

REPORT TO: Portfolio Holder

Report of: Head of Strategic and Economic Planning

Subject/Title: Cheshire East 5 year Housing Land Supply
Position Statement – September 2014

UPDATE REPORT on Housing Land Supply

1. This note relates to concessions made by a 5 year housing land supply witness called by the Council at the Old Mill Road inquiry last week. At that inquiry the witness gave oral evidence and under cross-examination made a series of concessions which were inconsistent with the written evidence and other documents placed before the inquiry on the Council's behalf. Whilst this evidence was provided in discharge of his duties as a professional witness, it did not reflect the position of the Council which he had until then been content to support.
2. The concessions he made can be summarised as follows:
 - a. the Council had no good reason for not following previous Inspector's conclusions that the FOAN was at least 1350;
 - b. the FOAN is at least 1350;
 - c. the Council had been unreasonable in not taking into account the previous decisions of Inspectors when preparing the Position Statement;
 - d. further, it was not appropriate to extend the 2011 household projections forward to post 2021 but instead one should use the 2008 figures, which suggested that even 1350 was inadequate;
 - e. it was also necessary to make an allowance for economic trends and market signals when reaching the FOAN, which would take the figure beyond 1350;
 - f. the Council had no good reason to differ from previous Inspector's conclusions that the buffer should be 20%;
 - g. there was no basis for differing from the findings relating to supply in the Close Lane decision, which cast doubt on the build rates and lead-in times used in the PS and excluded a series of individual sites from the supply;

- h. the Position Statement information relating to supply until the end of September (Table 8) was defective in that it did not allow for any addition to the backlog, to account for the different base date for the supply calculation; and it did not identify the sources of information for completions and losses as allowed for in the table.
- 3. These concessions were inconsistent with the written material before the inquiry, including the Position Statement which had been published on the Council website the night before the inquiry.
- 4. The material before the inquiry, which represented the position of the Council, addressed the issues raised by these concessions.
- 5. First, the Council has maintained its contention that previous Inspector's conclusions relied upon by the appellants were wrong, because they did not properly apply the Gallagher "policy off" and "policy on" distinction to the 1180 and 1350. This point was made in the written evidence of the witness [eg 4.15]. The errors may have arisen in part due to the potentially confusing language used in relation to "need" in the draft Local Plan Strategy, which was drafted before the Gallagher case clarified the nomenclature:
 - a. 144 Audlem Road, Nantwich [25.7.14]: it is evident from [35] that the Inspector considered the 1350 figure was the result of the consideration of policy: "responding to reasonable and policy compliant aspirations";
 - b. Moorfields, Wilaston [1.8.14]: the Inspector did not engage with the issue of policy on and policy off and this issue is one of several raised in the High Court challenge to that decision;
 - c. Hind Heath Road, Sandbach [1.8.14]: the Inspector uses 1350 as a "proxy" [55] and does not fully engage with the question of whether policy is engaged or not in reaching that decision;
 - d. Crewe Road, Haslington [15.8.14]: the Inspector records that the exact FOAN figure should await the scrutiny of the examination but states that the FOAN

in his view would be unlikely to be less than 1350, without engaging in an analysis of whether this a “policy on” position.

6. It is to be noted that in the Close Lane, Alsager decision the Inspector, whilst preferring to use the former Regional Strategy requirement of 1150, indicated that the 1180 figure based upon government projections was not dissimilar and she concluded that the figure of 1350 included a jobs-led growth strategy which had not been tested and should be afforded limited weight.
7. Second, the evidence before the inquiry allowed for an explanation of why 1350 was a policy on figure when compared with a FOAN of 1180; and why it would be inappropriate to elevate FOAN beyond 1180.
8. The process of calculating FOAN is summarised in the note entitled “Homework Item no. 9”. This sets out the various steps involving (in basic terms) (i) the use of government projections as a starting point to reach a figure of 1050 (to 2021) and then 1180 (to 2031), before then (ii) describing how the Council’s own work produced a demographic projections figure of 845, to which an allowance was added to account for economic trends and market signals, ending with a figure of 1180.
9. The note records where these steps are substantiated within the evidence base (primarily the Population Projections and Forecasts Background Paper (“PPF”)) and the Council’s Response to the Inspector’s Request for Further Information (“RIR”).
10. The modelling work of the Council in the PPF sets out various population, household and economic forecasts which produce different scenarios for housing requirements. Some of the scenarios are modelled for theoretical purposes or to test different forms of input, so that the selection of the draft housing requirement can be demonstrated to have been made on an informed basis.
11. In short, it can be seen that, the baseline forecast – which takes account of the latest demographic evidence – indicates a need for 845 dpa [Scenario 2a, Table 1 page 15],

however as noted [at [2.7] also see 4.17-4.18] while this scenario accommodates demographic change it generates a jobs growth that averages less than 0.05% pa. The Council also modelled 1150 dwellings pa (which is similar to the 1180 FOAN) (using POPGROUP modelling) which shows that this equates to an average jobs growth rate per annum of around 0.2% [page 24 para 4.20]. Hence when market signals, affordability and other economic considerations are factored in (to bring the dwellings provision up from 845 pa to the FOAN of 1,180) the jobs growth rate rises to an average of 0.2%. The application of economic policy (scenario 3c) then brings housing requirement to 1350 pa and raises jobs growth rate from the FOAN level of 0.2% pa to 0.4% pa [4.22]. Hence economic output growth is expected to average around 2.0% per annum under the Council's baseline forecast, 2.2% pa if housing provision equals the FOAN of 1180pa and 2.4% if housing provision equates to 1350 dwellings pa. The Local Plan Strategy Submission Version [8.11-8.12] provides a brief summary this growth strategy, although in places references to full, objectively assessed needs are, on proper analysis, references to the draft housing requirement.

The draft housing requirement is currently being tested at the Local Plan Examination.

12. The Response document and its Annex 1 deals in detail with the approach that was followed, and also addresses objections which have been raised to the Council's assessment of FOAN and the draft housing requirement. For convenience the relevant references are set out below, along with corresponding references in the PPF:

- a. approach to household projections: the documents explained why it was inappropriate to use out of date 2008 figures when calculating the demographically-based needs after 2021) PPF [2.3-7 and 4.4, 4.17-8, Table 1] and RIR [Annex 1 4.24-4.43];
- b. consideration of migration, economic activity and unemployment: PPF [6.17-24, 7.36-51, 7.23-47, Tables A.11-12] and RIR [Table 2.1, Annex 1 4.53-4, 4.58-61, 4.64, Annex 6];

- c. economic trends and difference with “policy on” considerations: PPF [4.20, 4.25 and Table 5, 2.9, 4.28, Annex 6] and RIR [Annex 1 5.3-4] when read with the draft Plan eg para. 8.8;
- d. approach to market signals: RIR [Annex 1 6.6-7, 6.18 and 9.31-3].

13. Third, the written evidence of the Council before the inquiry [pp. 20-21; see too App. 3 p. 18] also explained why a buffer of 5% would be appropriate, by referring to the guidance in PPG 3-035 on the “persistent under-delivery of housing” which emphasised the need to take a longer term view, the peaks and troughs of the housing cycle and the effect of moratoria. The evidence also referred to the analysis in the Position Paper, which identified cumulative overprovision against housing requirements since 1996, along with the combined effect of the moratorium and the recession that have caused more recent undersupply. Further, the evidence shows that the Council is granting a substantial number of permissions whatever the market has been able to deliver.

14. Fourth, the Position Statement set out the Council’s latest position in relation to housing land supply and evidence was produced which has sought to substantiate the use of the standard build-out rates and lead-in times adopted in the Position Statement. This evidence has been produced for other inquiries. The position was summarised in the evidence to the Old Mill Road inquiry, which appended evidence relied upon at the resumption of the Weston Lane Shavington inquiry in September; that in turn reflected evidence which had been provided at the Church Lane, Wistaton inquiry.

15. Overall the evidence prepared by the Council has included evidence of commencements and completions on sites of over 20 units from 2003, discussions with and emails from developers and housing site starts in 2013-4. In the Close Lane, Alsager decision the Inspector was critical of the build out rate and lead in times in the earlier Position Statement and concluded that a number of sites on which the Council relied for its supply. Other Inspectors have not accepted the use of the build out rates and lead in times in the Position Statement. The Council produced a note

for the subsequent Gresty Lane inquiry which responded to that decision and continues to provide evidence which it considers demonstrates a five year supply.

16. The new Position Statement includes information on sites which have entered the supply between April and September information [see Table 8, when compared with the position at Table 7 relating to the base date of 31st March]. Whilst some further backlog allowance may have to be made beyond what is shown in Table 8 , the overall supply position is, on the Council's evidence, evolving and officers consider that it is possible to demonstrate a five year supply.