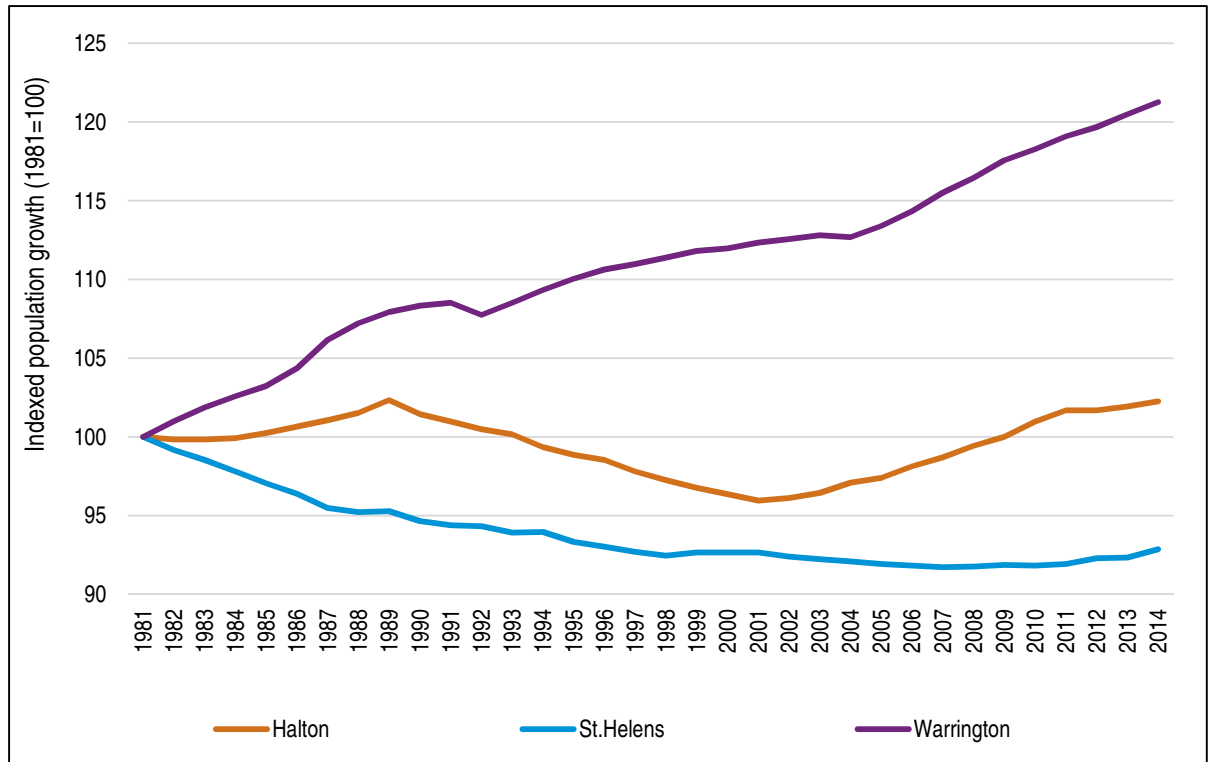
Figure 19: Indexed population change (1981-2014)



Source: ONS

4.9 Figure 20 below shows the same information for individual local authority areas. The data shows significant variations between areas and over time. The population of Warrington has grown steadily over time with particularly strong growth in the 1981-1991 period and since about 2004. In Halton, the data shows a small level of population growth until about 1989 and then a notable loss of population to 2001 – since then there has been a modest growth in the number of people living in the Borough. Finally, in St.Helens the data shows a general pattern of population loss, particularly from 1981 to about 2001, following this the population level has remained fairly static – the population of St.Helens in 2014 was about 7% lower than observed in 1981.

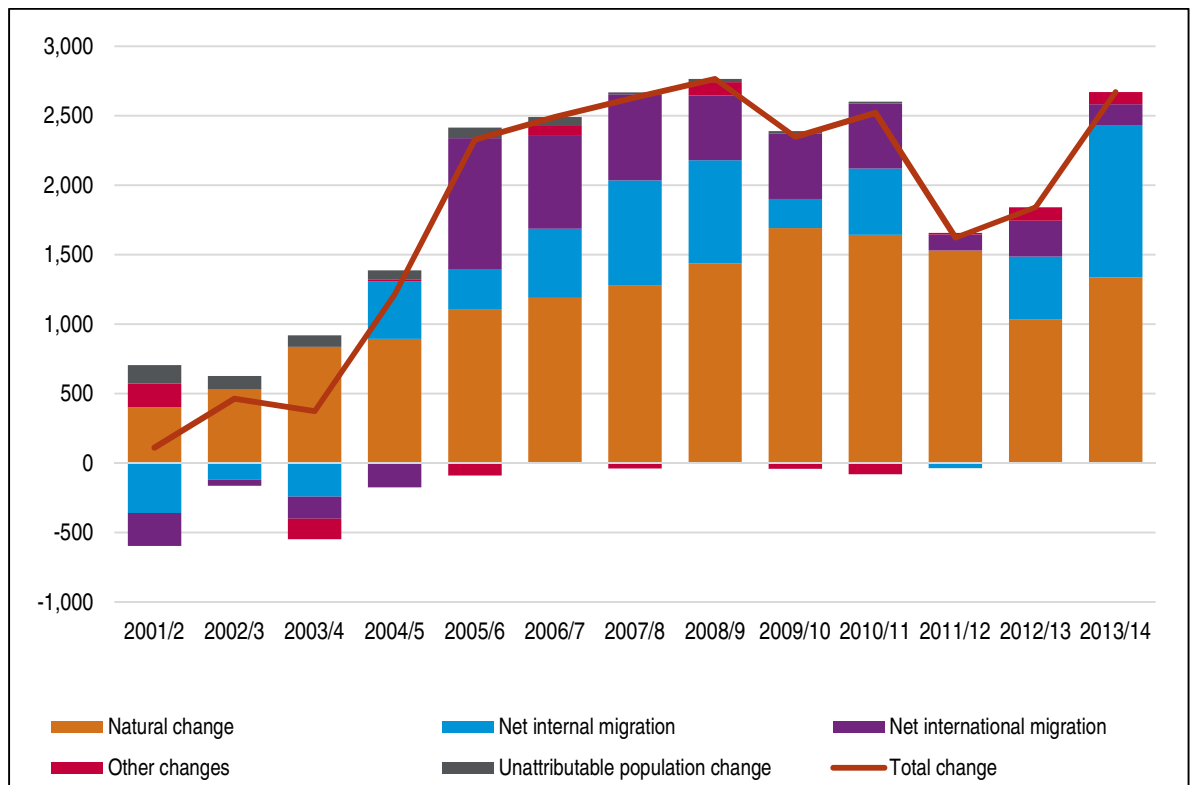
Figure 20: Indexed population growth (1981-2014) – by Borough



Source: ONS

- 4.10 The figure and table below consider the drivers of population change in the HMA. Population change is largely driven by natural change (births minus deaths) and migration although within ONS data there is also a small ‘other changes’ category (mainly related to armed forces and prison populations) and an ‘unattributable population change’ (UPC) – this is an adjustment made by ONS to mid-year population estimates where Census data has suggested that population growth had either been over- or under-estimated in the inter-Census years. Because UPC links back to Census data a figure is only provided for 2001 to 2011.
- 4.11 The figure shows that natural change has been the key driver of population change. The number of births has typically exceeded the number of deaths by around 1,150 per annum over the period from 2001. The level of natural change has generally been increasing over time although the more recent evidence suggests that this may now be levelling off. The data also shows that migration is a key component of change – both international and internal migration (i.e. moves from one part of the Country to another). Over the period from 2001, international migration has averaged 273 people per annum and internal migration a slightly higher figure (of 320 per annum). Overall migration levels were particularly strong in the 2005-2009 period although data for 2013/14 also shows a relatively strong level of net in-migration.

Figure 21: Components of population change, mid-2001 to mid-2014 – Mid-Mersey



Source: ONS

4.12 Other changes and UPC are quite small and do not have any significant impact on past levels of population growth in the HMA. However, in the case of UPC there are some notable variations by local authority. The implication of UPC for housing need is discussed later in this section.

Table 15: Components of population change (2001-14) – Mid-Mersey

Year	Natural change	Net internal migration	Net international migration	Other changes	Other (un-attributable)	Total change
2001/2	402	-359	-236	171	133	111
2002/3	533	-120	-43	1	93	464
2003/4	837	-241	-160	-146	83	373
2004/5	894	412	-174	17	65	1,214
2005/6	1,108	283	948	-88	77	2,328
2006/7	1,189	498	669	71	65	2,492
2007/8	1,277	759	618	-38	15	2,631
2008/9	1,439	740	466	96	24	2,765
2009/10	1,691	210	472	-40	16	2,349
2010/11	1,644	477	466	-79	14	2,522
2011/12	1,530	-36	115	13	0	1,622
2012/13	1,033	453	258	98	0	1,842
2013/14	1,338	1,090	155	87	0	2,670

Source: ONS

4.13 The tables below provide this information for individual local authorities. The key finding from these tables is about how UPC varies between the authorities. In Halton, UPC is strongly positive, suggesting that the components of change may have under-estimated population growth whereas in St.Helens and to a lesser extent Warrington, the opposite is apparent. The analysis also highlights a stronger level of net international migration to Warrington than either of the other two areas.

Table 16: Components of population change (2001-14) – Halton

Year	Natural change	Net internal migration	Net international migration	Other changes	Other (un-attributable)	Total change
2001/2	159	-425	-53	-6	554	229
2002/3	205	-276	-60	-14	535	390
2003/4	317	70	-156	6	545	782
2004/5	369	-202	-260	-4	533	436
2005/6	504	-157	-17	-4	553	879
2006/7	448	-218	-8	-4	547	765
2007/8	443	-129	1	3	549	867
2008/9	447	-274	-2	-18	576	729
2009/10	616	-53	-3	-4	610	1,166
2010/11	471	-318	66	6	695	920
2011/12	408	-404	-46	12	0	-30
2012/13	419	-100	-57	16	0	278
2013/14	415	-5	-26	0	0	384

Source: ONS

Table 17: Components of population change (2001-14) – St.Helens

Year	Natural change	Net internal migration	Net international migration	Other changes	Other (un-attributable)	Total change
2001/2	-70	-39	-69	-5	-348	-531
2002/3	-6	69	2	-10	-353	-298
2003/4	76	101	-83	5	-358	-259
2004/5	69	121	-190	1	-378	-377
2005/6	240	-49	29	-5	-377	-162
2006/7	300	-115	-12	-7	-395	-229
2007/8	308	104	160	-13	-423	136
2008/9	209	300	83	0	-426	166
2009/10	384	-114	128	-9	-458	-69
2010/11	434	150	113	9	-504	202
2011/12	435	224	34	16	0	709
2012/13	182	-108	23	10	0	107
2013/14	297	599	51	20	0	967

Source: ONS

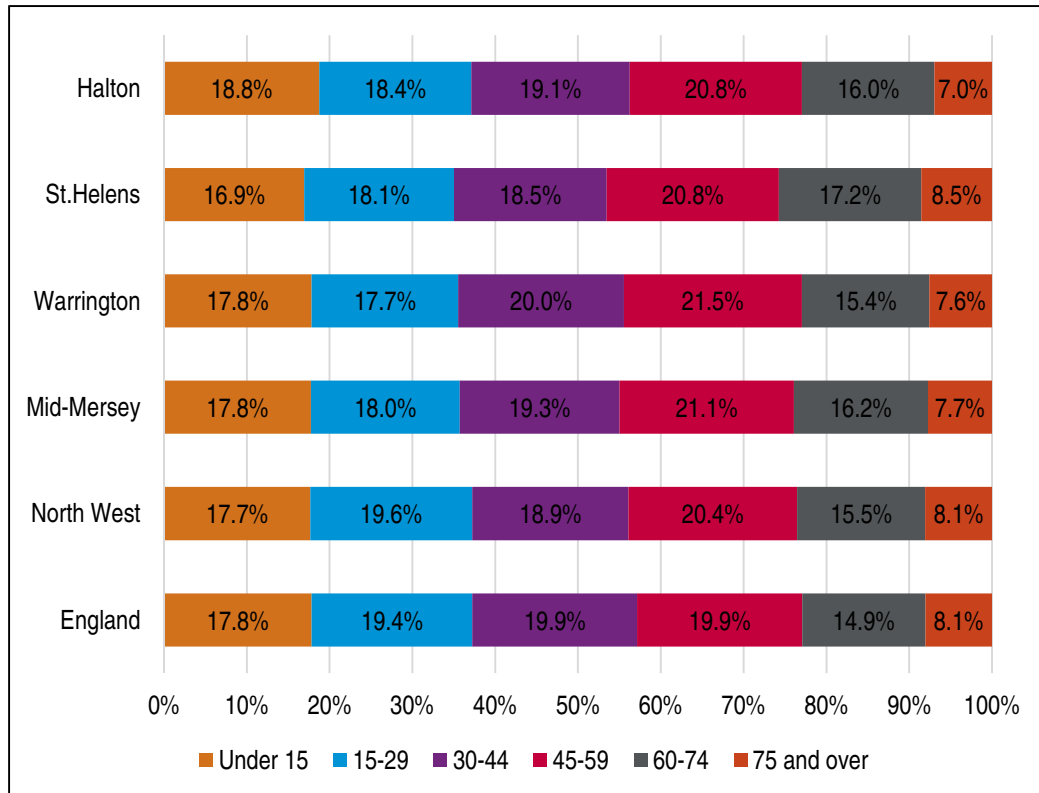
Table 18: Components of population change (2001-14) – Warrington

Year	Natural change	Net internal migration	Net international migration	Other changes	Other (un-attributable)	Total change
2001/2	313	105	-114	182	-73	413
2002/3	334	87	15	25	-89	372
2003/4	444	-412	79	-157	-104	-150
2004/5	456	493	276	20	-90	1,155
2005/6	364	489	936	-79	-99	1,611
2006/7	441	831	689	82	-87	1,956
2007/8	526	784	457	-28	-111	1,628
2008/9	783	714	385	114	-126	1,870
2009/10	691	377	347	-27	-136	1,252
2010/11	739	645	287	-94	-177	1,400
2011/12	687	144	127	-15	0	943
2012/13	432	661	292	72	0	1,457
2013/14	626	496	130	67	0	1,319

Source: ONS

- 4.14 The age profile of the population of the HMA is generally similar to that seen across the region and nationally with 24% of people aged 60 and over, this compares with 24% regionally and 23% for the whole of England. The proportion of people aged under 30 is 36%, compared with 37% in the region and 37% nationally.
- 4.15 For individual local authority areas there are some small differences with St.Helens generally having an older population and the opposite being true for Halton. Overall, however, the differences in age structure between the areas are not particularly significant.

Figure 22: Population age profile (2014)



Source: ONS 2014 mid-year population estimates

4.16 The table below shows how the age structure of the population has changed over the 2001 to 2014 period. The data shows the most significant growth to have been in the 60-74 age group, although the 75+ group also shows a notable proportionate increase. The analysis also indicates a small decline in the population aged 30-44 and also the number of children (population aged Under 15). The analysis shows modest growth in the number of people aged 15-29 and 45-59.

Table 19: Change in age structure 2001 to 2014 – Mid-Mersey

Age group	2001	2014	Change	% change
Under 15	95,400	90,500	-4,900	-5.1%
15-29	87,300	91,700	4,400	5.0%
30-44	111,400	98,200	-13,200	-11.8%
45-59	96,800	107,400	10,600	11.0%
60-74	64,600	82,500	17,900	27.7%
75 and over	31,200	39,500	8,300	26.6%
Total	486,600	510,000	23,400	4.8%

Source: ONS mid-year population estimates (2001 and 2014)

4.17 The same analysis has been carried out for the individual local authorities and a range of comparator areas (in the table below). The data identifies that population change in each of the three local authorities has broadly followed the change seen across the HMA (albeit with some differences due to the different relative change in overall population). When compared with the region a similar pattern emerges, although the Mid-Mersey authorities look to have seen a greater

degree of ageing; this conclusion also largely holds true when making a comparison with data for England (although it is notable across the country that there has been an increase in the number of children).

Table 20: Change in age structure 2001 to 2014

Age group	Halton	St.Helens	Warrington	Mid-Mersey	North West	England
Under 15	-0.8%	-12.5%	-1.1%	-5.1%	-3.3%	4.2%
15-29	1.3%	2.9%	9.6%	5.0%	11.3%	12.9%
30-44	-8.0%	-15.9%	-10.6%	-11.8%	-10.2%	-4.0%
45-59	10.0%	4.2%	17.8%	11.0%	12.5%	16.0%
60-74	38.4%	20.6%	28.7%	27.7%	19.2%	24.1%
75 and over	25.7%	25.8%	27.9%	26.6%	15.1%	17.5%
Total	6.6%	0.2%	7.9%	4.8%	5.3%	9.8%

Source: ONS Mid-Year Population Estimates

What is the Starting Point to Establish the Need for Housing?

- 4.18 The PPG states that *'household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need. The household projections are produced by applying projected household representative rates to the population projections published by the Office for National Statistics. Projected household representative rates are based on trends observed in Census and Labour Force Survey data'*.
- 4.19 The most up-to-date projections are the 2012-based CLG household projections published in February 2015. These projections were underpinned by ONS (2012-based) subnational population projections (SNPP) – published in May 2014. A new set of national population projections (2014-based) were published in October 2015 and will in due course help to inform the next SNPP (likely in Spring 2016). At the time of writing however, the latest local authority projections are 2012-based and the analysis to follow initially considers the validity of these population projections and their consistency with past trends.

Scenario 1 – Sub National Population Projections

- 4.20 Table 21 shows projected population growth from 2014 to 2037 in each local authority and other areas. The data shows that the population of the HMA is expected to grow by around 44,900 people; this is an 8.8% increase – above that expected across the North West (7.3%) but some way below the figure for England as a whole (14.6%). Population growth is expected to be particularly strong in Warrington and weaker in Halton.

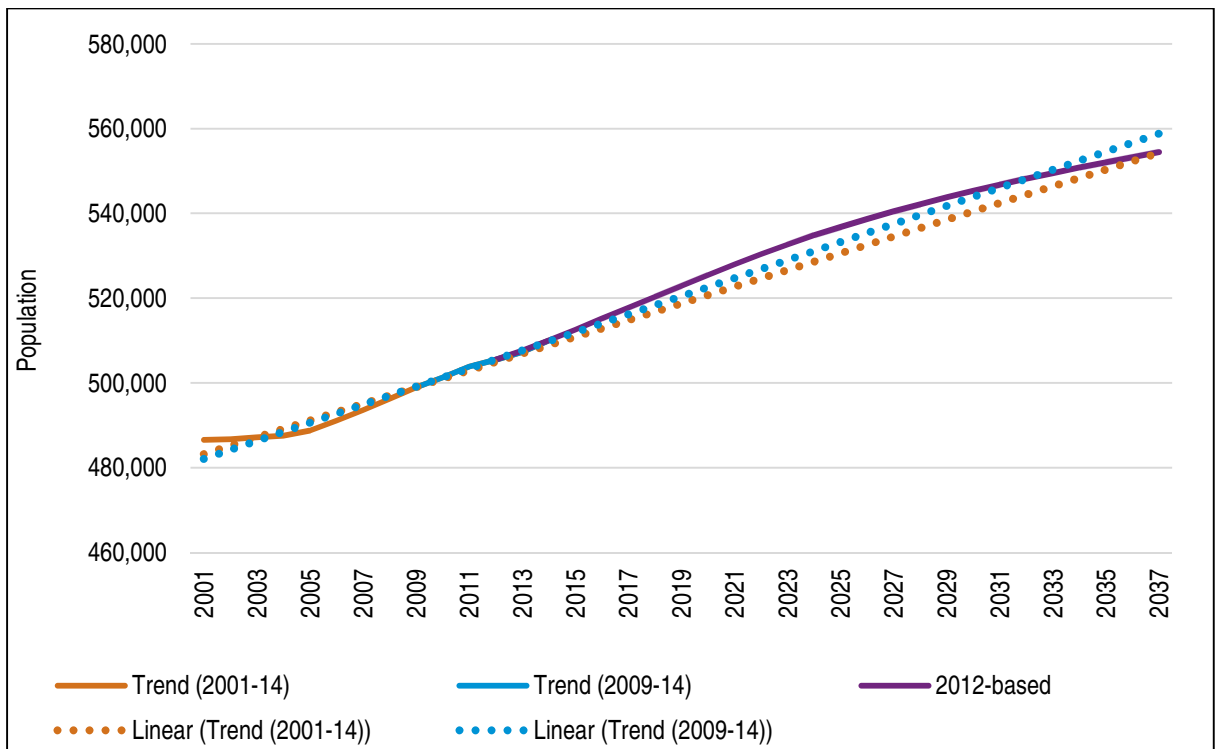
Table 21: Projected population growth (2014-2037)

	Population 2014	Population 2037	Change in population	% change
Halton	126,098	129,487	3,389	2.7%
St.Helens	177,303	189,409	12,106	6.8%
Warrington	206,609	235,578	28,970	14.0%
Mid-Mersey	510,010	554,475	44,464	8.7%
North West	7,128,400	7,645,400	517,000	7.3%
England	54,227,900	62,166,000	7,938,100	14.6%

Source: ONS

4.21 Figure 23 below shows past and projected population growth in the period 2001 to 2037. The data also plots a linear trend line for the last five years for which data is available (2009-14) and also a longer-term period from 2001 to 2014 – this being the longest period for which reasonable data about the components of population change (e.g. migration) is available. The data shows that the population is expected to grow at a rate which is slightly above past trends (over either the short- or long-term) until the last few years of the projection when the rate of growth starts to decline; this (as will be discussed below) is due to an expected reduction in natural change in the future (i.e. the difference between births and deaths).

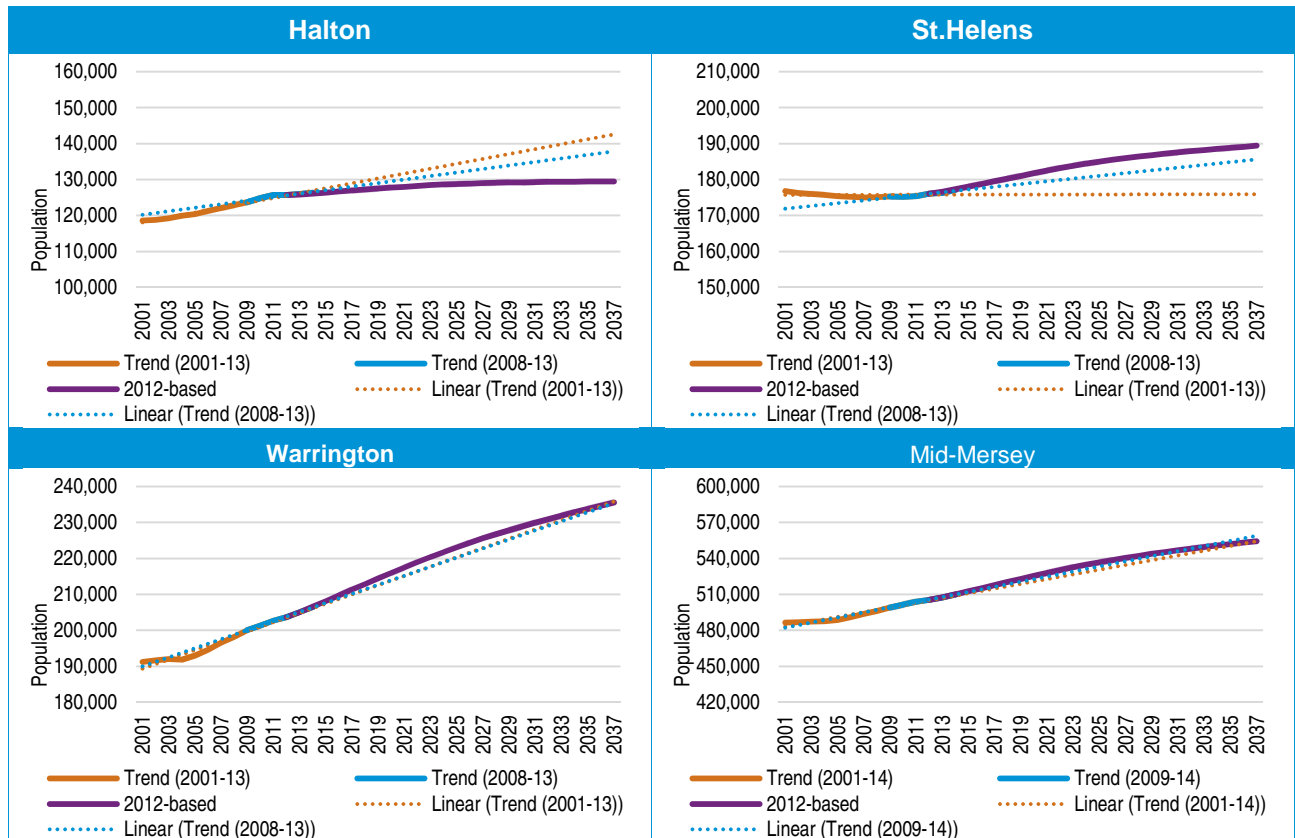
Figure 23: Past and projected population – Mid-Mersey



Source: ONS

4.22 Figure 24 on the following page shows the same data for individual local authorities. In Halton the data suggests that future growth is expected to be some way below past trends with the opposite being true for St.Helens. Population growth in Warrington fits more closely with the trends observed (regardless of the time period studied).

Figure 24: Past and projected population – by local authority



Source: ONS

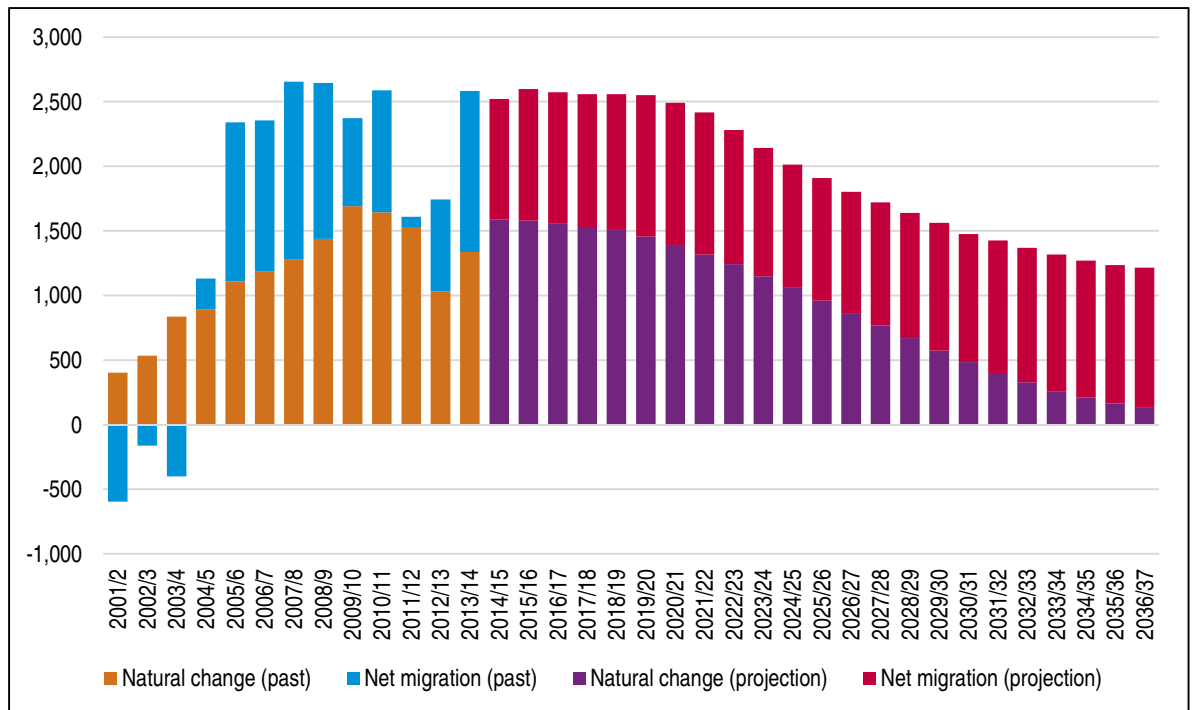
4.23 Overall at a HMA level the level of population growth as set out in the latest SNPP would seem reasonable when judged against past trends. However, at a local authority level only those Warrington seem to be a reasonable. The further analysis seeks to identify why the population projection diverges so much from past trends.

Components of population change

4.24 The figure below brings together data about migration (both past trends and the future projection) along with information about natural change. This shows that natural change is expected to decrease over time from about 1,600 more births than deaths at the start of the projection down to around 100 by 2037.

4.25 Expected levels of migration show little change over time. When compared with the past trends, the migration figures are relatively high and there is no suggestion that the figures will be suppressing future population growth. For the whole of the projection period (2014-37) the average level of migration is expected to be around 1,000 people (net) per annum – this figure is higher than the level seen in past trends, regardless of the period studied (590 per annum on average from 2001 to 2014 and 730 per annum for the past five years).

Figure 25: Components of population change, mid-2001 to mid-2037 – Mid-Mersey



Source: ONS

4.26 As noted above, the SNPP looks to be a sound projection with regard to population growth in the HMA. However, the analysis does highlight some concerns in relation to Halton (too low in relation to past trends) and St.Helens (too high). This may to some degree reflect the ‘unattributable’ component of population change within ONS population data for the 2001-11 period.

4.27 Additionally, it should be noted that the SNPP are 2012-based; with publication of new population data for 2013 and 2014 it is now possible to see if there have been any notable shifts in short-term migration patterns and hence use the more recent data to establish if the next SNPP (a 2014-based version expected to be published in Spring 2016) will differ substantially from that in the 2012-based version. The analysis below therefore considers three potential sensitivities to the figures as set out in Table 14.

Scenario 2 - Implications of 2013 and 2014 mid-year population data

4.28 In seeking to understand how population projections might change as a result of more recent ONS data GL Hearn have sought to implement the latest two years of Mid-Year Estimates on the official projections. The result of Scenario 2 is set out in Table 22. This shows a population growth which is around 3,500 below the official projections.

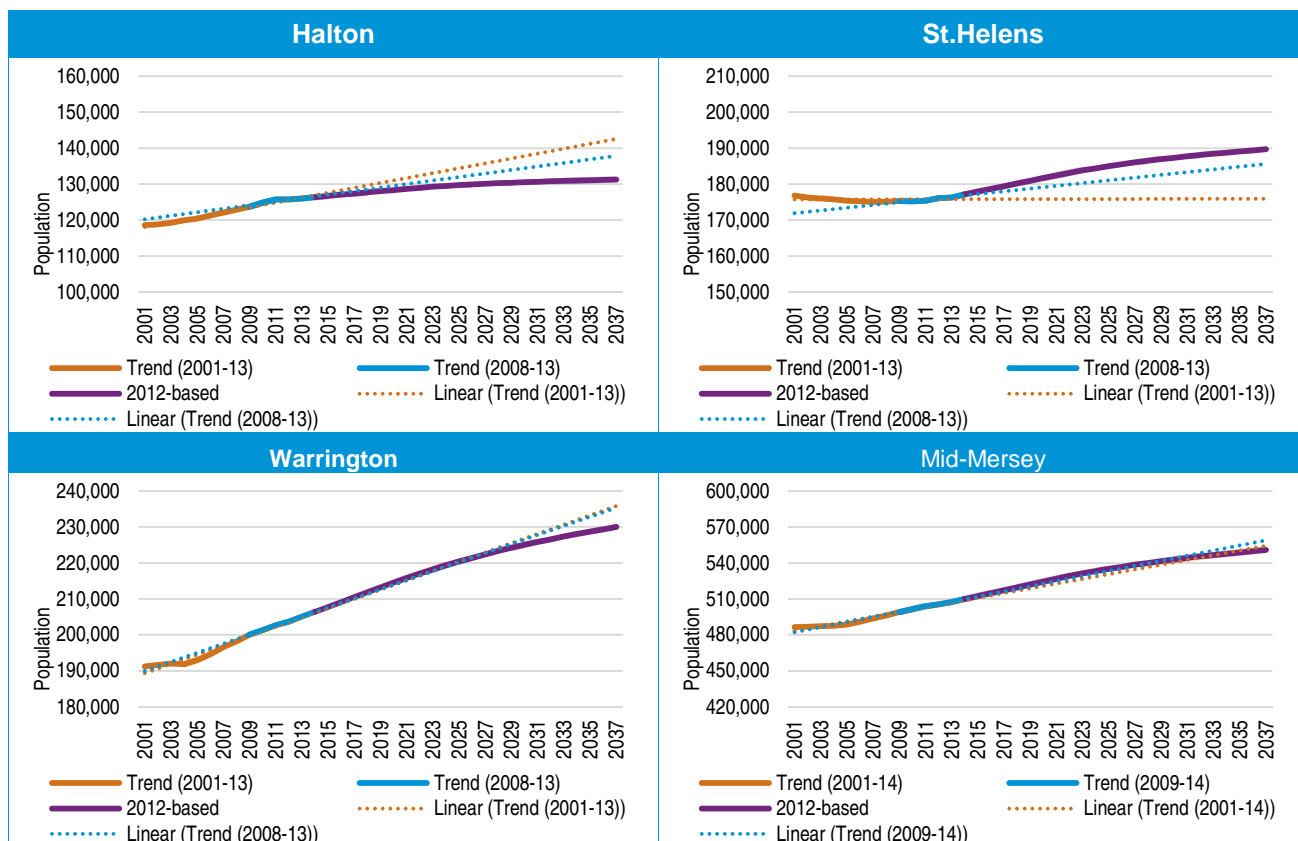
Table 22: Projected population growth (2014-2037) – SCEN 2- 2014SNPP

	Population 2014	Population 2037	Change in population	% change
Halton	126,354	131,275	4,921	3.9%
St.Helens	177,188	189,686	12,498	7.1%
Warrington	206,428	229,997	23,569	11.4%
Mid-Mersey	509,970	550,958	40,988	8.0%

Source: Demographic projections

4.29 Again at a HMA level it looks reasonable but for Halton and St.Helens a similar pattern emerges to that set out in the SNPP. The reason for the reduction is largely due to slowing growth in Warrington. Whereas the SNPP showed population growth slightly above longer term trends this scenario shows population growth slightly below.

Figure 26: Past and projected population growth – by local authority – SCEN 2- 2014SNPP



Source: Demographic projections

Scenario 3 – Implications of Unattributable Population Change

4.30 As noted earlier there is only a modest level of Unattributable Population Change (UPC) in the ONS data for 2001-11 in the Mid-Mersey area. In this instance UPC is positive, this suggests that the components of change feeding into the SNPP may slightly underestimate migration and population growth.

4.31 When considering longer-term trends there is however a case for looking at the impact of UPC; this is particularly at a local authority level where the analysis suggests a significant and positive level of

UPC in Halton and a significant and negative level in St.Helens. Warrington shows a small negative UPC.

- 4.32 In terms of the modelling, an adjustment is made to the overall migration assumptions for each year from 2014. As an example, in Halton, this means assuming a level of net migration which is 570 people per annum higher (the average UPC 2001-11) than suggested in the (2012 based) SNPP. For St.Helens it is a reduction of 402 and in Warrington a reduction of 109 per annum.
- 4.33 Again these projections produce a population growth which looks reasonable at the HMA level and also slightly above the official projections. However, for Halton and St.Helens these again vary from historic trends although in the opposite direction to scenarios 1 and 2 above (i.e. projected population growth is significantly stronger in Halton and weaker in St.Helens).

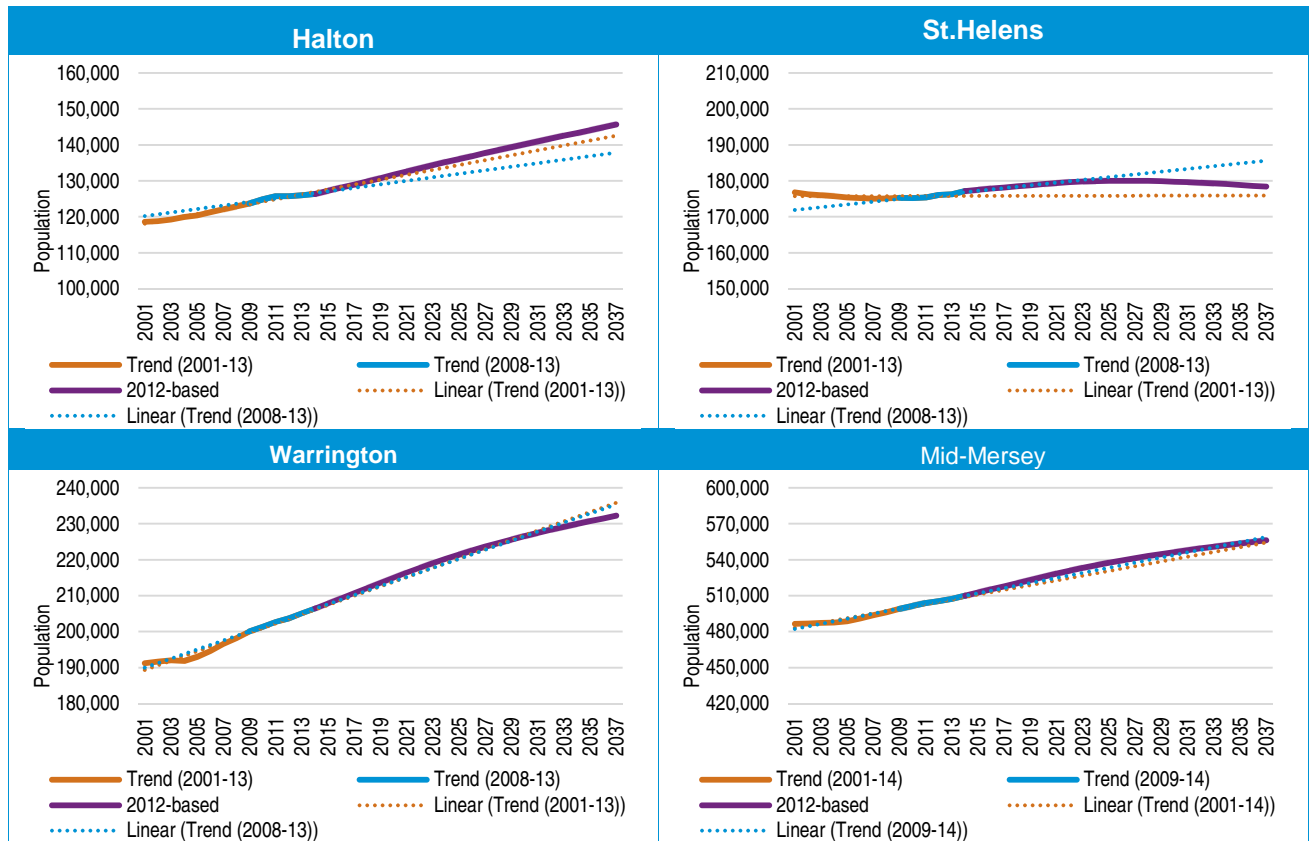
Table 23: Projected population growth (2014-2037) – SCEN 3 - UPC

	Population 2014	Population 2037	Change in population	% change
Halton	126,354	145,658	19,304	15.3%
St.Helens	177,188	178,375	1,187	0.7%
Warrington	206,428	232,232	25,804	12.5%
Mid-Mersey	509,970	556,265	46,295	9.1%

Source: Demographic projections

- 4.34 As Figure 27 illustrates the projected population growth in Halton now sits above past trends. The projected growth in St.Helens shows virtually no population growth albeit this is consistent with the 2001 to 2013 trend.

Figure 27: Past and projected population growth – by local authority – SCEN 3-UPC



Source: Demographic projections

Scenario 4 – Implications of Unattributable Population Change and the Latest Mid-Year Estimates

4.35 A final scenario has been developed which considers both the most recent mid-year estimates and the UPC adjustment. In effect this scenario takes the midpoint between the previous two scenarios. Again seems to be a reasonable assessment of population growth across the HMA the level of population growth when compared to past trends. Overall the expected population growth of 43,642 sits slightly below the official projections. Perhaps more importantly there is also reasonable alignment with past trends at a local authority level.

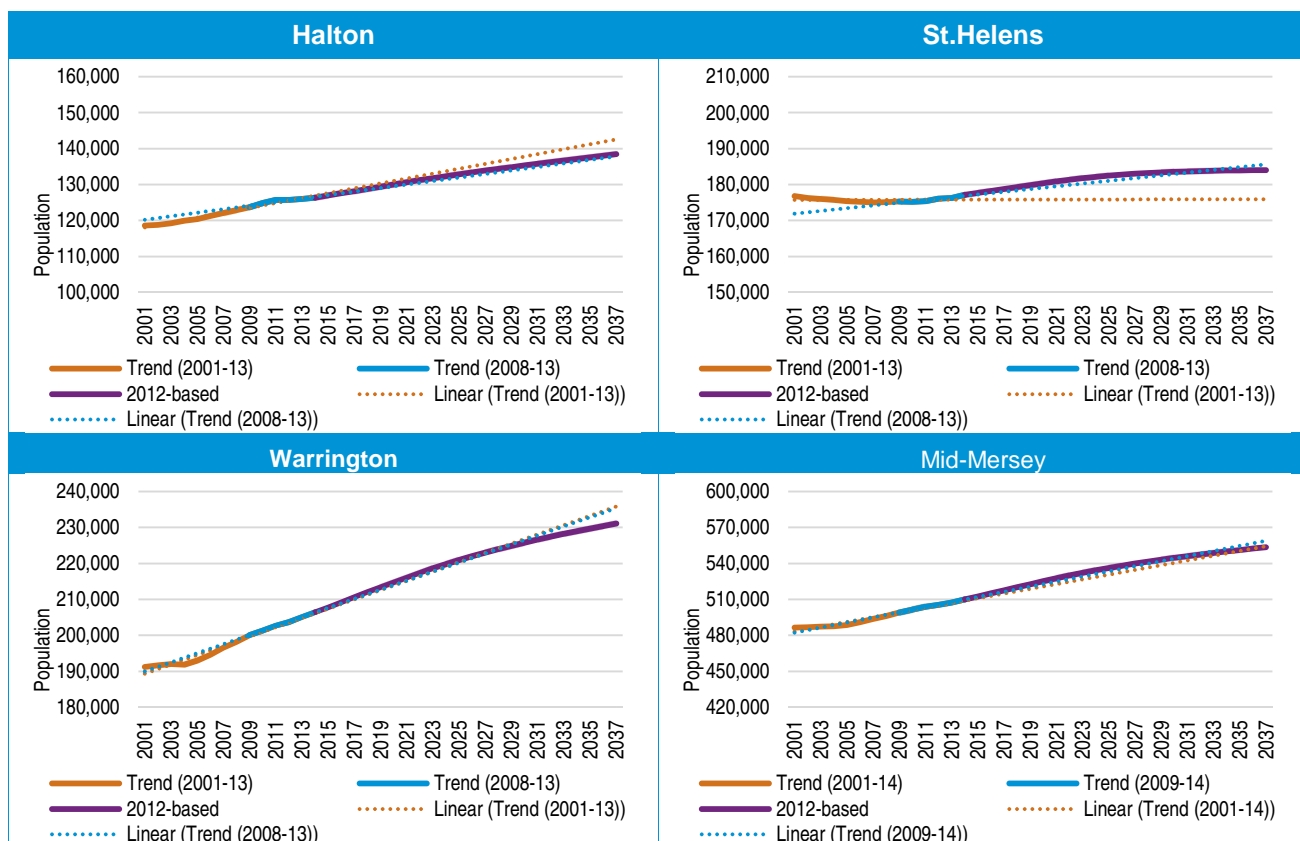
Table 24: Projected population growth (2014-2037) – SCEN 4 - 2014UPC

	Population 2014	Population 2037	Change in population	% change
Halton	126,354	138,466	12,112	9.6%
St.Helens	177,188	184,031	6,843	3.9%
Warrington	206,428	231,115	24,687	12.0%
Mid-Mersey	509,970	553,612	43,642	8.6%

Source: Demographic projections

4.36 While the projected population growth in Warrington falls below trends in the longer-term; this however is due to the changing age structure and a rapidly decreasing level of natural change (i.e. more deaths relative to births over time). On that basis the projection is also considered sound.

Figure 28: Past and projected population growth – by local authority – SCEN 4-2014UPC



Source: Demographic projections

4.37 Scenario 4 also projects slowing population growth in St.Helens although by 2037 the overall population growth would be between those expected in medium and longer terms trends where extrapolated.

Appropriateness of Each Scenario

4.38 The table below shows the estimated level of population growth in the SNPP and the alternative projections developed. Generally, there is not much difference in the outputs (at a HMA level) with the data adjusted for more recent migration being slightly lower and for a UPC adjustment slightly higher. When combining the two alternatives, the level of population growth is very slightly lower than in the 2012-based SNPP (growth of 8.6% rather than 8.7%). It should be noted that SCEN 1 shows a slightly different level of population in 2014 than the other scenarios, this is due to the inclusion of mid-year population data for 2014 within SCEN 2-4.

Table 25: Projected population (2014-2037) – alternative scenarios (Mid-Mersey)

	Population 2014	Population 2037	Change in population	% change
SCEN 1 - SNPP	510,010	554,475	44,464	8.7%
SCEN 2 - 2014SNPP	509,970	550,958	40,988	8.0%
SCEN 3 - UPC	509,970	556,265	46,295	9.1%
SCEN 4 - 2014UPC	509,970	553,612	43,642	8.6%

Source: ONS

- 4.39 The PPG states that *“household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need”*. However, these are now based on data which is around three years old.
- 4.40 The PPG also states that *“Wherever possible, local needs assessments should be informed by the latest available information”* and that *“a meaningful change in the housing situation should be considered in this context, but this does not automatically mean that housing assessments are rendered outdated every time new projections are issued”*. With this in mind both scenarios 1 and 2 would be seen as aligning with the official guidance.
- 4.41 In addition, GL Hearn have sought to review these alternatives projection in response to the observation that official projections for Halton and St.Helens in particular looked to have meaningfully changed with past trends.
- 4.42 Further to this the PAS guidance note at (paragraph 6.34) states that *“In local authorities where the UPC is large, we would suggest that housing needs assessments sensitivity-test the impact of including the UPC in past migration flows, and also that they interrogate the data closely for any local evidence of the causes of UPC”*.
- 4.43 It is also noted that the PAS guidance suggests that it is *“generally advisable to test alternative scenarios based on a longer reference, period, probably starting with the 2001 Census (further back in history data may be unreliable). Other things being equal, a 10-to-15-year base period should provide more stable and more robust projections than the ONS’s five years.”* While it is noted that this as an appropriate test to undertake the longer and shorter term trends are relatively consistent with the SNPP at a HMA level.
- 4.44 This is also the case with each of the different projections which show at the HMA level there is a good degree of consistency. It is therefore more appropriate to focus not on the overall number but rather the distribution of growth.

Age Profile

- 4.45 The next step in the process is to convert this information into estimates of the number of households in the area. To do this the concept of headship rates is used. Headship rates can be described in their most simple terms as the number of people in a given age group who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)). We therefore have to analyse how these population projections result in a changing population profile.
- 4.46 The table below summarises the findings for key (15-year) age groups under the projection linked to Scenario 1. The data shows that largest growth will be in people aged 60 and over; it is estimated that there will be 173,300 people aged 60 and over in 2037 – this is an increase of 51,400 from 2014, representing growth of 42%. The population aged 75 and over is projected to increase by an

even greater proportion, 92%. Looking at the other end of the age spectrum the data shows that there are projected to be around 1% more people aged under 15, along with modest declines in the population aged between 15 and 59.

Table 26: Population change 2014 to 2037 by fifteen-year age bands (Projection linked to Scenario 1) – Mid-Mersey

Age group	Population 2014	Population 2037	Change in population	% change from 2014
Under 15	90,256	91,573	1,317	1.5%
15-29	91,921	91,053	-868	-0.9%
30-44	98,117	96,958	-1,159	-1.2%
45-59	107,819	101,602	-6,217	-5.8%
60-74	82,576	97,817	15,241	18.5%
75+	39,322	75,473	36,151	91.9%
Total	510,010	554,475	44,464	8.7%

4.47 The same analysis has been carried out for the individual local authorities and a range of comparator areas (in the table below). The data identifies that projected population change in each of the three local authorities is expected to broadly follow the changes expected across the HMA. Due to the lower projected population growth in Halton, many of the age specific changes are expected to be lower than in other parts of the HMA (or a greater decline where figures are negative). The expected population changes in the HMA are also similar to that expected across the region. Nationally, population growth is expected to be stronger in age groups up to 74 when compared with the Mid-Mersey area.

Table 27: Population change 2013 to 2033 by fifteen-year age bands (2012-based SNPP)

Age group	Halton	St.Helens	Warrington	Mid-Mersey	North West	England
Under 15	-7.7%	2.4%	6.5%	1.5%	1.3%	7.8%
15-29	-5.8%	-2.1%	3.1%	-0.9%	0.2%	7.4%
30-44	-9.0%	-0.8%	3.0%	-1.2%	-0.9%	3.9%
45-59	-11.9%	-8.0%	-0.2%	-5.8%	-7.2%	2.4%
60-74	12.6%	11.5%	28.9%	18.5%	16.2%	25.8%
75 and over	106.6%	77.7%	97.6%	91.9%	75.7%	83.4%
Total	2.7%	6.8%	14.0%	8.7%	7.3%	14.6%

Source: Mid-Year Population Estimates

Household Growth

4.48 Having studied the population size and the age/sex profile of the population, the next step in the process is to convert this information into estimates of the number of households in the area. With the publication of new 2012-based CLG household projections a recent set of headship rates is now available. These rates are considered to be more positive than the previous set (2011-based) and typically suggest higher rates of household growth for a given population. At a national level (in the 2012-21 period considered by CLG) the new projections show 10% higher growth in households, for Mid-Mersey the figure is somewhat higher (at 17%).

4.49 The table below shows expected household growth from the CLG household projections (which is consistent with the SCEN 1 population projection discussed above). The data suggests an increase in households of 34,150 over the 23-year period – this is a 15.6% increase; higher than expected across the North West region but below the national average.

Table 28: Projected household growth (2014-2037) – SCEN 1 – SNPP (CLG household projections)

	Households 2014	Households 2037	Change in households	% change from 2014
Halton	54,238	59,453	5,215	9.6%
St.Helens	77,361	87,598	10,237	13.2%
Warrington	87,981	106,682	18,701	21.3%
Mid-Mersey	219,580	253,733	34,153	15.6%
North West	3,069,015	3,489,306	420,291	13.7%
England	22,718,084	27,548,270	4,830,186	21.3%

Source: CLG

4.50 The figure below shows household growth back to 1991 and projected forward to 2037 (again from the CLG household projections). The analysis shows that growth in Mid-Mersey has generally been stronger than seen across the North West but weaker than national trends.

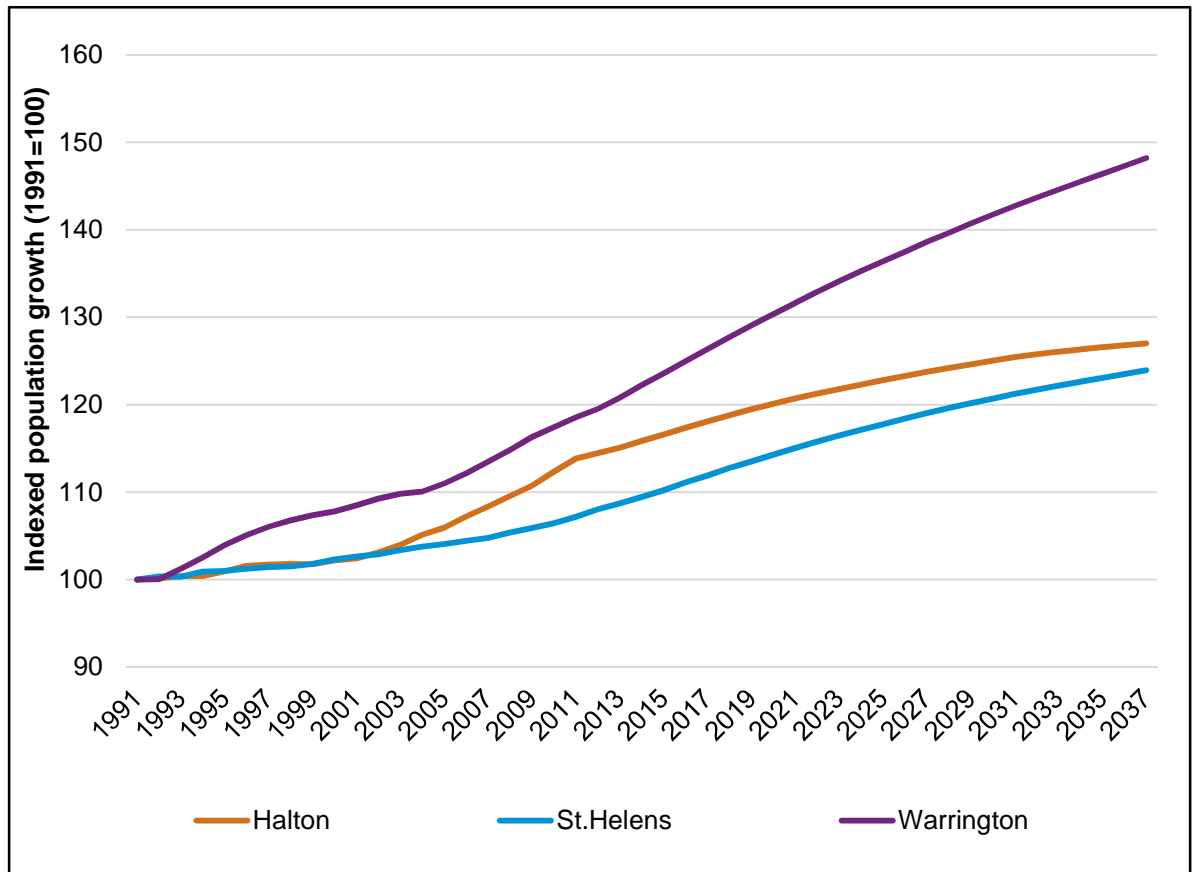
Figure 29: Indexed households (1991-2037) – CLG household projections



Source: CLG

4.51 Figure 30 shows the same information for individual local authority areas. The data shows fairly moderate growth in Halton and St.Helens until about 2003; following this growth has been relatively strong in Halton but remaining quite modest in St.Helens. Household growth in Warrington has been strong throughout the period studied.

Figure 30: Indexed households (1991-2037) – by local authority – CLG household projections



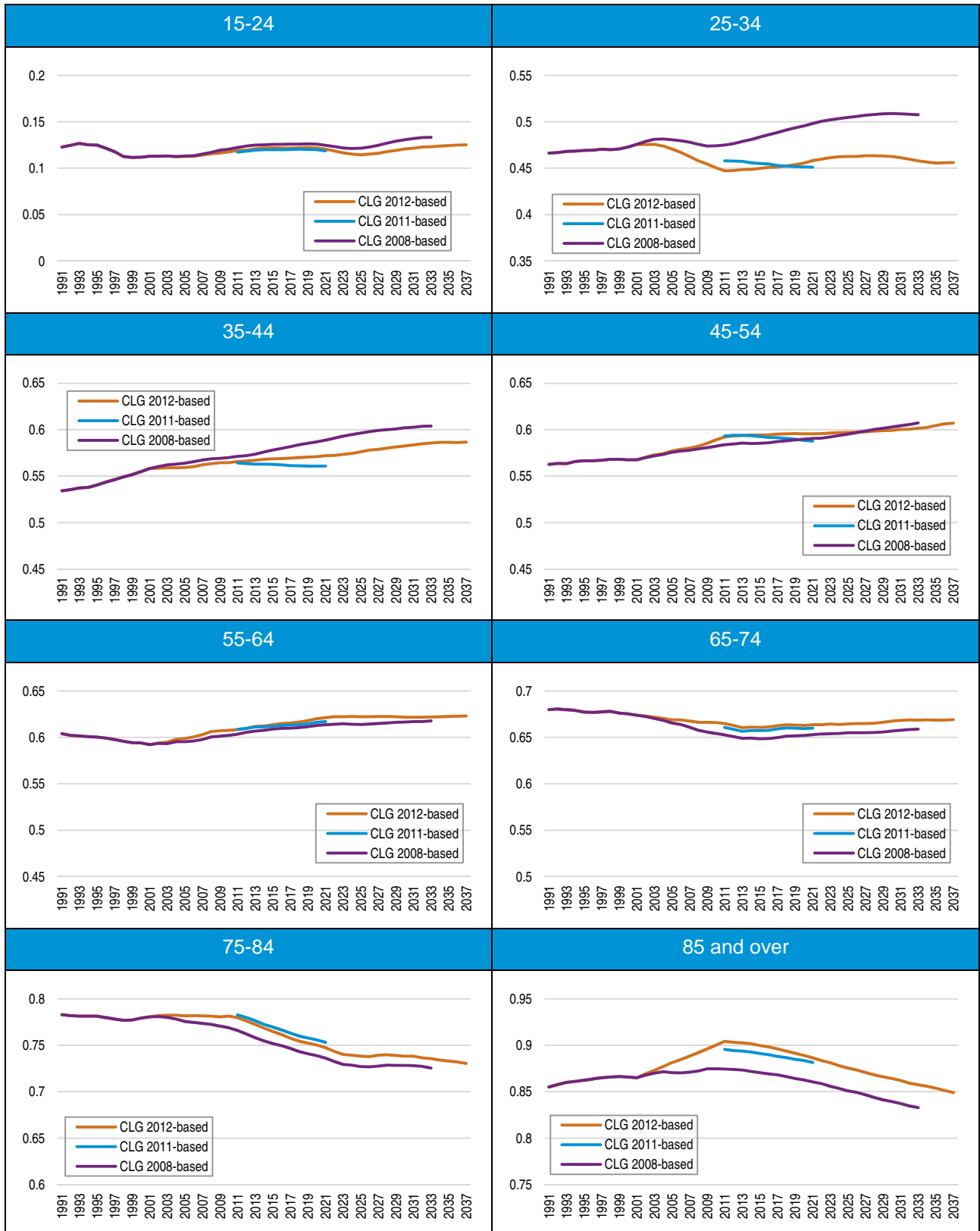
Source: CLG

4.52 The figures described above all use information from the 2012-based CLG household projections to convert population into households and it is useful to study CLG assumptions for different age groups and to contrast the most recent (2012-based) figures with those in the 2008- and 2011-based versions.

4.53 The figure below shows the headship rates used in each of the projections. Overall the 2012-based projections look fairly sound with levels and rates of change being generally similar to those in the earlier (pre-recession) 2008-based projections.

4.54 For the 25-34 age group there is some degree of difference between the 2012- and 2008-based versions – however it is notable that the 2012-based figures are showing some increase in the rate of household formation moving forward from 2012 and hence there is no suggestion that the projections are building in constraints to household formation for this age group in the future.

Figure 31: Projected household formation rates by age of head of household –Mid-Mersey



Source: Derived from CLG data

- 4.55 Another age group where a degree of suppression has been observed in some areas is for the population aged 35-44. However, across Mid-Mersey this age group does not show any constraint in household formation. Between 2001 and 2011 there was a small increase in the headship rate of this age group, and an upward increase is projected moving forward to 2037.

Household Growth and Housing Need (all demographic scenarios)

- 4.56 The tables below bring together outputs in terms of household growth and housing need using the 2012-based headship rates and the four scenarios developed. To convert households into dwellings the data includes an uplift to take account of vacant homes. Analysis of 2011 Census data about unoccupied household spaces provides the following vacancy rate figures which have been used in analysis (see Table 11):

- Halton – 2.6%;
- St.Helens – 4.7%;
- Warrington – 3.3%;

- 4.57 It is assumed that such a level of vacant homes will allow for movement within the housing stock and includes an allowance for second homes. The analysis shows an overall housing need for 1,539 dwellings per annum across the HMA when linked to the CLG household projections (and therefore the 2012-based SNPP). This figure would be slightly lower when adjusted for more recent population and migration data (1,462 dwellings per annum) but slightly higher if adjusted for UPC (1,563 dwellings per annum). The final scenario which combines more recent population data with a UPC adjustment shows a dwelling need of 1,512 per annum from 2014 to 2037. It should be noted that the base of households in 2014 differs in Scenario 1 from Scenarios 2, 3 and 4 this is due to the inclusion of more up-to-date population information from ONS mid-year estimates in the alternative scenarios.

Table 29: Demographic Calculations of Per Annum Housing Need (scenario 1 - SNPP)

	Households 2014	Households 2037	Change in households	Per annum	Dwellings (per annum)
Halton	54,238	59,453	5,215	5,350	233
St.Helens	77,361	87,598	10,237	10,716	466
Warrington	87,981	106,682	18,701	19,321	840
Mid-Mersey	219,580	253,733	34,153	35,387	1,539

Source: Derived from CLG data

Table 30: Demographic Calculations of Per Annum Housing Need (scenario 2 – 2014SNPP)

	Households 2014	Households 2037	Change in households	Per annum	Dwellings (per annum)
Halton	54,162	60,022	5,859	255	261
St.Helens	77,174	87,465	10,291	447	468
Warrington	87,953	104,250	16,297	709	732
Mid-Mersey	219,289	251,737	32,448	1,411	1,462

Source: Demographic projections

Table 31: Demographic Calculations of Per Annum Housing Need (scenario 3 - UPC)

	Households 2014	Households 2037	Change in households	Per annum	Dwellings (per annum)
Halton	54,162	65,717	11,555	502	515
St.Helens	77,174	83,079	5,905	257	269
Warrington	87,953	105,287	17,335	754	779
Mid-Mersey	219,289	254,083	34,794	1,513	1,563

Source: Demographic projections

Table 32: Demographic Calculations of Per Annum Housing Need (scenario 4 – 2014UPC)

	Households 2014	Households 2037	Change in households	Per annum	Dwellings (per annum)
Halton	54,162	62,869	8,707	379	388
St.Helens	77,174	85,272	8,098	352	369
Warrington	87,953	104,769	16,816	731	755
Mid-Mersey	219,289	252,910	33,621	1,462	1,512

Source: Demographic projections

- 4.58 Whilst at the HMA level, each of the projections developed show a similar level of need there are some notable differences at local authority level (particularly in Halton and St.Helens). At this stage, this section has just presented information from a number of scenarios, views about how this should feed into an objective assessment of need is considered in Section 6 of the report (which also takes account of the housing need linked to economic forecasts).

Trend based Demographic Projections: Implications

- At a HMA level the 2012-based subnational population projections (SNPP) look to be a sound demographic projection. However, this masks the fact that population growth in Halton is too low, in relation to past trends and too high in St.Helens. This may to some degree reflect the 'unattributable' component of population change within ONS population data for the 2001-11 period.
- Alternative projections using the most recent mid-year estimates and a UPC adjustment show population growth (and hence housing need) which is slightly below the SNPP although provides a more equitable distribution of growth.
- The 2012-based CLG household projections look to be reasonably sound when considering age specific household formation rates although the 25-34 age group does potentially show some degree of suppression in the past (although there is no evidence that a continuation of a suppressed trend is being projected forward).
- The various scenarios suggest a need for between 1,462 and 1,563 dwellings per annum to be provided across the Mid-Mersey HMA.

5 ECONOMIC-LED HOUSING NEEDS

5.1 As well as looking at demographic trends when considering what the housing requirement should be CLG advice suggests considering economic (job growth) forecasts. In particular, the PPG states (2a-018-20140306) that:

'Plan makers should make an assessment of the likely growth in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population'

And that:

'Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems'

5.2 As a starting point to interrogating potential employment growth GL Hearn have reviewed forecasts for the Mid-Mersey Authorities from Oxford Economics (OE) (June 2015). The forecasts also provide an indication of the expected net change in jobs at a local authority level in the period to 2037. The table below shows the net change in the number of jobs in each local authority area expected from 2014 to 2037.

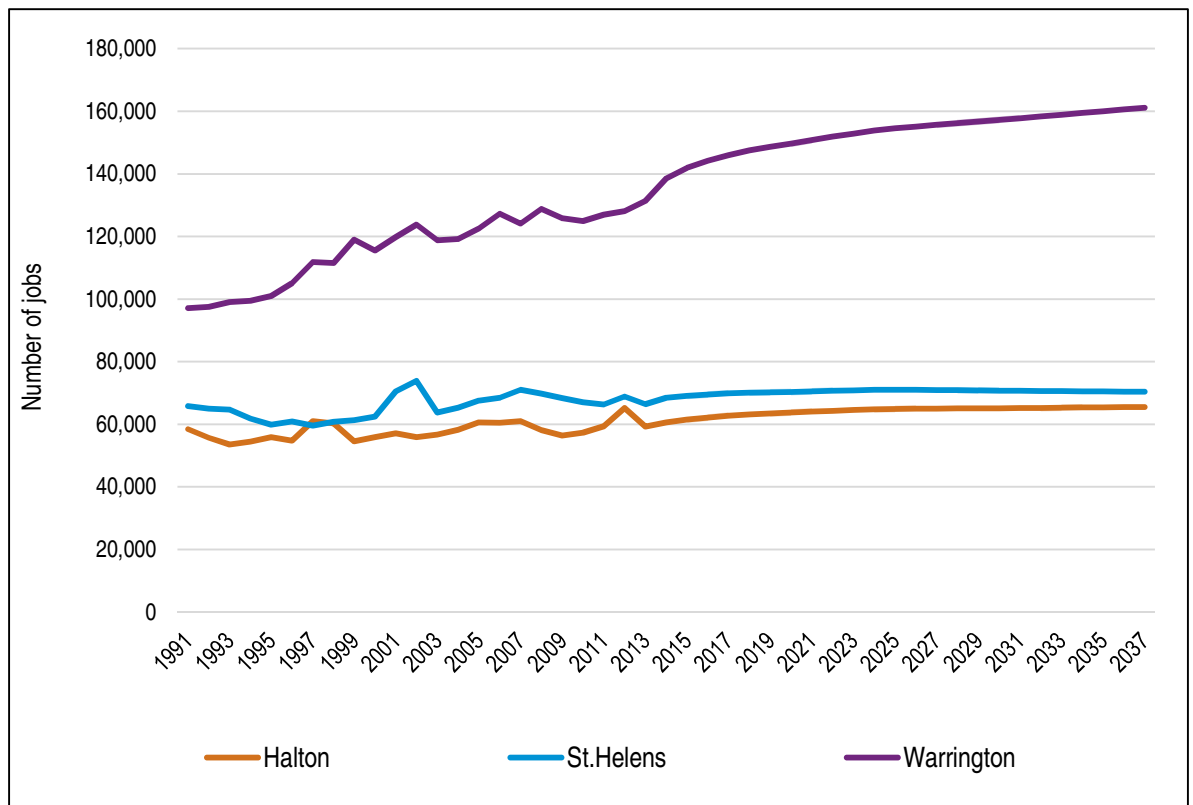
5.3 Over the 23-year period being used in the projections an increase of around 29,500 jobs is expected across the HMA – this is an increase of about 11% from 2014 levels. The increase is expected to be particularly strong in Warrington, with much lower growth in St.Helens.

Table 33: Employment increase (2014-37) –Baseline Forecasts

	Jobs (2014)	Jobs (2037)	Change (2014-37)	% change from 2014	Jobs Per Annum Change
Halton	60,564	65,516	4,952	8.2%	215
St.Helens	68,465	70,374	1,909	2.8%	83
Warrington	138,520	161,132	22,613	16.3%	983
Mid-Mersey	267,549	297,023	29,474	11.0%	1,282

Source: Oxford Economics

5.4 Figure 32 below shows the forecast change in jobs along with a time-series estimate going back to 1991. The data shows stronger job growth in the past (as is expected in the future) in Warrington when compared with the other two areas.

Figure 32: Past and projected number of jobs (1991-2037) – by local authority

Source: CLG and demographic projections

- 5.5 These figures are baseline figures which are trend based and do not take account of planned intervention or major developments such as Parkside Strategic Rail Freight Interchange, Mersey Gateway Bridge or Omega Park, which are expected to increase employment locally in St.Helens, Halton and Warrington respectively and generate spin off growth in neighbouring authorities.

Alternative Forecasts

- 5.6 As a sense check GL Hearn have also run alternative scenarios for St.Helens and Warrington. There were no recent alternative forecasts for Halton. For both St.Helens and Warrington GL Hearn have drawn on Cambridge Econometrics (CE) economic forecasts as follows:

- **St.Helens** –Cambridge Econometric Forecasts (April 2015) have been used as the baseline for the work currently being undertaken by BE Group for the Borough's Employment Land Needs Study. This is not so much a policy on position it is an alternative baseline economic forecast.
- **Warrington** – Cheshire and Warrington Economic Model/Cambridge Econometrics (CWEM) have been used as an alternative forecast for Warrington these are informed by historic trends and some more recent interventions.

- 5.7 The Alternative Forecasts show a lower rate of growth in Warrington compared to the OE forecasts and particularly when compared to historic trends. OE forecasts better reflect Warrington's historic economic performance, particularly in the early years of the forecast, although growth does slow towards the end of the forecast period. The OE forecasts are considered the most appropriate to use for Warrington. Should the Council seek job growth which is higher again than these forecasts then there would be a need to review the resultant housing need.

Table 34: Employment increase (2014-37) – Alternative Forecasts

	Jobs (2014)	Jobs (2037)	Change (2014-37)	% change from 2014	Jobs Per Annum Change
St.Helens	70,313	75,437	5,124	7%	223
Warrington	142,099	176,304	17,705	12%	770

Source: Oxford Economics/Cambridge Econometrics/GL Hearn

5.8 The alternative CE baseline forecast for St.Helens shows a more optimistic level of job growth than the OE baseline forecasts. Again this is still below the historic rates of growth in the Borough seen during the last economic cycle.

5.9 BE Group who are undertaking the ELNS for the Council consider that, on the whole, the CE baseline forecasts are more suited to St.Helens than the OE baseline forecasts as the sectoral outcomes appear to be more consistent with national and local expectations and the findings of the market demand assessment in the ELNS. This assessment therefore uses the CE figure for St.Helens. Oxford Economics figures are used for Warrington and Halton.

Converting to Housing Need

5.10 To convert jobs into housing is not a simple process and the analysis takes account of:

- Commuting patterns;
- Double jobbing (i.e. the number of people with more than one job); and
- Changes to employment rates (e.g. as a result of reducing unemployment or people working longer)

Commuting patterns

5.11 The table below shows summary data about commuting to and from the HMA and individual local authorities from the 2011 Census. The data shows that the HMA generally sees balanced commuting with virtually the same number of people working in the area as live in the area (and are working). There are however differences by area, with St.Helens seeing a notable level of out-commuting and Warrington a level of in-commuting.

Table 35: Commuting patterns in Mid-Mersey (2011)

	Halton	St.Helens	Warrington	Mid-Mersey
Live and work in LA	27,270	32,661	50,422	110,353
Home workers	3,741	5,408	9,452	18,601
No fixed work-place	3,527	5,070	6,368	14,965
In-commute	23,100	22,113	49,224	94,437
Out-commute	23,233	35,723	34,993	93,949
Total working in LA	57,638	65,252	115,466	238,356
Total living in LA (and working)	57,771	78,862	101,235	237,868
Commuting ratio	1.00	1.21	0.88	1.00

Source: 2011 Census

5.12 In translating the commuting pattern data into growth in the labour-force it is assumed that the commuting ratio remains at the same level as shown by the 2011 Census. For individual local authorities this essentially means that there would be expected to be a lower increase in working residents for a given number of jobs in Warrington, with the opposite being true in St.Helens.

Double jobbing

5.13 As well as commuting patterns, the number of people that may have more than one job (double jobbing) has also been considered. This can be calculated as the number of people working in each Borough divided by the number of jobs. Data from the Annual Population Survey (available on the NOMIS website) suggests that around 2.8% of workers have a second job (data averaged from data for the

2004-14 period to recognise relatively high error margins associated with data for individual years). This gives a double jobbing ratio of 0.972 (i.e. the number of jobs can be discounted by 2.8% to estimate the required change in the workforce). Again data has been used on an individual local authority basis with the double jobbing percentages for each area being:

- Halton – 2.6%;
- St.Helens – 2.7%; and
- Warrington – 3.1%

5.14 To work out the change in the resident workforce required to match the forecast number of jobs commuting ratio is multiplied by the amount of double jobbing (to identify an adjustment factor) and in turn multiply this by the number of jobs – this is shown in the table below. Overall, the OE Baseline forecast expects an increase of 29,500 jobs across Mid-Mersey; if commuting patterns and levels of double jobbing remain the same then this would require a slightly lower level of growth in the resident workforce (of about approaching 26,300 people).

Table 36: Jobs growth and change in resident workforce (2014-37) – OE Baseline

	Change in jobs	Adjustment factor	Change in resident workforce
Halton	4,952	0.98	4,836
St.Helens	1,909	1.18	2,246
Warrington	22,613	0.85	19,206
Mid-Mersey	29,474	-	26,287

Source: OE, NOMIS and 2011 Census

- 5.15 We have also calculated the change in workforce for the Alternative Forecasts in Warrington and St.Helens.

Table 37: Jobs growth and change in resident workforce (2014-37) – Alternative Forecasts

	Change in jobs	Adjustment factor	Change in resident workforce
St.Helens	5,124	1.18	6,027
Warrington	17,705	0.85	15,038

Source: OE, NOMIS and 2011 Census

Changes to employment rates

- 5.16 As well as studying commuting levels and double jobbing the analysis needs to consider how economic participation and employment rates will change in the future. Although the past few years have seen an increase in unemployment there have generally been increases in the proportion of people who are economically active (particularly for females and people aged over 50) – this is the case nationally, regionally and in the Mid-Mersey HMA. In the future there may be a continuation of these trends – particularly in relation to people working longer (partly linked to pensionable ages) and have modelled for there to be some increase in age specific employment rates as we move through to 2037.
- 5.17 The tables below show how economic activity rates changed in the 2001-11 period (from Census data) in each of the three local authorities, the North West and England. This confirms the strong growth in activity rates in many age groups (and particularly for females).

Table 38: Changes to economic activity rates by age and sex (2001-11) – Halton

	Age	2001	2011	Change	Proportionate change
Males	16-24	73.2%	71.3%	-1.9%	-2.6%
	25-34	90.3%	91.3%	1.0%	1.1%
	35-49	86.5%	88.4%	1.9%	2.2%
	50-64	59.7%	70.0%	10.3%	17.2%
	65-74	6.1%	14.0%	7.9%	129.3%
Females	16-24	64.7%	65.0%	0.3%	0.4%
	25-34	71.9%	79.8%	7.8%	10.9%
	35-49	72.9%	80.7%	7.8%	10.8%
	50-64	46.5%	58.2%	11.7%	25.1%
	65-74	3.4%	10.7%	7.3%	214.4%

Source: Census (2001 and 2011)

Table 39: Changes to economic activity rates by age and sex (2001-11) – St.Helens

	Age	2001	2011	Change	Proportionate change
Males	16-24	71.4%	69.7%	-1.7%	-2.4%
	25-34	89.3%	91.0%	1.8%	2.0%
	35-49	85.6%	88.2%	2.6%	3.1%
	50-64	58.5%	68.6%	10.2%	17.4%
	65-74	5.7%	12.5%	6.9%	121.5%
Females	16-24	61.3%	63.5%	2.2%	3.6%
	25-34	73.5%	80.2%	6.7%	9.1%
	35-49	73.8%	82.3%	8.5%	11.5%
	50-64	44.3%	57.8%	13.5%	30.4%
	65-74	3.2%	9.2%	6.0%	188.6%

Source: Census (2001 and 2011)

Table 40: Changes to economic activity rates by age and sex (2001-11) – Warrington

	Age	2001	2011	Change	Proportionate change
Males	16-24	73.7%	70.0%	-3.8%	-5.1%
	25-34	91.7%	91.4%	-0.3%	-0.3%
	35-49	91.0%	92.1%	1.1%	1.2%
	50-64	68.3%	76.7%	8.5%	12.4%
	65-74	8.3%	15.9%	7.6%	92.4%
Females	16-24	69.3%	70.8%	1.4%	2.1%
	25-34	78.7%	84.5%	5.9%	7.4%
	35-49	80.2%	85.6%	5.5%	6.8%
	50-64	52.3%	63.5%	11.2%	21.3%
	65-74	5.3%	11.8%	6.5%	124.2%

Source: Census (2001 and 2011)

Table 41: Changes to economic activity rates by age and sex (2001-11) – North West

	Age	2001	2011	Change	Proportionate change
Males	16-24	68.0%	65.0%	-3.0%	-4.5%
	25-34	89.1%	90.0%	0.9%	1.0%
	35-49	87.4%	88.7%	1.3%	1.5%
	50-64	65.9%	72.3%	6.4%	9.7%
	65-74	9.0%	16.6%	7.6%	85.4%
Females	16-24	60.5%	61.9%	1.4%	2.4%
	25-34	73.0%	78.5%	5.5%	7.5%
	35-49	75.0%	81.0%	6.0%	8.0%
	50-64	50.1%	59.9%	9.8%	19.6%
	65-74	5.1%	10.9%	5.8%	114.5%

Source: Census (2001 and 2011)

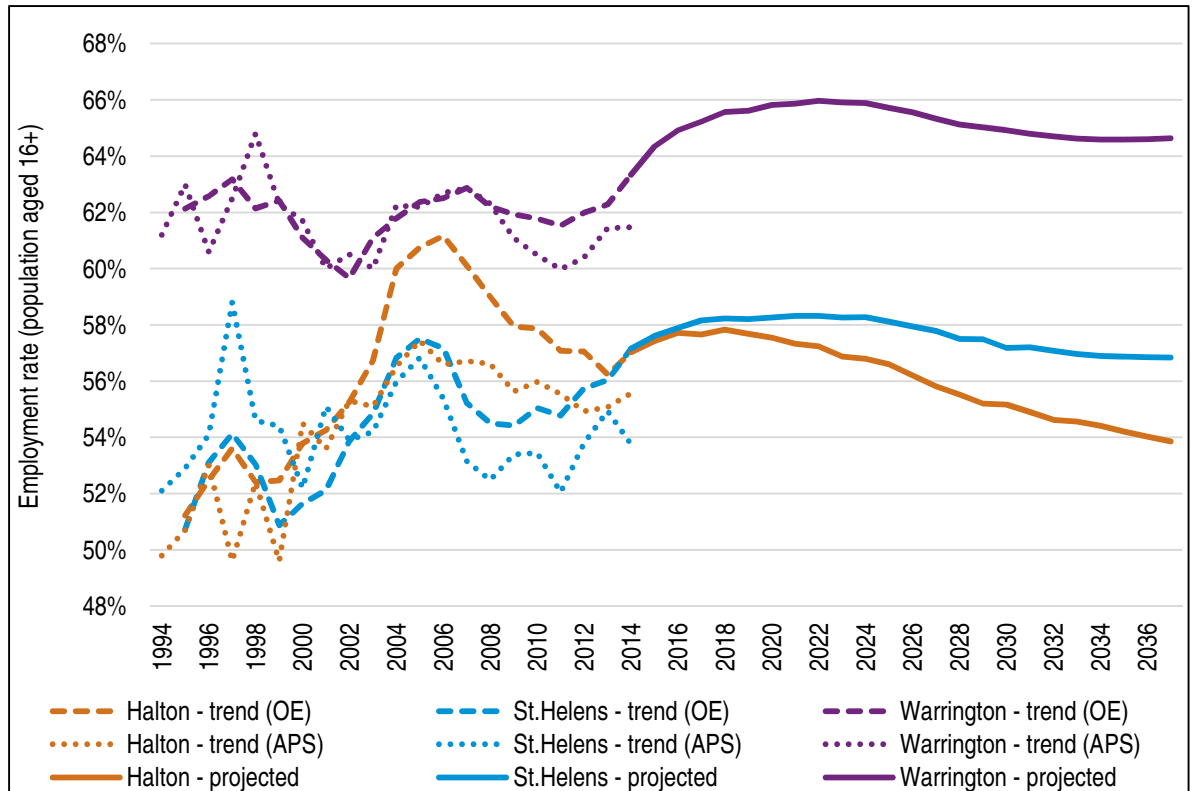
Table 42: Changes to economic activity rates by age and sex (2001-11) – England

	Age	2001	2011	Change	Proportionate change
Males	16-24	68.3%	64.3%	-4.1%	-6.0%
	25-34	91.0%	91.2%	0.2%	0.2%
	35-49	90.2%	91.1%	0.9%	1.0%
	50-64	72.8%	76.9%	4.1%	5.6%
	65-74	11.6%	20.3%	8.7%	74.6%
Females	16-24	62.1%	61.2%	-0.9%	-1.4%
	25-34	73.7%	78.9%	5.2%	7.0%
	35-49	75.8%	80.8%	5.0%	6.6%
	50-64	54.3%	62.9%	8.7%	15.9%
	65-74	6.3%	13.0%	6.6%	105.0%

Source: Census (2001 and 2011)

- 5.18 As part of the information provided by Oxford Economics an estimate of how the resident employment rate is expected to change has been provided. The modelling has therefore used the figures provided by OE and overlaid these onto the demographic projections. In doing this it is possible to ensure a consistency of approach between the demographic data and the economic forecasts. In the absence of similar information from the CE forecast used by St.Helens, the available data from OE for this area has been used in the analysis – whilst this means that the assumptions may not directly relate to the CE forecast it does assist in maintaining a consistent approach across the three local authorities.
- 5.19 The figure below shows how the overall employment rate in each local authority is expected to change over time, a past trend analysis from OE back to 1995 is also been shown along with a trend back to 1994 from the Annual Population Survey (APS) and Labour Force Survey (data prior to 2004). The employment rate is based on the number of people in employment divided by the population aged 16 and over. The rate is therefore affected by changes in age structure (including for instance a growing older population).
- 5.20 The analysis shows in Warrington that there is expected to be a notable increase in the employment rate followed by a period of decline and then a levelling off. In Halton, the rate also increases in the short-term before decreasing notably as we move through the projection period. For St.Helens a similar pattern to Warrington is shown, although the initial increase in the rate is not as strong. The past trend analysis shows a picture of highly fluctuating rates with no systematic trend.

Figure 33: Past and projected employment rate (2014-2037)



Source: Derived from Annual Population Survey (2004-14), Labour Force Survey (1994-2003), Oxford Economics forecasts, demographic projections and Census data

5.21 The age specific figures used in the modelling are shown in the table below. Caution should be exercised when looking at individual cells of data as these have been developed based on a standard model (linked to national past trends) which has then been applied to local level data. For example, some of the employment rate levels in Warrington in particular look high (e.g. for females aged 35-49) but any changes to individual figures would need to be undertaken in conjunction with changes for other age/sex groups (i.e. if the female 35-49 was deemed to be too high then a commensurate adjustment would need to be made to other groups, e.g. to increase the employment rate of people aged 65 and over). The key to the analysis is that overall employment rates (as shown in the figure above) are entirely consistent with the OE economic forecast.

5.22 It should also be noted that the figures in the table below are for employment rates whereas the earlier age/sex trend-based analysis looked at economic activity – this is due to only incomplete data about employment rates being available from the 2001 Census. It should also be noted that the oldest age group in the table below is 65+; this differs from the trend analysis which focussed on the 65-74 age group. All of the figures build in changes to employment rates from 2011-14 as identified in the OE forecast.

Table 43: Projected changes to employment rates by age and sex (2014-37)

	Age	Halton		St.Helens		Warrington	
		2014	2037	2014	2037	2014	2037
Males	16-24	52.1%	52.3%	53.4%	56.1%	56.7%	61.5%
	25-34	80.3%	80.7%	83.6%	88.0%	85.0%	92.5%
	35-49	81.6%	82.6%	84.3%	89.4%	88.8%	97.2%
	50-64	66.7%	70.2%	68.2%	75.3%	76.0%	86.2%
	65+	12.9%	13.7%	11.9%	13.9%	14.0%	16.5%
Females	16-24	50.5%	50.7%	52.1%	54.8%	61.2%	66.4%
	25-34	75.1%	79.6%	78.8%	87.4%	84.1%	96.0%
	35-49	77.2%	81.6%	82.6%	91.2%	86.5%	98.4%
	50-64	60.0%	67.3%	62.7%	73.6%	67.5%	81.2%
	65+	8.8%	9.6%	8.0%	9.8%	9.6%	11.7%

Source: Derived from Annual Population Survey (2004-14), Labour Force Survey (1994-2003), Oxford Economics forecasts, demographic projections and Census data

- 5.23 The figures above are based on a particular view about how employment rates might change in the future and should be more robustly understood from overall changes rather than consideration of the age/sex specific analysis. A number of alternative approaches were considered (including Office for Budget Responsibility (OBR) forecasts and analysis undertaken on this topic by Kent County Council). However, given that neither of these sources are specific to the local area (unlike the OE forecasts) it was considered that these alternatives would not provide robust and consistent outputs.

Housing need linked to economic forecasts

- 5.24 To estimate what level of housing provision might be required to meet the economic forecasts, adjustments are made to levels of migration within the demographic model such that the growth in the resident workforce equals the change required to match the number of jobs (as shown in table 33).
- 5.25 The outputs from the Baseline OE-based projection is as follows and shows that for the resident workforce to increase in line with the forecast number of jobs would require around 1,589 homes per annum to be delivered. This figure is slightly higher than that derived through demographic modelling (Scenario 1) which shows a need for 1,539 dwellings per annum.
- 5.26 The outputs are again based on household formation rates linked to the 2012-based CLG household projections. For individual local authorities, the OE baseline forecasts shows a higher housing need than that from the demographic projections in Halton but a lower need in St.Helens and Warrington.

Table 44: Meeting job growth forecasts (with 2012-based CLG headship rates) – OE Baseline

	Households 2014	Households 2037	Change in households	Per annum	Dwellings (per annum)
Halton	54,162	64,125	9,963	433	444
St.Helens	77,174	84,306	7,132	310	325
Warrington	87,953	106,204	18,252	794	820
Mid-Mersey	219,289	254,636	35,346	1,537	1,589

Source: OE, NOMIS, 2011 Census and demographic modelling

- 5.27 We have also calculated the housing need resulting from the Alternative Economic Forecasts and neither of these result in a need which is above the level set out in Scenario 1 of the demographic forecasts (St.Helens: 466 and Warrington: 840).

Table 45: Meeting job growth forecasts (with 2012-based CLG headship rates) – Alternative Economic Forecasts

	Households 2014	Households 2037	Change in households	Per annum	Dwellings (per annum)
St.Helens	77,174	86,959	9,785	425	445
Warrington	87,953	103,528	15,575	677	700

Source: CE, NOMIS, 2011 Census and demographic modelling

- 5.28 At a HMA level the housing need outputs from the baseline economic based projections are 1,589 dpa. If the alternative CE baseline economic projection for St.Helens is used, which forecasts a higher level of economic growth than the OE baseline forecast (as suggested by BE group the economic led housing need for the HMA would increase to 1,709 dpa).

Job-led Projections: Implications

- The OE Baseline Forecasts indicates that employment in the HMA can be expected to increase by c.29,500 jobs over the 2014-37 period. This is forecast growth of 11% from 2014 levels although there are some variations across the authorities.
- The analysis indicates that if modelled on a policy-off basis, whereby the current commuting ratio is held constant, this would require provision of 1,589 homes per annum. This level of housing need (+150) is slightly above that derived from the demographic-led projections.
- Using the alternative baseline economic forecasts for St.Helens show a jobs growth of around 32,700 jobs in the HMA over the 2014-37 period.
- The analysis indicates that there would be a need to adjust upwards the housing need (from the demographic-led projections) using either baseline economic forecast to take account of economic factors.
- This would require provision of between 1,589 and 1,709 homes per annum which results in an economic derived housing need above the demographic derived levels required in Halton and St.Helens and the HMA overall.

6 ALIGNING ECONOMIC AND DEMOGRAPHIC NEED

- 6.1 In line with the PPG the analysis in Chapter 4 uses the 2012-based CLG projections as a start point. Once a vacancy allowance is included this projection shows a need across the HMA for 1,539 dwellings per annum to be provided.
- 6.2 At the HMA level, this projection looks to be sound, projected levels of population growth are in-line with past trends and the household formation/headship rates in the CLG projections do not look to be building in any degree of suppression moving forward.
- 6.3 However, for individual local authorities, the analysis suggested that some of the population data did not sit comfortably with past trends. In particular, future population growth was below trend levels in Halton and some way above in St.Helens.
- 6.4 The analysis therefore sought to interrogate demographic information in more detail. This primarily included looking at more recent population growth data (from the 2013 and 2014 mid-year population estimates (MYE) published by ONS and considering Unattributable Population Change (UPC).
- 6.5 UPC is an adjustment made by ONS to mid-year population estimates in the 2001-11 period where Census data has shown that the population in 2011 is different to that which had been expected in previous MYE releases. The reasons for UPC are unknown and are most likely to be related to either a mis-recording of migration or due to errors in the Census (either in 2001 or 2011).
- 6.6 Turning firstly to more recent population data; the analysis showed across the HMA that migration had been slightly more modest in the period to 2014 than in the period to 2012 (which was the period used in the 2012-based SNPP). Modelling housing need on the basis of more recent migration data therefore suggested a slightly lower need for housing in the HMA – a need for 1,462 dwellings per annum. However, issues remained about some of the local authority outputs with Halton still showing population growth below past trends and the opposite being seen in St.Helens.
- 6.7 This then highlighted the potential for making an adjustment for UPC. The analysis revealed a notable negative level of UPC in St.Helens which would suggest (in the absence of errors in data being due to Census recording) that past population growth had been over-estimated, this was also the case to a lesser extent in Warrington. In Halton, the opposite was found (i.e. a positive UPC and the possibility that population growth had been under-estimated).
- 6.8 The modelling therefore sought to understand what the implications would be if the SNPP were adjusted by the level of UPC shown. This suggested a potential housing need for 1,563 dwellings per annum (i.e. slightly higher than the CLG household projections) but again at a level which could be considered as realistic. However, analysis for individual local authorities revealed that making a

UPC adjustment again did not see future projections sit comfortably with past trends. In this case the opposite 'trends' were seen (most notably an above trend level of growth in Halton).

- 6.9 Standing back from the analysis, it was clear that at the HMA level, looking at a range of different assumptions provided broadly similar views about the need for housing (ranging from 1,462 per annum up to 1,563). However, none of the projections developed were considered as being particularly robust for all local authorities (particularly in Halton and St.Helens).
- 6.10 Therefore, a final sensitivity was provided which looked simply at combining the outputs from more up-to-date migration data and a UPC adjustment (essentially taking a mid-point between the two). This suggested a housing need of 1,512 dwellings per annum, but crucially also showed projected levels of population growth in all areas which were consistent with past trends (over both long- and short-term).
- 6.11 It is therefore concluded that in terms of developing a view about demographic needs, it is this 'blended' projection which can be considered as most robust. This reflects a profession view of a range of data and takes account of needs across the whole HMA as well as within individual local authorities.
- 6.12 Whilst there is no precedent for taking a midpoint or blended projection it is noted that the PPG encourages using the most up-to-date information (see para 016) whilst the inclusion of UPC within modelling has been accepted by some planning inspectors (e.g. in Charnwood). Consideration of UPC is also noted in the PAS technical advice note which says *'plan-makers may take a view that the UPC, or part of it, should be included in the base period as past migration'* [para 6.35]. It is considered in of Mid-Mersey that there is a strong case to make adjustments for UPC and would note that this mainly influences the distribution of housing rather than the overall (HMA-wide) need.
- 6.13 Additional alternatives could have been considered, the most obvious being to look at long-term migration trends (this for example is noted in the PAS technical advice note). However, for the HMA and to some extent each local authority the data suggested that there was little difference in terms of population change in either the short- (past 5-years) or longer-term (past 13-years) and hence it was not considered necessary to additionally look at such a scenario.
- 6.14 Overall therefore, in demographic terms, the projection linked to more recent migration data, and with an adjustment for UPC is considered to be the most robust projection to inform the OAN in the HMA (and individual local authorities).
- 6.15 At the HMA level, this projection suggests a need which broadly in-line with the most recent official projections, but provides a distribution which is more closely aligned (in population terms) with past trends. For clarity this is shown in the table below (and compared with data from the 2012-based CLG household projections).

Table 46: Recommended Demographic Projection

	Scenario 4	CLG	Difference from CLG	% Difference
Halton	388	233	+155	67%
St.Helens	369	466	-97	-21%
Warrington	755	840	-85	-10%
Mid-Mersey	1,512	1,539	-27	-2%

- 6.16 Regarding economic growth, the core projection was based on a set of baseline forecasts from OE and these were supplemented by a CE baseline forecast for St.Helens and a forecast from the CWEM in Warrington.
- 6.17 For the purposes of the modelling, GL Hearn have no reason to believe that the baseline forecast for Halton is not realistic, although in St.Helens it is the view of BE Group carrying out the ELNS that the CE baseline forecast (which forecasts higher levels of economic growth in St.Helens than the OE baseline forecast) is more realistic for St.Helens as it aligns with findings of the ELNS. In Warrington, again the OE forecast (which is the highest) is considered to be to most realistic.
- 6.18 Hence to bring together a view about the housing need linked to economic prospects the highest of the forecast modelled are included in the analysis. These are summarised below and compared with the outputs from the suggested Demographic OAN (as above).
- 6.19 As can be seen, for all areas the economic-based needs are above those derived from demographic trends and projections – at the HMA level the need is about 200 dwellings per annum higher with local authority figures increasing by between 56 and 77.

Table 47: Economic Uplift from Demographic Baseline

	Economic-based	Demographic OAN (scenario 4)	Difference
Halton	444	388	56
St.Helens	445	369	77
Warrington	820	755	64
Mid-Mersey	1,710	1,512	197

- 6.20 It will be noted that in both St.Helens and Warrington that the housing need associated with the baseline economic growth forecasts (even at the upper end) are slightly lower than the housing need shown by the most recent official projections (2012-based CLG household projections as assessed under scenario 1). However, the differences are fairly minor (21 dwellings per annum in the case of St.Helens and 20 dwellings per annum in the case of Warrington) and as previously discussed, there are good reasons to move away from the most recent projections – particularly at a smaller-area level.
- 6.21 Whilst it is considered that the demographic-based figures are important in the understanding of OAN, there is clearly a basis to potentially uplift these to ensure that economic growth is not constrained. On this basis the analysis concludes that in progressing the OAN for the HMA and

individual local authorities the economic derived housing need figures that are set out in the first column of the table above should be used in order to ensure a balance between economic growth and labour supply.

- 6.22 Next consideration is given to whether there is a need to uplift this figure again in order to improve affordability.

7 AFFORDABLE HOUSING NEED

Introduction

- 7.1 In this section levels of affordable housing need in Mid-Mersey and the three local authorities are discussed. Affordable housing need is defined in the NPPF as 'social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market'.
- 7.2 Government guidance on Strategic Housing Market Assessments (2007) set out a model for assessing affordable housing need (known as the Basic Needs Assessment Model). This model has been retained in the CLG advice of March 2014 and is used herein. The analysis is based on secondary data sources. It draws on a number of sources of information including 2011 Census data, demographic projections, house prices/rents and income information.
- 7.3 It should be recognised that in establishing housing requirements, evidence of both housing need and demand should both be considered. This section, addressing affordable housing need specifically, should be considered alongside the evidence of demand presented; and the demographic-led projections of housing requirements. Land availability, infrastructure requirements, viability (as well as funding available for affordable housing), Sustainability Appraisal and the views of the local community and wider stakeholders also need to be considered in the development of planning policy. It is not a simple predict and provide issue.
- 7.4 The affordable housing needs model is based largely on housing market conditions (and particularly the relationship of housing costs and incomes) at a particular point in time – the time of the assessment – as well as the existing supply of affordable housing (through relets of current stock) which can be used to meet affordable housing need. On this basis, estimates of affordable housing need are provided in this section for the twenty-three-year period between 2014 and 2037.

Key Definitions

- 7.5 We begin by setting out key definitions relating to affordable housing need, affordability and affordable housing.

Current Affordable Housing Need

- 7.6 Current affordable housing need is defined as the number of households who lack their own housing or who live in unsuitable housing and who cannot afford to meet their housing needs in the market.

Newly-Arising Need

- 7.7 Newly-arising (or future) need is a measure of the number of households who are expected to have an affordable housing need at some point in the future. In this assessment GL Hearn have used trend data from CoRe along with demographic projections about the number of new households forming (along with affordability) to estimate future needs.

Supply of Affordable Housing

- 7.8 An estimate of the likely future supply of affordable housing is also made (drawing on secondary data sources about past lettings). The future supply of affordable housing is subtracted from the newly-arising need to make an assessment of the net future need for affordable housing.

Affordability

- 7.9 Affordability is assessed by comparing household incomes, based on income data modelled using a number of sources including CACI, ASHE, the English Housing Survey (EHS) and ONS data, against the cost of suitable market housing (to either buy or rent). Separate tests are applied for home ownership and private renting and are summarised below:

- a. *Assessing whether a household can afford home ownership: A household is considered able to afford to buy a home if it costs 3.5 times the gross household income – CLG guidance suggests using different measures for households with multiple incomes (2.9x) and those with a single income (3.5x), however (partly due to data availability) GL Hearn have only used a 3.5 times multiplier for analysis. This ensures that affordable housing need figures are not over-estimated – in practical terms it makes little difference to the analysis due to the inclusion of a rental test (below) which tends to require lower incomes for households to be able to afford access to market housing;*
- b. *Assessing whether a household can afford market renting: A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than 25% of gross income. The choice of an appropriate threshold is an important aspect of the analysis, CLG guidance (of 2007) suggested that 25% of income is a reasonable start point but also notes that a different figure could be used. Analysis of current letting practice suggests that letting agents typically work on a multiple of 40% (although this can vary by area). Government policy (through Housing Benefit payment thresholds) would also suggest a figure of 40%+ (depending on household characteristics). This assessment uses 25% for the core analysis but also briefly considers the implication on affordable need of using a higher figure.*

- 7.10 It should be recognised that a key challenge in assessing affordable housing need using secondary sources is the lack of information available regarding households' existing savings. This is a key factor in affecting the ability of young households to purchase housing particularly in the current market context where a deposit of at least 10% is typically required for the more attractive mortgage deals. The 'help to buy' scheme is likely to be making some improvements in access to the owner-occupied sector although at present this is likely to be limited (however the impact of a recent

extension to this scheme to include the second-hand market should be monitored moving forward). In many cases households who do not have sufficient savings to purchase have sufficient income to rent housing privately without support, and thus the impact of deposit issues on the overall assessment of affordable housing need is limited.

Affordable Housing

7.11 The NPPF provides the definition of affordable housing (as used in this report). The following is taken from Annex 2 of NPPF.

“Affordable housing includes social rented, affordable rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- *Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices;*
- *Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.”*

7.12 Within the definition of affordable housing there is also the distinction between social rented affordable rented, and intermediate housing. Social rented housing is defined as:

“Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency as a condition of grant.”

7.13 Affordable rented housing is defined as:

“Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80 per cent of the local market rent.”

7.14 The definition of intermediate housing is shown below:

“Intermediate affordable housing is ‘Housing at prices and rents above those of social rent, but below market price or rents. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent but does not include affordable rented housing.”

7.15 As part of the analysis in this report the extent to which both social rented, intermediate housing and affordable rented housing can meet affordable housing need in Mid-Mersey has been studied.

Local Prices & Rents

7.16 An important part of the SHMA is to establish the entry-level costs of housing to buy and rent – this data is then used in the assessment of the need for affordable housing. The affordable housing needs assessment compares prices and rents with the incomes of households to establish what

proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an ‘affordable housing need.’

- 7.17 In this section the entry-level costs of housing to both buy and rent across the study area. are established Land Registry and Valuation Office Agency (VOA) data have been analysed to establish lower quartile prices and rents. For the purposes of analysis (and to be consistent with CLG guidance) lower quartile prices and rents have been taken to reflect the entry-level point into the market
- 7.18 Table 48 below shows estimated lower quartile property prices by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £59,000 for a terraced house in St.Helens, rising to £200,000 for a detached home in Warrington. Prices for all types of accommodation are highest in Warrington and generally lowest in St.Helens. Looking at the lower quartile price across all dwelling types the analysis shows a range from £82,000 in St.Helens, up to £110,000 in Warrington.

Table 48: Lower quartile sales prices by type (2014)

	Flat	Terraced	Semi-detached	Detached	All dwellings
Halton	£63,500	£69,000	£110,000	£170,000	£85,000
St.Helens	£62,750	£59,250	£105,000	£170,000	£82,000
Warrington	£75,000	£87,000	£122,100	£200,000	£110,000

Source: Land Registry (2014)

- 7.19 A similar analysis has been carried out for private rents using Valuation Office Agency (VOA) data – this covers a 12-month period to March 2015. For the rental data information about dwelling sizes is provided (rather than types); the analysis shows an average lower quartile cost (across all dwelling sizes) of between £425 per month (in St.Helens), rising to £470 in Warrington.

Table 49: Lower quartile private rents by size and location (year to March 2015) – per month

	Room only	Studio	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	All dwellings
Halton	-	£364	£395	£450	£525	£700	£450
St.Helens	£280	-	£349	£420	£476	£650	£425
Warrington	£250	-	£400	£475	£550	£795	£470

Source: Valuation Office Agency

Cost of Affordable Housing

- 7.20 Traditionally the main type of affordable housing available in an area is social rented housing and the cost of social rented accommodation by dwelling size can be obtained from Continuous Recording (CoRe) – a national information source on social rented lettings. Table 50 illustrates the rental cost of lettings of social rented properties by size in 2013/14. As can be seen the costs are below those for private rented housing indicating a gap between the social rented and market sectors. This gap increases for larger properties. The figures in the table include service charges.

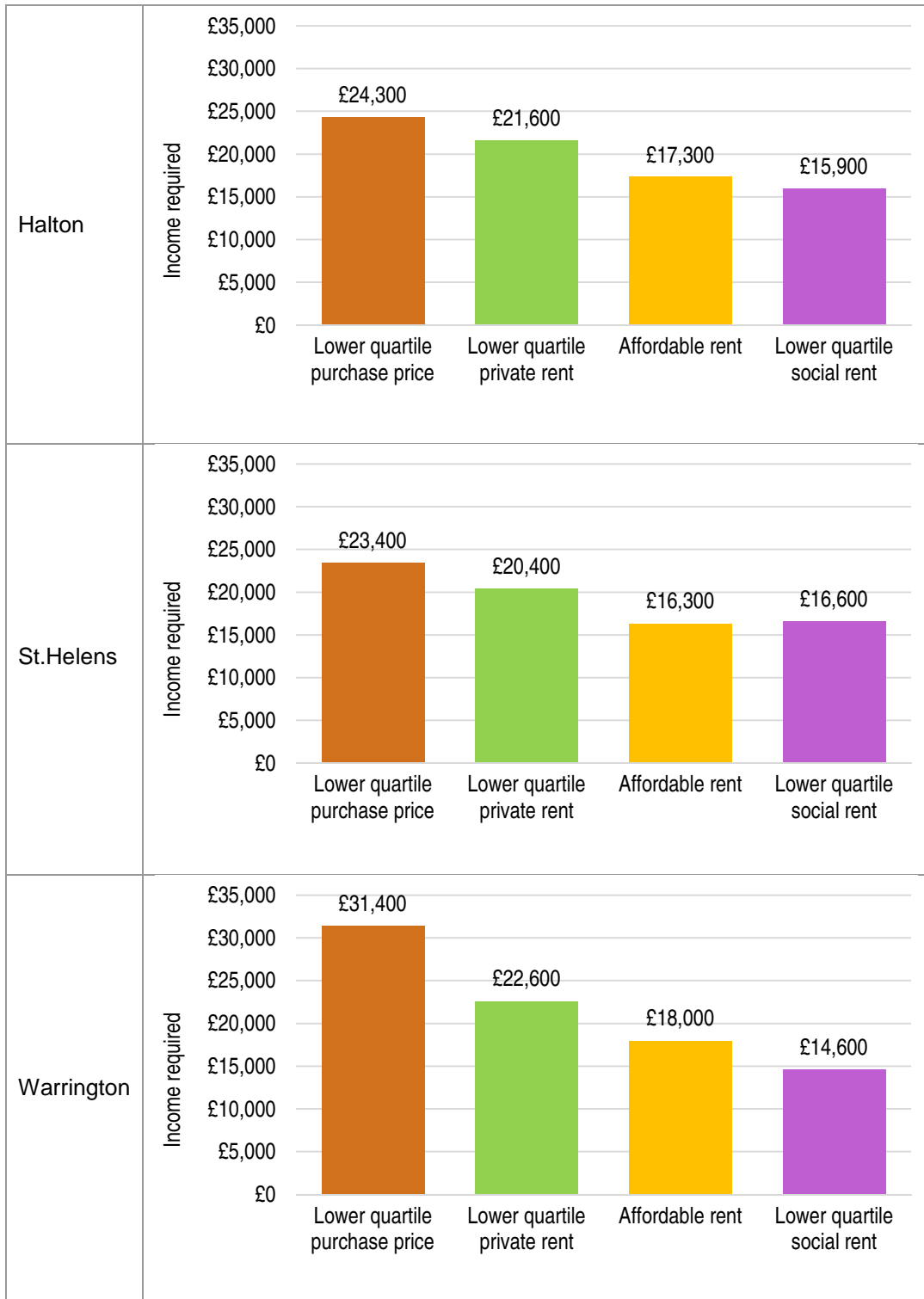
Table 50: Monthly lower quartile social rent levels

	1 bedroom	2 bedrooms	3+ bedrooms	Lower quartile (all sizes)
Halton	£302	£346	£374	£331
St.Helens	£314	£345	£384	£346
Warrington	£293	£339	£375	£305

Source: CoRe (2014)

- 7.21 Changes in affordable housing provision has seen the introduction of a new tenure of affordable housing (Affordable Rented). Affordable rented housing is defined in the NPPF as being “*let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable)*”. In the short-term it is likely that this tenure will replace social rented housing for new delivery.
- 7.22 Affordable Rented housing can therefore be considered to be similar to social rented housing but at a potentially higher rent. The 80% (maximum) rent is to be based on the open market rental value of the individual property and so it is not possible to say what this will exactly mean in terms of cost (for example the rent for a two-bedroom flat is likely to be significantly different to a two-bedroom detached bungalow). In addition, market rents for new-build homes are likely to be higher than within the existing stock and may well be in excess of 80% of lower quartile rents. However, for the purposes of analysis GL Hearn have assumed that the 80% figure can be applied to the lower quartile private rented cost data derived from VOA information. Gaps in the Housing Market
- 7.23 Figure 34 estimates how current prices and rents in the three local authorities might equate to income levels required to afford such housing. The figures are based on the figures derived in the analysis above and include four different tenures (buying, private rent, affordable rent and social rent) and are taken as the lower quartile price/rent across the whole stock of housing available (i.e. including all property sizes). For illustrative purposes the calculations are based on 3.5 times household income for house purchase and 25% of income to be spent on housing for rented properties. The figures for house purchase are based on a 100% mortgage for the purposes of comparing the different types of housing.

Figure 34: Indicative income required to purchase/rent without additional subsidy



Source: Land Registry, VOA and CoRe

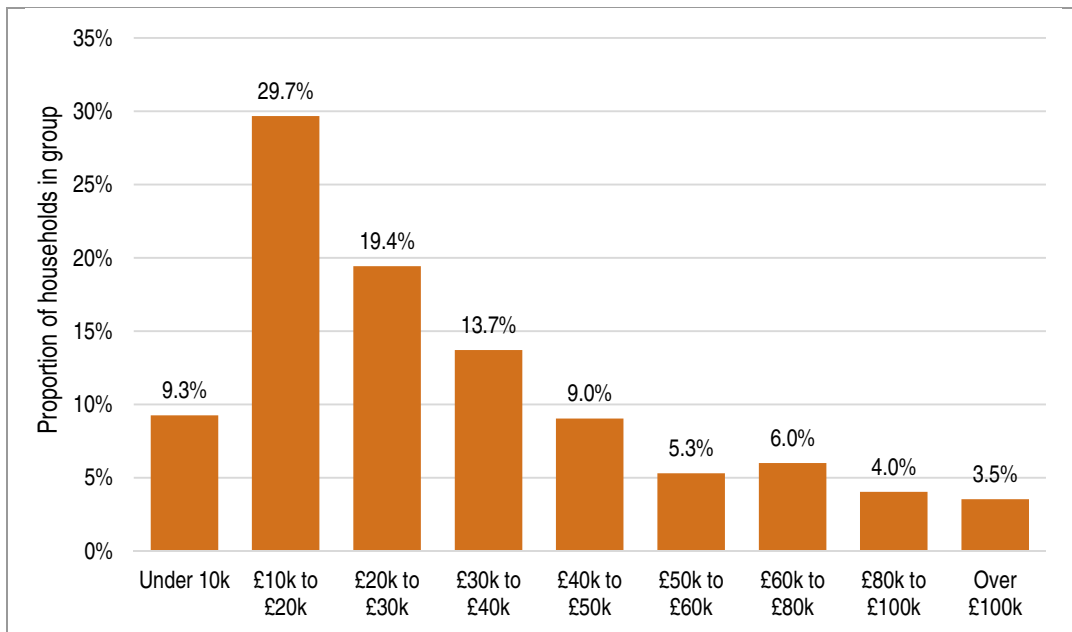
Income levels and affordability

7.24 Following on from the assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability and also provide an indication of the potential for intermediate housing to meet needs. Data about total household income has been modelled on the basis of a number of different sources of information

to provide both an overall average income and the likely distribution of incomes in each area. The key sources of data include:

- CACI from *Wealth of the Nation 2012* – to provide an overall national average income figure for benchmarking
- English Housing Survey (EHS) – to provide information about the distribution of incomes (taking account of variation by tenure in particular)
- Annual Survey of Hours and Earnings (ASHE) – to assist in looking at how incomes have changed from 2012 to 2014 (a 2.6% increase per annum was identified from this source for the North West region)
- ONS modelled income estimates – to assist in providing more localised income estimates (i.e. for each of the local authority areas and a split for Runcorn/Widnes)

7.25 Drawing all of this data together GL Hearn have therefore been able to construct an income distribution for the whole of the study area for 2014. The data shows that over a third (39%) of households have incomes below £20,000 with a further third in the range of £20,000 to £40,000. The overall average (median) income of all households in the study area was estimated to be around £25,200 with a mean income of £33,400. Distribution of Household Income in Mid-Mersey



Source: Derived from ASHE, EHS, CACI and ONS data

7.26 The table below shows how income levels vary for each of the three local authorities. Incomes were found to be highest in Warrington and lowest in St.Helens.

Table 51: Income levels by local authority

	Mean income	Median income
Halton	£31,642	£24,066
St.Helens	£30,194	£22,965
Warrington	£37,278	£28,353
Mid-Mersey	£33,393	£25,224

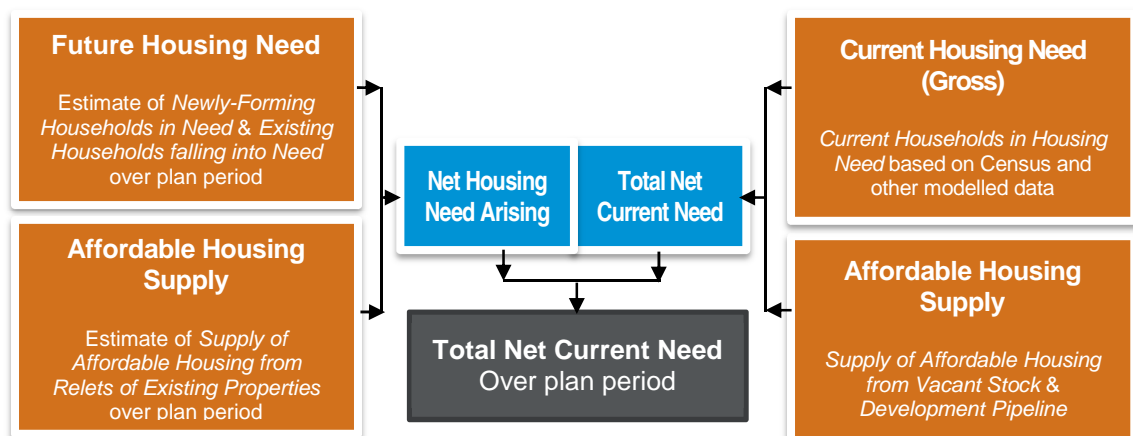
Source: Derived from ASHE, EHS, CACI and ONS data

- 7.27 To assess affordability GL Hearn have looked at households' ability to afford either home ownership or private rented housing (whichever is the cheapest), without financial support. The distribution of household incomes is then used to estimate the likely proportion of households who are unable to afford to meet their needs in the private sector without support, on the basis of existing incomes. This analysis brings together the data on household incomes with the estimated incomes required to access private sector housing.
- 7.28 Different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households). Assumptions about income levels are discussed where relevant in the analysis that follows.

Affordable Housing Needs Assessment

- 7.29 Affordable housing need has been assessed using the Basic Needs Assessment Model, in accordance with the CLG Practice Guidance. This model is summarised in the chart below.

Figure 35: Overview of Basic Needs Assessment Model



- 7.30 The figures presented in this report for affordable housing needs have been based on secondary data sources including analysis of 2011 Census data. The modelling undertaken provides an assessment of affordable housing need for a 23-year period (which is then annualised). Each of the stages of the affordable housing needs model calculation are discussed in more detail below.
- 7.31 The assessment of affordable housing need is particularly susceptible to changing assumptions in relation to the proportion of income spent on housing. It also reflective of past trends and past investment decisions. The model does not take into account the potential impact of government changes to welfare such as the bedroom tax or a cap on universal credit.

Methodological Issues

- 7.32 Due to the analysis being based on secondary data sources only, there are a number of assumptions that need to be made to ensure that the analysis is as robust as possible. Key assumptions include considering the number of households who have a need due to issues such as

insecure tenancies or housing costs – such households form part of the affordable need as set out in guidance (see paragraph 023 of the PPG for example) but are not readily captured from secondary data sources. Assumptions also need to be made about the likely income levels of different groups of the population (such as newly forming households), recognising that such households' incomes may differ from those in the general population.

- 7.33 To overcome the limitations of a secondary-data-only assessment, additional data has been taken from a range of survey-based affordable needs assessments carried out by GL Hearn over the past five years or so. These surveys (which cover a range of areas and time periods) allow the assessment to consider issues such as needs which are not picked up in published sources and different income levels for different household groups. This data is then applied to actual data for Mid-Mersey (e.g. from the Census) as appropriate. It is the case that outputs from surveys in other areas show remarkably similar outputs to each other for a range of core variables (for example the income levels of newly forming households when compared with existing households) and are therefore likely to be fairly reflective of the situation locally in Mid-Mersey. Where possible, data has also been drawn from national surveys (notably the English Housing Survey).
- 7.34 It should also be stressed that the secondary data approach is consistent with the PPG. Specifically, guidance states that:

'Plan makers should avoid expending significant resources on primary research (information that is collected through surveys, focus groups or interviews etc. and analysed to produce a new set of findings) as this will in many cases be a disproportionate way of establishing an evidence base. They should instead look to rely predominantly on secondary data (e.g. Census, national surveys) to inform their assessment which are identified within the guidance.'

- 7.35 The analysis that follows is therefore consistent with the requirements of guidance.
- 7.36 CLG guidance also suggests that the housing register can be used to estimate levels of affordable housing need. Experience working across the country is that housing registers can be highly variable in the way allocation policies and point systems work. This means that in many areas it is difficult to have confidence that the register is able to define an underlying need. Many housing registers include households who might not have a need whilst there will be households in need who do not register (possibly due to being aware that they have little chance of being housed). For these reasons, the method linked to a range of secondary data sources is preferred.

Current Affordable Housing Need

- 7.37 In line with PPG, the current need for affordable housing need has been based on considering the likely number of households with one or more housing problem. A list is initially set out in paragraph 023 of the PPG and provides the following.

What types of households are considered in affordable housing need?

The types of households to be considered in housing need are:

- homeless households or insecure tenure (e.g. housing that is too expensive compared to disposable income);
- households where there is a mismatch between the housing needed and the actual dwelling (e.g. overcrowded households);
- households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ
- households that lack basic facilities (e.g. a bathroom or kitchen) and those subject to major disrepair or that are unfit for habitation;
- households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move.

7.38 This list of potential households in need is then expanded on in paragraph 24 of the PPG which provides a list of the categories to consider when assessing current need. This assessment seeks to follow this list by drawing on a number of different data sources. The table below sets out the data used in each part of the assessment.

Table 52: Main sources for assessing the current unmet need for affordable housing

	Source	Notes
Homeless households	CLG Live Table 784	Total where a duty is owed but no accommodation has been secured
Those in priority need who are currently housed in temporary accommodation	CLG Live Table 784	Total in temporary accommodation
Households in overcrowded housing	Census table LC4108EW	Analysis undertaken by tenure
Concealed households	Census table LC1110EW	Number of concealed families (all ages and family types)
Exiting affordable housing tenants in need	Modelled data linking to past survey analysis	Will include households with many of the issues in the first box above (e.g. insecure tenure)
Households from other tenures in need	Modelled data linking to past survey analysis	

Source: PPG [ID 2a-024-20140306]

7.39 Given that some of the sources used are from the 2011 Census (with modelled data also being linked back to Census information) it has also been necessary to bring estimates up to a 2014 base. To update the analysis, reference has been made to the English Housing Survey and specifically considers changes to overcrowding and the tenure split of housing in the 2011-14 period.

7.40 The table below therefore shows the initial estimate of the number of households who potentially have a current housing need. These figures are before any consideration of affordability has been made and has been termed 'the number of households in unsuitable housing'. Overall, the analysis

suggests that there are currently some 12,327 households living in unsuitable housing (or without housing) – this is 5.6% of the estimated total number of households living in the study-area in 2014.

Table 53: Estimated number of households living in unsuitable housing (Mid-Mersey)

Category of 'need'	Households
Homeless households	16
Those in priority need who are currently housed in temporary accommodation	53
Households in overcrowded housing	5,714
Concealed households	1,866
Existing affordable housing tenants in need	886
Households from other tenures in need	3,793
Total	12,327

Source: CLG Live Tales, Census (2011) and data modelling

7.41 In taking this estimate (12,327) forward, the data modelling estimates housing unsuitability by tenure. From the overall number in unsuitable housing, households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). The analysis also excludes 90% of owner-occupiers under the assumption (which is supported by analysis of survey data) that the vast majority will be able to afford housing once savings and equity are taken into account. A final adjustment is to slightly reduce the unsuitability figures in the private rented sector to take account of student-only households – such households could technically be overcrowded/living in unsuitable housing but would be unlikely to be considered as being in affordable housing need (this 'technical' adjustment does not have any tangible impact on the figures in Mid-Mersey). Once these households are removed from the analysis, the remainder are taken forward for affordability testing.

7.42 The table below shows that as of mid-2014 it is estimated that there were 5,606 households living in unsuitable housing (excluding current social tenants and the majority (90%) of owner-occupiers) – this represents 2.6% of all households in the area in 2014.

Table 54: Unsuitable housing by tenure and numbers to take forward into affordability modelling (Mid-Mersey)

	In unsuitable housing	Number to take forward for affordability testing
Owner-occupied	4,100	410
Social rented	3,021	0
Private rented	3,271	3,261
No housing (homeless/concealed)	1,935	1,935
Total	12,327	5,606

Source: CLG Live Tales, Census (2011) and data modelling

7.43 Having established the figure of 5,606, it needs to be considered that a number of these households might be able to afford market housing without the need for subsidy, because they could afford a suitable market housing solution. For an affordability test the income data has been used, with the distribution adjusted to reflect a lower average income amongst households living in

unsuitable housing – for the purposes of the modelling an income distribution that reduces the level of income to 69% of the figure for all households has been used to identify the proportion of households whose needs could not be met within the market (for households currently living in housing). A lower figure (of 42%) has been used to apply an affordability test for the concealed/homeless households who do not currently occupy housing. These two percentage figures are based on a consideration of typical income levels of households who are in unsuitable housing (and excluding social tenants and the majority of owners) along with typical income levels of households accessing social rented housing (for those without accommodation). These figures are considered to be best estimates, and likely to approximately reflect the differing income levels of different groups with a current housing problem.

- 7.44 Overall, around two-thirds of households with a current need are estimated to be likely to have insufficient income to afford market housing and so the estimate of the total current need is reduced to 3,804 households in Mid-Mersey. The table below shows how current need is estimated to vary across local authorities.

Table 55: Estimated Current Need

Area	In unsuitable housing (taken forward for affordability test)	% Unable to Afford	Revised Gross Need (including Affordability)
Halton	1,398	71.2%	995
St.Helens	2,013	69.4%	1,397
Warrington	2,195	64.3%	1,411
Mid-Mersey	5,606	67.9%	3,804

Source: CLG Live Tales, Census (2011), data modelling and affordability analysis

- 7.45 CLG guidance also suggests that the Housing Register can be used to estimate levels of affordable housing need. GL Hearn's experience working across the Country is that housing registers can be highly variable in the way allocation policies and point systems work. This means that in many areas it is difficult to have confidence that the register is able to define an underlying need. Many housing registers include households who might not have a need whilst there will be households in need who do not register (possibly due to being aware that they have little chance of being housed). For these reasons, the method linked to Census and other modelled data is preferred.

Newly-Arising Need

- 7.46 To estimate newly-arising (projected future) need GL Hearn have looked at two key groups of households based on the CLGs SHMA Guidance. These are:
- Newly forming households; and
 - Existing households falling into need.

Newly-Forming Households

- 7.47 The number of newly-forming households has been estimated through the demographic modelling with an affordability test also being applied. This has been undertaken by considering the changes

in households in specific 5-year age bands relative to numbers in the age band below 5 years previously to provide an estimate of gross household formation. This differs from numbers presented in the demographic projections which are for net household growth. The numbers of newly-forming households are limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007) which notes after age 45 that headship (household formation) rates ‘plateau’. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with formation of younger households.

- 7.48 The estimates of gross new household formation have been based on outputs from the 2012-based SNPP/household projections to allow for a consistent approach across areas (use of a different projection would not significantly change estimates of the number of new households). In looking at the likely affordability of newly-forming households, data from previous surveys has been drawn on. This establishes that the average income of newly-forming households is around 84% of the figure for all households. This figure is remarkably consistent across areas (and is also consistent with analysis of English Housing Survey data at a national level).
- 7.49 We have therefore adjusted the overall household income data to reflect the lower average income for newly-forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all household average. In doing this GL Hearn are able to calculate the proportion of households unable to afford market housing without any form of subsidy (such as LHA/HB). Our assessment suggests that overall around half of newly-forming households will be unable to afford market housing and that a total of 2,001 new households will have a need on average in each year to 2037 in Mid-Mersey.

Table 56: Estimated Level of Affordable Housing Need from Newly Forming Households (per annum 2014-2037)

Area	Number of new households	% unable to afford	Total in need (per annum)
Halton	857	53.4%	458
St.Helens	1,347	53.0%	713
Warrington	1,756	47.2%	830
Mid-Mersey	3,961	50.5%	2,001

Source: Projection Modelling/Income analysis

Existing Households falling into Affordable Housing Need

- 7.50 The second element of newly arising need is existing households falling into need. To assess this, we have used information from CoRe. We have looked at households who have been housed over the past two years – this group will represent the flow of households onto the Housing Register over this period. From this GL Hearn have discounted any newly forming households (e.g. those currently living with family) as well as households who have transferred from another social rented property. An affordability test has also been applied, although relatively few households are estimated to have sufficient income to afford market housing.

- 7.51 This method for assessing existing households falling into need is consistent with the 2007 SHMA guide which says on page 46 that *'Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless household applicants)'*.
- 7.52 Following the analysis through suggests a need arising from 1,513 existing households each year (ranging from 386 in Warrington to 701 in St.Helens) – this is about 0.7% of all households living in the study area (in 2014).

Table 57: Estimated level of Housing Need from Existing Households (per annum)

Area	Number of Existing Households falling into Need	% of Need
Halton	426	28.2%
St.Helens	701	46.3%
Warrington	386	25.5%
Mid-Mersey	1,513	100.0%

Source: CoRe/affordability analysis

Supply of Affordable Housing

- 7.53 The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need. It is split between the annual supply of social/affordable rent relets and the annual supply of relets/sales within the intermediate sector.
- 7.54 The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. We have used information from the Continuous Recording system (CoRe) to establish past patterns of social housing turnover. Figures include general needs and supported lettings but exclude lettings of new properties plus an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock. Additionally, an estimate of the number of 'temporary' supported lettings has been removed from the figures (the proportion shown in CoRe as being lettings in direct access hostels or foyer schemes (of which there were relatively few in the study area)). Detailed information for the 2011-14 period was studied along with general trends back to 2006/7.
- 7.55 Generally, (and in-line with advice in the PPG) an average level of lettings over the 2011-14 period was used to estimate likely future levels. In St.Helens, the data for 2013/14 looked to be anomalous when compared with other years and so information for the 2011-13 was used in the analysis – levels of lettings in this period look to be in-line with longer term trends. Whilst the CoRe data has been used to estimate likely future lettings, GL Hearn would urge the Councils to monitor numbers in the future, in particular to assess if there is any impact of Right-to-Buy sales on the availability of affordable lettings.

7.56 On the basis of past trend data it has been estimated that 3,192 units of social/affordable rented housing are likely to become available each year moving forward, with a notably higher proportion of these being in St.Helens.

Table 58: Estimate of likely future supply of social/affordable rented housing supply (per annum)

	Total lettings	% as non-new build	Lettings in existing stock	% non-transfers	Sub- total	% non-temporary housing	Total lettings to new tenants
Halton	1,521	94.7%	1,440	62.5%	900	88.8%	799
St.Helens	2,349	96.6%	2,269	66.5%	1,509	90.5%	1,365
Warrington	1,642	92.6%	1,520	73.5%	1,117	91.9%	1,027
Mid-Mersey	5,511	94.9%	5,229	67.4%	3,526	90.5%	3,192

Source: CoRe (numbers may not add up due to rounding)

7.57 The supply figure is for social/affordable rented housing only and whilst the stock of intermediate housing in Mid-Mersey is not significant compared to the social/affordable rented stock it is likely that some housing does become available each year (e.g. resales of shared ownership). For the purposes of this assessment CoRe data has again been utilised for the number of sales of homes that were not new build. From this it is estimated that around 33 additional properties might become available per annum. In addition, an annualised version of the pipeline supply has been included; provided to GL Hearn by the local authorities. The total supply of affordable housing is therefore estimated to be 3,244 per annum.

Table 59: Supply of affordable housing

Area	Social/affordable rented relets	Intermediate housing 'relets'	Net Pipeline Supply	Annualised	Total supply (per annum)
Halton	799	3	156	7	809
St. Helens	1,365	10	82	4	1,379
Warrington	1,027	20	224	10	1,057
Mid-Mersey	3,192	33	462	20	3,244

Source: CoRe (numbers may not add up due to rounding)

7.58 It should be noted that the re-let figure for St.Helens is deemed to be higher than longer term trends unfortunately longer term data for all the registered providers is not available for the borough.

Net Affordable Housing Need

7.59 The table below shows the overall calculation of affordable housing need. This excludes supply arising from sites with planning consent (the 'development pipeline'). The analysis has been based on meeting affordable housing need over the 23-year period from 2014 to 2037. Whilst most of the data in the model are annual figures the current need has been divided by 23 to make an equivalent annual figure.

- 7.60 The data shows an overall need for affordable housing of 10,028 units over the next 23-years (436 per annum). The net need is calculated as follows:

$$\text{Net Need} = \text{Current Need} + \text{Need from Newly-Forming Households} + \text{Existing Households falling into Need} - \text{Supply of Affordable Housing}$$

Table 60: Estimated level of Affordable Housing Need for the Mid-Mersey (2014-37)

	Per annum	23-years
Current need	165	3,804
Newly forming households	2,001	46,032
Existing households falling into need	1,513	34,802
Total Gross Need	3,680	84,637
Supply	3,244	74,612
Net Need	436	10,028

Source: Census (2011)/CoRe/Projection Modelling and affordability analysis (numbers may not add up due to rounding)

- 7.61 The table below shows the annualised information for each local authority. The analysis shows a need for additional affordable housing in all areas with the need being highest in Warrington and lowest in St.Helens – the lower need is largely driven by a high level of supply which should be monitored moving forward.

Table 61: Estimated level of Affordable Housing Need per annum – by location

Area	Current need	Newly forming households	Existing households falling into need	Total Need	Supply	Net Need
Halton	43	458	426	928	809	119
St.Helens	61	713	701	1,475	1,379	96
Warrington	61	830	386	1,277	1,057	220
Mid-Mersey	165	2,001	1,513	3,680	3,244	436

Source: 2011 Census/CoRe/Projection Modelling and affordability analysis (numbers may not add up due to rounding)

- 7.62 As noted previously, the analysis of affordability throughout this report has been based on the assumption that a household spends no more than 25% of their gross income on housing. If this proportion were to be increased to 30% then the analysis would actually show a small surplus of affordable housing across the HMA. This serves to show how sensitive the outputs are to different assumptions, and, also shows that whilst there is a need for additional affordable housing, it is arguably not as substantial as is seen in other locations).

Relating Affordable Need and OAN

- 7.63 The link between affordable need and the OAN is complex and has been subject to a number of recent High Court decisions and also interpretation through advice from the PAS (in the July 2015 – Technical advice note). Below some of the key judgements and guidance have been summarised in Chronological Order.

Satnam Millennium Limited v Warrington Borough Council (February 2015)

- 7.64 In this case, a challenge to the adoption of the Warrington Local Plan Core Strategy succeeded, resulting in the quashing of the Plan's housing provision policies. With regard to affordable housing the judge found that the assessment of full, objectively assessed needs for housing had not taken account of the (substantial) need for affordable housing.
- 7.65 In paragraph 43 of the judgement it is concluded that *'the Local Plan should then meet the OAN for affordable housing, subject only to the constraints referred to in the NPPF, paragraphs 14 and 47'*. This quote has been taken by some parties to imply that the need for affordable housing (as shown in modelling such as within the section) needs to be met in full – for example, if the affordable need is 200 per annum and delivery is likely to be 20% then an OAN for 1,000 homes would be appropriate.

Oadby and Wigston v Bloor Homes (July 2015)

- 7.66 In this case, a challenge by Oadby & Wigston Borough Council to the granting of planning permission through a Section 78 inquiry was dismissed.
- 7.67 The key issue in front of the Judge was whether or not the original inspector's adoption of a figure of 147 dwellings per annum as the full objectively assessed need for housing (FOAN) was sound. In essence the Council's position was that the need was in the range of 80-100 dwellings per annum and that this was a policy-off figure based on the most up-to-date population and household projections. The appellant suggested a need in the range of 147-161 based on long-term migration trends and the needs of the local economy (in terms of matching job growth and housing need).
- 7.68 The Judge's initial conclusion was that he considered the SHMA position (of 80-100 dwellings per annum) to be policy-on. He based this on a recognition that other analysis in the SHMA had indicated a need for 173 dpa to meet economic growth and a slightly lower figure (of 160 per annum) as the affordable housing need.
- 7.69 The uncertainty in this decision is whether or not the FOAN must include all of the affordable housing need. Some of the wording of the judgment would suggest that this was the case with Judge Hickinbottom stating that the assessment of need *'becomes policy on as soon as the Council takes a course of not providing sufficient affordable housing to satisfy the FOAN'*. This however is inconsistent with the more recent judgement in Kings Lynn (below) and also the PAS Technical advice note.

Planning Advisory Service – Technical Advice note (July 2015)

- 7.70 At about the same time as the Oadby & Wigston judgement, the Planning Advisory Service (PAS) published the second edition of their technical advice note on Objectively Assessed Need and Housing Targets – this replaced/updated a version from June 2014.

- 7.71 The consideration of affordable housing need and its relationship to overall housing need is covered in some detail within Section 9 of the document. PAS set out a suggested approach for looking at the relationship between OAN and affordable housing (which is broadly in line with the approach in this report) before going on to consider their own view about the relationship.
- 7.72 They initially suggest that affordable housing is a policy consideration that bears on housing targets rather than OAN and note that they are not comparable because they relate to different meanings of the term 'need'. They also highlight that the OAN relates to new dwellings whereas much of the affordable need relates to existing households, who, when moving, would free up dwellings to be occupied by other households.
- 7.73 They therefore note that there is no arithmetical way of combining the OAN (calculated through demographic projections) and the affordable need before concluding that the affordable need cannot be a component part of the OAN. PAS do however note that their views 'may be' contradicted by the Satnam judgement referred to above.

Kings Lynn v Elm Park Holdings (July 2015)

- 7.74 The final case of reference is Kings Lynn and West Norfolk Council vs. SSCLG and Elm Park Holdings. The case involved the Council's challenge to an inspector's granting of permission for 40 dwellings in a village. Although much of the case was about the approach to take with regards to vacant and second homes, the issue of affordable housing was also a key part of the final judgment.
- 7.75 Focussing on affordable housing, Justice Dove considered the ingredients involved in making a FOAN and noted that the FOAN is the product of the strategic housing market assessment (SHMA) required by paragraph 159 of the NPPF. It is noted that the SHMA must identify the scale and mix of housing to meet household and population projections, taking account of migration and demographic change, and then address the need for all housing types, including affordable homes.
- 7.76 He continued by noting that the scale and mix of housing is '*a statistical exercise involving a range of relevant data for which there is no one set methodology, but which will involve elements of judgement*'. Crucially, in paragraph 35 of the judgment he says that the '*Framework makes clear that these needs [affordable housing needs] should be addressed in determining the FOAN, but neither the Framework nor the PPG suggest that they have to be met in full when determining that FOAN. This is no doubt because in practice very often the calculation of unmet affordable housing need will produce a figure which the planning authority has little or no prospect of delivering in practice*'.
- 7.77 This is an important point, given the previous judgements in Satnam and Oadby & Wigston. Specifically, in relation to Oadby and Wigston he notes that

'Insofar as Hickinbottom J in the case of Oadby and Wigston Borough Council v Secretary of State [2015] EWHC 1879 might be taken in paragraph 34(ii) of his judgment to be suggesting that in determining the FOAN, the total need for affordable housing must be met in full by its

inclusion in the FOAN I would respectfully disagree. Such a suggestion is not warranted by the Framework or the PPG’.

7.78 Therefore, this most recent judgement is clear that an assessment of affordable housing need should be carried out, but that the level of affordable need shown by analysis does not have to be met in full within the assessment of the FOAN.

7.79 The approach in Kings Lynn is also similar to that taken by the inspector (Simon Emerson) to the Cornwall Local Plan. His preliminary findings in June 2015 noted in paragraph 3.20 that “National guidance requires consideration of an uplift; it does not automatically require a mechanistic increase in the overall housing requirement to achieve all affordable housing needs based on the proportions required from market sites”.

Relating Affordable Need and OAN

7.80 The table below sets out the annual affordable housing need as a proportion of the need identified from the demographic-based projections. The affordable need represents 28% of the demographic-need based on the Scenario 1. These figures are however calculated in different ways and are not strictly comparable.

Table 62: Affordable Need as % Demographic-based Projections

Dwellings per Annum	Halton	St.Helens	Warrington	Mid-Mersey
Demographically-based Need	233	466	840	1,539
Affordable Housing Need	119	96	220	436
Affordable as % Demographic-based Need	51%	21%	26%	28%

7.81 The PPG sets out how it expects the affordable housing need to be considered as part of the plan-making process, it outlines in Paragraph 029 that:

“The total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes.”

7.82 The likely delivery of affordable housing on mixed market housing-led developments will be influenced both by affordable housing policies (themselves influenced by development viability evidence), the mix of homes which are delivered and the viability of individual development schemes. Some schemes will not be able to viably deliver policy-compliant levels of affordable housing.

7.83 In terms of what might be delivered as affordable housing we can look at the latest evidence from each of the Councils. In Halton, there is a Core Strategy Policy (CS13) which seeks 25% affordable housing; in St.Helens (Local Plan Core Strategy policy CH2) there is 30% affordable housing requirement and in Warrington the plan adopted in 2014 includes an affordable housing requirement of between 20% and 30%.

- 7.84 Taking this evidence together it can be concluded that provision overall might be expected to be in the range of 20%-30%. This is a working assumption but takes account of the fact that some sites will not be able to provide the full amount of affordable housing sought (e.g. due to size or viability issues), but at the same time, it is possible that some affordable housing is provided through non-S106 sites (discussed in a bit more detail below) whilst it is also probable that viability has improved in the time since each Council's latest viability study was undertaken.
- 7.85 It should be borne in mind that besides delivery of affordable housing on mixed-tenure development schemes, there are a number of other mechanisms which deliver affordable housing. These include:
- National Affordable Housing Programme – this (administered by the HCA) provides funding to support Registered Providers in delivering new housing including on sites owned by RPs;
 - Building Council Homes – following reform of the HRA funding system, Councils can bring forward affordable housing themselves.
 - Empty Homes Programmes – where local authorities can bring properties back into use as affordable housing. These are existing properties, and thus represent a change in tenure within the current housing stock;
 - Rural Exception Site Development – where the emphasis is on delivering affordable housing to meet local needs.
- 7.86 Funding for specialist forms of affordable housing, such as extra care provision, may also be available from other sources; whilst other niche agents, such as Community Land Trusts, may deliver new affordable housing. Net changes in affordable housing stock may also be influenced by estate regeneration schemes, as well as potentially by factors such as the proposed extension of the Right to Buy to housing association properties. Affordable housing can be met by changes in the ownership of existing housing stock, not just by new-build development.
- 7.87 In interpreting the relationship between affordable need and total housing provision, it is important to understand the basis of the affordable housing needs model. As the PPG sets out, the calculation of affordable need involves *“adding together the current unmet housing need and the projected future housing need and then subtracting this from the current supply of affordable stock.”* The affordable housing need does not therefore represent an assessment of what proportion of additional households might require affordable housing. Instead the model considers:
- What need can be expected to arise from both existing and newly-forming household who require financial support to access suitable housing;
 - This is then compared with the projected supply of affordable housing expected to arise from the turnover of existing stock, and affordable housing in the development pipeline.
- 7.88 The affordable housing model thus includes supply-side factors. The net need figures derived are influenced by the current stock of affordable housing and turnover of this. This has been influenced by past policies and investment decisions (at both the national and local levels). Funding mechanisms for affordable housing have influenced past delivery, which in turn influence the need today.

- 7.89 Given that there has been little change in affordable housing stock over the last 15 years, the Private Rented Sector (PRS) has in effect taken on an increasing role in providing housing for households who require financial support in meeting their housing needs, supported by Local Housing Allowance (LHA).
- 7.90 Whilst the PRS does not fall within the definition of “affordable housing”, it has evidently been playing a role in meeting the needs of households who require financial support in meeting their housing need. Government recognises this, and indeed legislated through the 2011 Localism Act to allow Councils to discharge their homelessness duty through providing an offer of a suitable property in the PRS.
- 7.91 Data from the Department of Work and Pensions (DWP) has been used to look at the number of LHA supported private rented homes in Mid-Mersey. As of February 2015 it is estimated that there were over 10,700 benefit claimants in the PRS in the Mid-Mersey area, this is 9% up from the number observed five- years earlier.
- 7.92 From English Housing Survey it is estimated that the proportion of households within the private sector who are new lettings each year (i.e. stripping out the effect of households moving from one private rented property to another) is around 13%. Applying this to the number of LHA claimants in the PRS gives an estimate of around 1,400 private sector lettings per annum to new LHA claimants in the HMA. This figure is derived from claimants rather than households and it is possible that there are a number of multiple LHA claimant households (i.e. in the HMO sector). This serves to illustrate that there is some flexibility within the wider housing market.
- 7.93 However, national planning policy does not specifically seek to meet the needs identified through the Basic Needs Assessment Model through the Private Rented Sector. Government’s benefit caps may reduce the contribution which this sector plays in providing a housing supply which meets the needs of households identified in the affordable housing needs model herein. In particular future growth in households living within the PRS and claiming LHA cannot be guaranteed.
- 7.94 Secondly, and perhaps more critically, it is important to recognise that the model includes needs arising from both new households and existing households. Part of the needs included are from households who might require an additional home, such as:
- Newly-forming households;
 - Those in temporary accommodation;
 - Concealed households; and
 - Homeless households.
- 7.95 But the figures also include needs arising from households who will require a different form of home, but who – by moving to another property – would release an existing property for another household. These households do not generate a need for more dwellings overall. They include households who need to move as they are:

- Overcrowded;
- Coming to the end of a tenancy;
- Living in unsuitable housing; and
- Cannot afford to remain in their current home.

7.96 Such households do not generate a net need for additional homes, as by moving they would release a home for other households. On this basis, these elements of the affordable housing need are not directly relevant to considering overall housing need and housing targets (which are typically measured in terms of net dwellings).

7.97 In considering the overall need for housing, only those who are concealed or homeless would result in potentially an additional need for housing. Numbers of newly-forming households in the modelling are established specifically from the demographic projections

7.98 There is therefore no strong evidence that an uplift to the OAN is needed on the basis of affordable housing need. However, any uplift to the OAN above the demographic baseline would still potentially result in additional affordable provision through increased developer contribution etc.

Comparison with previous SHMA

7.99 This section has provided estimates of the overall need for affordable housing by following the PPG. It is of interest to compare the outputs of this analysis with those in previous affordable housing needs modelling exercises. The last affordable needs modelling was undertaken as part of the SHMA in 2011. The table below compares the outputs of that modelling with the outputs in this report. To ensure consistency some figures from the 2011 SHMA have been adjusted to ensure comparability with this report – notably the current need has been looked at over a 23-year period whilst the committed supply of affordable housing has been excluded.

7.100 The data shows that the level of need suggested in this report is much lower than in the 2011 SHMA. However, it needs to be noted that the methodologies are not directly comparable. In particular, the 2011 report used a survey based method and not just secondary data sources as in this report.

7.101 The key difference between the studies can be seen when looking at estimates of existing households falling into need. The 2011 SHMA put this figure at 2,987 per annum compared with just 1,513 in this report. When considering the methodologies, it seems that this difference is largely explained by the 2011 SHMA picking up a number of households as in need who are moving to (or within) the private rented sector and paying more than 25% of their income on housing – such households are not analysed using the secondary data approach.

7.102 Whilst it is arguable that such households have a need based on the affordability methodology (of not more than 25% being spent on housing) it is also quite probable that these households are choosing to pay a higher proportion on housing and in reality would not be seeking an affordable housing solution. Hence, whilst the 2011 analysis is technically correct it is likely to over-estimate

the actual need for additional affordable homes which is considered to be more in line with the figures emanating from this assessment.

Table 63: Comparison of affordable housing need in this assessment and the 2011 SHMA

	2015 SHMA	2011 SHMA
Current need	165	84
Newly forming households	2,001	2,461
Existing households falling into need	1,513	2,987
Total Gross Need	3,680	5,532
Supply	3,224	3,013
Net Need	456	2,519

Source: 2011 and 2015 SHMA

- 7.103 There is also a difference between the assessments in terms of estimates of newly forming households in need – this is again likely to be due to the different methodological approach (survey vs. secondary data). This assessment has also projected a slightly higher level of future relets.

Need for Different Types of Affordable Housing

- 7.104 Having studied housing costs, incomes and affordable housing need the next step is to make an estimate of the proportion of affordable housing need that should be met through provision of different housing products. The income information presented earlier in this section has been used to estimate the proportion of households who are likely to be able to afford intermediate housing and the number for whom only social or affordable rented housing will be affordable. There are three main types of affordable housing that can be studied in this analysis:

- Intermediate
- Affordable rent
- Social rent

- 7.105 Whilst the process of separating households into different income bands for analytical purposes is quite straightforward, this does not necessarily identify what sort of affordable housing they might be able to afford or occupy.

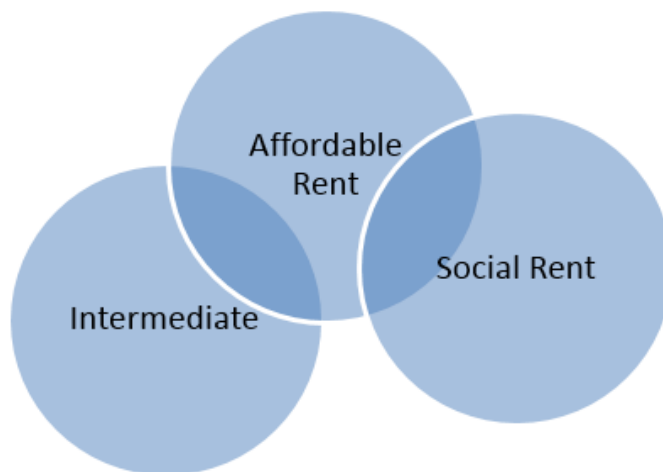
- 7.106 For example, a household with an income close to being able to afford market housing might be able to afford intermediate or affordable rent but may be prevented from accessing certain intermediate products (such as shared ownership) as they have an insufficient savings to cover a deposit. Such a household might therefore be allocated to affordable rented or intermediate rented housing as the most suitable solution. However, GL Hearn would expect that few Registered Providers would build intermediate rented homes, given that the level of potential occupants for affordable rented homes is greater (as it includes households who could claim housing benefit to supplement their incomes).

- 7.107 The distinction between social and affordable rented housing is also complex. Whilst rents for affordable rented housing would be expected to be higher than social rents, this does not necessarily mean that such a product would be reserved for households with a higher income. In

reality, as long as the rent to be paid falls at or below LHA limits then it will be accessible to a range of households (many of whom will need to claim housing benefit). Local authorities' tenancy strategies might set policies regarding the types of households which might be allocated affordable rented homes; and many authorities will seek to avoid where possible households having to claim higher levels of housing benefit. This however needs to be set against other factors, including viability and the availability of grant funding. Over the current spending period to 2015 grant funding is primarily available to support delivery of affordable rented homes. A significant level of affordable housing delivery is however through developer contributions (Section 106 Agreements).

- 7.108 For these reasons it is difficult to exactly pin down what proportion of additional affordable homes should be provided through different affordable tenure categories. In effect there is a degree of overlap between different affordable housing tenures, as Figure 36 below shows.

Figure 36: Overlap between Affordable Housing Tenures



- 7.109 Given this overlap, for analytical purposes the following categories have been defined:
- Households who can afford 80% or more of market rent levels;
 - Households who would potentially be able to afford more than existing social rent levels but could not afford 80% of market rents;
 - Households who can afford no more than existing social rent levels (or would require housing benefit, or an increased level of housing benefit to do so).
- 7.110 The first of these categories would include equity-based intermediate products such as shared ownership and shared equity homes. The latter two categories are both rented housing and in reality can be considered together (both likely to be provided by Registered Providers (or the Council) with some degree of subsidy). Additionally, both affordable rented and social rented housing is likely to be targeted at the same group of households; many of whom will be claiming Housing Benefit. For this reason, the last two categories are considered together for the purposes of drawing conclusions.
- 7.111 We do not have detailed information on households' savings. We have assumed that around a quarter of households with an income which would allow them to afford 80% or more of market

rents would represent the potential market for equity-based intermediate products such as shared ownership and shared equity homes with the remainder needing a rented product.

7.112 Taking the gross numbers for affordable housing need and comparing this against the supply from relets of existing stock, the following net need arises within the different categories. Overall, the analysis suggests around a quarter of housing could be intermediate with the remaining three-quarters being either social or affordable rented. There are some variations by area with a higher potential need for intermediate housing being observed in St.Helens – this is linked to the relatively high estimated future supply of social and affordable rented housing in this area.

Table 64: Estimated level of Affordable Housing Need (per annum) by type of affordable housing

	Intermediate			Social/affordable rented			% inter-mediate
	Total need	Supply	Net need	Total need	Supply	Net need	
Halton	35	3	32	892	799	93	26%
St.Helens	52	10	43	1,423	1,365	58	43%
Warrington	59	20	39	1,218	1,027	191	17%
Mid-Mersey	147	33	114	3,533	3,192	342	25%

Source: Affordable Housing Needs Analysis

7.113 In determining policies for affordable housing provision on individual sites, the analysis in the table above should be brought together with other local evidence such as from the Housing Register. Consideration could also be given to areas with high concentrations of social rented housing where additional intermediate housing might be desirable to improve the housing mix and to create 'housing pathways'.

Housing & Planning Bill

7.114 During the preparation of this report the Department for Communities and Local Government (DCLG) government published Housing and Planning Bill 2015-16 (October 2015). This set out a number of government initiatives which are likely to directly influence the supply and demand for housing and affordable housing.

7.115 Unfortunately, the detail of the Bill is not yet available and is not expected until April 2016 at the earliest. However, in its current version (December 2015) the Bill will introduce a statutory requirement for local authorities to promote the supply of starter homes in England. Starter homes are defined as:

- a new dwelling;
- which is available for purchase by qualifying first-time buyers only;
 - First Time Buyer, Under 40,
- is to be sold at a discount of at least 20% of the market value;
- is to be sold for less than the price cap;
 - £250,000 in Mid Mersey, and

- Is subject to any restrictions on sale or letting specified in regulations made by the Secretary of State.
- 7.116 Starter homes will also fall under the definition of an affordable home. The impact on this on the supply of affordable homes has not yet been determined but could trigger a targeted update of affordable housing calculation once a greater understanding is achieved. The local authorities should also provide reports relating to the provision of starter homes, their form and content and about their timing.
- 7.117 There has also been a number of other initiatives which may impact on the supply and demand for general and affordable homes, although the full impact is yet to be understood. These include:
- **A requirement for social rents to be reduced by 1% for four years from April 2016.** The likely impact of this will be to reduce income for both the local authorities (which have housing stock) and housing associations. This in turn may reduce the LA or RP reinvestment funding and may subsequently reduce the development of new affordable homes.
 - **The extension of the Right to Buy to RP tenants.** Although not enforceable this could reduce affordable housing stock and reduce thus the number of re-lets. Research by Joseph Rowntree Foundation¹² predicts that nationally 8.3% of housing association tenants will be eligible for and could afford the RTB, and that 71% of those will purchase their home over the first five years.
 - **Local authorities to sell high value social housing stock as it becomes vacant.** Whilst the detail of this has yet to be confirmed this is will reduce the number of available properties which are available for re-lets each year. Although it may provide additional funding for smaller affordable properties.
 - **Increasing rent to market rates for social housing tenants earning over £30,000.** This “pay to stay” initiative will ensure those who can afford to pay market rates will do so. However, it may mean that people are more likely to exercise their right to buy thus reducing the stock level of affordable housing.

¹² Understanding the likely poverty impacts of the extension of Right to Buy on housing association tenants. JRF 21st November 2015.

Affordable Housing Need – Summary of the Evidence

- An assessment has been undertaken of the housing needs arising from households who require financial support. This indicates that 436 households across the Mid-Mersey will require support each year in meeting their housing need.
- This shortfall rises as on a year-on-year basis there are 3,860 households across the Mid-Mersey who are expected to fall into housing need; but the supply from turnover of existing affordable homes as well as the annualised pipeline supply is 3,244 properties. In addition, there is a net per annum current housing need across the Mid-Mersey from 165 households.
- The affordable housing need represents 29% of the need identified in the demographic-led projections, based on the 2012-based Household Projections and updated to take account of recent migration data and UPC. There is some evidence of a need for a modest upwards adjustment to housing provision in order to enhance affordable housing delivery.
- A quarter of the identified need for affordable housing (in net terms) could be met through intermediate, equity-based housing products; with the balance requiring social or affordable rented homes. Policies for the mix of affordable housing on new development schemes should take account of this, and viability evidence.
- The types of intermediate housing could include products such as shared ownership or shared equity, although the cost of such products should be carefully considered to ensure they are genuinely affordable – this will need to include consideration of any deposit requirements which may be a barrier to access for a number of households.

8 HOUSING MARKET DYNAMICS AND MARKET SIGNALS

8.1 The NPPF is clear that plans should take account of market signals, such as land prices and housing affordability (Paragraphs 17 and 158). The PPG clarifies this setting out that:

“The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings. Prices or rents rising faster than the national/local average may well indicate particular market undersupply relative to demand.”

8.2 The PPG sets out that studies should assess house prices and rents, land values, affordability, rates of development as well as overcrowding, concealed and shared households. Appropriate comparisons should be made (in terms of absolute levels and rates of change) with trends in the HMA, similar areas and nationally. Paragraph 20 of the PPG (Reference ID: 2a-020-20140306) sets out that:

“A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections.”

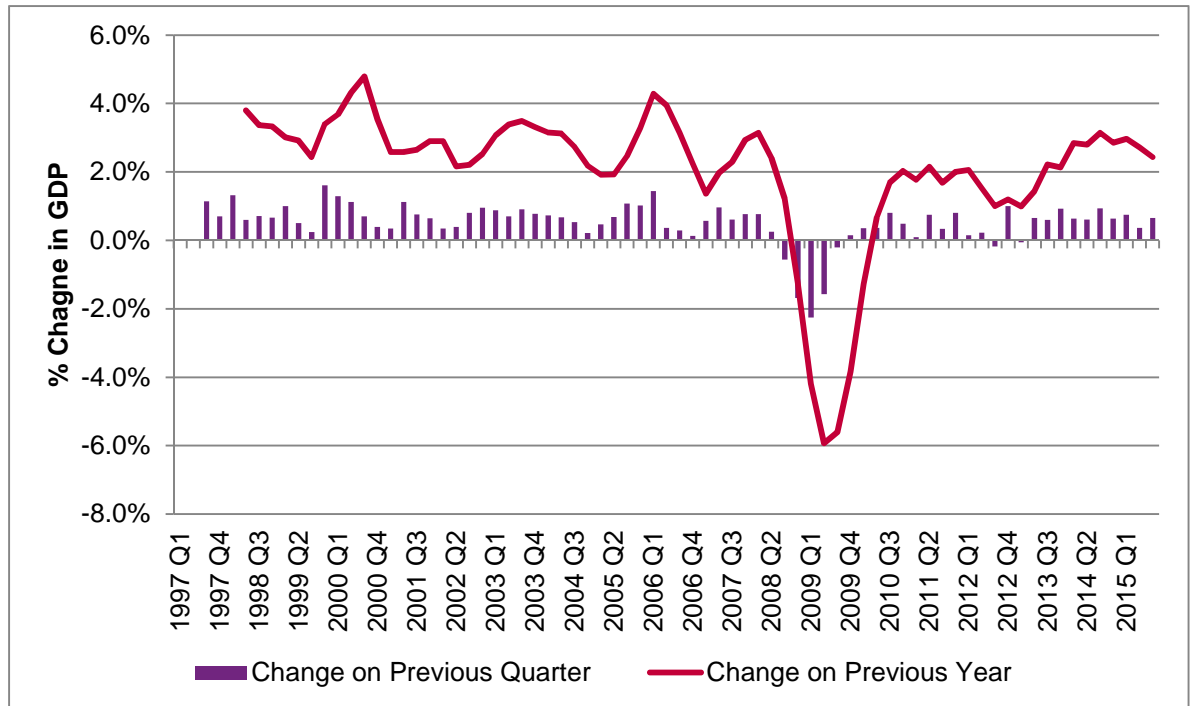
8.3 In interrogating market signals GL Hearn has sought to assess trends over the 2001-11 period as a sound period from which to review the market cycle. More recent trends and current performance have also been considered, to assess whether there is a case for adjusting levels of housing provision (relative to those shown in the projections thus far).

8.4 GL Hearn has sought to analyse the indicators identified in the PPG. However, it is important to understand the drivers behind what has been happening in the housing market in recent years. Therefore, we start this section of the report off by providing an overview of macro-level dynamics.

Macro-Economic Drivers of the Housing Market

8.5 Macro conditions have been a particular driver of housing markets nationally over recent years. Since the initiation of the credit crunch in 2007/8, the economy has gone through a long and deep economic recession, and subsequent recovery. The momentum of economic recovery is now improving with the UK economy out-performing many of its international peers.

Figure 37: UK Economic Growth, 2007-2015



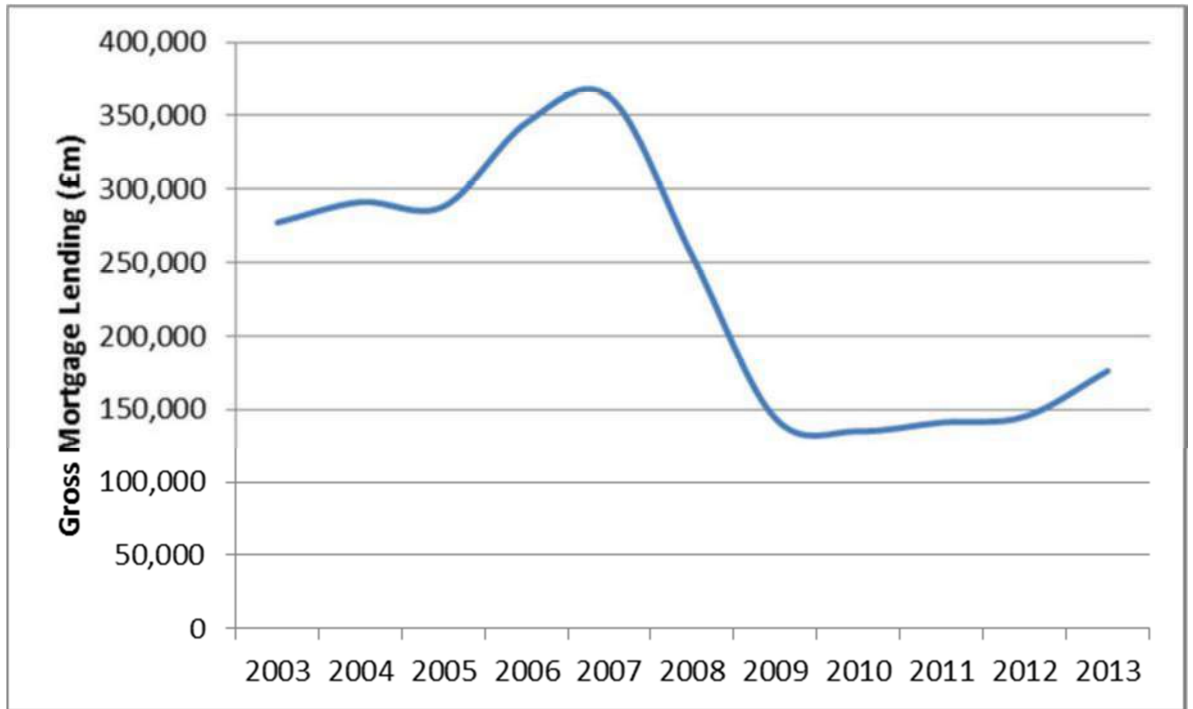
Source: ONS

8.6 The tightening lending criteria initiated by the credit crunch has had an impact on mortgage lending over the last four years, with households’ ability to obtain mortgage finance influencing demand for market homes. Key issues affecting the ability of households and investors to secure mortgage finance are:

- Savings and Capital: the ability to raise a deposit;
- Earnings and Interest Rates: affecting the ability to afford repayments;
- Lending Criteria: key criteria which have to be met to secure finance.

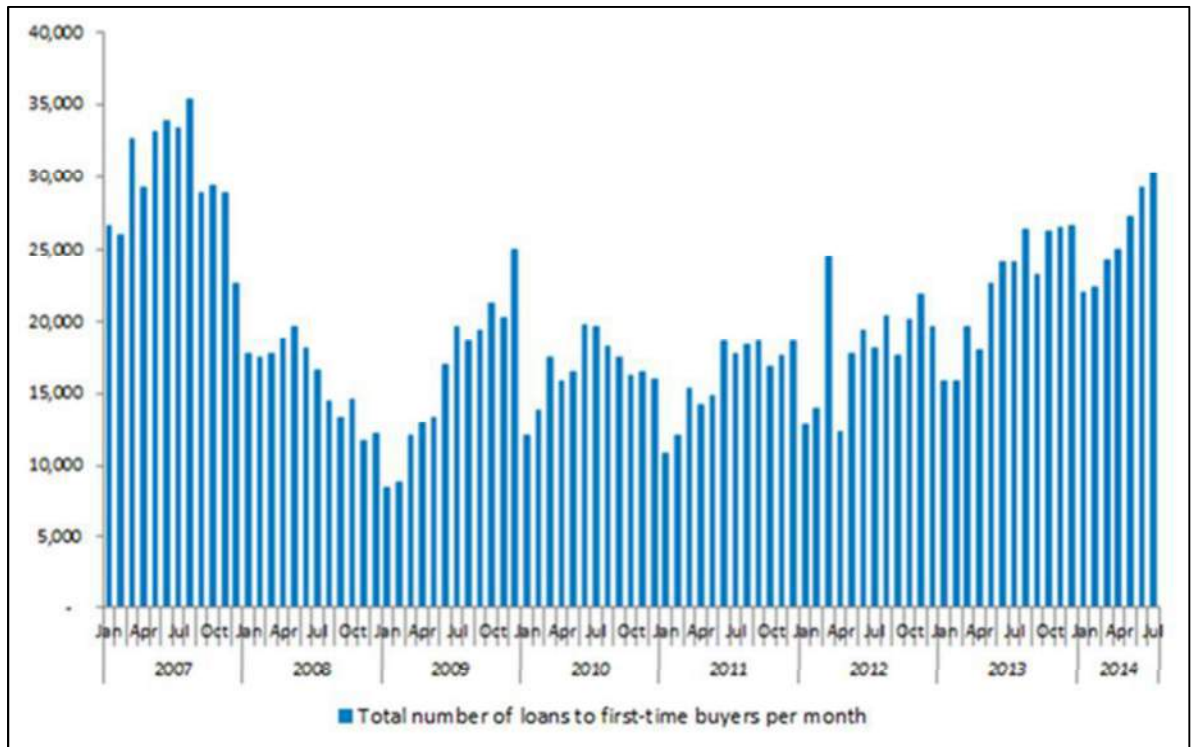
8.7 Whilst lending remains below pre-2007 levels, lending has been increasing over the last 18 months supported by an improving economy and initiatives such as the Government-based Help-to- Buy Scheme. Figure 38 indicates trends in gross mortgage lending.

Figure 38: Trends in Gross Mortgage Lending



Source: Council for Mortgage Lenders 2013

8.8 This trend continues with lending in Q1 2014, according to the Council of Mortgage Lenders (CML), 36% up on Q1 2013. We have similarly seen a recovering trend in First-Time Buyer (FTB) numbers, as Figure 39 shows. The level of savings required to buy a home remains a constraining factor; with average loan-to-value ratios standing in April 2014 at 80% (i.e. the average First-Time Buyer across the UK has a 20% deposit).

Figure 39: First-Time Buyer Numbers

Source: Council for Mortgage Lenders

- 8.9 The typical first-time buyer income multiple in April 2014 was 3.42 times their gross income. Low mortgage interest rates have kept borrowers' payment burden low over recent years.
- 8.10 Market sales are also influenced by investment activity - that is properties bought to be rented privately. The buy-to-let sector continues to grow, with the Council for Mortgage Lenders indicating that the number of new buy-to-let loans in the first quarter of 2014 was slightly up on the fourth quarter of 2013 to 47,000, up 1% on the previous quarter and 46% on the first quarter of 2013. However, as with overall mortgage lending, overall buy-to-let lending remains slightly below pre-2007 levels.
- 8.11 Relating this through to overall housing need, any increase in household formation rates for younger households over the longer-term will be influenced by the availability of mortgage finance (such as lending criteria and deposit requirements), interest rates, and housing costs relative to incomes. The evidence above clearly shows that the credit crunch and subsequent recession has a significant impact on housing market activity, but that the situation is improving. Greater regulation of the mortgage market may however restrict a return to the sorts of lending practices seen at the height of the previous market cycle prior to 2008; whilst in the short-term it seems likely that weak earnings growth will impact on affordability and thus moderate the pace of recovery in demand for market housing.

Market Signals Analysis

House Prices

- 8.12 Across the Mid-Mersey HMA, the average (mean) house price (2014) is slightly under £160,000 whilst the median is £135,000. This compares to a mean of £165,000 across the North West. Of the three local authority areas within the Mid-Mersey HMA mean and median prices in Warrington were above the regional figures; with prices in Halton and St.Helens below the mean and median averages.

Table 65: Average House Prices in Mid-Mersey HMA (2014)

	Median	Mean
Halton	£122,000	£143,398
St.Helens	£120,000	£131,414
Warrington	£156,500	£185,481
Mid-Mersey HMA	£135,000	£159,565
North West	£136,500	£164,529

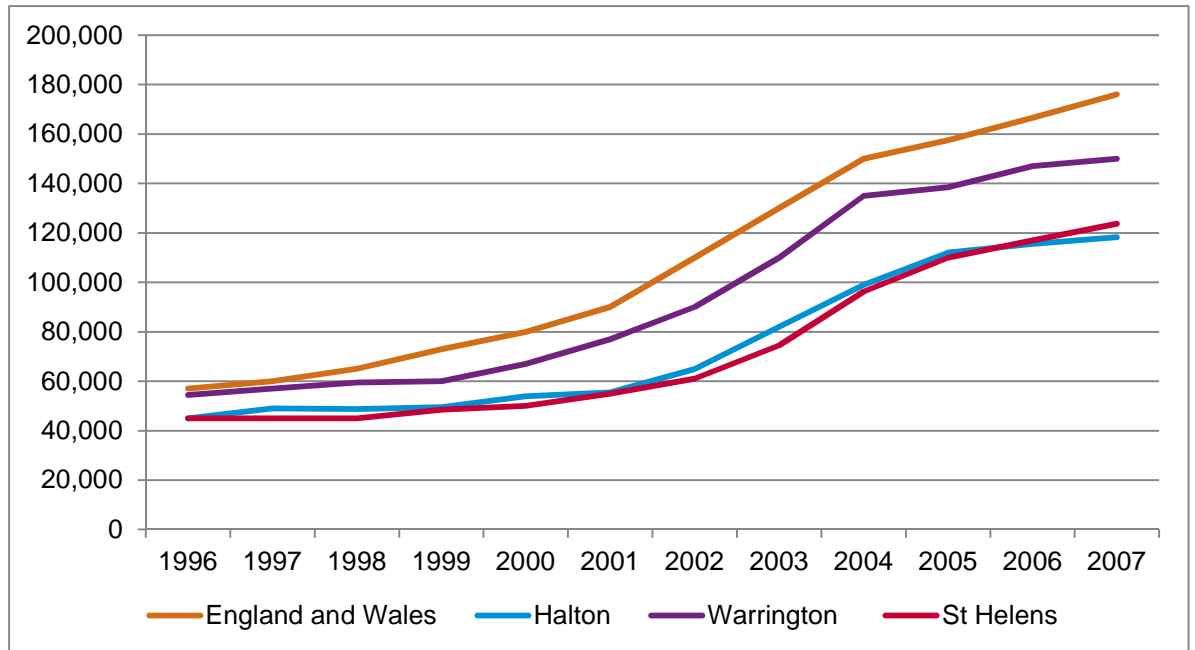
Source: Land Registry Price Paid Data

- 8.13 The Halton sub areas show a significant variance with median and mean prices in Widnes (£135,000 and £160,000 respectively) significantly higher than those in Runcorn (£110,000 and £121,000).
- 8.14 Overall, median house prices (as shown in Table 65) are skewed slightly by the proportion of each dwelling type being sold during this period which reflects the housing stock in each area. The data shows that there were considerably more detached house sales in Halton and to a lesser extent Warrington compared to St.Helens which has a higher percentage of semi-detached and terraced sales. Data on housing cost by each housing type is set out later in this section.

House Price Change

- 8.15 Figure 40 below profiles house prices in the Mid-Mersey Local Authorities from 1996 to 2007 (i.e. the pre-recession decade). This shows that house price levels in the HMA closely followed the national trend over this period.
- 8.16 Over the decade, median prices in Warrington rose by £95,500 to £150,000. While this was the highest actual change, as a percentage change from 1997 prices (175%) it was equalled by St.Helens (+£79,000). Halton had the lowest growth at 163% (£73,000), however it is broadly similar to the other Boroughs in the HMA. The level of growth was considerably lower than England and Wales as a whole (209%) over the same period.

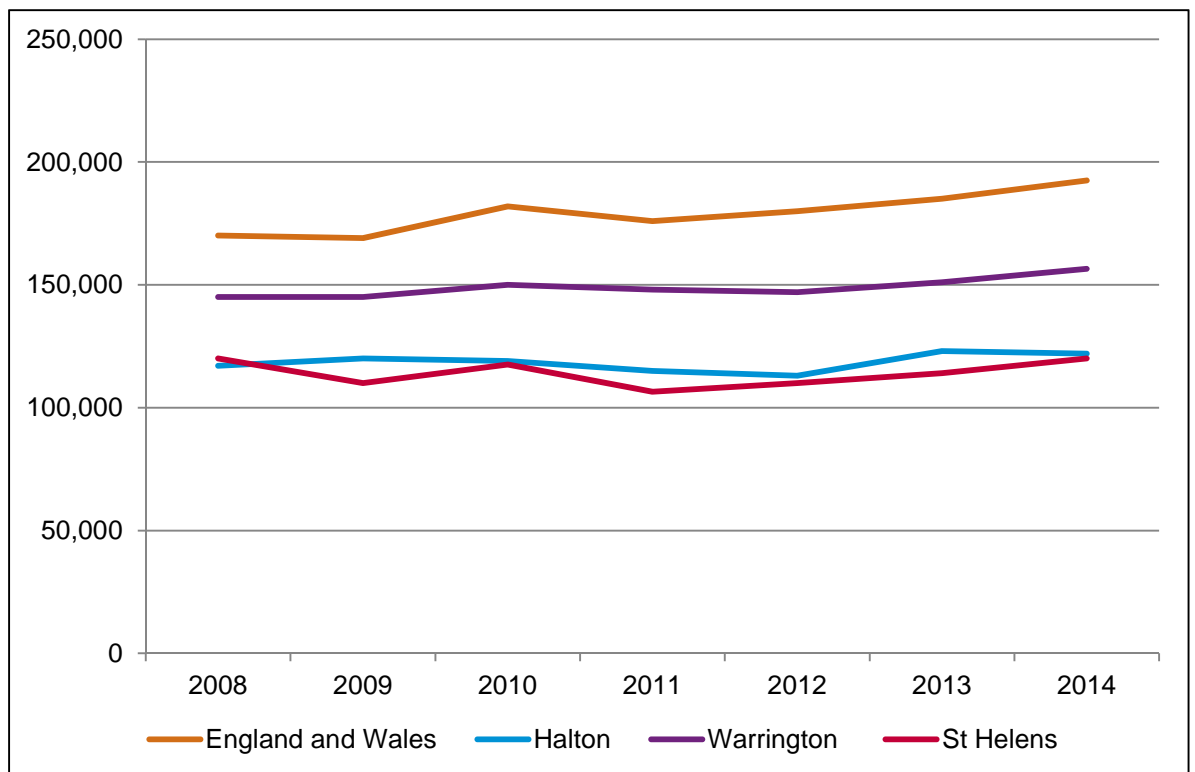
Figure 40: Median House Price Trends (1996 - 2007)



Source: DCLG/Land Registry

8.17 Since 2008, trends in house prices have understandably been very different, reflecting the economic backdrop. Broadly house prices in Halton and St.Helens have remained stagnant, whilst Warrington saw modest growth.

Figure 41: Median House Price Trends (2008-12)



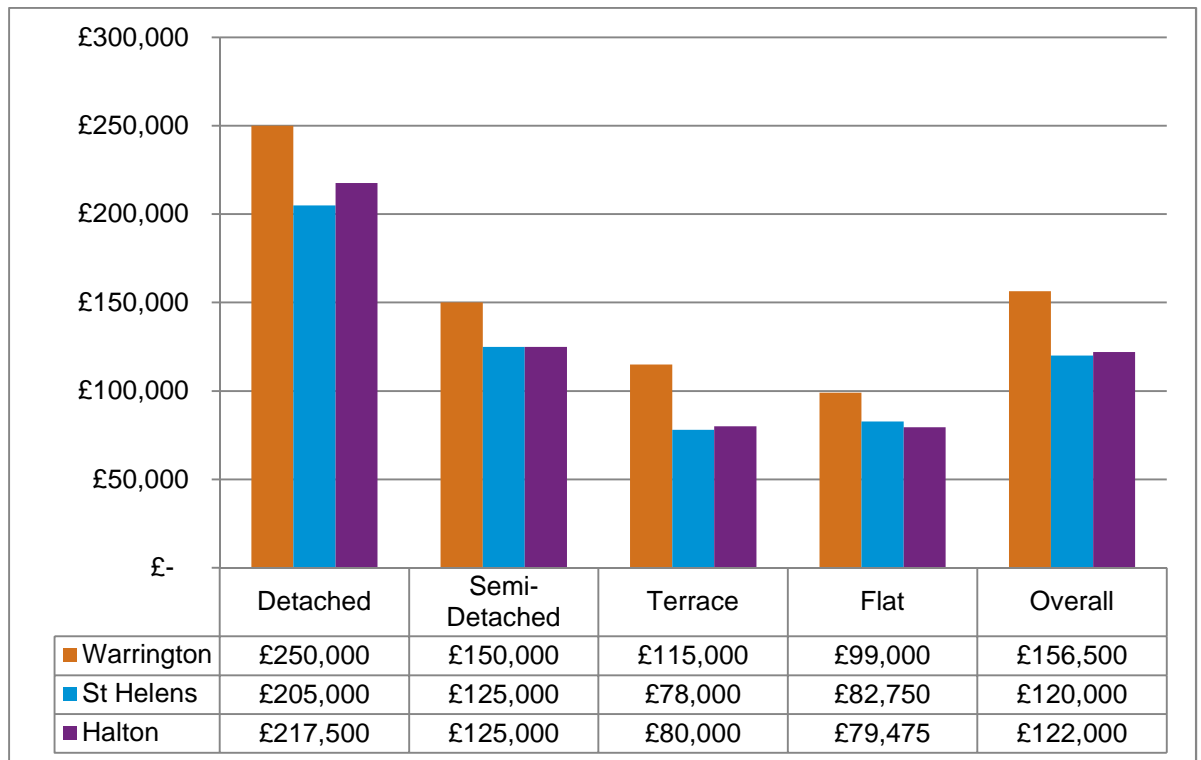
Source: DCLG Live Tables: Land Registry Data

House Prices by Type

8.18 We have also analysed more recent house prices achieved in 2014 in more detail to gain an understanding of the latest dynamics for different property types within the Mid-Mersey HMA.

8.19 Within Warrington the house prices are again highest in each of the larger property types. There is an apparent premium for terraced with the respective difference for this type of property in Warrington wider than each of the other types.

Figure 42: Median House Prices, 2014



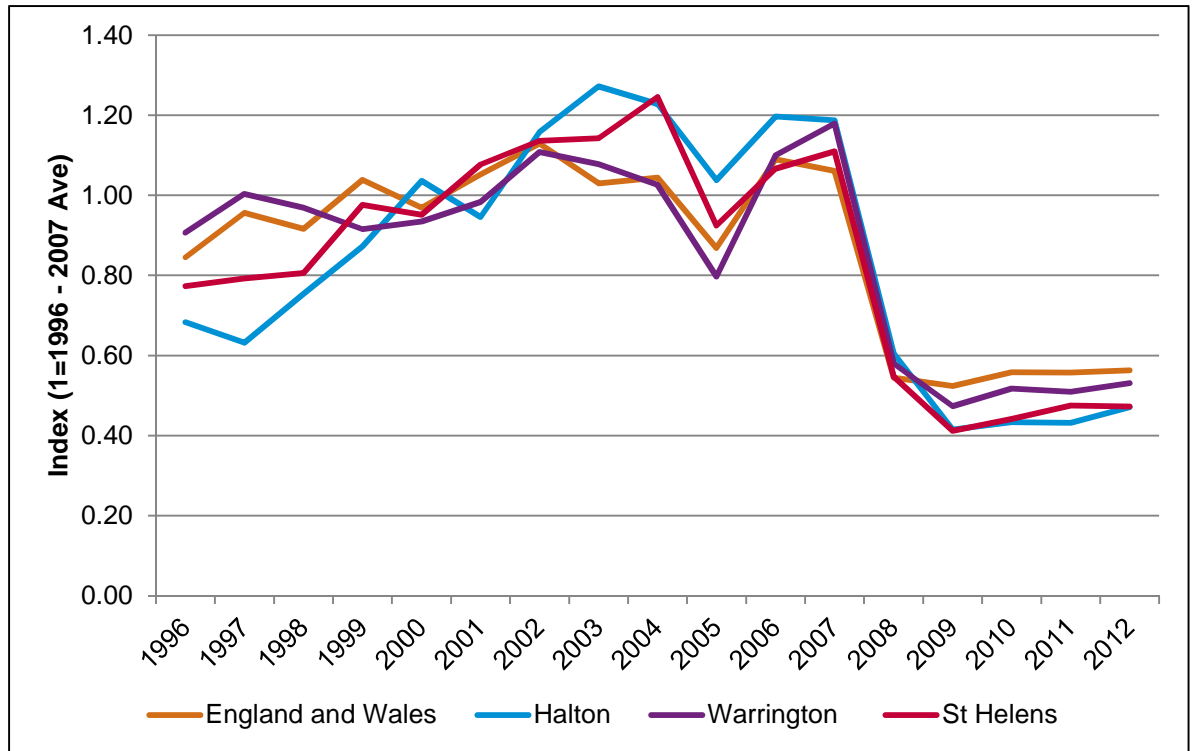
Source: Land Registry Price Paid Data

Sales Volumes and Effective Demand

8.20 Sales volumes are an important indicator of effective demand for market housing. Sales performance has been benchmarked against long-term trends to assess relative demand for market homes for sale. Figure 43 benchmarks annual sales over the period 1998 to 2012. It uses an index where 1 is the average annual sales over the pre-recession decade, 1998-2007.

8.21 As illustrated, sales volumes nationally experienced a significant drop between 2007 and 2008. Between 2008-12 the recovery in sales volumes was very modest and lower than the National recovery although the reduction was greater. The similarity between trends nationally and in Mid-Mersey highlights the influence of macro-economic dynamics on sales volumes at a local level.

Figure 43: Indexed Analysis of Sales Trends, 1998 – 2012



Source: DCLG Live Tables

8.22 Although taken from a separate data set, sales in 2014 across the HMA numbered slightly over 7,000, indicating a notable improvement on recent years (4,600 in 2012), although still well below the pre-recession peak (10,700 in 2007).

Rental Trends

8.23 The median rental value across Mid-Mersey local authorities (as of March 2015) is £492 per calendar month (pcm). These are slightly below the North West average of £500pcm and significantly lower than the England average at £595. Within the Mid-Mersey HMA, the highest median rental price is in Warrington at £525pcm. St.Helens is lowest at £450pcm.

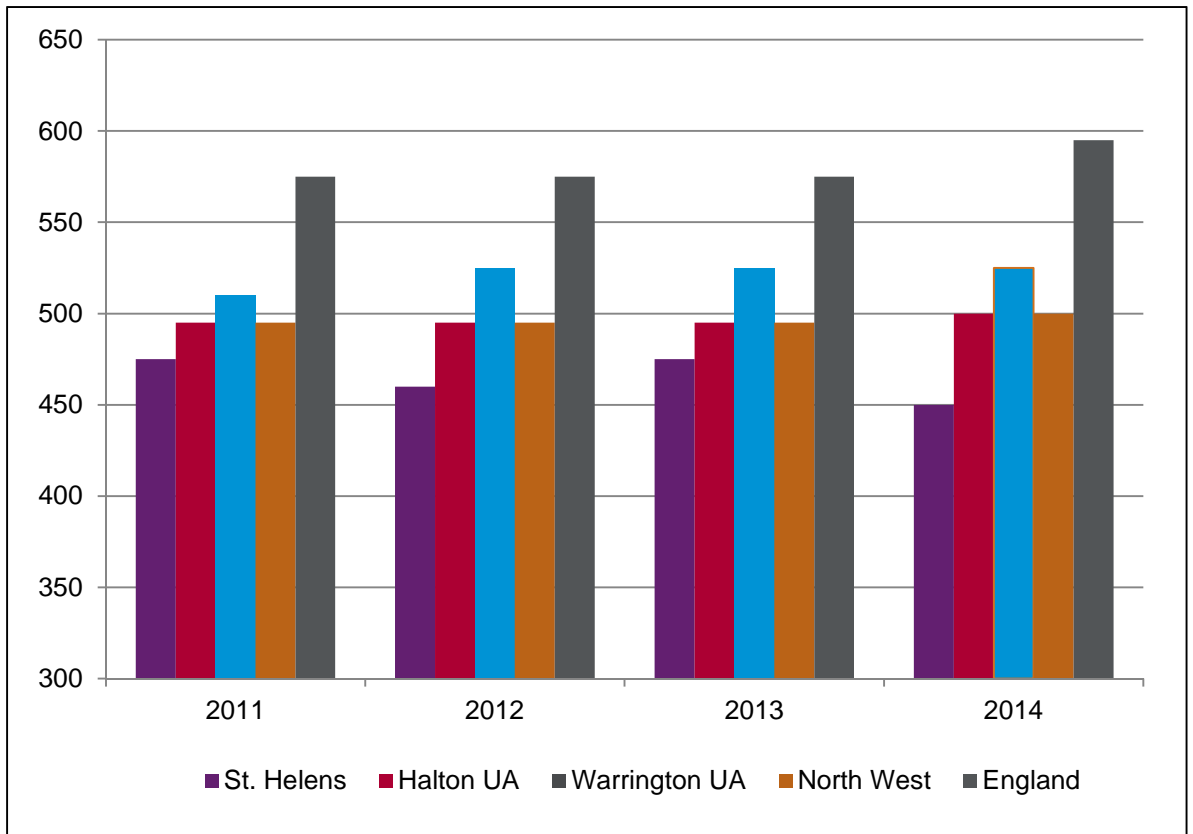
Table 66: Median Rental Prices (March 2015)

	Median
Halton	£500
St.Helens	£450
Warrington	£525
Mid-Mersey	£492
North West	£500
England	£595

Source: VOA Private Rental Data

8.24 Between 2011 and 2014¹³, median rental values in the North West have grown by just over 1.0% and 3.4% across England. Across the Mid-Mersey local authorities, rental prices changed by +2.9% in Warrington to a fall of 5.3% in St.Helens. By comparison rental prices in Halton grew by 1%.

Figure 44: Median Private Rents, 2011-2014



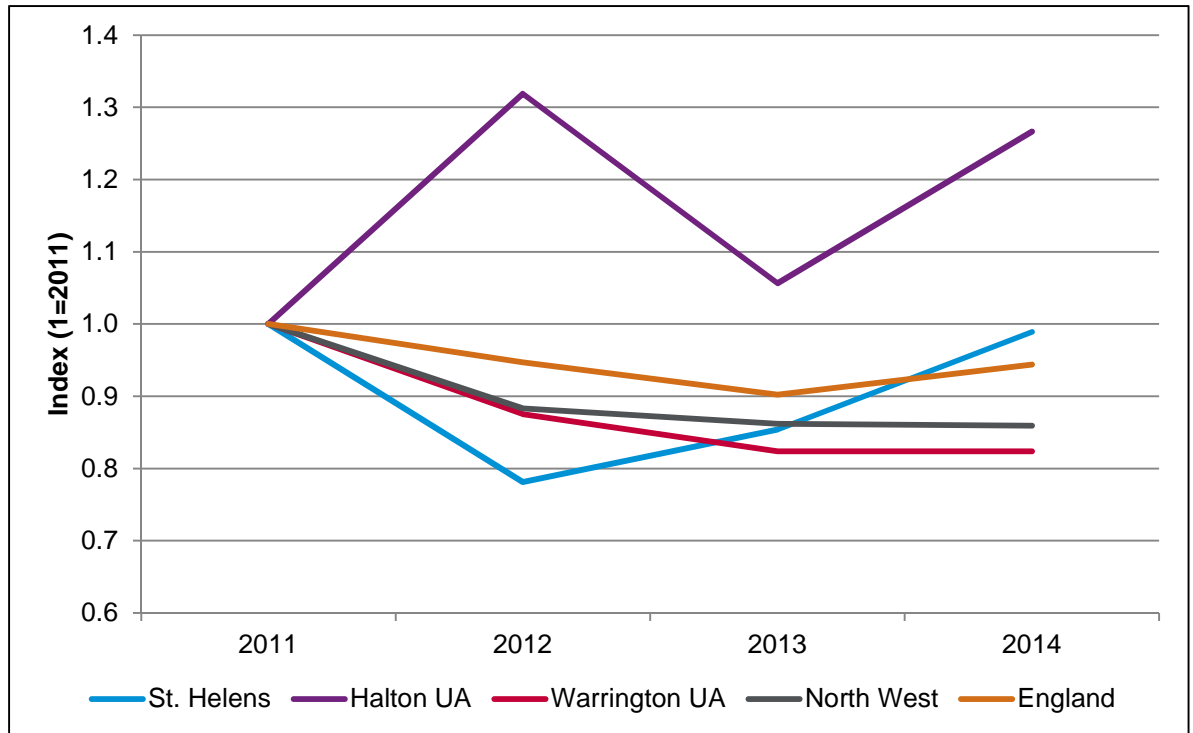
Source: VOA Private Rental Data

8.25 Figure 45 shows trends in the number of rents recorded by the VOA, indexed against September 2011 figures. This shows a general downward trend in the count of rents until May 2013, which is broadly in line with the trend nationally but at a lower level. The exception being Halton where rental transactions have notably increased

8.26 Since this time there has been a notable increase in the number of private rental transactions in the North West with St.Helens and Halton experiencing a particular spike, contrary to the national trend.

¹³ This is the longest period for which trend data is available at a local authority level

Figure 45: Trend in Private Rental Transactions, 2011 - 2014

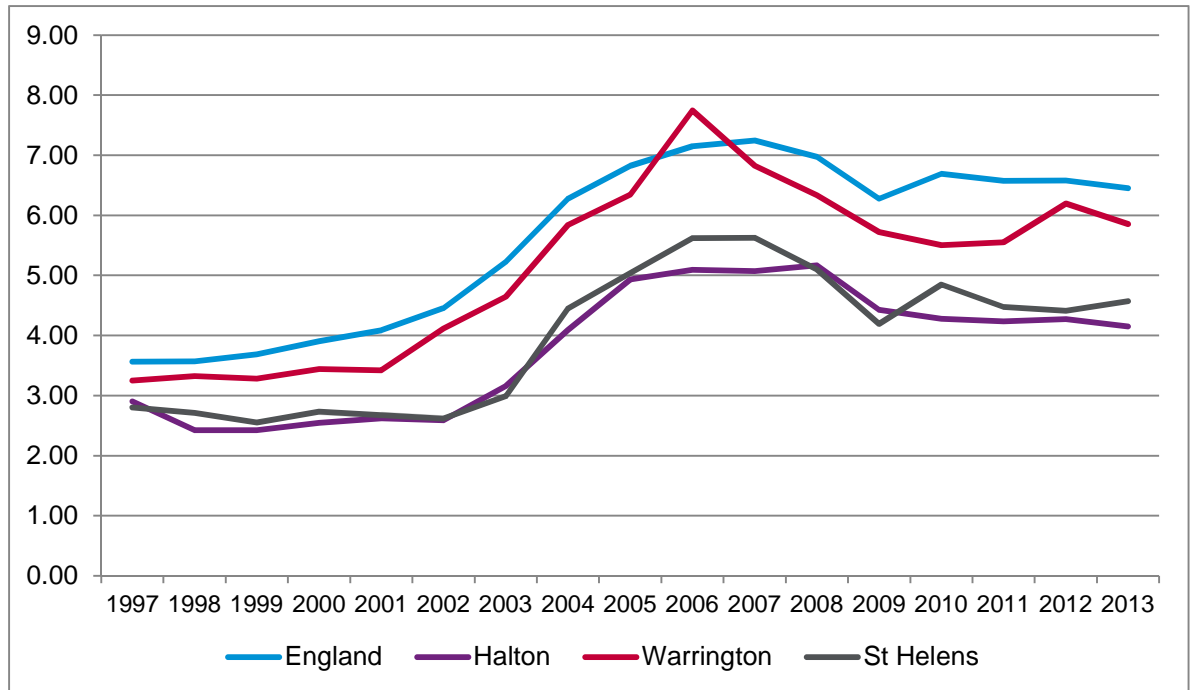


Source: VOA Private Rental Data

House Price-to-Income Ratios

- 8.27 In line with the PPG, evidence of affordability has been considered by looking specifically at the relationship between lower quartile house prices and incomes. Using this indicator, the affordability of market housing for sale has worsened over the past 15 years. Affordability pressures remain an issue nationally although affordability ratios in the Mid -Mersey local authorities are less acute.
- 8.28 Nationally, the ratio of lower quartile house prices to earnings peaked in 2006. It fell modestly over the 2007-9 period. Affordability ratios have since plateaued with current affordability ratios lower than the 2006/07 peak.
- 8.29 The Mid-Mersey local authorities follow the national trend, albeit with a consistently lower affordability ratio, indicating a lesser gap between lower quartile house prices and incomes. Warrington has the highest affordability ratio (at just under 6 times earnings) in the HMA with Halton the lowest (4.15). Arguably market house prices in St.Helens and Halton are manageable compared to the National figures but are still more than 4 times the lower quartile household incomes.

Figure 46: Lower Quartile Affordability Trend, 1996-2013



Source: DCLG Live Tables: Land Registry Data

- 8.30 A combination of long term deterioration of affordability of market homes, restricted access to mortgage products and a lack of social housing supply over the 2001-11 decade has resulted in fewer households being able to buy and increased pressures on the existing affordable housing stock. This has resulted in strong growth in the private rented sector as households are being forced to rent longer.

- 8.31 As illustrated in Figure 47, owner occupation with a mortgage has fallen between 2001 and 2011. However, over this same period there has been a notable growth in the private rented sector (PRS) and those renting from Registered Providers. The growth in PRS and reduction in owning with a mortgage was repeated across the country, although the evidence shows that the issue isn't as pronounced in the Mid-Mersey HMA.

Figure 47: Change in Households by Tenure, 2001-2011



Source: Census 2011 and 2001

8.32 Warrington saw the largest reduction in owning with a mortgage and the largest increase in renting privately. St.Helens was the least impacted by these trends. The reduction in renting from the local authority and increase in renting from a Registered provider can be linked to stock transfers between these groups.

Overcrowded and Shared Housing

8.33 A symptom of the affordability pressures identified above, i.e. restrictions on access to mortgage finance and housing under-supply (which are related to one another (i.e. a reduction in building as there was a lack of available buyers.) has been an increase in overcrowded households, in shared housing, as well as young people living with their parents for longer.

8.34 Across the HMA overcrowding has increased between 2001 and 2011 with 228 more households having at least one fewer rooms than they need (4.5%). This is a trend repeated across the country and Region although the wider areas have been affected more noticeably. Proportionally however overcrowded households have reduced in the Mid Mersey area.

8.35 As per Table 67, Warrington has the largest number of over occupied houses in 2011 although the largest percentage is to be found in Halton. St.Helens actually experienced a decline in the 10-year period to 2011.

Table 67: Changes in Over Occupied Houses (2001-2011)

	2001		2011		Change	
	#	% of households	#	% of households	#	% points
Halton	2,515	5.25%	2,638	4.95%	123	0.23%
St.Helens	3,493	4.80%	3,102	4.10%	-391	-0.52%
Warrington	3,325	4.26%	3,821	4.49%	496	0.58%
Mid-Mersey	9,333	4.70%	9,561	4.46%	228	0.11%
North West	152,248	5.41%	187,816	6.24%	35,568	1.18%
England & Wales	1,510,422	6.97%	1,995,860	8.54%	485,438	2.08%

Source: 2001 & 2011 Censuses

8.36 Table 68 indicates that the amount of people living in shared accommodation¹⁴ increased by 1,300 between 2001 and 2011. This increase was seen both across England and Wales and within the HMA although again at a slightly lower rate. The largest growth was in Warrington where the growth was more in line with the regional figures.

8.37 Overall the number of households deemed as shared homes accounted for around 2.6% of the HMA compared to 4.4% and 3.4% in England and Wales and the North West respectively.

Table 68: Changes in Shared Homes 2001 – 2011)

	2001		2011		Change	
	#	% of households	#	% of households	#	% points
Halton	1,097	2.29	1,416	2.70	319	0.60
St.Helens	1,549	2.13	1,887	2.50	338	0.45
Warrington	1,606	2.06	2,266	2.70	660	0.78
Mid-Mersey	4,252	2.14	5,569	2.60	1,317	0.61
North West	784,745	3.62	1,038,993	4.40	254,248	1.09
England & Wales	76,626	2.72	103,801	3.40	27,175	0.90

Source: 2001 & 2011 Censuses

8.38 This links with the change in tenure across both the country and the HMA which highlights an increase in the amount of people living in rented accommodation.

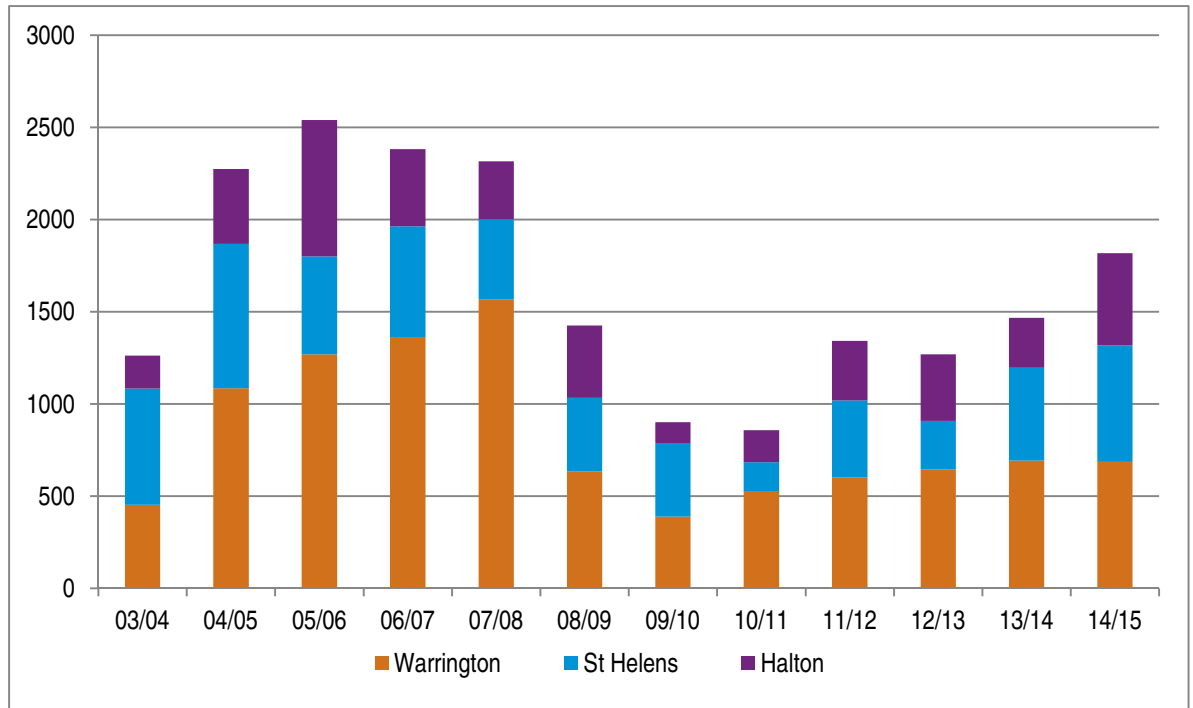
Completions

8.39 Net housing completions over the last decade have also been reviewed. This shows a significant decline in overall completions post-recession. The reduction in new build properties and lack of mortgage availability is likely to have directly influenced demand and therefore house prices and household formation rates.

8.40 Over the period 2003/4 to 2014/15 the average annual completions across the HMA were just under 1,600 dwellings. For Warrington the figure was 840 dwellings (excluding the last year), St.Helens completed around 480 dwellings per annum and in Halton the figure was 350.

¹⁴ Defined in this instance as Other: Other Households i.e. households which feature to non-related adults. This includes HMO's

Figure 48: Completions by Borough (2003/04 – 14/15)



Source: Local Authorities, 2015

- 8.41 At its peak in 2005/6 net housing delivery in Mid-Mersey topped 2,540 but fell to as low as 857 in 2010/11. Completions have increased year on year over the last three years indicating market recovery. However, these are seemingly catering for an internal market, as no correlation between migration and housing completions at a local authority level is evident. In addition, during the stakeholder consultation event for this work. The development industry did seem to indicate that the Mid-Mersey HMA was seen as an importance area for housing growth.

- 8.42 In the 2003/04 to 2014/15 period Warrington delivered 50% of all housing delivery in the HMA, with St.Helens delivering 29% and Halton 21%. While reduced delivery can be an indicator of reduced demand it can also be a constrained by a variety of other factors such as the economic market impacting viability, land supply, labour supply, or lack of raw materials

Market Signals: Implications

- House prices in the HMA are below the national average although Warrington prices are above the regional averages. Prices increased and affordability deteriorated, between 2001-08 – as was the case nationally, albeit at a more pronounced level. However, dynamics since 2008 have been very different with house prices generally stable across the HMA, growing slightly in Warrington and remaining constant in St.Helens and Halton.
- Rents in the HMA are about average compared to the wider region. Although rents in the HMA have generally grown since 2011, this has been below the rate of inflation. And, in St.Helens there was an actual decline.
- The lower quartile house price to income ratio is below the national averages in all three local authorities, it has been fairly stable over the last decade, although over the longer term there has been a notable increase.
- Housing delivery has fallen since 2008, as is the case across the region and nationally. The evidence points to this being a function of effective demand and market circumstances. Market conditions improved in 2014 and GL Hearn would expect completions to continue to pick-up. Sales volumes for market homes remain notably below pre-recession levels.
- Looking at wider evidence, there are some signs of affordability pressures, with the evidence suggesting that over the 2001-11 period the number of people renting increased, as did house sharing and levels of overcrowding (except St.Helens). The evidence however is inconsistent and provides only a modest case for considering an adjustment to housing provision relative to the demographic-led projections

Qualitative Evidence

- 8.43 This part of the report presents the key findings of consultation with estate and letting agents and qualitative research with other stakeholders into housing market conditions within the housing market area (HMA). The aim is to add a local perspective to the study and provide a 'how and why' perspective to support SHMA findings. It describes market dynamics and shortages in supply at the time of the assessment in June 2015.
- 8.44 We have endeavoured to inform the following research questions:
- To what extent does new build housing meet local need?
 - What contribution does the private rented sector make to meeting local need?
 - What local interest is there in self or custom build housing? and
 - What impact does student housing have on the rental markets?

Evidence from estate agents, letting agents and new build on site sales staff

- 8.45 Our findings are based upon 17 face to face interviews with sales and lettings agents based in all of the major towns of the boroughs Halton, St.Helens and Warrington. These interviews provided the perceptions of professionals that service the housing market. Interviews were designed to broadly understand local housing market conditions, trends and drivers, and which parts of the market serve the needs of important groups such as local people, incomers, first time buyers, investors, those on low income and vulnerable people. The research also explores the interfaces between the sales and letting markets and these markets with sub market and affordable housing.
- 8.46 Additional homes are mostly supplied from new build housing. It is important to understand the characteristics of new build housing and households that purchase or occupy it to establish whether the characteristics of this group differ from purchasers of re-sale housing. To inform this GL Hearn interviewed 14 house-builders with on-site sales staff. There were also numerous infill sites being developed local builders, and registered providers, none of which had on site viewing and or sales facilities.
- 8.47 Information was also obtained from staff in the housing options and private rented sector enforcement teams of each local authority.

Rightmove data

- 8.48 Rightmove provides a nationwide searchable database of property currently for sale or rent by estate and letting agents. We have used Rightmove data where appropriate to supplement the evidence from agents and help define an area's re-sale and rental market in terms of price range, property size/type and target market. These data are a snapshot of vacancies and asking prices at the time the fieldwork was undertaken. Prices quoted here will differ from price analysis elsewhere in this report that are based upon agreed prices. It is noteworthy that the data does not include sales and lettings offered by owners not using lettings agents.

General findings from the qualitative research

- 8.49 We present the general findings first then the supporting evidence. This is because the area based evidence that follows is detailed and is sometimes repetitious as some factors are common to more than one local authority.

Overview of the evidence to highlight the key features of the local housing market

- 8.50 Agents told us that in most locations sales volumes were still below 2006 levels. The main exceptions were Lymm and Stockton Heath – both part of Warrington. As a consequence, prices were slow to improve. They commented that news reports of gains in London and the South led to some Mid-Mersey households seeking unrealistically high prices meaning that these homes were slow to sell.

Gaps in supply

- Most resale agents say that there is very high demand for 2 and 3-bedroom family homes at median prices (c£125,000). They are sought after by households seeking to move up from terraced housing and higher income first time buyers. Some agents told GL Hearn about an oversupply of terraced housing in some locations. This was a consequence of an industrial legacy.
- Agents cited local shortages of some other house types. Many agents highlighted unmet demand for bungalows.
- Most letting agents say the crucial gap in supply is of good quality family homes although demand continues to be very strong right across the private rented sector.
- Affordable housing gaps are mainly for 1 bedroom homes. In some local authority areas there is evidence that some demand for larger homes especially maisonettes is reducing as a result of benefit reform.

New build

- Throughout Mid-Mersey, around 80% of sales of new build housing were made to local households. Most incomers were from the Liverpool or Manchester area depending upon the location of the site.
- The majority of sales at the more affordable end of the market have been assisted with Help to Buy. However most second time buyers seeking to upsize would take advantage of part exchange schemes offered by volume house builders.

Investors and first time buyers

- Agents report that there is competition between investors and first time buyers for homes at entry level prices. Although first time buyers avoid dwellings that require major investment.

The private rented sector

- Many landlords that employ letting agents will generally let tenancies to working households that claim top up benefits provided they can provide references, finance a bond and supply a guarantor.
- We asked agents why there was little upward pressure on rents when demand was so strong. We were told that supply was continuing to grow as investors were very active. However, there was an issue about quality and much of the demand arose from existing tenants to secure better quality at a similar price point. This resulted in churn and landlords were pricing to attract and retain tenants rather than suffer losses due to vacancies.
- Landlords are continuing to invest to meet demand and agents stated that an increasing proportion of investors are based in London and the South East. They are attracted by relatively low purchase prices and reasonable returns as they are mostly paying cash rather than financing acquisitions.
- Warrington has the largest number of licensed houses in multiple occupation (HMO) in Mid-Mersey;
- There is no student housing in the private rented sector in St.Helens. A small amount is present in Warrington to support the University of Cheshire's Warrington Campus 2nd and 3rd year students. We were told that there are no immediate plans to increase student numbers;

The evidence by local authority area

Registered Providers and the Homes and Communities Agency (HCA)

- 8.51 The request for information from registered providers coincided with the government's budget of July 2015. There were several measures that affected registered providers including an annual 1% reduction in rents designed to reduce welfare spending. A further proposal is to charge tenants with income over a given level a market rent instead of an affordable rent. As a consequence, all registered providers are revisiting their business plans and financial forecasts as a matter of urgency. Many registered providers have declined to respond to GL Hearn's SHMA enquiries due to the financial re-appraisal workload and uncertainty about future development programmes. A HCA official commented that "the HCA is working with the sector particularly through the Regulator to ensure Boards understand any risks to their business and have appropriate plans in place to manage them and adapt to the changes. It is too early for us to have any knowledge or forecast of local impact.

Halton Borough Council

- 8.52 Resale and letting agent interviews were achieved at Runcorn and Widnes. Other parts of the borough were visited; notably Hale and Ditton to the north of the Mersey and Weston, Castlefield and Norton, south of the Mersey.
- 8.53 Evidence from agents and GL Hearn's observations revealed that Runcorn and Widnes town centres are quite different. Traders on the old part of Runcorn told GL Hearn that the area was failing to prosper in comparison to Widnes town centre but many were optimistic that the Mersey Gateway Bridge, which is under construction will help to revitalise the town by easing pressure on the Silver Jubilee Bridge especially at peak times.
- 8.54 Travel within and around Runcorn is unique with its system of expressways and busways. There is easy access to the M56 (Chester – Manchester) and A56 to Warrington. Widnes too has easy access to Warrington, Liverpool and Manchester via the M62 Motorway.
- 8.55 According to Rightmove, median and lower quartile house prices on a like for like basis are lower in Runcorn than Widnes although the volume of homes on sale is around half that of Widnes. Prices are comparable to those across St.Helens but are lower than those of Warrington. Runcorn agents advised that the market for terraced housing is weak especially for those coming onto the market in poor condition or undergoing forced sale for example due to re-possession. Such dwellings were usually bought by investors at prices between £40,000 and £50,000 at auction.
- 8.56 Runcorn estate and letting agents described a highly self-contained housing market with an estimated 80% to 90% vacancies either bought by or let to existing local households. Agents stated that this was largely due to local employment although higher priced housing would tend to house people who travelled further to work in Warrington or Liverpool. Widnes agents stated that houses below median prices would mostly sell or let to local households but up to 50% of sales of median

price and above vacancies would attract incomers from the Liverpool area. Agents in both towns told GL Hearn that a gap in the market existed for 2 and 3-bedroom semi-detached family homes at up to median prices (c£125,000). The demand was coming from second time buyers seeking to upscale or upgrade. Many of these had been unable to do so because of restricted mortgage lending and lack of supply and were now eager to move home.

- 8.57 Agents in both Runcorn and Widnes spoke of very high demand for private rented sector lettings and that investors were very active in providing additional supply. GL Hearn asked agents to account for their view that locally there was no upward pressure on rents. Agents stated that supply was continuing to grow, however, there was an issue about quality and much of the demand arose from existing tenants to secure better quality at a similar price point. This resulted in churn and landlords were pricing to attract and retain tenants rather than suffer losses due to vacancies. Agents also explained that many landlords would let to tenants claiming housing benefit subject to references and guarantors. Agents perceived that much of the inward investment was now coming from landlords based in London and the South East. They had surplus revenues that enabled them to pay cash for dwellings and build up their portfolios. An agent told of a local builder who had completed a small development and had fully let rather than sold the dwellings as he was seeking to expand his rental business.
- 8.58 There is evidence of current and recent new build housing at Runcorn and Widnes. Recent waterfront development was evident in Runcorn. Recent development appears to be mainly aspirational or executive housing outside the town centres. In Runcorn it was noted that redevelopment had occurred. GL Hearn interviewed a representative of the Seddon Homes 'Mosaic' development in Castlefields. Seddon Homes representative stated that a small number of smaller cheaper homes had been purchased by investors but nearly all of the remaining sales were to local households most of whom were using the Help to Buy scheme. These were a mix of first time buyers or first time movers seeking more suitable housing for their growing families. GL Hearn were unable to obtain an interview at the Keepmoat development Bridgewater Gardens
- 8.59 At the Morris Homes development at Farnworth GL Hearn were told that a higher proportion of sales had been achieved to incomers. These people were attracted to live here because of the generally lower prices found in Liverpool and Warrington. These were house rather than job relocations and people would commute to their place of work. GL Hearn were told that some local schools were regarded as outstanding and this was an important factor for many households.

The private rented sector

- 8.60 To provide a balanced view of the private rented sector GL Hearn asked the local authority private rented sector enforcement team for some further information from the local authority perspective. The Local Authority stated that most segments of the market were present in Halton except there was no student housing, tied housing and married quarters for service families. There are 5 licensed houses in multiple occupation spread across the Borough.
- 8.61 The local authority meets with its landlord forum and published a landlord newsletter twice yearly. There is also a landlord focus group and additional circulars via email. Officers reported an overall positive relationship between landlords and the council. The council runs a landlord accreditation scheme. A very small proportion of landlords have joined the scheme.
- 8.62 The local authority also runs a bond guarantee scheme, which assisted 68 households into private rented sector tenancies in the previous financial year.
- 8.63 The most frequent complaints to the local authority about private rented sector tenancies concern damp and mould.

Social and affordable housing

- 8.64 The local authority transferred all of its council housing to the Halton Housing Trust in 2005. Lettings are made via a choice based lettings scheme called 'Property Pool Plus' which operates across Halton, Knowsley, Liverpool, Sefton and The Wirral. The scheme allows for up to 5% of annual scheme lettings to be offered to applicants' resident in other boroughs. Thirteen housing associations have stock in Halton and only 3 do not participate in the choice based lettings scheme.
- 8.65 Officers report a growing shortage of 1 bedroom homes, a general shortage of accessible housing for older people, people with physical disabilities and those with learning disabilities. It was explained that there had been a shift in demand for smaller units of accommodation. Demand for 3 bedroom houses and 2 and 3 bedroom flats and maisonettes had reduced to the point that some were becoming difficult to let and in some cases applicants were incentivised to take tenancies. Officers added that it was difficult to obtain additional supply of bungalows. The local authority is working with its housing association partners to address the shortage of supply of smaller homes and housing for people with physical disabilities and those with learning disabilities.
- 8.66 Housing options staff works with the private rented sector to secure additional supply. Whilst they do not operate a private rented sector leasing scheme, as noted above, there is a rent deposit guarantee scheme available to applicants threatened with homelessness. A floating tenancy support service is also provided to this group. Around 40% of homeless applications are from private rented sector households with tenancies that are failing or have ended.

Registered Provider – Halton Housing Trust

- 8.67 An officer of the trust told us that there is a shortage of 2 bed houses across Widnes and Runcorn. There is also a shortage of modern good quality/affordable 1 bedroom apartments in Runcorn, possibly more are needed around the new town area and this may be due to the higher concentration of newly forming households.
- 8.68 Welfare reform has had an impact on demand. There has been a decrease in demand for 3 bed homes as evidenced by the housing register and bidding activity. This is due to household that may seek a spare room being unable to afford the rent as it is unsupported by housing benefit. Accordingly, the Trust has altered its development programme to include mainly 1 and 2 bedroom apartments and 2 bedroom houses. The Trust will keep its programme under review on a neighbourhood basis.
- 8.69 We were told that the Trust sees itself very much as a provider of affordable Housing in Halton and currently does not have any plans to move outside the Borough. However, it has established a market rent company that has stock (approximately 130 dwellings) across the North West, with some in the Borough of Halton.
- 8.70 The Trust has reviewed self-build schemes as an option but has no current plans to facilitate this.
- 8.71 The Trust pointed out that it would have to invest a lot of time in a scheme but would not end up owning asset. However, as the Government's drive is very much about home ownership, the Trust would revisit the model to determine if it can help deliver self-build units.

St.Helens Borough Council

- 8.72 Interviews with resale and letting agent interviews were achieved at Rainhill, St.Helens and Newton le Willows. Eccleston and Haydock were visited but no interviews were achieved.
- 8.73 According to Rightmove, median and lower quartile house prices on a like for like basis are similar to prices in the Borough of Halton. Haydock prices are similar to those of St.Helens although the volume of homes on sale is around half that of St.Helens. Newton le Willows has a wider range of prices reflecting a larger proportion of homes for sale with some considerable character.
- 8.74 One re-sale agent described the town of St.Helens as being unique in terms of its location and characteristics. We were told that the re-sale and letting market is highly self-contained with 90% of transactions being made by local households. In terms of characteristics we were told about the industrial past of the town and that the legacy of this was a large proportion of two and three bedroom terraced houses on sale at the time of the survey. Just over 40% of all dwellings on sale at the time of the survey were terraced homes. This is a significantly higher proportion than anywhere else in the study area. We were told that this situation was driving demand for 3 bedroom semi-detached homes from upgraders and they are in short supply. Demand was due to large numbers of households seeking to upsize or upgrade from an apartment or terraced home. Homes priced

around £125,000 (median asking price according to Rightmove) were affordable to many households who had equity in their terraced home. Apartments were proving unpopular with local households due to their service charges, although they were a popular choice for young professional incomers seeking more affordable prices than offered in Liverpool and Warrington. New build apartments were attractive to first time buyers with help to buy. Their town centre location was attractive to young people.

- 8.75 Agents also told us that the high proportion of terraced homes was a factor in the failure of the local market to appreciate in value. There was concern about the condition of some homes. This was suppressing demand from owner occupiers but vacancies were bought up by investors for cash. It was explained that some homeowners had not experienced an expected increase in equity as their home was subject to wall tie failure and dampness and were unable to move on. We asked agents to suggest interventions by the local authority to assist this situation. Agents responded with suggestions such as group repair schemes and renovation grants as a more cost effective solution than demolition. One agent explained another factor preventing increases in value in that housing markets in Knowsley and Prescott were attracting the purchaser with more spending power.
- 8.76 We were told that re-sale prices were slow to appreciate. Sales volumes were low compared to the peak market conditions. One agent told us that this was because vendors had unrealistically high expectations of prices and sales, if achieved could be as much as £10,000 below asking prices.
- 8.77 A specialist letting agency told us that the town's rental market was subject to a serious shortage of 3-bedroom family homes within a rental range of £395 and £650 pcm. This range of prices covered households with and without benefit support. Benefit claimants would be acceptable to landlords not subject to restrictions by their mortgage lender or insurer, provided tenants could provide references and a guarantor.
- 8.78 The letting agent told us that lettings were overwhelmingly to local households who found it uneconomic to re-locate nearer to their place of work in Warrington or Liverpool. The agent said investors from London and the South East found investing in St.Helens was very attractive as they could purchase '6 dwellings for the price of one'. Sales agents confirmed that without these investors sales would be lower in volume weakening the market price. We asked the agent to explain the lack of upward pressure on rents. The reply was that council tax policy and cash flow were strong incentives to retain tenants and minimize vacancy rates. At the same time prospective tenants were becoming more discerning and landlords were responding with competitive pricing.
- 8.79 The agent told us that there had been a small but diminishing market for shared student housing however it was not on a scale that affected supply to individual households or unbalanced neighbourhoods as seen in cities with multiple higher education providers such as Manchester or Liverpool. Further remarks on student housing are found at the end of this chapter.

- 8.80 Agents based in Newton le Willows advised us that the town had a higher proportion of incomers than any other part of the study area. They explained that locational factors such as transport links and the quality of the High Street attracted incomers. Agents told us that re-sale apartments were slow to sell. The main gap in the market was a lack of 3 bedroom semi-detached homes for sale or rent. Rents for such homes were strong at between £500 and £700 pcm and purchasers could expect to pay up to £185,000 for the best ones. One agent told us that there was 'an abundance' of two bedroom terraced homes.
- 8.81 We interviewed a re-sale agent in Rainhill that added little to the survey as the branch had only been open a few weeks. The agent told us that there was a local shortage of housing suited to first time movers who were families.
- 8.82 We came across considerably more housing under construction in St.Helens Borough than anywhere else in the study area. We achieved 2 interviews at Waterside Park, 3 interviews within the town of St.Helens and two interviews at Newton Le Willows.
- 8.83 At Waterside Park (off St.Helens Expressway) we interviewed two volume house builders. Both estimated that 80% of sales were made to local households. Most incomers were from the Liverpool area. Both developers had a mixture of homes available in terms of size and price and there was a multitude of reasons why households were moving. One builder had achieved 60% of sales using help to buy and many apartments and small homes had been bought by first time buyers. One agent highlighted the importance of offering part exchange to close sales with second time movers.
- 8.84 At St.Helens, the Bellway (Beech Gardens) agent estimated that 80% of sales were to local households however due to pricing, 95% of sales were the Help to Buy scheme assisted. The agent qualified that incomers were still relatively local, citing sales to Rainhill residents. She added that people tend to stay within St.Helens and move around within it. The Taylor Wimpey Scheme at Cunningham Grange had achieved 90% of sales to local households with around 70% being the Help to Buy scheme assisted. The agent explained that house types had resulted in pricing that was very attractive to young buyers whether first time buyers or those seeking to upgrade from local terraced housing.
- 8.85 At Rainhill, The Stephenson Grove Development by Countryside development had attracted nearly all sales from a 3-mile radius of the site. The sales agent told us that 70% were the Help to Buy assisted. The developer had anticipated a higher proportion of sales using their part exchange scheme. The agent explained that a higher proportion of first time buyers had bought into the scheme than anticipated because many had spent many years renting because of the credit crunch, they had time to save deposits and were older with higher incomes than the first time buyer would have been in 2006.
- 8.86 At Newton Le Willows sales agent at Morris Homes, College Place development told us that 'most' sales were to local people. The agent cited cases of long distance moving households returning to

the area later in life seeking to be nearer their children to retire and explained that new build was a popular choice with long distance movers. Current homes on offer were mostly small 3 bedroom homes which were popular with downsizers or first time buyers. 50% of homes were the Help to Buy scheme assisted and many of the remainder were assisted with part exchange deals. The Persimmon (Vulcan Park) sales agent expanded upon resale agent's remarks about the uniqueness of the village's location. He explained that the village was close to 3 sub-regional boundaries with easy access to road and rail links to many labour markets. Whilst most sales had been made to households previously living within a 5-mile radius there was some interest from further afield. The proportion of sales assisted with the Help to Buy scheme or part exchange was similar to the Morris homes site.

Social and affordable housing

- 8.87 St.Helens' former council housing is owned and managed by Helena Partnerships. However, there are around 17,000 homes owned by all registered providers operating in the borough.
- 8.88 Lettings are made from a choice based lettings scheme known as the 'under One Roof' scheme. Most registered provider lettings are made using this system that serves the borough only.
- 8.89 We were told that there is a mismatch between the housing stock and the characteristics of households on the waiting list. In broad terms over 50% of the waiting list is made up of single people yet nearly half of the stock is 3-bedroom family homes. There is a shortage of accommodation for single people especially those regarded as vulnerable. Officers told us that welfare benefit reform has resulted in a drastic reduction in demand for 3 bedroom homes and weakened demand for 2 bedroom flats. The response to this is to offer tenancies to working households. Some houses have been converted into apartments.
- 8.90 Officers estimated that around 45% of homeless cases accepted for housing came from private rented sector tenancies. The council operates a rent deposit bond guarantee scheme to support eligible private rented sector tenants. The Council does not lease dwellings from the private rented sector. Private rented sector landlords can advertise vacancies within the Under One Roof Scheme but little use of this has been made by landlords.

Warrington

- 8.91 In addition to agents based in the town centre we achieved interviews at Culcheth, Fearnhead/Birchwood, Lymm, Great Sankey and Stockton Heath. These areas were chosen to represent the diversity of Warrington's housing market. Interviews were mostly focused on re-sale housing as letting enquiries tended to be managed centrally. Whilst large volumes of recent new build are evident we came across few sites under construction with on-site sales staff. We noted several sites near to the Manchester Ship Canal (MSC) that were in the early stages of construction.
- 8.92 Agents in Culcheth told us that there were two sub markets within the village with quite different characteristics. One area has mainly lower prices housing where social housing and former social

housing is evident. Here most sales and lettings are made to local households. However, the other area is higher priced housing which attracts a lot of interest from Manchester based households who re-locate here to escape the City and to place their children in high performing local schools. Most of these households continue to be employed in Manchester and commute there. Agents told us that there was an acute shortage of bungalows. They described a situation where aging residents were seeking to downsize locally and remain members of the local community. Although there are bungalows in the housing stock, few become vacant and vacancies sell quickly. Agents also told us that there is considerable demand for smaller homes from younger households who can afford to pay more than average prices found south of the M62, citing Fernhead as an example.

- 8.93 Birchwood re-sale vacancies are managed by agents based at Culcheth and Fearnhead. Both agents told us that the proportion of incomers was relatively high at 40% of re-sale transactions. As previously mentioned this is partly due to interest from Manchester residents. However, the other main driver is employment led by the scale of employment in the nearby business parks. Agents told us that most enquiries were from Manchester households seeking to relocate although only a proportion actually purchased housing. We were told that investors are particularly active in the Birchwood area and will pay up to £100,000 for suitable property for which there is considerable demand from younger households unwilling or unable to buy. Some are reluctant to buy as they are seeking rapid change in their career paths. The agent noted that many investors are Knutsford or Macclesfield based. These are cash buyers.
- 8.94 The Fernhead agent told us that demand from younger people and small families is greatest but established households seeking to upsize to 4 bedroom homes tend to leave. This is because the range of housing in the area is limited by type and price. Young families and first time buyers find resale housing affordable but few larger homes are available. Maximum prices are £280,000 and vacancies are rare. Young families are attracted by local employment, prices cheaper than Manchester and Liverpool and the ability to commute to these cities. The reputation of local schools is an important factor in their decision to re-locate here. We were told that bungalows are in very short supply. Recent vacancies sold as soon as they came on the market and were not even listed on Rightmove as they were snapped up by local households. The agent drew attention to a local factor that was suppressing demand. We were told that some dwellings in the area are leasehold and that some potential customers are reluctant to purchase dwellings due to the balance of a 125-year lease granted in 1946.
- 8.95 Agents in Great Sankey spoke about the advantages of this residential area that attracts and retains residents. He said that the excellent local high school was an important factor. He estimated that around 25% of transactions were incoming households mostly from Manchester and Liverpool. The agent described large volumes of households that would commute to these cities and beyond with easy access to the M6, M56 and M62. He cautioned that the development of the Omega Site would place further strain on these motorways and this may have a negative impact on the residential area. We were told that prices had recovered their losses since the credit crunch

however volumes were a problem. He cited 3 recent agreed sales that had fallen through because households were unable to find suitable vacancies. These were households seeking to upsize and the agent told us that the most apparent gap in the local market was for 4 bedroom detached homes.

- 8.96 We obtained an interview with an agent based in the village of Lymm. Rightmove data suggests that this village has the highest median prices of all parts of Mid-Mersey. It also had the largest number of premium residences on sale. 10 dwellings had asking prices of over £1m, the highest being £3.8m. This large village is to the east of Warrington with easy access to the M6 and M56. The agent explained that this attracted many incomers – as much as 50% of sales were to incomers especially for the more expensive property. They were also attracted by the character of the village centre with its shops, bars and restaurants and outstanding local schools. Incomers were typically high income managers and professionals many of which would work in Manchester or Liverpool, notably BBC workers based at Salford. There was evidence of other long distance re-location citing households from Cornwall, Wiltshire and London. Re-sales were also popular with households seeking to retire. The agent told us that there was a severe shortage of 3 bedroom semi-detached houses and bungalows.
- 8.97 At Stockton Heath re-sale agents told us that market conditions differed north and south of ‘the water’ (the Manchester Ship Canal). South of the canal, Stockton Heath and Lower Walton were described as locations that people aspired to. Agents pointed out that the character of the area was comparable to other high value areas nearby notably Lymm and Altrincham and each destination would fall into an area of search for households able to afford local prices. Rightmove data supports this however as this is part of the Warrington urban area there were fewer premium residences on the market and due to the diversity of the housing stock, median prices are lower than Lymm. However, prices are significantly higher than elsewhere in Warrington Borough with the exception of Lymm. An agent cited examples of households moving from larger homes elsewhere in Warrington to live in this location. The agent estimated that around 40% of sales were to higher income incomers seeking executive and premium market homes. Agents told us that there was a shortage of 3 bedroom semi-detached homes priced between £200,000 and £400,000. This was to service the needs of higher income second time buyers who needed to upsize and or re-locate. Any that come onto the market sell very quickly and asking prices are mostly achieved. Investors were finding it attractive to buy smaller homes and would pay up to £200,000 and achieve an adequate return as rental values were high in this area. We were told that prices had now exceeded pre credit crunch levels and that sale volumes were improving steadily.
- 8.98 Agents told us that north of the water but south of the town centre, prices were in reach of first time buyers and apartments had proven popular with this group. A higher proportion of purchasers were local residents. There was also terraced housing for those not seeking apartments, some of whom would have children and be seeking to leave private rented property.

- 8.99 Resale agents in Warrington town centre mostly concentrated on town centre rather than borough wide re-sales as many were multi branch agencies. They told us that the proportion of incomers was high especially into the apartment market. They explained that move on housing from apartments can be problematic. Although there are many 2 bedroom terraced homes surrounding the town centre, the moving household is in competition with investors for homes up to £85,000. There is a shortage of 3 bedroom homes. For example, east of the town centre in Latchford however some of this demand is being met by new build housing in this area. Incomers are typically young professionals who are attracted by Warrington Prices, the ability to commute to their place of work if they are not employed in Warrington and the night time economy. There was some evidence of second homes in this market. We were told that some employees found it convenient and economical to rent or buy small apartments for occupation during the working week rather than commute on a daily basis.
- 8.100 There are many independent letting agents servicing the town of Warrington's private rented sector. The multi branch agencies base their lettings business in town centre locations. We interviewed both. The town centre independent agent told us that there was a very active apartment market which was mostly employment driven as described above for the re-sale market. Tenants would be those not able to or seeking to buy. Some tenants would be working for large employers and expect to re-locate frequently as their career progresses so home ownership is not an option. There is also considerable demand for houses in and around the town centre. Around 30% are occupied by tenants claiming housing benefit. A further feature of this market is young professionals from India working in the IT sector and Polish and other Eastern Europeans working in manufacturing or service industries.
- 8.101 Multiple agencies told us that in some parts of the borough there were particular shortages of 2 bedroom homes for first time renters and 3-bedroom better quality homes for upgraders.
- 8.102 Both agents told us that prices were stable and there was little upward pressure on them. We questioned both agents on this as all of the evidence points to high levels of demand. Agents told us that this is because the market is very competitive and is subject to a great deal of churn as renters seek the best quality housing they can afford. Most tenants negotiate on price and other incentives such as décor and a small concession on rent will often be the deciding factor. Also landlords seek to retain tenants rather than suffer rental losses, council tax liability and fees due to vacancies so generally do not seek rent increases when a tenancy is renewed.
- 8.103 We visited a number of new build sites in Warrington. David Wilson Homes have new homes on sale at Walton Lock. The sales agent found it difficult to generalise about the pattern of sales as the scheme consisted of apartments and houses and the agent explained that the customer for each is different. Apartments face the Manchester Ship Canal and most of these were sold to local first time buyers using help to buy. The two and three bedroom houses were sold mainly to local first and second time buyers who were mostly young professional households with children. Both houses and apartments attracted incomers especially from Liverpool and Manchester.

- 8.104 We interviewed senior managers from Square One Homes at their Kingfisher Square Development near Bruche Park WA1. This company specialises in low cost home ownership with prices from
- 8.105 £70,000 with the Help to Buy scheme available. Managers were anticipating a meeting with Homes and Community Agency Officials and were hoping to partner with registered providers in future schemes. These are small contemporary one and two bedroom homes. They have design features that reduce the cost of ownership though hard landscaping and solar energy that minimize service charges. All enquiries and sales to date had been to first time buyers previously resident in the immediate surrounding area.

The private rented sector

- 8.106 To provide a balanced view of the private rented sector we asked the local authority private rented sector enforcement team for some further information from the local authority perspective. We were told that most segments of the market were present in Halton except there was no tied housing and married quarters for service families. There are 37 licensed houses in multiple occupation spread across the Borough. The council has introduced Article 4 directions in 2 small areas, one of which is a conservation area but we were told that no more were planned.
- 8.107 The local authority meets with its landlord forum every 6 months. Forum meetings are used as part of the consultation process with landlords. Topics for discussion include changes in legislation or council policy, new products and welfare reform. Officers reported a generally positive relationship between landlords and the council. The council runs a landlord accreditation scheme jointly with Cheshire East and Cheshire West Councils. A very small proportion of landlords have joined the scheme.
- 8.108 The local authority also runs a bond guarantee scheme offering support for 12 months.
- 8.109 The most frequent complaints to the local authority about private rented sector tenancies concern damp and mould, defective boilers and reporting of suspected HMOs.

Social and affordable housing

- 8.110 The local authority transferred all of its council housing to the Golden Gates Housing Trust. Lettings are made via a local choice based lettings scheme called 'Chooseahome'.
- 8.111 More detailed information on supply and demand imbalances was requested. As mentioned previously the information was not made available to us because of the peak in workload placed on registered providers by the Governments budget 2015. The Council plans to construct 54 x 2 bedroom apartments for the over 55s in Penketh on the site of a former care home.
- 8.112 Housing options staff work with the private rented sector to secure additional supply. Whilst they do not operate a private rented sector leasing scheme a bond guarantee scheme available to applicants threatened with homelessness. A floating tenancy support service is also provided to this

group by third sector providers. Around one 5th of all statutory homeless applications are due to private rented sector tenancies that have failed or ended.

Registered providers

- 8.113 The Golden Gates housing trust provided additional information. An officer told us that there is a critical shortage of 2 bedroom houses in Warrington and that there is a limited supply of all types and sizes of social housing south of the Manchester Ship Canal.
- 8.114 Recent benefit reforms meant that benefit dependent single person households would struggle to have enough money to live independently and demand for single person accommodation for those under pensionable age had weakened. There was still demand from pensioner households. Benefit reform had also resulted in less demand for larger family homes.
- 8.115 We were told that there is very little development in the pipeline. Currently there are 18 two bedroom homes under construction. Plans for around 130 new homes within Warrington are under review due to announcements in the Government's summer 2015 budget. Self-build homes were not envisaged by the housing association.
- 8.116 The officer told us that it was too early to assess the impact of the Governments proposal to extend the right to buy to housing association tenants, but pointed out that the majority of their tenants retain the right to buy as they were council tenants at the time of the transfer to Golden Gates Housing.

Student Housing

- 8.117 We interviewed officials from the University of Cheshire Warrington Campus and the St.Helens College of further education (FE).
- 8.118 University estate officials told us that that the university normally accommodates all first year students on campus within the 360 bed spaces provided by the university. Second and third year students find private rented sector accommodation which is mostly shared. Some second year students are on work placements and do not attend university which reduces the demand for private rented sector bed spaces below the number of enrolled students. The university works with around 60 registered landlords which accounts for around half of the bed spaces required. The other half are accommodated in unregistered accommodation or have no accommodation requirements. Officials told us that the university had a long term aim of becoming larger but were not aware of immediate plans for growth. They commented that teaching capacity and workspace would need to be addressed first. Officials explained that the university had close links with the further education (FE) colleges in Warrington but understood their student housing requirements to be minimal.
- 8.119 St.Helens College is a FE institution. Officials told us that a long term trend of students being local to St.Helens meant that the college had student accommodation that was no longer needed. It had

sold its student accommodation recently and told us that there was little demand for student housing in the private rented sector.

- 8.120 Local estate agents to both institutions told us that the scale of student housing meant that there was no undue pressure on the housing market.

Implications of Market Signals

- 8.121 There has been a fundamental shift in housing market conditions nationally since 2007, particularly in relation to confidence and credit availability. Housing market conditions have been relatively stable over the past few years but sales market activity has been low. House prices have remained fairly constant during this period. Sales volumes have begun to improve over the last 18 months as confidence starts to return to the market.
- 8.122 Housing costs in Warrington, for both purchasing and renting, are generally higher than the wider comparators with those in St.Helens and Halton below it. Affordability pressures across the HMAs are not as severe as the national or even regional picture. The affordability of lower quartile market housing is on average around five times the equivalent earnings. There continues to be constraints on access to mortgage finance, such a ratio is likely to preclude many from entering the property market without a significant deposit.
- 8.123 As a part-result there has seen a shift in the tenure profile across the HMAs - with a reduction in the number of homeowners with a mortgage or loan and a similar growth in the Private Rented Sector. We have also seen increased levels of people living in shared and overcrowded households.
- 8.124 Overall, the analysis of market signals points to some affordability pressures in the HMA although not as bad as that seen in the wider comparators. However due to the increases in shared ownership and to meet the needs of concealed and homeless households some upward adjustment to assessment of housing need may be required. This is in line with Paragraph 20 of the PPG which sets out that:

“In areas where an upward adjustment [to the assessment of housing need] is required, plan makers should set this adjustment at a level that is reasonable. The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (e.g. the differential between land prices), the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be.”

- 8.125 However, the PPG does not set out how such an adjustment should be quantified. It simply sets out that it should be ‘reasonable.’ Over the last year or so different inspectors have taken a range of views on this matter, including.
- Mendip (October 2014) – *‘these findings indicate that trends in Mendip sit fairly comfortably alongside county, regional and national trends and do not, therefore, justify an upward adjustment of the housing numbers that came out of the housing projection’*
 - Eastleigh (November 2014) – *‘It is very difficult to judge the appropriate scale of such an uplift. I consider a cautious approach is reasonable bearing in mind that any practical benefit is likely to*

be very limited because Eastleigh is only a part of a much larger HMA. Exploration of an uplift of, say, 10% would be compatible with the modest pressure of market signals recognised in the SHMA itself.

- Uttlesford (December 2014) – *‘While evidence on some of these topics is patchy. Taking them in the round and without discussing them in detail here, I consider that an uplift of at least 10% would be a reasonable and proportionate increase in the circumstances of Uttlesford’*
- Stratford-on-Avon (March 2015) – Despite the area show strong evidence of strong affordability pressures the inspector concluded that *‘On balance I conclude, despite the SHMA’s finding that there is a case for an uplift, that an upward adjustment in housing numbers has not been justified in terms of market signals in the District’.*
- Crawley (May 2015) – Despite the Council themselves seeking to make a market signals adjustment the inspector concluded that he was *‘not convinced that the market signals uplift is justified by the evidence, for the various indicators reveal a situation in Crawley which is not as severe as in other North West Sussex authorities, and one that has not worsened in recent years’.*
- Cornwall (June 2015) – The same Inspector as the Eastleigh Local Plan inquiry suggested that *‘National guidance is that a worsening trend in any relevant market signal should result in an uplift. But for the reasons given below I do not consider that I should require such an uplift to be made for Cornwall at this time’*

8.126 Clearly from the above examples there are some quite contrary views being aired. With that in mind GL Hearn have sought consider this issue based on firm rationale which reflects the degree to which household formation levels have been constrained for younger age groups, and what scale of adjustment to housing provision would be necessary for these to improve.

8.127 The OAN projections so far developed have used data from the 2012-based CLG household projections with adjustments to reflect the latest available mid-year estimates and to allow for UPC (scenario 4) and finally to reflect baseline economic growth forecasts in the area. It is important to consider how these housing market trends relate through to demographic projections in considering, as the PPG recommends, whether there is a case for adjusting levels of housing provision in effect to improve affordability over the longer-term.

8.128 National research undertaken for the RTPI by Neil McDonald and Peter Williams at Cambridge University indicates a particular effect of the decline in affordability between 2001 and 2011 and the economic recession has been young adults living within a parental home for longer or living in shared accommodation rather than separate accommodation. The impact of this, their research shows, has been most significant for the 25-34 age group.

8.129 A detailed interrogation of demographic dynamics in Mid-Mersey indicates that in demographic terms, the deterioration in affordability of market housing and the economic recession over the 2001-11 decade is likely to have influenced – at least in part – a decline in household formation rates in younger people, particularly amongst those aged between 25 and 34. This age group was identified earlier as showing some degree of suppression when balancing past trends and the future projection.

8.130 When age-specific data is considered it is notable that those aged 25-34 have lower headship rates than has been seen historically (e.g. in 2001, the point at which the rate started to decline) – rates

have dropped considerably from 2001 to 2011. Sensitivity analysis has been run, which considers and seeks to quantify the implication of returning the household formation rates of the 25-34 age group back to 2001 levels by 2025 (from 2015). In other words, this assumes that headship rates will improve between 2015 and 2025 and then track the 'trends' suggested in the 2012-based CLG household projections thereafter.

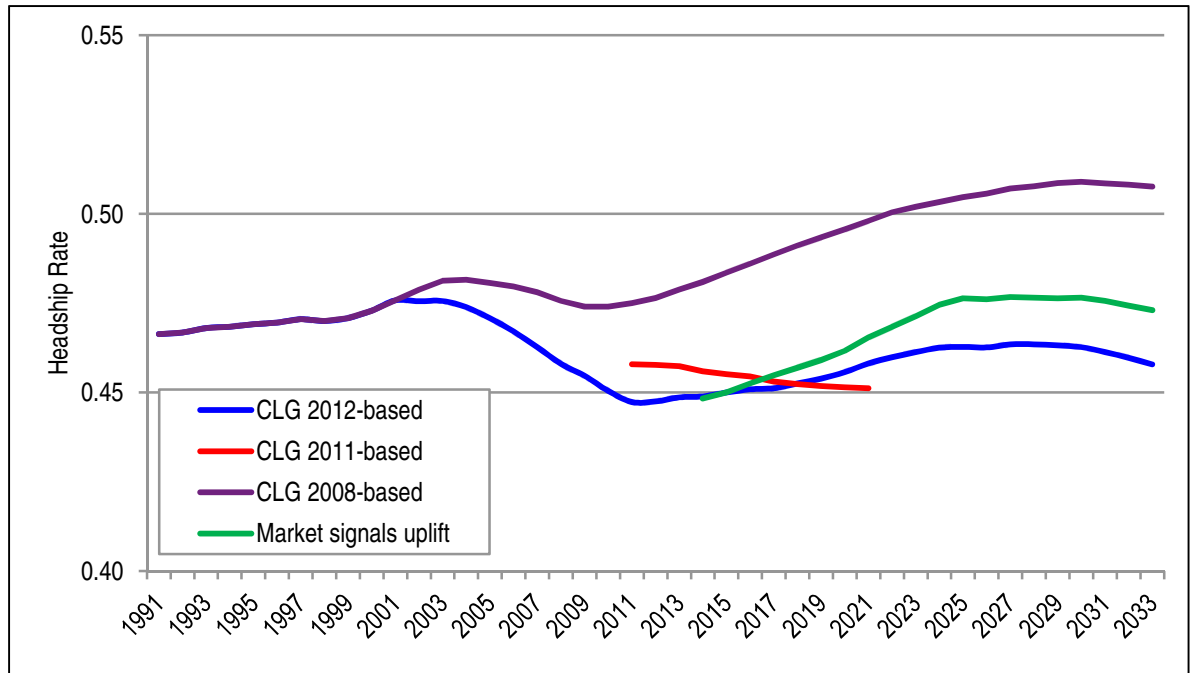
8.131 This sensitivity in effect seeks to consider a scenario in which affordability and access to housing for younger households improves, and quantifies what level of housing provision might be associated with this, all other factors being equal. If achieved, the effect would be to reduce the proportions of shared households and persons within this age group living with parents. We term this sensitivity analysis the 'market signals uplift.'

8.132 Our approach to a market signals uplift has recently been accepted by the Planning Framework inspector in Horsham (report dated October 2015). In para 37 of his report he states:

'The Council have included a modest upwards adjustment in their OAN figure ...to account for affordability pressure in the 25-34 age group, evidenced by substantial growth in private rented sector accommodation and the number of persons in HMOs, even though these indicators are again in line with HMA and national trends. I consider there is no strong case for a significant uplift to account for market signals in Horsham district, which are very similar to those elsewhere across virtually all of the south east. The Council's modest increase appears appropriate therefore.'

8.133 Figure 49 shows headship rates for people aged 25-34 under a range of different scenarios. The data clearly shows that in the 2011-based projection there was expected to be a continued decrease in formation rates, the core (2012-based CLG) projection sees a small increase moving forward whilst the market signals uplift shows an improvement which takes the formation rate back towards that in the 2008-based projections. Compared with the 2012-based projections, the market signals uplift would be expected to see a stronger level of household formation from younger households.

Figure 49: Projected Household Formation Rates for those aged 25-34 – Mid-Mersey



Source: Derived from CLG data

- 8.134 The sensitivity analysis indicates that, all other things being equal, an uplift of around 46/47 homes per annum across the study area would support an improvement in affordability and household formation rates amongst younger households. The uplift for each authority area is shown in the table below. The analysis is based on a projection linked to the core demographic projection and also linked to the baseline job-growth forecast.

- 8.135 In reality, other factors such as real growth in disposable income (allowing people to save), the availability of and access to mortgage finance, interest rates and economic confidence will all influence trends in household formation. There is a complex set of factors at play, and it is difficult to predict how these factors might interact in the future and the impact on household formation rates (in the absence of any supply-side constraints). Furthermore, part of the changes in household formation rates for this age group may have been due to international migration.

- 8.136 We have firstly applied the uplift to the recommended demographic scenario. This shows that an additional 46 dwellings would be required to return the household formation rates of 25-34 year olds within the Mid-Mersey HMA back to 2001 levels by 2025.

Table 69: Projected household growth 2014-37 – demographic model linked to Scenario 4 – with market signals uplift

	House-holds 2014	House-holds 2037	Change in house-holds	House-holds Per annum	Dwellings (per annum)	From scenario 4	Potential uplift	% uplift
Halton	54,162	63,351	9,189	400	410	388	21	5.5%
St.Helens	77,174	85,392	8,218	357	374	369	5	1.5%
Warrington	87,953	105,188	17,235	749	774	755	19	2.5%
Mid-Mersey	219,289	253,931	34,642	1,506	1,558	1,512	46	3.0%

Source: GL Hearn and CLG (numbers may not add due to rounding)

8.137 We have also calculated the uplift to the recommended economic scenarios. This shows that an additional 47 dwellings would be required to return the household formation rates of 25-34 year olds within the Mid-Mersey HMA back to 2001 levels by 2025.

Table 70: Projected household growth 2014-37 – linked to job growth forecasts – with market signals uplift

	House-holds 2014	House-holds 2037	Change in house-holds	House-holds Per annum	Dwellings (per annum)	From job-led model	Potential uplift	% uplift
Halton	54,162	64,620	10,457	455	466	444	22	5.0%
St.Helens	77,174	87,081	9,907	431	451	445	6	1.2%
Warrington	87,953	106,630	18,678	812	839	820	19	2.3%
Mid-Mersey	219,289	258,331	39,042	1,697	1,756	1,710	47	2.7%

Source: GL Hearn and CLG (numbers may not add due to rounding)

8.138 The apparent uplift of about 3% could be argued to be modest and is some way below the sort of levels that have been suggested by some inspectors at Local Plan inquiries (e.g. in both Eastleigh and Uttlesford where a 10% uplift was proposed). However, affordability pressures in Mid-Mersey are not as strong as in Eastleigh or Uttlesford.

8.139 In addition, the 3% increase needs to be considered in light of the fact that the baseline 2012-based CLG household projections are already building in some improvements to household formation of younger households moving forward. Looking back at information in Section 4 it can be seen that for the whole of the HMA the CLG projections are expecting to see improvements for all age groups up to age 45 (which might sensibly be considered as younger households).

8.140 The uplift to housing need looks to be fairly modest – this however needs to be understood against a context where key age groups (e.g. people aged under 45) are already projected to see increases in household formation rates moving forward from 2012. If the headship rates of the population aged under 45 are held constant at 2014 levels for the duration of the projection, then the derived housing need would be 1,635 dwellings per annum – the uplift applied (bringing the need to 1,756) is therefore some 7.4% above a 'constant' position.

8.141 The Objectively Assessed Need for housing is the figure that will meet both the need arising through demographic factors and that needed to support economic forecasts / aspirations, adjusted for market signals.

8.142 The objectively assessed need for housing across the HMA is therefore 1,756 homes which can be disaggregated on the following basis:

- Halton –466 homes per annum;
- St Helens –451 homes per annum; and
- Warrington –839 homes per annum.

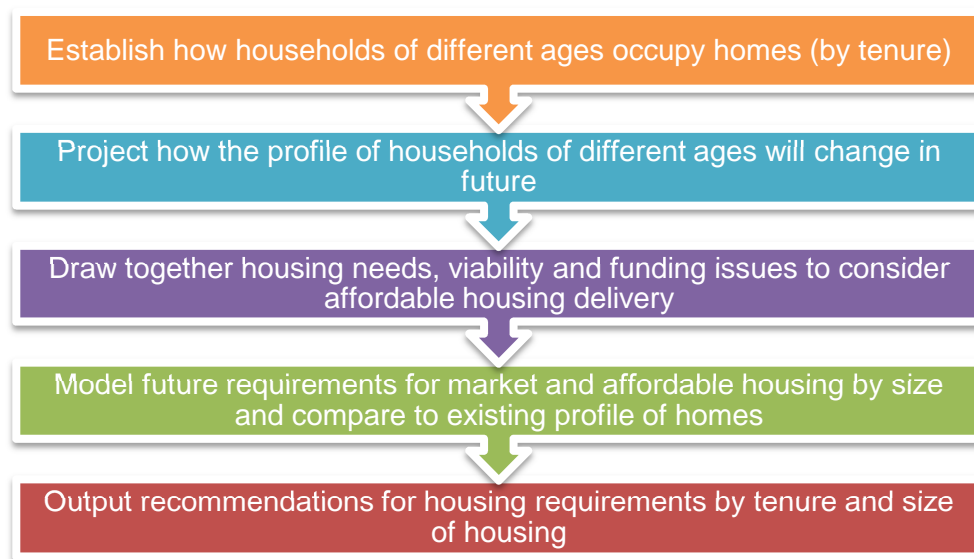
9 NEED FOR DIFFERENT SIZES OF HOMES

Introduction

- 9.1 As noted in Section 7, there are a range of factors which influence housing demand. These factors play out at different spatial scales and influence both the level of housing demand (in terms of aggregate household growth) and the nature of demand for different types, tenures and sizes of homes. It is important to understand that the housing market is influenced by macro-economic factors, as well as the housing market conditions at a regional and local level.
- 9.2 The analysis in this section seeks to use the information available about the size and structure of the population and household structures; and consider what impact this may have on the sizes of housing required in the future. For analysis purposes, the analysis assumes population and household growth in line with the demographic projection linked to the 2012-based Household Projections, but with an adjustment to take account of both UPC and more recent information about migration and demographic change. This projection indicates a need for 34,783 homes across the Housing Market Area between 2014 and 2037.
- 9.3 It should be noted that this projection will not necessarily be translated into policy, once account is taken of other factors including development constraints, but has been used to indicate the likely need for different sizes of homes moving forward. Were a projection with a different housing figure used then the outputs would be expected to be broadly similar.

Methodology

- 9.4 The figure below describes the broad methodology employed in the housing market model which is used to consider the need for different sizes of market and affordable homes. Data is drawn from a range of sources including the 2011 Census and demographic projections.

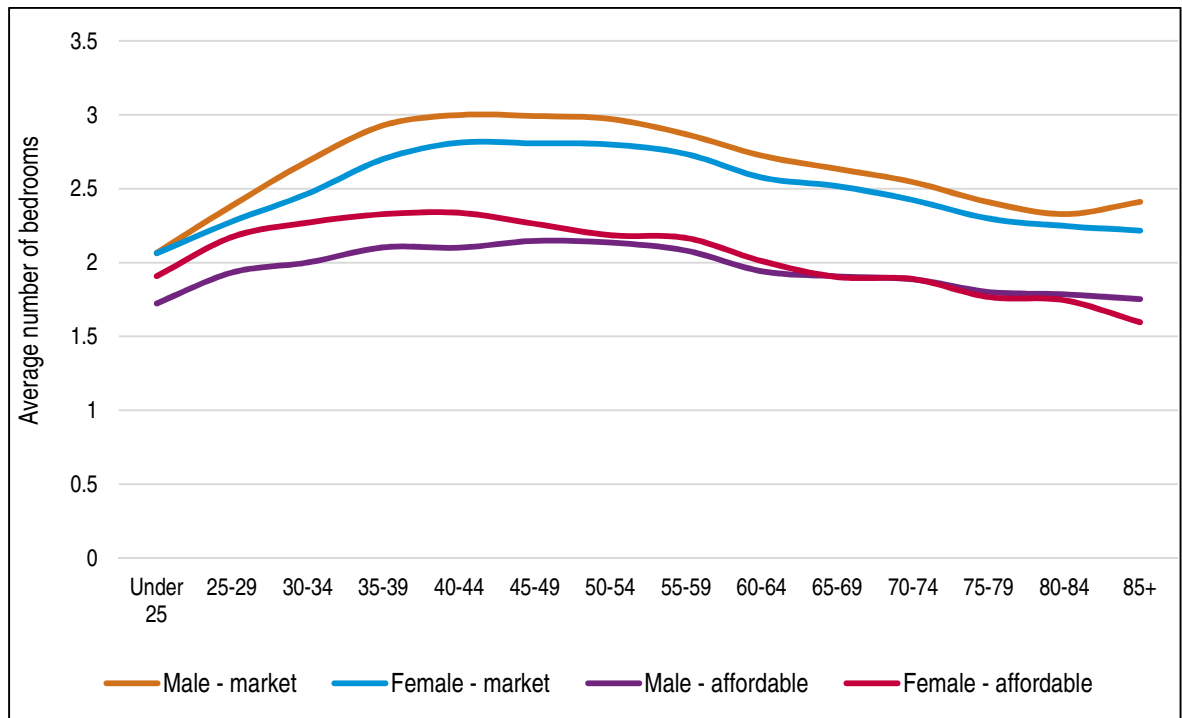
Figure 50: Stages in the Housing Market Model**Understanding how Households Occupy Homes**

- 9.5 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that in the market sector households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.
- 9.6 The size of housing which households occupy relates more to their wealth and age than the number of people which they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a four-bedroom home as long as they can afford it and hence projecting an increase in single person households does not automatically translate into a need for smaller units. This issue is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to continue to under-occupy their current homes.
- 9.7 The approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age and sex group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table C1213 which provides relevant data for all local authorities in England) with data then calibrated to be consistent with 2011 Census data (e.g. about house sizes in different tenure groups and locations).
- 9.8 The figure below shows an estimate of how the average number of bedrooms varies by different ages of HRP and different sexes by broad tenure group. In the market sector the average size of accommodation rises over time to typically reach a peak around the age of 40-50. In the affordable

sector this peak appears earlier. After this peak the average dwelling size decreases – as some typically some households downsize as they get older.

9.9 It is also notable that the average size for affordable housing dwellings are lower than those for market housing whilst in market housing male HRP's live in larger accommodation for all age groups (with generally the opposite trend being seen in the affordable sector).

Figure 51: Average Bedrooms by Age, Sex and Tenure – Mid-Mersey



Source: Derived from ONS Commissioned Table C1213 and 2011 Census

Establishing a Baseline Position

9.10 As of 2014 it is estimated that there were 219,289 households living in Mid-Mersey. Analysis of Census data linked to the demographic baseline provides an estimate of the profile of the housing stock in 2014, as shown in the table below. This shows that an estimated 20% of households live in affordable housing with 80% being in the market sector. The size of the affordable sector has been fixed by reference to an estimate of the number of occupied social rented and shared ownership homes in the 2011 Census along with an estimate of changes in the sector from 2011 to 2014 from data in CLG Live Table 100. The data also suggests that homes in the market sector are generally bigger than in the affordable sector with 73% having three or more bedrooms compared to 46% for affordable housing.

9.11 These figures are for households rather than dwellings as information about the sizes of vacant homes across the whole stock (i.e. market and affordable) is not readily available. For the purposes of analysis this will not make any notable difference to the outcome. The household projections have, however, been translated into dwelling figures by including a vacancy allowance when studying the final outputs of the market modelling.

Table 71: Estimated Profile of Dwellings in 2014 by Size – Mid-Mersey

Size of housing	Market		Affordable		Total	
	Number	%	Number	%	Number	%
1 bedroom	5,753	3.3%	12,087	27.2%	17,840	8.1%
2 bedrooms	42,313	24.2%	11,697	26.3%	54,010	24.6%
3 bedrooms	93,699	53.6%	18,796	42.3%	112,494	51.3%
4+ bedrooms	33,095	18.9%	1,850	4.2%	34,945	15.9%
Total	174,860	100.0%	44,429	100.0%	219,289	100.0%
% in tenure	79.7%		20.3%		100.0%	

Source: Derived from 2011 Census

Tenure Assumptions

- 9.12 The housing market model has been used to estimate the future need for different sizes of property over the 23-year period from 2014 to 2037. The model works by looking at the types and sizes of accommodation occupied by different ages of residents, and attaching projected changes in the population to this, to project need and demand for different sizes of homes. However, the way households of different ages occupy homes differs between the market and affordable sectors (as shown earlier). Thus it is necessary to consider what the mix of future housing will be in the market and affordable sectors.
- 9.13 It is necessary on this basis to make some judgement for modelling purposes on what proportion of net completions might be of market and affordable housing. For modelling purposes, the analysis assumes that 25% of net completions are of affordable housing. This is not a policy target. Policy targets for affordable housing on new development schemes in some cases are above this; but not all sites deliver policy-compliant affordable housing provision, whilst some delivery is on sites below affordable housing policy thresholds. Equally some housing development is brought forward by Registered Providers and local authorities and may deliver higher proportions of affordable housing than in current policy. It should be stressed that this is not a policy position and has been applied simply for the purposes of providing outputs from the modelling process.

Key Findings: Market Housing

- 9.14 There are a range of factors which can influence demand for market housing in different locations. The focus of this analysis is on considering long-term needs, where changing demographics are expected to be a key influence. It uses a demographic-driven approach to quantify demand for different sizes of properties over the 23-year period from 2014 to 2037.
- 9.15 On the basis of the modelling assumptions, an increase in 25,216 additional households is modelled. The majority of these need two- and three-bed homes. The data suggests that housing need can be expected to reinforce around the existing profile, but with a slight shift towards a requirement for smaller dwellings relative to the distribution of existing housing. This is understandable given the fact that household sizes are expected to fall slightly in the future – particularly as a result of a growing older population living in smaller households.

Table 72: Estimated Size of Additional Dwellings Needed at 2014 and 2037 – Market Housing – Mid-Mersey

Size	2014	2037	Additional households 2014-2037	% of additional households
1 bedroom	5,753	7,267	1,514	6.0%
2 bedrooms	42,313	50,428	8,114	32.2%
3 bedrooms	93,699	106,730	13,032	51.7%
4+ bedrooms	33,095	35,651	2,556	10.1%
Total	174,860	200,076	25,216	100.0%

Source: Housing Market Model

- 9.16 The statistics are based upon the modelling of demographic trends. As has been identified, it should be recognised that a range of factors including affordability pressures and market signals will continue to be important in understanding market demand; this may include an increased demand in the private rented sector for rooms in a shared house due to changes in housing benefit for single people. In determining policies for housing mix, policy aspirations are also relevant.
- 9.17 At the strategic level, a local authority in considering which sites to allocate, can consider what type of development would likely be delivered on these sites. It can also provide guidance on housing mix implicitly through policies on development densities.
- 9.18 The table below sets out the above information at a local authority level (just the overall % of additional households by size of dwelling). The analysis shows that all areas see a similar pattern of need, with a particular focus on two- and three-bedroom homes. The main difference to be observed is a slightly higher need for two-bedroom homes in St.Helens and fewer four-bedroom properties. Overall, however, the differences between areas are not considered to be particularly significant.

Table 73: Estimated Size of Additional Dwellings Needed 2014 to 2037 – Market Housing – local authority outputs

Size	Halton	St.Helens	Warrington	Mid-Mersey
1 bedroom	6.5%	4.6%	6.5%	6.0%
2 bedrooms	30.4%	34.2%	32.1%	32.2%
3 bedrooms	52.7%	55.7%	49.2%	51.7%
4+ bedrooms	10.5%	5.5%	12.2%	10.1%
Total	100.0%	100.0%	100.0%	100.0%

Source: Housing Market Model

Key Findings: Affordable Housing

- 9.19 Table 74 show estimates of the need for different sizes of affordable homes based on the analysis of demographic trends. The data suggests in the period between 2014 and 2037 that around three-quarters of the need is for homes with one- or two-bedrooms across the HMA; with around a quarter of the need being for larger homes with three or more bedrooms.
- 9.20 This analysis provides a longer-term view of the need for different sizes of affordable housing and does not reflect any specific priorities such as for family households in need rather than single people. In addition, it should be noted that smaller properties (i.e. one bedroom homes) typically offer limited flexibility in accommodating the changing needs of households, whilst delivery of larger properties can help to meet the needs of households in high priority and to manage the housing stock by releasing supply of smaller properties. That said, there may in the short-term be an increased requirement for smaller homes as a result of welfare reforms limiting the amount of housing benefit being paid to some working-age households.

Table 74: Estimated Size of Additional Dwellings Required 2014 to 2037 – Affordable Housing – Mid- Mersey

Size	2014	2037	Additional households 2014-2037	% of additional households
1 bedroom	12,087	15,907	3,820	45.4%
2 bedrooms	11,697	13,985	2,289	27.2%
3 bedrooms	18,796	20,877	2,082	24.8%
4+ bedrooms	1,850	2,065	215	2.6%
Total	44,429	52,834	8,405	100.0%

Source: Housing Market Model

- 9.21 As with market housing, the data again shows that relative to the current profile there is a slight move towards a greater proportion of smaller homes being needed (again related to the ageing population and the observation that older person households are more likely to occupy smaller dwellings).
- 9.22 Table 75 sets out the above information at a local authority level (just the overall % of additional households by size of dwelling). The analysis shows that all areas see a similar pattern of need, with a particular focus on one- and two-bedroom homes. The main difference to be observed is a

slightly higher need for three-bedroom homes in St.Helens and fewer one-bedroom properties. Overall, however, the differences between areas are not considered to be particularly significant.

Table 75: Estimated Size of Additional Dwellings Needed 2014 to 2037 – Affordable Housing – local authority outputs

Size	Halton	St.Helens	Warrington	Mid-Mersey
1 bedroom	44.8%	39.4%	48.7%	45.4%
2 bedrooms	28.4%	29.2%	25.7%	27.2%
3 bedrooms	23.8%	29.5%	23.0%	24.8%
4+ bedrooms	3.0%	1.9%	2.7%	2.6%
Total	100.0%	100.0%	100.0%	100.0%

Source: Housing Market Model

Indicative Targets by Dwelling Size

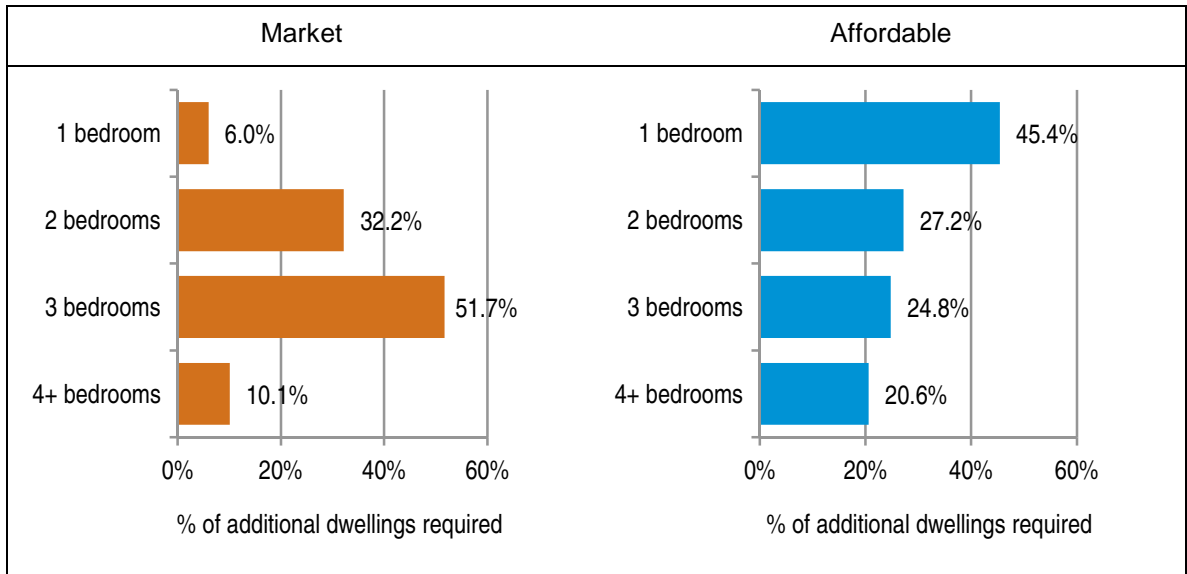
9.23 The table and figure below summarises the above data in both the market and affordable sectors under the modelling exercise. A vacancy allowance (see Paragraph 4.55) has been factored in when moving from household figures to estimates of housing need/demand (the same figures have been used as in the demographic modelling (paragraph 4.55)).

Table 76: Estimated dwelling requirement by number of bedrooms (2014 to 2037) – Mid-Mersey

Number of bedrooms	Market			Affordable		
	House-holds	Dwellings	% of dwellings	House-holds	Dwellings	% of dwellings
1 bedroom	1,514	1,565	6.0%	3,820	3,950	45.4%
2 bedrooms	8,114	8,397	32.2%	2,289	2,368	27.2%
3 bedrooms	13,032	13,485	51.7%	2,082	2,155	24.8%
4+ bedrooms	2,556	2,640	10.1%	215	223	2.6%
Total	25,216	26,087	100.0%	8,405	8,696	100.0%

Source: Housing Market Model

Figure 52: Size of Additional housing required 2014 to 2037 – Mid-Mersey



Source: Housing Market Model

9.24 Although the analysis has quantified this on the basis of the market modelling and an understanding of the current housing market it does not necessarily follow that such prescriptive figures should be included in the plan making process. The ‘market’ is to some degree a better judge of what is the most appropriate profile of homes to deliver at any point in time, and demand can change over time linked to macro-economic factors and local supply. The figures can however be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area.

Implications – Need for Different Sizes of Homes

- There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to long-term (23- year) demographic change concludes that the following represents an appropriate mix of affordable and market homes:

	1-bed	2-bed	3-bed	4+ bed
Market	5-10%	30-35%	45-50%	10-15%
Affordable	40-45%	25-30%	20-25%	5-10%
All dwellings	15%	30%	40%	10%

- The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.
- The mix identified above should inform strategic policies. In applying these to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.
- Based on the evidence, it is expected that the focus of new market housing provision will be on two- and three-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.
- The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered through by each local authority through its local plan process. Equally, it will be of relevance to affordable housing negotiations.

10 SPECIALIST HOUSING NEEDS

Introduction

- 10.1 In the previous section the needs for different sizes of property have been considered. In this section the need for specialist (supported) housing is considered. The focus is therefore on the needs of older person households and the ageing population although the analysis also considers the number of people with disabilities and how that might change in the future (recognising that there is a strong link between age and disability).
- 10.2 PPG recognises the need to provide housing for older people as part of achieving a good mix of housing. A key driver of change in the housing market over the next few years is expected to be the growth in the population of older persons.
- 10.3 Indeed, as population projections show, the number of older people is expected to increase significantly over the next few years. In this section, a range of sources including the population projections, 2011 Census information and data from POPPI (Projecting Older People Population Information) have been drawn upon.
- 10.4 The context to older persons housing provision can be summarised as below:
- A need to provide housing for older people as part of achieving a good mix of housing, but recognizing that many older people are able to exercise choice and control over housing options– e.g. owner occupiers with equity in their homes;
 - Falling demand for residential care in some areas, and a rapidly rising average age of people living in sheltered housing, requiring higher levels of support. However, many local authorities have struggled to contain expenditure on services for older people;
 - New models of enhanced and extra care housing have emerged. These aim to meet the needs of those who require high levels of care and support alongside those who are still generally able to care for themselves. These models often allow for changing circumstances in situ rather than requiring a move; and
 - Providing choice, including supporting people to stay in their own homes by supporting adaptations to properties and through provision of floating support.

Current Population of Older People

- 10.5 The table below provides baseline population data about older persons and compared this with other areas. The data for has been taken from the published ONS mid-year population estimates and is provided for age groups from 65 and upwards.
- 10.6 The data shows that, when compared with both the region and England, the study area has a similar proportion of older persons. In 2014 it is estimated that 18% of the population of Mid-Mersey was aged 65 or over. Looking at individual local authorities the data shows a higher proportion of older people in St.Helens and a lower proportion in Halton.

Table 77: Older Person Population (2014)

		Under 65	65-74	75-84	85+	Total	Total 65+
Halton	Popn	105,341	12,296	6,549	2,168	126,354	21,013
	% of popn	83.4%	9.7%	5.2%	1.7%	100.0%	16.6%
St.Helens	Popn	142,343	19,679	11,436	3,730	177,188	34,845
	% of popn	80.3%	11.1%	6.5%	2.1%	100.0%	19.7%
Warrington	Popn	170,362	20,508	11,497	4,061	206,428	36,066
	% of popn	82.5%	9.9%	5.6%	2.0%	100.0%	17.5%
Mid-Mersey	Popn	418,046	52,483	29,482	9,959	509,970	91,924
	% of popn	82.0%	10.3%	5.8%	2.0%	100.0%	18.0%
North West	% of popn	82.0%	9.9%	5.8%	2.2%	100.0%	18.0%
England	% of popn	82.4%	9.5%	5.7%	2.3%	100.0%	17.6%

Source: ONS 2014 Mid-Year Population Estimates

Future Changes in the Population of Older Persons

- 10.7 As well as providing a baseline position for the proportion of older persons in the HMA population projections can be used to provide an indication of how the numbers might change in the future compared with other areas. The data for the study area is based on the core projection linked to the 2012-based SNPP (with an adjustment for more recent migration data and UPC). Data for other areas (for comparative purposes) is taken from the 2012-based SNPP.
- 10.8 The data shows that the study area (in line with other areas) is expected to see a notable increase in the older person population with the total number of people aged 65 and over expected to increase by 56% over the 23-years from 2014; this compares with overall population growth of 9% and a small decline in the Under 65 population of 1%. The projected growth in the population aged 65 and over is higher than that projected for the region and slightly below that for England as a whole, although to some degree this will reflect the overall level of population growth projected in different locations.

Table 78: Projected Change in Population of Older Persons (2014 to 2037)

	Under 65	65-74	75-84	85+	Total	Total 65+
Halton	-1.2%	30.8%	80.6%	198.2%	9.6%	63.6%
St.Helens	-5.9%	19.8%	48.3%	157.0%	3.9%	43.9%
Warrington	1.2%	37.1%	67.5%	177.6%	12.0%	62.6%
Mid-Mersey	-1.8%	29.2%	63.0%	174.4%	8.6%	55.7%
North West	-1.8%	26.2%	52.3%	136.3%	7.3%	48.5%
England	5.6%	34.3%	59.6%	141.1%	14.6%	56.9%

Source: derived from ONS data and demographic projections

Health-related Population Projections

- 10.9 In addition to providing projections about how the number and proportion of older people is expected to change in the future it is possible to look at the likely impact on the number of people with specific illnesses or disabilities. For this data from the Projecting Older People Information System (POPPI) website, which provides prevalence rates for different disabilities by age and sex, has been used. For the purposes of the SHMA this analysis has focussed on estimates of the number of people with dementia and mobility problems.
- 10.10 For both of the health issues analysed the figures relate to the population aged 65 and over. The figures from POPPI are based on prevalence rates from a range of different sources and whilst these might change in the future (e.g. as general health of the older person population improves) the estimates are likely to be of the right order.
- 10.11 The figure below shows that both of the illnesses/disabilities are expected to increase significantly in the future although this would be expected given the increasing population. In particular, there is projected to be a large rise in the number of people with dementia (up 100%) along with an 82% increase in the number with mobility problems. Halton looks likely to see the most significant increases.

Table 79: Estimated Population Change for range of Health Issues (2014 to 2037)

	Type of illness/disability	2014	2037	Change	% increase
Halton	Dementia	1,241	2,669	1,428	115.1%
	Mobility problems	3,557	6,915	3,357	94.4%
St.Helens	Dementia	2,114	3,900	1,786	84.5%
	Mobility problems	6,004	10,094	4,091	68.1%
Warrington	Dementia	2,204	4,525	2,321	105.3%
	Mobility problems	6,262	11,776	5,514	88.1%
Mid-Mersey	Dementia	5,559	11,095	5,536	99.6%
	Mobility problems	15,823	28,785	12,962	81.9%

Source: Data from POPPI and demographic projections

People with disabilities

- 10.12 Linked to the number of older persons and the analysis above about dementia and mobility problems will be levels of disability generally. The table below shows the proportion of people with a

long-term health problem or disability (LTHPD) and the proportion of households where at least one person has a LTHPD. The data suggests that across the study area some 28% of households contain someone with a LTHPD. This figure is similar to the equivalent figure for the region but some way above the average for England as a whole. The figures for the population with a LTHPD again show a higher proportion when compared with national figures (an estimated 20% of the population of the study area have a LTHPD).

- 10.13 For the individual local authorities, the data suggests a higher proportion of households and population in St.Helens having a LTHPD and the lowest proportions being in Warrington. The figures for Warrington are slightly lower than both the regional and national figures.

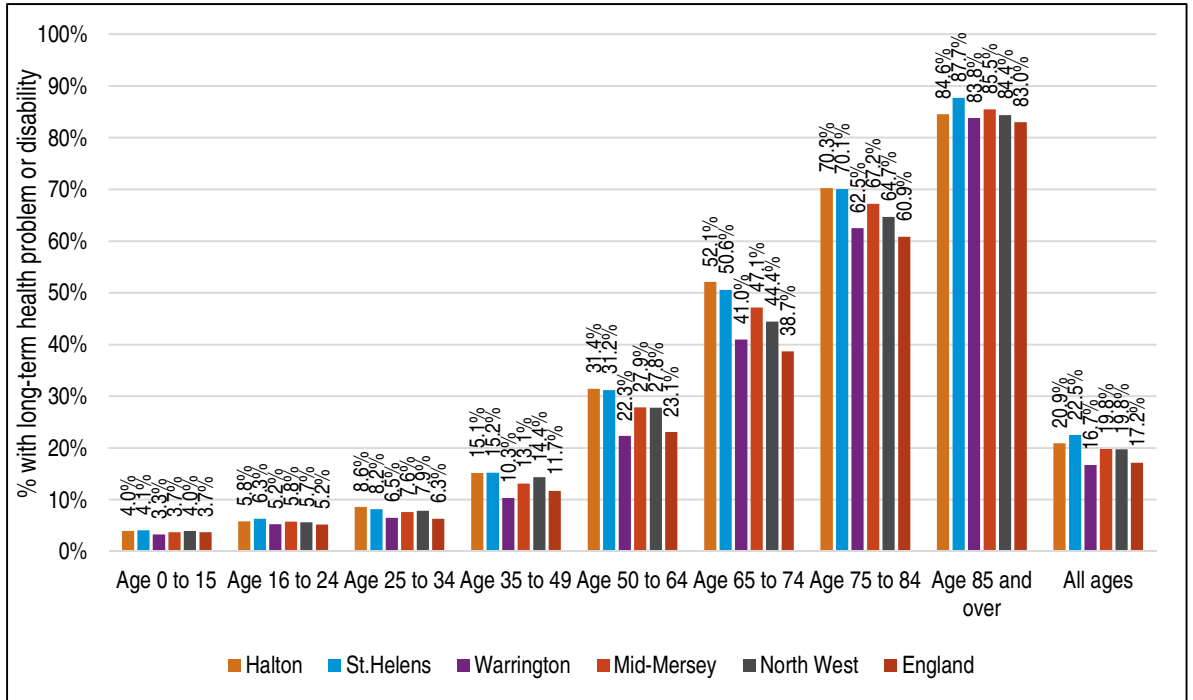
Table 80: Households and people with Long-Term Health Problem or Disability (2011)

Area	Households containing someone with health problem		Population with health problem	
	Number	%	Number	%
Halton	15,770	29.6%	26,865	21.4%
St.Helens	22,966	30.3%	40,262	23.0%
Warrington	21,158	24.9%	34,997	17.3%
Mid-Mersey	59,894	28.0%	102,124	20.3%
North West	857,462	28.5%	1,426,805	20.2%
England	5,659,606	25.7%	9,352,586	17.6%

Source: 2011 Census

- 10.14 It is likely that the age profile of the area will impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. Therefore, the table below shows the age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD – for example some 86% of people aged 85 and over have a LTHPD. It should be noted that the base for the figure below is slightly different to the above table in that it excludes people living in communal establishments.
- 10.15 When looking at individual local authorities the data shows higher levels of LTHPD for all ages in Halton and St.Helens than Warrington.

Figure 53: Population with Long-Term Health Problem or Disability in each Age Band



Source: 2011 Census

- 10.16 The age specific prevalence rates shown above can be applied to the demographic data to estimate the likely increase over time of the number of people with a LTHPD. In applying this information to the core demographic projection (linked to the 2012-based SNPP with adjustments for more recent migration data and UPC) it is estimated that the number of people with a LTHPD will increase by around 32,400 (a 31% increase). The level of increase varies from 23% in St.Helens to 39% in Warrington – differences between areas will be linked to overall population growth and the expected changes to age structures.
- 10.17 Across the study area, all of this increase and more (106%) is expected to be in age groups aged 5 and over. The population increase of people with a LTHPD represents 74% of the total increase in the population projected by the demographic modelling.

Table 81: Estimated change in population with LTHPD (2014-37)

Area	Population with LTHPD		Change (2014-37)	% change from 2014
	2014	2037		
Halton	27,824	36,583	8,760	31.5%
St.Helens	41,714	51,118	9,404	22.5%
Warrington	36,506	50,725	14,219	39.0%
Mid-Mersey	106,044	138,426	32,383	30.5%

Source: Derived from demographic modelling and Census (2011)

Indicative Need for Specialist Housing

- 10.18 Given the ageing population and higher levels of disability and health problems amongst older people there is likely to be an increased requirement for specialist housing options moving forward. The analysis in this section draws on data from the Housing Learning and Information Network (Housing LIN) along with the demographic projections to provide an indication of the potential level of additional specialist housing that might be required for older people in the future.

Current Stock of Specialist Housing

- 10.19 The table below shows the current supply of specialist housing for older people. At present it is estimated that there are just over 4,000 units; this is equivalent to 102 units per 1,000 people aged 75 and over. This proportion varies from 80 per 1,000 in Halton up to 117 per 1,000 in St.Helens. The vast majority (81%) of this housing is in the affordable sector.

Table 82: Current Supply of Specialist Housing for Older People

	Type of housing	Market		Total	Supply per 1,000 aged 75+
		Market	Affordable		
Halton	Sheltered	48	555	603	69
	Extra-Care	0	97	97	11
	Total	48	652	700	80
St.Helens	Sheltered	55	1,326	1,381	91
	Extra-Care	206	189	395	26
	Total	261	1,515	1,776	117
Warrington	Sheltered	447	644	1,091	70
	Extra-Care	0	475	475	31
	Total	447	1,119	1,566	101
Mid-Mersey	Sheltered	550	2,525	3,075	78
	Extra-Care	206	761	967	25
	Total	756	3,286	4,042	102

Source: Housing LIN

Projected Future Need for Specialist Housing

- 10.20 A toolkit has been developed by Housing LIN, in association with the Elderly Accommodation Council and endorsed by the Department of Health, to identify potential demand for different types of specialist housing for older people and model future range of housing and care provision. It suggests that there should be around 170 units of specialised accommodation (other than registered care home places) per thousand people aged over 75 years.
- 10.21 The table below shows the change in the population aged 75 and over in each local authority and what this would mean in terms of provision at 170 units per 1,000 population. The analysis shows a potential need for 6,108 units – 266 per annum. This is around 18% of the total need identified in the demographic modelling (linked to the 2012-based SNPP with adjustment for recent migration data and UPC).

Table 83: Projected need for Specialist Housing for Older People (2014-37)

	Population aged 75+ (2014)	Population aged 75+ (2037)	Change in population aged 75+	Specialist housing need (@ 170 units per 1,000)	Per annum
Halton	8,717	18,292	9,575	1,628	71
St.Helens	15,166	26,542	11,376	1,934	84
Warrington	15,558	30,536	14,978	2,546	111
Mid-Mersey	39,441	75,371	35,930	6,108	266

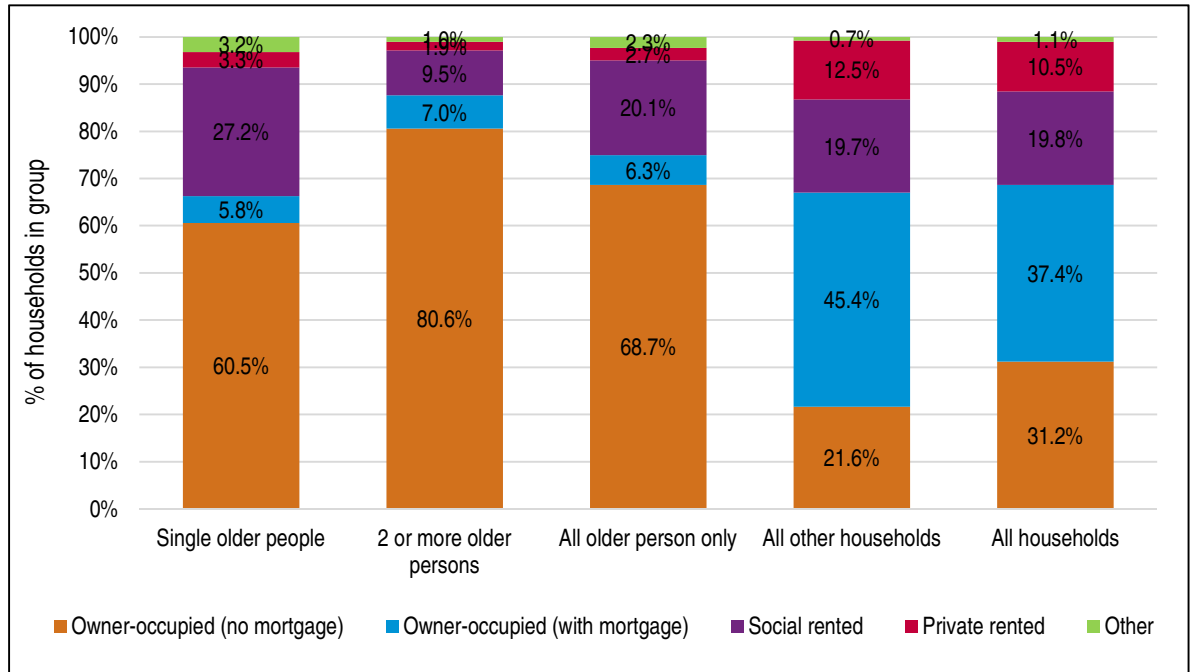
Source: Derived from demographic projections and Housing LIN

Types and Tenures of Specialist Housing

- 10.22 The figure below shows the tenure of older person households – the data has been split between single older person households and those with two or more older people (which will largely be couples). The data shows that older person households are relatively likely to live in outright owned accommodation (69%) and are also slightly more likely than other households to be in the social rented sector. The proportion of older person households living in the private rented sector is relatively low (3% compared with 11% of all households in the study area).
- 10.23 There are notable differences for different types of older person households with single older people having a much lower level of owner-occupation than larger older person households – this group also has a much higher proportion living in the social rented sector.

10.24 Given that the number of older people is expected to increase in the future and that the number of single person households is expected to increase this would suggest (if occupancy patterns remain the same) that there will be a notable demand for affordable housing from the ageing population. That said, the proportion of older person households who are outright owners (with significant equity) may mean that market solutions will also be required to meet their needs.

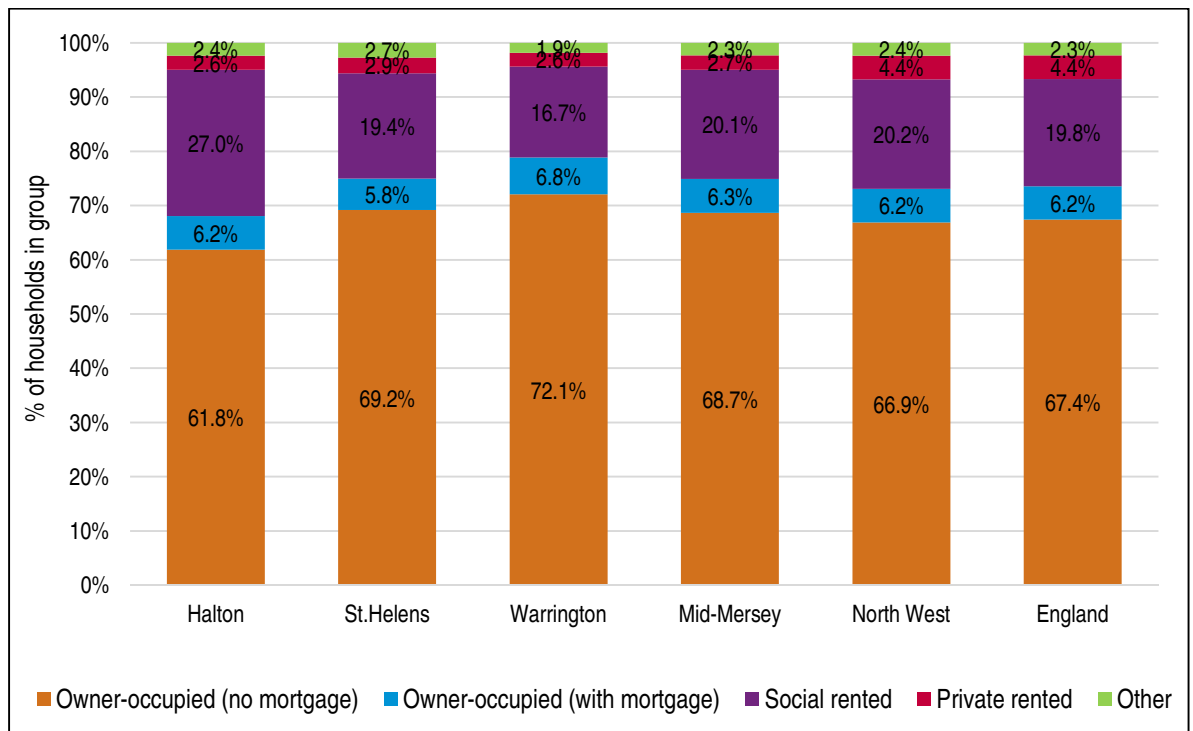
Figure 54: Tenure of Older Person Households – Mid-Mersey



Source: 2011 Census

10.25 Data for individual local authorities and other areas for comparison shows that there are some differences between areas; the most notable are the high proportion of outright owners in Warrington and the low proportion in Halton. In Halton, over a quarter of older person households live in social rented accommodation. Across the whole HMA, the tenure patterns of older people are broadly similar to that seen both regionally and nationally.

Figure 55: Tenure of Older Person Households – by Local Authority



Source: 2011 Census

- 10.26 Whilst the current profile of older person households is significantly biased towards outright ownership, the information about current supply of specialist housing indicates that significantly more of this is in the affordable sector than the market. Moving forward GL Hearn would suggest that additional specialist housing should be split roughly 50:50 between the affordable and market sectors. This reflects the likely ‘market’ for specialist housing products as well as the current tenure profile of older person households (i.e. the current profile of specialist housing is focussed towards affordable housing and this is likely to in part reflect the need and demand for such accommodation, however, with around 70% of older persons being outright owners there is the opportunity to broaden this housing offer to a wider range of household groups).
- 10.27 The analysis is not specific about the types of specialist housing that might be required; GL Hearn would consider that decisions about mix should be taken at a local level taking account of specific needs and the current supply of different types of units available (for example noting that at present the dominant type of housing is traditional sheltered accommodation). There may also be the opportunity moving forward for different types of provision to be developed as well as the more traditional sheltered and Extra-Care housing.
- 10.28 Within the different models and assumptions made regarding the future need for specialist retirement housing (normally defined as a form of congregate housing designed exclusively for older people which usually offers some form of communal space, community alarm service and access to support and care if required), there may, for example, be an option to substitute some of this specialist provision with a mix of one and two bedroomed housing aimed to attract ‘early retired’

older people which could be designated as age specific or not. Such housing could be part of the general mix of one and two bedroom homes but built to Lifetime Homes standards in order to attract retired older people looking to 'down size' but perhaps not wanting to live in specialist retirement housing.

- 10.29 GL Hearn's experience when carrying out stakeholder work as part of other SHMA commissions typically identifies a demand for bungalows. Where developments including bungalows are found it is clear that these are very popular to older people downsizing. It should be acknowledged that providing significant numbers of bungalows involves cost implications for the developer given the typical plot size compared to floor space – however, providing an element of bungalows should be given strong consideration on appropriate sites, allowing older households to downsize while freeing up family accommodation for younger households.

Registered Care Housing

- 10.30 As well as the need for specialist housing for older people the analysis needs to consider Registered Care. At present (according to Housing LIN) there are around 3,680 spaces in nursing and residential care homes. Given new models of provision (including Extra-Care housing) it may be the case that an increase in this number would not be required. There will however need to be a recognition that there may be some additional need for particular groups such as those requiring specialist nursing or for people with dementia.
- 10.31 As with the analysis of potential need for specialist accommodation, the analysis below considers changes to the number of people aged 75 and over who are expected to be living in some form of institutional housing. This is a direct output of the demographic modelling which indicates an increase of 2,904 people living in institutions over the 2014-37 period (126 per annum). This figure is important to note if the Councils intend to include C2 class uses in their assessment of 5-year housing land supply as it will be necessary to include figures on both the need and supply side of the equation.

Table 84: Potential Need for Residential Care Housing

	Institutional population aged 75+ (2014)	Institutional population aged 75+ (2037)	Change in institutional population aged 75+
Halton	517	1,176	659
St.Helens	824	1,655	831
Warrington	1,220	2,635	1,415
Mid-Mersey	2,562	5,466	2,904

Source: Derived from SNPP

Self-Build and Custom Build

- 10.32 SHMAs need to investigate the contribution that self-build makes toward the local supply. Laying the Foundations – a Housing Strategy for England 2010 sets out that only one in 10 new homes in Britain was self-built in 2010 – a lower level than in other parts of Europe. It identifies barriers to self or custom-build development as including:

- A lack of land;
 - Limited finance and mortgage products;
 - Restrictive regulation; and
 - A lack of impartial information for potential custom home builders.
- 10.33 Government aspires to make self-build a 'mainstream housing option' by making funding available to support self-builders and by asking local authorities to champion the sector. Up to £30m of funding has been made available via the Custom Build programme administered by the HCA to provide short-term project finance to help unlock group custom build or self-build schemes. The fund can be used to cover eligible costs such as land acquisition, site preparation, infrastructure, S106 planning obligations etc.
- 10.34 Quantitative information regarding levels of self-build is hard to come by however GL Hearn have sought to consult with local developers and agents in order to gauge the level of demand locally. All estate agents and regional builders that GL Hearn came across were asked about the level of interest in self or custom build. None were aware of the Community Right to Build and only a small number of estate agents had evidence of recent or past demand.
- 10.35 Some agents explained that land availability and economics meant that there was little scope. For example, the agent at Fernhead told us that the area was quite densely developed with small garden spaces. A town centre agent said he had heard of serviced plots being available in Halton but GL Hearn were unable to locate them. At Newton le Willows the agent told us that plots had sold very quickly. He commented that location is the key thing and that customers for self or custom build wanted bespoke design.
- 10.36 Some regional builders we spoke to were interested in delivering custom build homes for individual clients. As previously mentioned Square One Homes are interested in low cost home ownership and recognised the possibility of working with registered providers to provide additional diversity in mixed tenure developments. Whilst their focus is speculative development they recognised the potential for low cost and shared ownership with a self-build component. Dorbcrest Homes were interviewed at the Quiston Grange development at Whiston near Prescott which is outside the study area but appears to be strongly connected to St.Helens being adjacent to Rainhill.
- 10.37 A senior official explained that regional builders had a had a tough time in securing lending to develop large schemes and it was unlikely that they would continue to develop on that scale even though lending restrictions had eased. She explained that the company offered customers a greater degree of customization than the volume builders noting that their product was speculative not custom building. They had a negative experience in the past when doing custom build as part of a wider development. They told us that clients needed significant amounts of detailed discussion, contact and involvement in all stages of construction. Customers could be demanding and intrusive.
- 10.38 The company recognised that custom build homes could be a future direction for the company alongside being a construction partner for registered providers. We spoke to a small builder

developing a small site near to Waterside Village off the St.Helens Linkway. The manager told us the company had no experience or interest in custom build.

- 10.39 The Halton Housing Trust told GL Hearn it has reviewed self-build schemes as an option but has no current plans to facilitate this. The Trust pointed out that it would have to invest a lot of time a scheme but would not end up owning the asset. However, as the Government's drive is very much about home ownership, the Trust would revisit the model to determine if it can help deliver self-build units.
- 10.40 From a development point of view, key issues with this market are associated with skills and risk: whilst there may be notable number of people with an 'interest' in self-build, there is in some circumstances a significant financial outlay, risk and time-cost associated with self-build.
- 10.41 We would expect most new delivery to be on small windfall sites; although there is some potential through policy to encourage developers of larger schemes to designate parts of these as plots available for custom build. However, it is likely to be difficult to demonstrate concrete evidence of demand at a local level; albeit that local authorities could develop and maintain registers of those with an interest in doing so.

Key Findings: Specialist Housing Needs

- Within the overall need for housing there will potentially be a need to provide some specialist (supported) housing. This is particularly in response to an ageing population and the higher levels of disability experience by older persons.
- At present the population of older people in the HMA is roughly the same as seen across the region and England – some 18% of people age aged 65 and over. Over the 2014-37 period the number of people aged 65 and over is expected to increase by 56% with a higher (174%) increase in the number of people aged 85 and over.
- This demographic change is expected to be coupled with an increase in the number of people with specific disabilities (dementia and mobility problems) as well as a general increase in the numbers with a long- term health problem or disability.
- The analysis identifies that over the 2014-37 period there may be a need across the Mid-Mersey for 266 specialist units (per annum) of accommodation for older people (generally considered to be sheltered or extra-care housing). This figure represents about 18% of all housing provision suggested in demographic modelling. Such provision would be within a C3 use class and would therefore be part of the objective assessment of need.
- Additionally, the analysis highlights a potential need across the Mid-Mersey for an additional 126 bedspaces per annum for older people (aged 75 and over) in the 2014-37 period. As these would be in use class C2, they would be in addition to the estimates of housing need from demographic modelling as this group form part of the institutional (rather than household) population and thus do not feature ion the initial calculations.

11 CONCLUSIONS AND RECOMMENDATIONS

11.1 This final section brings together the findings of the SHMA Report. It is structured to set out GL Hearn's conclusions in turn: regarding the geography of the housing market area; the overall objectively assessed need for housing; and then findings relating to the need for different types of homes and the housing needs of specific segments of the population.

11.2 It should be reiterated that **the OAN figure is not the housing requirement**. It is a key component of the evidence base required to develop a sound policy framework. The housing requirement itself will be informed by the OAN but it will not be considered in isolation, it will also take into account wider factors such as sustainability, infrastructure constraints and land capacity. It may also be necessary to take into account the unmet needs of neighbouring housing market areas.

Housing Market Area

11.3 There are clearly a complex set of relationships across the Mid-Mersey area; however, the balance of evidence across all three clearly demonstrate a significant integration between the commissioning authorities.

11.4 In market-terms (as reflected in the house price analysis) the relationship between the authorities is relatively strong although Warrington seems to have its own distinct trends such as higher house prices to the east of the borough. Both Migration and Travel to Work patterns identify a degree of self-containment which meets or exceeds expected thresholds for housing market areas. Warrington by this measure is much more closely aligned with Halton, with St.Helens displaying slightly different characteristics.

11.5 There are also lesser but notable links with the wider sub region notably Liverpool, Wigan, Cheshire and Greater Manchester. Locally there are particular dynamics between the east of Warrington Borough and Greater Manchester and the west of Halton and St.Helens with Liverpool and Knowsley. There is also some overlap particularly with St.Helens with Wigan.

11.6 In GL Hearn's view, the triangulation of the sources strongly supports defining a Mid-Mersey HMA. It is however important to recognise overlaps between authorities and markets in this area. Warrington and in particular the east of the Borough is likely to have quite a strong relationship to the HMAs to the east which are focussed on Manchester. Similarly, Liverpool's influence is likely to extend into the western periphery of the Mid-Mersey area.

11.7 In the context of the Duty to Cooperate, the authorities outlined above with close links to Mid-Mersey should be, and have been, engaged with on strategic housing issues not only in the preparation of the SHMA but also the subsequent development of plan policies. In deed stakeholders and duty to cooperate partners have been invited to attend two stakeholder sessions during the SHMA process.

Overall Housing Need

- 11.8 The NPPF sets out that plans should be prepared on the basis of meeting full needs for market and affordable housing. PPG sets out that the latest national projections should be seen as a starting point but that authorities may consider sensitivity testing projections in response to local circumstances and the latest demographic evidence. Demographics provide the starting point for assessing housing need. The PPG then sets out that consideration should be given as to whether the housing need should be increased in order to:
- Support economic growth, based on interrogation of trends and forecast for future growth in employment;
 - Improve affordability, taking account the need for affordable housing need and evidence from market signals.
- 11.9 In effect, the PPG approach recognises that demographic projections are influenced by what has happened in the past; and these further factors consider whether wider evidence suggests that there has been an imbalance between housing supply and demand, or whether in the future the evidence would suggest that housing provision needs to be increased.
- 11.10 The PPG is very clear that housing need refers to the need for both market and affordable housing, including taking account of the movement of people into the area. It is also clear that a SHMA should leave aside issues related to land supply, infrastructure, green belt and other constraints in identifying housing need – but clearly sets out that these factors are relevant in bringing evidence together through the plan-making process to identify policies for future housing provision.

The Demographic Starting Point

- 11.11 The PPG emphasises the use of official population and household projections as a starting point for assessing housing need, as these are based on nationally-consistent assumptions and methodology.
- 11.12 The latest official population projections and the latest available household (scenario 1) project a housing need for 1,540 dwellings per annum across the HMA between 2014-37 (233 in Halton, 466 in St.Helens and 840 in Warrington). This includes an allowance for vacant properties within the housing market.
- 11.13 GL Hearn considers that these projections provide a robust basis for considering future housing provision at a HMA level but at a local authority level they calculate a population growth in Halton which is too low in relation to past trends and too high in St.Helens.
- 11.14 A range of sensitivity analysis was undertaken to take into account the most recently available evidence on population and household growth and 'unattributable' component of population change (UPC) within ONS population data for the 2001-11 period.

- 11.15 Scenario 4 was based on a mid-point of the assumptions from the scenarios taking into account the latest available evidence and UPC. This scenario shows population growth (and hence housing need) which is slightly below the SNPP although provides a more equitable distribution of growth and one that is more reflective of the most recent trends.
- 11.16 By applying the latest (2012-based) household formation rates to the level of population growth set out in scenario 4 (including a vacancy allowance) suggests a housing need of 1,512 dwellings per annum across the HMA. This is set out in the Table 85 below.

Table 85: Projected household need 2014-37 – Scenario 4

	Households 2014	Households 2037	Change in households	Households Per annum	Dwellings (per annum)
Halton	54,162	62,869	8,707	379	388
St.Helens	77,174	85,272	8,098	352	369
Warrington	87,953	104,769	16,816	731	755
Mid-Mersey	219,289	252,910	33,621	1,462	1,512

- 11.17 While this is a slightly lower level of need than the published projections it takes account of more recent trends. It also results in a more equitable distribution of growth:
- Halton: 388 homes pa;
 - St.Helens: 369 homes pa; and
 - Warrington: 755 homes pa
- 11.18 GL Hearn concludes that this approach provides an appropriate 'starting point' for considering housing need (using the terminology in the PPG). However, this figure does not take into account affordable housing need, or include adjustments to take account of market signals or the needs for the local economy. In such circumstances there may well be a higher need still in the HMA.

Examining the Needs of the Local Economy

- 11.19 Following the approach in the PPG, the demographic-based assessment set out above provides a baseline for housing need. The PPG recommends that consideration is given to whether economic growth could result in a need for additional housing.
- 11.20 The NPPF clearly sets out that the assessment of, and strategies in local plans for, housing and employment need to be integrated with one another¹⁵ The SHMA has considered the Oxford Economics most recent evidence regarding economic prospects in the HMA.
- 11.21 We have also modelled alternative employment growth scenarios for Warrington and St.Helens. The first (Warrington) is based on trend based employment forecasts from the CWEM (summer 2015) with a second (St.Helens) based on a Cambridge Econometrics baseline (June 2015) forecast. It was considered for St.Helens that these alternative forecasts were more appropriate for deriving an assessment of housing need.

¹⁵ CLG (2012) *National Planning Policy Framework, Paragraph 158*

- 11.22 The SHMA seeks to model the relationship between jobs and homes. The SHMA adopts an approach which does not seek to change commuting patterns in proportional terms. It models increasing employment rates, linked to an expectation that people will retire later and more women will work. It also takes account of evidence that people may hold down more than one job.
- 11.23 The modelling of the baseline forecasts indicate that to support the forecast growth in employment, the following levels of housing provision would be needed:

Table 86: Initial Assessment of Annual Need for Housing based on Baseline Economic Forecasts

Housing Need 2014-37	Halton	St.Helens	Warrington	HMA
Change in Resident Workforce	4,836	6,027	19,206	30,069
Annual Housing Need Per Annum	444	445	820	1,710

Source: Derived from OE and CE (St.Helens) forecasts and Census Data (numbers may not sum due to rounding) (see table 33)

- 11.24 At 1,710 dwellings per annum across the HMA, the level of housing provision necessary to support economic growth is 11% higher than indicated in the demographic 'starting point' (scenario 1) and 13% higher than those which take into account the latest available evidence and make adjustments for UPC (Scenario 4).

Improving Affordability

- 11.25 The SHMA includes an assessment of the number of households each year who require some form of subsidy in meeting their housing needs. This is assessed using the Basic Needs Assessment Model and is a statutory requirement to support policies seeking affordable housing in new developments.
- 11.26 The SHMA analysis indicates that 436 additional households per year will require support in meeting their housing needs (using a 25% income threshold). This provides some evidence of the need to increase the supply of affordable housing. It is not appropriate to directly compare the need identified in the analysis with the demographic projections – they are calculated in different ways.

Table 87: Annual Need from Households Requiring Support

Area	Net Need
Halton	119
St.Helens	96
Warrington	220
Mid-Mersey	436

Source: 2011 Census/CoRe/Projection Modelling and affordability analysis

- 11.27 It should be noted however that the level of affordable housing need calculated is heavily predicated on the assumptions relating to the level of income which is spent on housing costs.

- 11.28 The affordable housing need represents 28% of the need identified in the demographic-led projections, based on the 2012-based Household Projections and updated to take account of recent migration data and UPC.
- 11.29 The identified need for affordable housing also includes existing households who need alternative size or tenure of accommodation but would release their current home for another household by moving. Thereby there is no requirement to uplift the OAN to provide additional homes for all of the identified affordable housing need. There are also other ways of delivering new affordable housing besides through new-build development on market-led housing development schemes. Net additional needs arising would be solely from concealed and homeless households.
- 11.30 The report has then gone on to consider market signals. The NPPF¹⁶ sets out that plans should take account of market signals, such as land prices and housing affordability. The Planning Practice Guidance clarifies this and outlines that:
- “the housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance of the demand for and supply of dwellings. Prices or rents rising faster than the national/ local average may well indicate particular market undersupply relative to demand.”*
- 11.31 The SHMA evidence indicates that there has been some increase in affordability pressures over the long term in Mid-Mersey although when benchmarked against the Regional and National picture the affordability pressures are not as severe. That said there has still been a modest growth in house price since 2001 both in absolute terms and relative to earnings. There has been a shift towards the private rental market as well as a small increase in the number of over-crowded and shared households.
- 11.32 The PPG sets out that the identified housing need should be adjusted upwards to support an improvement in affordability where any of the market signals suggest a worsening situation. The PPG does not however set out how such an adjustment should be quantified. It simply sets out that it should be ‘reasonable.’
- 11.33 To assess an appropriate adjustment to the assessed housing need, GL Hearn has used the demographic analysis to assess the degree to which household formation levels have been constrained for younger age groups, and what scale of adjustment to housing provision would be necessary for these to improve. The SHMA has considered the implication of returning the household formation rates of the 25-34 age group back to 2001 levels by 2025 (from 2015). In other words, this assumes that headship rates will improve between 2015 and 2025 and then track the ‘trends’ suggested in the 2012-based CLG household projections thereafter.

¹⁶ CLG (2012) *National Planning Policy Framework, Paragraph 17*

11.34 Against the demographic/economic baseline scenario this results in an increase in annual housing provision of 47 homes per annum across the HMA, however, this also includes some uplift inherent within the CLG household formations rates and a more adequate description of the uplift would be against constant headship rate. This approach shows an uplift of 120 dwellings per annum to house the same population.

11.35 Against the need resulting from the adjusted economic forecasts GL Hearn's approach results in an uplift of 46 homes per annum against the housing need from Scenario 4 and 47 against the economic driven scenario. The uplift in each case is set out in the table below:

Table 88: Uplift to improve affordability (dwellings per annum)

	Scenario 4				Economic Scenario			
	Uplifted Need	Scenario 4	Potential uplift	% uplift	Uplifted Need	Economic Scenario	Potential uplift	% uplift
Halton	410	388	21	5.5%	466	444	22	5.0%
St.Helens	374	369	5	1.5%	451	445	6	1.2%
Warrington	774	755	19	2.5%	839	820	19	2.3%
Mid-Mersey	1,558	1,512	46	3.0%	1,756	1,710	47	2.7%

Source: GL Hearn and CLG (numbers may not add due to rounding)

11.36 The level of uplift in each local authority reflects the age profile and level of suppression in each borough as well as what the CLG had anticipated the change in household formation rates to be in each borough.

11.37 The uplift should also address those households in affordable housing need who require an additional dwelling, such as:

- Newly-forming households;
- Concealed households; and
- Homeless households.

11.38 The uplift should therefore also contribute to a fall in households living with parents or in shared accommodation.

Conclusions on Overall Housing Need

11.39 The Objectively Assessed Need for housing is the figure that will meet both the need arising through demographic factors and that needed to support economic forecasts / aspirations, adjusted for market signals.

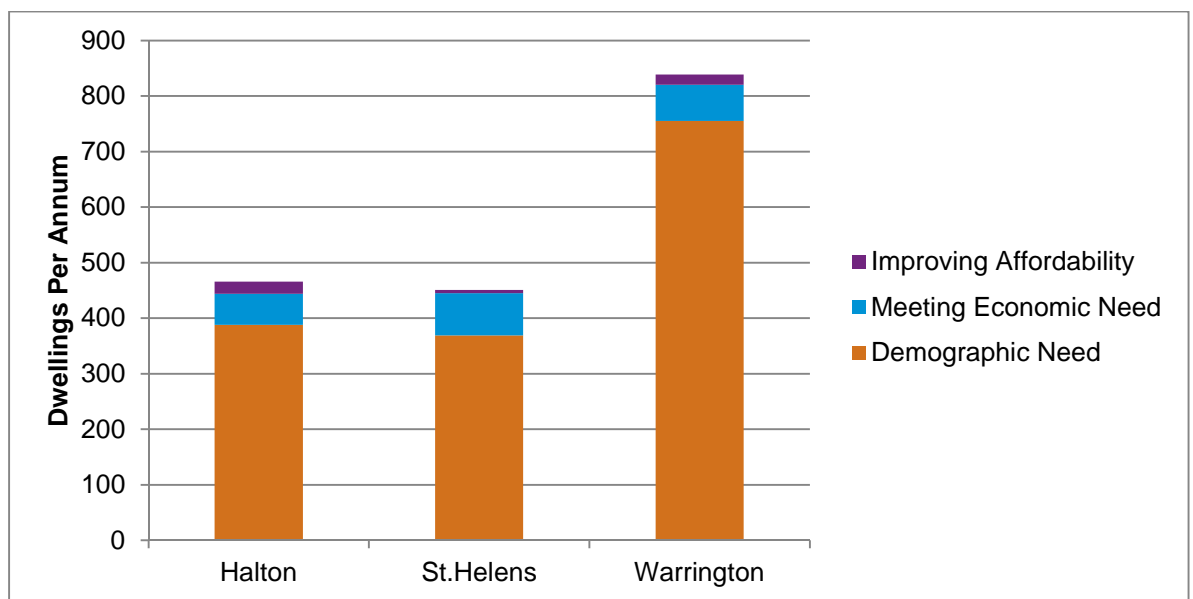
11.40 The Objectively Assessed Need for housing across the HMA is therefore 1,756 homes which can be disaggregated on the following basis:

- Halton –466 homes per annum;
- St Helens –451 homes per annum; and
- Warrington –839 homes per annum.

11.41 The derivation of the conclusions on housing need is shown in Figure 56. These figures would include the provision of affordable homes as part of the overall housing delivery.

11.42 In the absence of development constraints, these figures should be considered to represent the full ‘objectively assessed need’ (OAN) for housing. This represents in total an annual need for 1,756 homes across the HMA. In accordance with the PPG, this takes account of the level of housing provision which is expected to be needed to support adjusted economic growth and improve affordability.

Figure 56: Conclusions on Full Objectively-Assessed Housing Need by Authority, 2014-37



Source: Derived from demographic projections and OE/CE forecasts

11.43 While the level of need is significant it is below to the rate of delivery for the 2004/05 to 2007/08 peak period which averaged around 2,377 homes per annum. As with the future housing need the historic growth was largely driven by Warrington.

11.44 As part of plan-making, planning judgements will be necessary to assess whether meeting the full objectively assessed needs identified in this SHMA (see Figure 56) can be met, whilst avoiding adverse impacts which would significantly and demonstrably outweigh the benefits or conflicting with the policies of the National Planning Policy Framework (NPPF).

11.45 Conversely local authorities may seek a level of housing or employment growth which is over and above that set out within this assessment. This would be considered as a “policy-on” position. In such circumstances a further assessment would be required in order to align the housing and economic strategies. This additional assessment could also include more detailed consideration of the impact on commuting patterns that increased job growth would result in.

Need for Different Types of Homes

Conclusions on Housing Mix

- 11.46 In addition to considering the overall need for housing, the SHMA considers what types and sizes of homes – both market and affordable – will be needed.
- 11.47 The SHMA identifies that there is a need for a mix of house sizes across the HMA, as Table 89 indicates. The conclusions drawn take account of how the structure of the population and households are expected to change over the period to 2037 and how people occupy homes.
- 11.48 In terms of size mix, the analysis (taking account of demographic trends and market evidence) concludes that the following represents an appropriate indicative mix of affordable and market homes at a HMA-wide level.

Table 89: Need for Different Sizes of Homes across Mid-Mersey

	1-bed	2-bed	3-bed	4+ bed
Market	5-10%	30-35%	45-50%	10-15%
Affordable	40-45%	25-30%	20-25%	5-10%
All dwellings	15%	30%	40%	10%

Source: Derived from demographic projections

- 11.49 It should be noted that this analysis is aimed at informing strategic policies over the plan period and there will be a range of factors which will influence demand for different sizes of homes over time, particularly demographic changes, growth in real earning/savings, housing affordability and wider economic performance. There is also a geographical dimension and the specific mix of housing needed at a local level will be influenced in part by gaps in the existing housing offer locally (such as differences between the urban and rural areas).
- 11.50 Policies for what proportion of homes in new development schemes should be affordable need to take account of evidence both of housing need and of the viability of residential development. The NPPF sets out that percentage targets for affordable housing need to take account of viability evidence.
- 11.51 The assessment of affordable housing needs indicates that, in delivering affordable units, a HMA-wide mix target of 25% intermediate and 75% social or affordable rented homes would be appropriate. Any strategic policy should however retain a degree of flexibility both to take account of local level variations which have been identified, as well as any site specific issues.
- 11.52 In the affordable sector, GL Hearn recommend that the focus of provision is on smaller properties. However, the recommended mix also recognises the potential role which delivery of larger family homes (3 and 4 bedrooms) can play in releasing supply of smaller properties for other households together with the limited flexibility which one-bed properties offer to changing household circumstances, which feed through into higher turnover and management issues. These have been balanced against the recent Government reforms to social housing and welfare, including issues

associated with the changes introduced by Government to housing benefit eligibility for working-age households in the social housing sector.

- 11.53 For market housing, GL Hearn recommend that the focus of new provision is on two and three-bed properties. This would serve to meet the needs of newly forming households and younger families in the HMA as well as demand from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay. There is however likely to be a notable level of continued need for larger family properties arising from existing growing households and those migrating into the HMA.
- 11.54 The mix identified above should inform strategic borough-wide policies and help to inform the 'portfolio' of sites which are considered and ultimately allocated through the Local Plan process. However, GL Hearn would again recommend that strategic policy retains a reasonable degree of flexibility to ensure that, in applying mix to individual development sites, appropriate regard can be given to the nature of the development site, the character and existing housing stock of the area as well as the most up-to-date evidence of need/demand.

Older Persons Housing Needs

- 11.55 Over the period to 2037 the population of older persons in the HMA is expected to grow, with the population aged over 65 expected to increase by 56%. Many older households will remain in homes which they have lived in for many years. However, some may wish to downsize, and this has been taken into account in the conclusions drawn on the mix of homes needed.
- 11.56 Some older households will require specialist housing or support. Others may need to adapt their homes to meet their changing needs. It is expected that a growing older population may result in an increase in the number of people with dementia by over 5,500 between 2014-37, with growth in the number of persons with mobility problems of around 13,800.
- 11.57 Some older households will require specialist housing solutions. The SHMA identifies a need for 6,100 additional specialist units of housing for older people between 2014-37 (266 per annum), including sheltered and extra care homes.

Table 90: Need for Specialist Housing for Older Persons, 2014-37

	Population aged 75+ (2014)	Population aged 75+ (2037)	Change in population aged 75+	Specialist housing need (@ 170 units per 1,000)
Halton	8,717	18,292	9,575	1,628
St.Helens	15,166	26,542	11,376	1,934
Warrington	15,558	30,536	14,978	2,546
Mid-Mersey	39,441	75,371	35,930	6,108

Source: Derived from demographic projections

- 11.58 In addition, the SHMA indicates a need for 126 bedspaces in care homes per annum for the 2014 to 2037 period. This does not form part of the household population and so is separate to the need identified for housing.

Monitoring and Review

- 11.59 Through a proactive monitoring process, it will be possible to maintain and develop understanding of the housing market, building on the outcomes of the SHMA. It will allow the implementation of policies to be tailored to evolving circumstances and inform future policy development.
- 11.60 Long-term monitoring which addresses indicators of housing need, market signals relating to supply-demand balance, and the housing supply trajectory can inform future development and implementation of planning policies for housing provision.

Appendices

APPENDIX A: Sub-area analysis for Halton

- i. The projections and analysis presented in the report have looked at housing needs for the whole of the HMA and individual local authorities. For Halton, given the geography of the area, it is also of use to develop analysis at a smaller-area level. Two core analyses have been carried out; firstly, to look at population projections and household growth and secondly the need for affordable housing.
- ii. Analysis has been developed for two sub-area based on groupings of wards and the table below shows how the sub-areas have been assembled.

Table 91: 2011 Wards within sub-areas

Area	Wards
Widnes	Appleton, Birchfield, Broadheath, Ditton, Farnworth, Hale, Halton View, Hough Green, Kingsway, Riverside
Runcorn	Beechwood, Halton Castle, Daresbury, Grange, Halton Brook, Halton Lea, Heath, Mersey, Norton North, Norton South, Windmill Hill

Smaller Area Population Projection Methodology

- iii. It is difficult to develop small area projections using the standard methodology involving birth rates, death rates and migration patterns due to the relative lack of up-to-date and robust data at this level. For example, ward level data about life expectancy is available but error margins associated with these are quite large whilst data about migration can come from the 2011 Census but is only based on data for a single year.
- iv. The methodology used to assign the population change figures to smaller areas is therefore based on overall change within a whole local authority (by age and sex) applied to the demographic profile of the local population. This methodology takes account of past trends in fertility, mortality and migration to the extent that these will have shaped the current population profile (with such trends likely to shape the future population).
- v. Essentially the methodology works by looking at incremental changes in each age and sex band (for each year of each projection) and applies this to the local population. For example, if a particular age/sex group is projected to increase by 10% district-wide then the methodology will assume a similar level of population growth for that particular group at a smaller area level.
- vi. Specific local data about employment and headship rates have been used to ensure that the outputs about the number of people working and the number of households properly reflect any local differences.

Baseline population, households and working population

- vii. The table below shows the baseline population size, the number of households and the number of working people used for the analysis. The data shows that both areas are broadly similar in size with regard to these demographic variables.

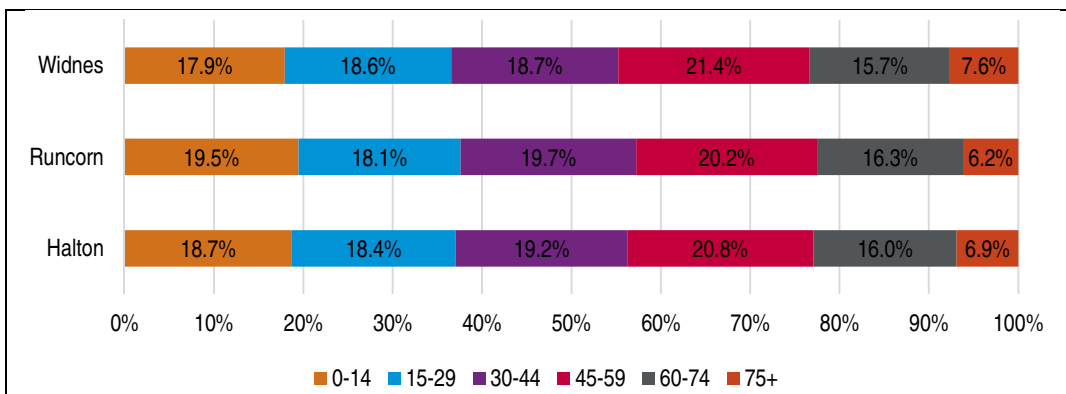
Table 92: Population, households and working population by sub-area (2014)

Area	Population		Households		Working	
	Number	% of LA total	Number	% of LA total	Number	% of LA total
Widnes	62,642	49.6%	26,694	49.3%	29,274	50.7%
Runcorn	63,712	50.4%	27,468	50.7%	28,426	49.3%
Halton	126,354	100.0%	54,162	100.0%	57,700	100.0%

Source: Derived from mid-year population estimates, 2011 Census and demographic projections

- viii. The figure below shows the current estimated age structure (in 2014) in each of the above sub-areas split into six broad age bands. The data suggests that the population profile in different parts of the Borough varies slightly with the age profile of Widnes being slightly older than seen in Runcorn – this can be seen when looking at both the proportion of the population aged 75 and over and also the proportion of children. These profiles will affect the projections of housing need moving forward.

Figure 57: Population age profile (2011)



Source: Derived from mid-year population estimates

Projection Outputs

- ix. At the smaller area level a single projection has been run. This links to the 2012-based SNPP with an adjustment for up-to-date migration data and UPC – the table below shows key outputs from the modelling. The analysis identifies a potential need in both areas with a slightly higher proportion in Widnes (53% of the total) than Runcorn.

Table 93: Housing need by sub-area (2014-2037)

Area	Per annum	2014-37	% in area
Widnes	206	4,736	53.0%
Runcorn	182	4,196	47.0%
Halton	388	8,933	100.0%

Source: Demographic modelling

Sub-area Affordable Housing Need

- x. As well as considering affordable needs for the whole HMA and individual districts, the analysis has sought to provide an indication of the level of need at a smaller-area level in Halton. The methodology employed is broadly the same as for the main affordable needs model although some additional assumptions have been made (particularly in relation to estimates of where future supply from the existing stock might arise). In line with the main modelling, data has been drawn from a range of sources, including the demographic projections and 2011 Census data.
- xi. One analysis which will be important to assess more localised needs is around affordability; to look at this, sub-area estimates of income (and its distribution) were considered. However, the analysis suggested that there was no significant difference in household income levels between Widnes and Runcorn (less than 1% difference overall) and so authority-wide assumptions have been applied for affordability testing.
- xii. The table below shows estimates of overall (annual) affordable housing need for the 2014-37 period. Both areas show a need for affordable housing with little difference in terms of the overall net need (although some of the components do vary, with a higher gross need in Runcorn being offset by a higher estimated level of supply).

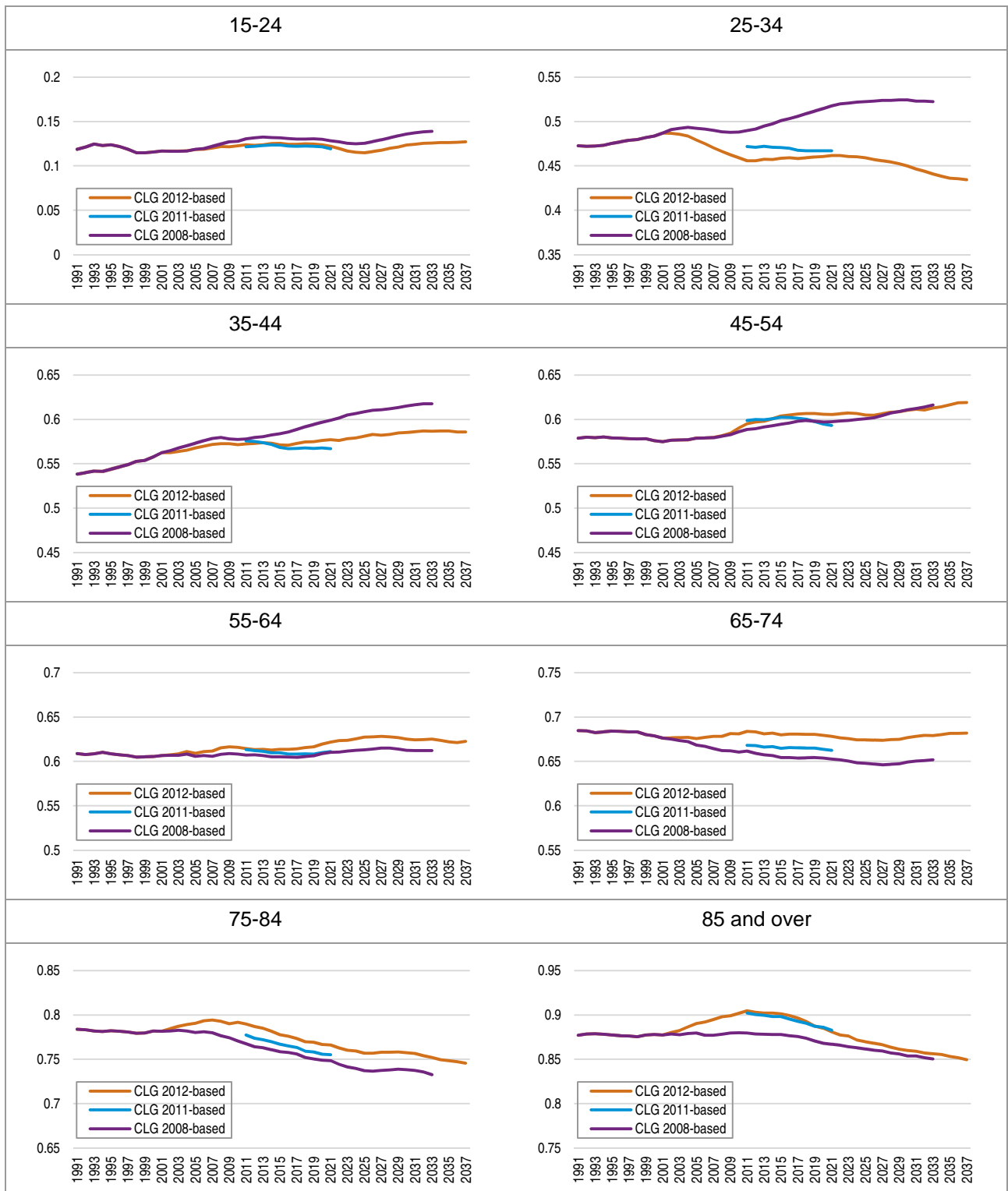
Table 94: Estimated level of Affordable Housing Need per annum – by location (in Halton)

Area	Current need	Newly forming households	Existing households falling into need	Total Need	Supply	Net Need
Widnes	22	213	198	434	376	58
Runcorn	21	245	228	494	433	60
Halton	43	458	426	928	809	119

Source: 2011 Census/CoRe/Projection Modelling and affordability analysis

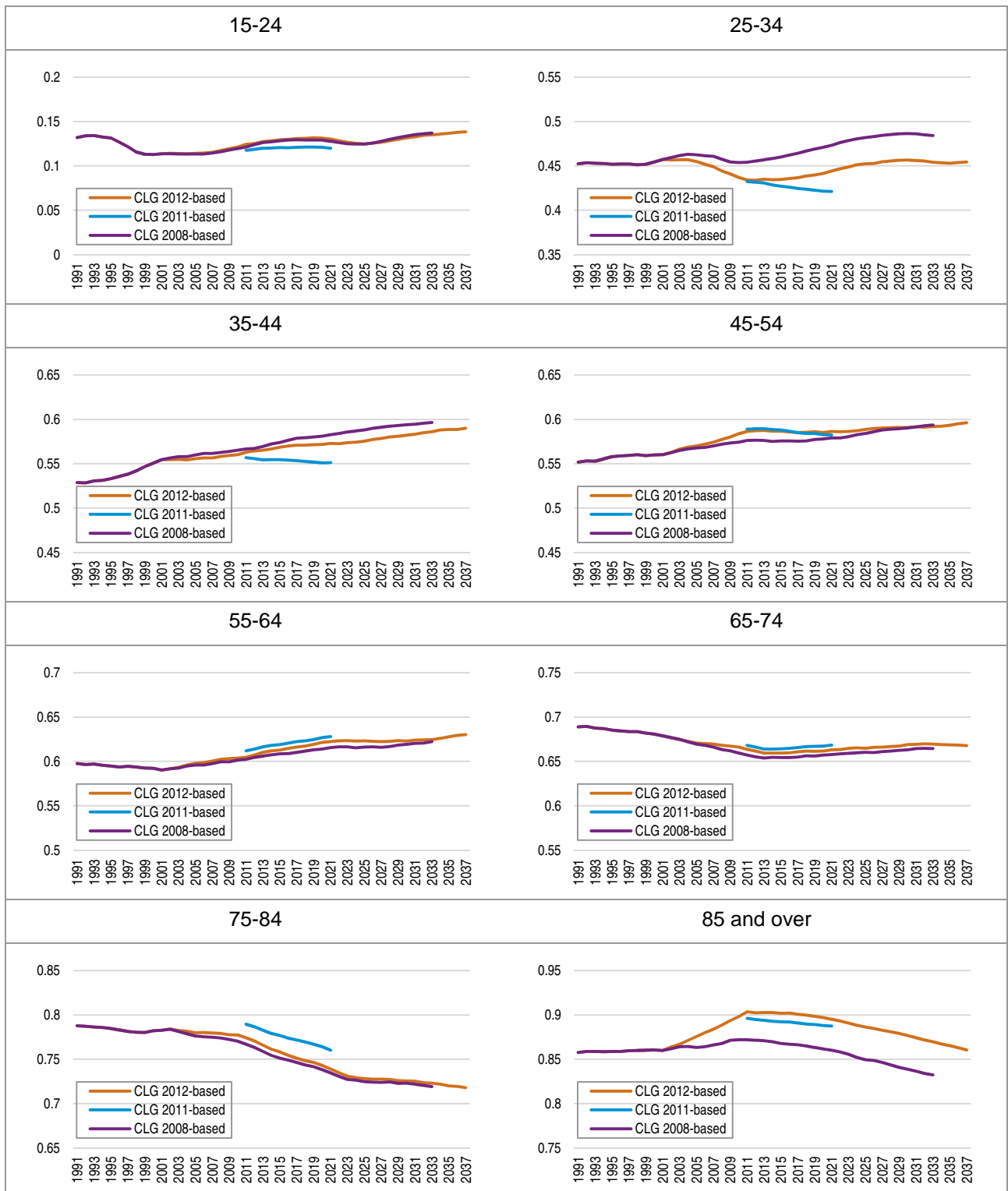
- xiii. Given that both areas have similar income levels and hence affordability profiles the split between intermediate and social/affordable rented housing would not be expected to be much different (and hence a need for around 25% intermediate housing is considered appropriate in both locations. It is however to be noted that (according to Census data) the current stock of shared ownership properties is relatively high in Runcorn – particularly in the wards of Halton Castle and Norton North; this might suggest a potentially lower need for such products in Runcorn when compared with Widnes.

APPENDIX B: Projected household formation rates by age of head of household – Halton



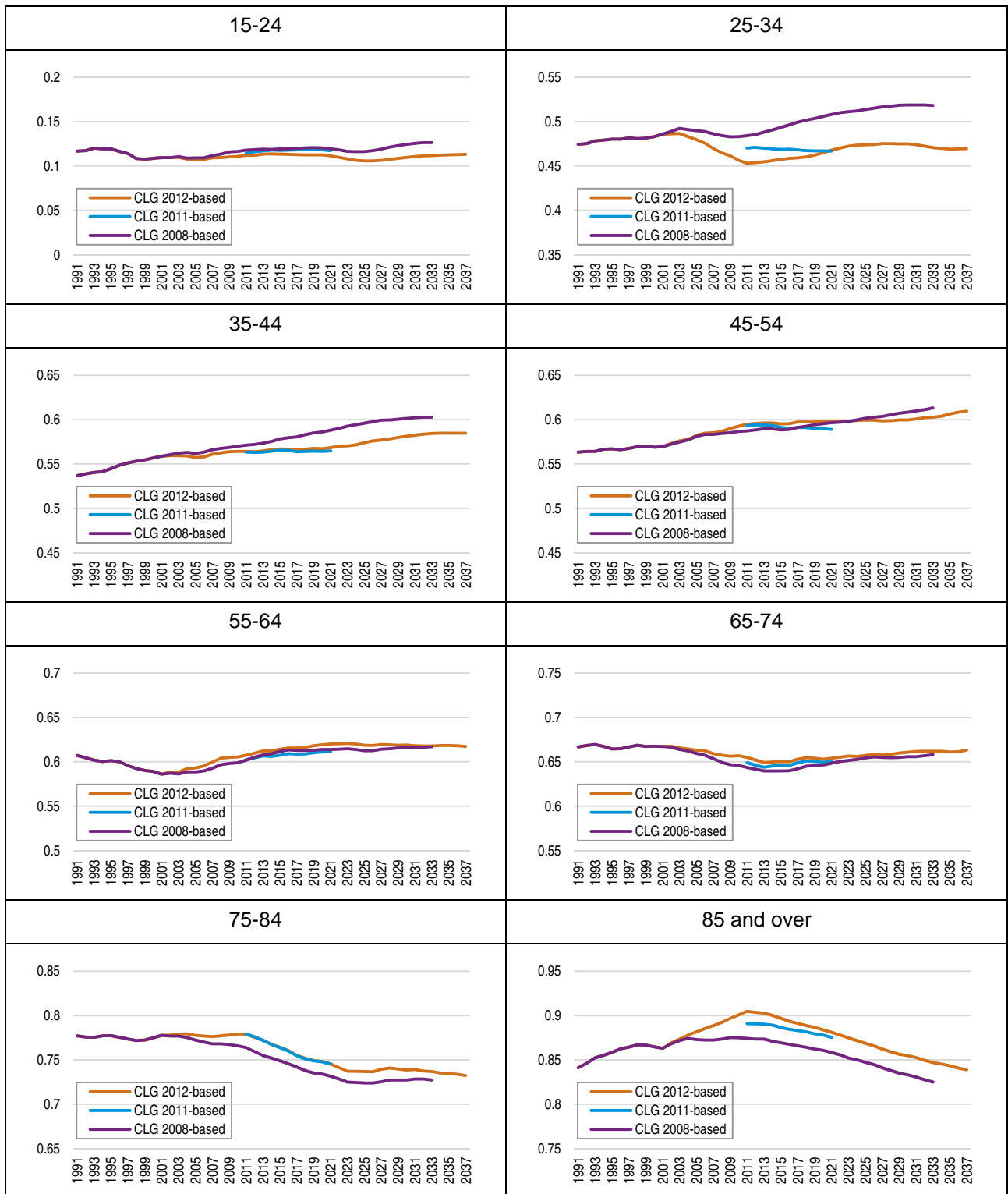
Source: Derived from CLG data

APPENDIX C: Projected household formation rates by age of head of household – St.Helens



Source: Derived from CLG data

APPENDIX D: Projected household formation rates by age of head of household – Warrington



Source: Derived from CLG data

APPENDIX E: Gross Migration Flows (over 0.25 persons per 1000)

Location 1	Location 2	Gross	Combined Population	Gross Per '000 Head
Warrington	Warrington	11,781	404,456	29.13
Halton	Halton	7,035	251,492	27.97
St.Helens	St.Helens	9,325	350,616	26.60
St.Helens	Knowsley	874	321,201	2.72
Halton	Warrington	878	327,974	2.68
Warrington	Halton	878	327,974	2.68
St.Helens	Wigan	1,163	493,157	2.36
Warrington	St.Helens	839	377,536	2.22
St.Helens	Warrington	839	377,536	2.22
Halton	Liverpool	972	592,161	1.64
Halton	Knowsley	389	271,639	1.43
St.Helens	Liverpool	902	641,723	1.41
Warrington	Cheshire West and Chester	718	531,836	1.35
Warrington	Wigan	692	520,077	1.33
Halton	Cheshire West and Chester	599	455,354	1.32
Warrington	Manchester	904	705,355	1.28
Warrington	Salford	536	436,161	1.23
Halton	St.Helens	336	301,054	1.12
St.Helens	Halton	336	301,054	1.12
Warrington	Trafford	448	428,806	1.04
Warrington	Liverpool	648	668,643	0.97
St.Helens	West Lancashire	269	285,993	0.94
Warrington	Cheshire East	506	572,355	0.88
St.Helens	Sefton	321	449,098	0.71
Warrington	Preston	157	342,430	0.46
Warrington	Knowsley	138	348,121	0.40
St.Helens	Manchester	256	678,435	0.38
St.Helens	Salford	151	409,241	0.37
Warrington	West Lancashire	108	312,913	0.35
Warrington	Conwy	107	317,456	0.34
Warrington	Lancaster	114	340,603	0.33
Warrington	Stockport	162	485,503	0.33
Warrington	Bolton	159	479,014	0.33
St.Helens	Preston	96	315,510	0.30
Warrington	Denbighshire	88	295,962	0.30
Halton	Sefton	118	399,536	0.30
Warrington	Leeds	277	953,713	0.29
Warrington	Fylde	78	277,985	0.28
Warrington	Wirral	146	522,011	0.28
Halton	Manchester	172	628,873	0.27
St.Helens	Cheshire West and Chester	133	504,916	0.26
Halton	West Lancashire	62	236,431	0.26
Halton	Wirral	116	445,529	0.26

APPENDIX F: Net Migration Flows (over 20 persons per annum)

From	To	Net
Knowsley	St.Helens	164
Halton	Warrington	124
Warrington	Leeds	95
Halton	Liverpool	90
St.Helens	Manchester	88
Halton	Cheshire West and Chester	83
St.Helens	Wigan	77
St.Helens	Liverpool	76
Warrington	Preston	67
Warrington	Manchester	64
Halton	Manchester	60
Warrington	Conwy	59
St.Helens	Leeds	55
Warrington	Sheffield	53
Warrington	Liverpool	52
St.Helens	Sheffield	50
St.Helens	Preston	48
Halton	Luton	47
Warrington	Fylde	46
Knowsley	Halton	41
St.Helens	Lancaster	40
Trafford	Warrington	40
St.Helens	Cheshire West and Chester	39
Warrington	Birmingham	39
West Lancashire	St.Helens	39
St.Helens	Gwynedd	35
Wirral	Warrington	34
Oldham	Warrington	30
Newcastle upon Tyne	Warrington	30
Isle of Anglesey	Warrington	30
Northumberland	Warrington	30
Flintshire	Warrington	29
Leeds	Halton	29
Warrington	Wigan	28
Warrington	Stockport	28
Warrington	Sefton	27
Denbighshire	Warrington	26
Wirral	Halton	26
South Lakeland	Warrington	26
Cornwall, Isles of Scilly	St.Helens	26
Warrington	Cheshire West and Chester	26
Salford	Halton	24
West Lancashire	Warrington	22
Warrington	Cheshire East	22
Halton	Flintshire	22
Warrington	St.Helens	21
Warrington	South Staffordshire	21