Developing a Housing Strategy for Cheshire and Warrington

September 2018

A Northern Success Story

- Second highest GVA per head in England, outside London
- Grew by 6.1% in 2016
- More graduate-level employees than anywhere in North
- 25% of North West's manufacturing output – and growing three times faster than national average
- Net importer of people every morning

£29.3 billion economy

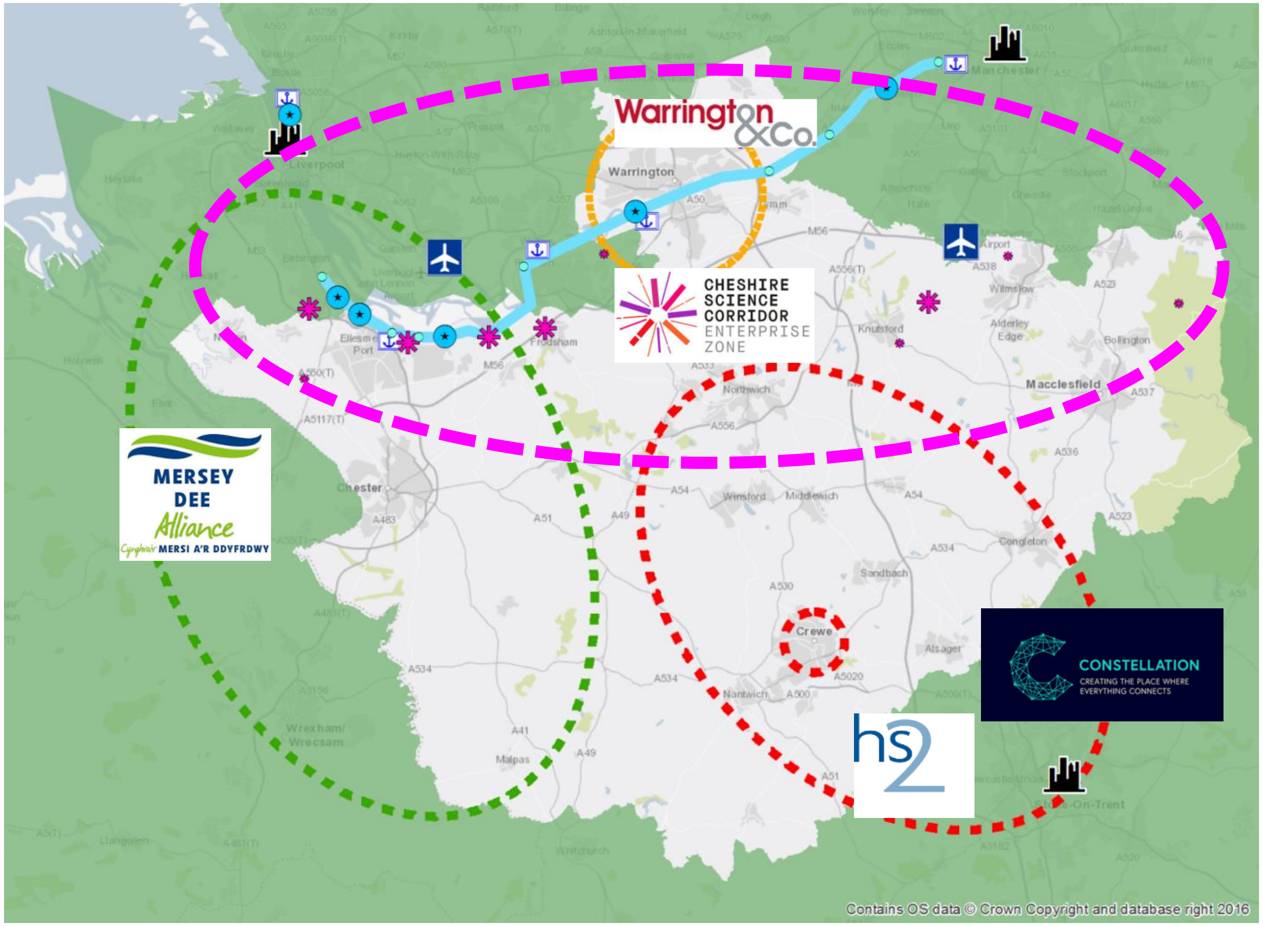
871 SQ MILES OF OPPORTUNITY

Housing and the SEP

- Acknowledges the importance of getting the right housing offer to support economic growth
- Targeting 127,000 new homes by 2040
- The ‘right type of housing in the right locations at an affordable price’ and a focus on existing urban centres
- Addressing gaps in the market (e.g. younger / older persons)

Cheshire and Warrington 871 Local Enterprise Partnership

An approached based on place…



871 SQ MILES OF OPPORTUNITY

National Housing Position

- Remains a high domestic political priority: Housing White Paper (2017) and revised NPPF (2018)
- Some way off delivering 300,000 new homes a year… 217,000 in 2016/17
- In addition to quantum and speed, increasing emphasis on the "right homes in the right places" and tackling affordability
- Repositioning of HCA as Homes England with a more interventionist approach to land and investment
- Government focus on infrastructure and projects that will deliver big numbers at pace; £5 billion available through HIF

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Developing our strategy…

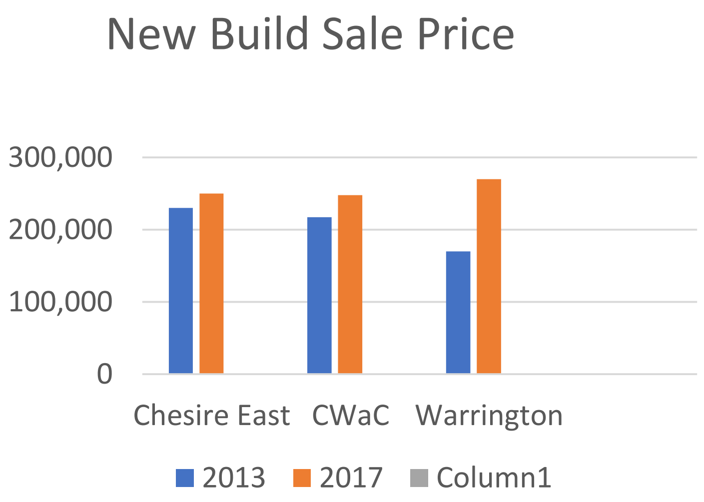
- LA's have individual housing strategies, including affordable housing and the needs of an ageing population
- GL Hearn appointed to support the LEP in developing a high level Strategy for the sub-region that aligns future housing with the needs of a growing and changing workforce
- Developing homes that reinforce vibrant communities and the LEP's spatial priority areas
- Draft report received June 2018

Existing stock

- Circa 390,000 households
- higher proportion of home ownership (73%) compared to the NW and England (65% and 64%)
- PRS as a proportion of all tenure is lower than in England (13% v 18%)
- Social housing is also lower than the national figure (14% v 18%)
- Much greater proportion of older (over 65 year olds) home owners (80% compared to 75% in England)
- Evidence of high under-occupy in older households; 72% of older households have more than 2 spare rooms compared to 65% in England

The local housing market

- House price increases across the sub-region with Warrington seeing a 59% increase in new build prices since 2013
- Affordability in the sub-region in 2017 was higher than the NW (6.8 of earnings to price compared to 5.6) but lower than England (7.7)
- Affordability has worsened over last 7 years with significant hot-spots
- Rental Affordability is higher than national average with particular pressure in CW&C and CE
- Strong rental growth in Warrington (13% since 2015)

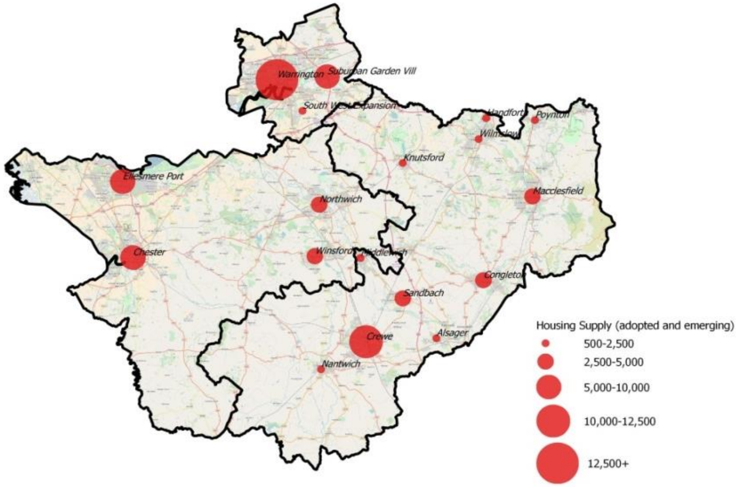


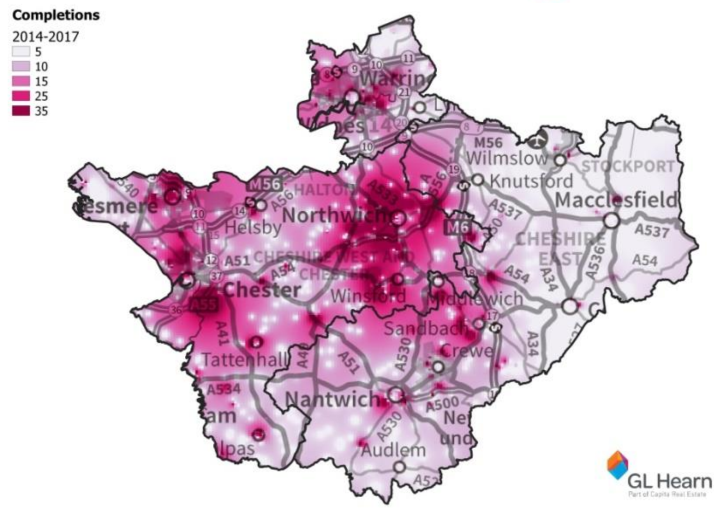
Future supply

- Approvals in place for 33,000 homes
- Local Plans provide for a further 70,000 through to 2030
- Councils collectively planning for 60% uplift on the projected demographic growth figure (3,740 per annum v 2,740 per annum)
- This would exceed the OAN figure
- Push to accelerate delivery; over £30m of HIF earmarked for the sub-region

House building activity

- Allocated supply is well aligned to urban areas
- Over 16,000 new homes have been completed over the last five years, with 4,275 in 2016-17
- However, relatively low levels of activity within the centre of the main urban areas
- House builders focused on detached / semi-detached 3-4 bed homes (i.e. 70% of outstanding permissions in CEC for this type)

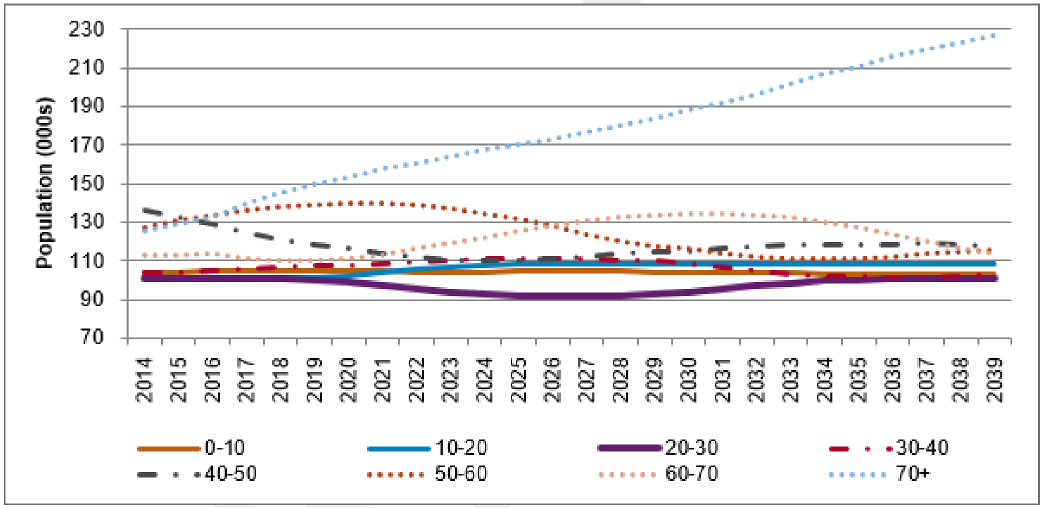




The demographics

- Low population growth in the 10 years to 2015 (4.2% compared to 7.8% in the UK)
- 8% growth during the next 25 years but well below England (15.5%) and Greater Manchester (12%)
- Number of +65 year olds due to increase by 57% over the next 15 years (compared to 49% in the North West)
- Number of 15 to 35 year olds to **reduce** by 3% over next 15 years (compared to 2% growth nationally)

Figure 1: Population Projections, Specific Age Groups



Source: ONS 2016

A perfect storm?

- Economy growing at rapid rate (manufacturing sector 3x national average) and a SEP target of creating 31,000 jobs in the sub-region by 2040 but….
- 35% of the manufacturing workforce is above the age of 50 and there will be a need to replace an estimated 230,000 manufacturing jobs by 2025
- The area's economy has a high dependency on STEM skills with a potential 60,000 shortfall in graduates
- All this at a time when the predicted reduction in the 20-30 age group is the equivalent to 10,000 leaving region by 2026
- Demographics could see local economy stagnate and we could be in danger of building the wrong houses in the wrong places
- **Attracting and retaining young people will therefore be crucial to the success of the economy and achieving sustainable growth**

Young People in the Sub-region

- **Less young professional households**; some concentrations in urban locations but only around 15% of households compared to 20% across the NW
- **Far fewer young people (16-34 year olds) renting**; 39% live in PRS compared to 46% nationally with the lowest proportion in Warrington (33%)
- **High number of young people travelling in for work**; 46,000 commute into the sub-region each day with a high proportion from Manchester
- **Young people are currently more reliant on cars for work**; use of public transport less than half NW equivalent (8% compared to 17%) and way below England (23%)

Why are we loosing young people?

- Housing not the sole reason but could be a big factor
- Almost half of 20-35 year olds and young professionals rely when starting out on affordable and good quality rented flats or smaller homes **but availability in the sub-region is limited**
- **Do we tick the life choice boxes?** Young people (25-34) also make decisions based on….
    - Proximity to their workplace (24% say that is the most significant factor)
    - Quality of place (9% of young people and 39% of the age group who live in City Centres base choice on proximity to restaurants, leisure and cultural facilities)
    - Proximity to public transport hubs (only 66% of 29-year-olds have a driving licence compared to 75% in 1994 and 28% of 25-34 year olds that live in City Centres cite public transport as the main draw)

How can we respond?

- Housing has a critical role in change perceptions to attract and retain young people. We need positive intervention to build...
- The **right homes**….
  - More one and two bed apartments and townhouses
  - More high quality bespoke PRS
  - More intermediate and affordable housing
- In the **right places**….
  - Facilitate high density residential development close to public transport hubs and main line stations (i.e. Warrington, Crewe, Chester and Macclesfield)
  - Continue the efforts to transform the offer and create desirable places in the main town / city centres
- Such development would also appeal to existing older residents and therefore help rationalise the existing stock

Practical steps……

- Consider a strategic partnership with Homes England (and others) to help position the sub-region for outside investment and promote public sector development finance (see Manchester Place)
- Expand plans for town centre regeneration and measures to encourage high density living
- Seek out and attract new developers (in line with the Government's desire to diversify delivery) and more joint ventures
- Build public sector capacity for development and intervention; a shared resource for the sub-region?
- A flexible Land Fund aimed at high density residential schemes?
- Push innovation (i.e. opportunities for modern methods of construction)
- Explore the use of Locally Accountable Development Corporations where the need for transformation is greatest