1. **Introduction**

1.1. In order to ensure the development of sustainable communities in Halton the Delivery and Allocations Local Plan must facilitate the delivery of sufficient housing to meet identified needs in terms of housing quantity, quality, location, affordability and choice.

1.2. This document sets out the background to the housing policy target as contained in the Proposed Submission Draft of the Halton Delivery and Allocations Local Plan (Aug2019).

1.3. The document will start with Government’s Housing Needs Assessment ‘Standard Method’, discuss the other reasonable alternatives considered through the production of the Plan before considering the issue of whether the approach taken can be considered to be an ‘alternative approach’ and if so whether ‘exceptional circumstances’ exist to justify using a figure other than the standard method.

1.4. This is intended to assist the Examination by setting out a clear chronology and providing the context for the differing studies and figures referenced by other parties to the Examination. It will demonstrate that the Plan was positively prepared with the Council taking the appropriate actions to comply with each change to Government policy and guidance.

2. **Context Review**

<table>
<thead>
<tr>
<th>Evidence Source</th>
<th>Key Objectives and messages</th>
</tr>
</thead>
<tbody>
<tr>
<td>NPPF 2019</td>
<td>To encourage sustainable development, that can build and support a strong economy, ensure the vitality of town centres, promote sustainable transport, delivery homes, promote healthy communities, meet the challenges to climate change and conserve and enhance the natural and historic environments.</td>
</tr>
<tr>
<td>National Planning Policy Guidance Paragraph: 003</td>
<td>The purpose of the 5 year housing land supply is to provide an indication of whether there are sufficient sites available to meet the housing requirement set out in adopted strategic policies for the next 5 years. Where strategic policies are more than 5 years old, or have been reviewed and found in need of updating, local housing need calculated using the standard method should be used in place of the housing requirement.</td>
</tr>
<tr>
<td>Reference ID: 68-003-20190722</td>
<td></td>
</tr>
<tr>
<td>Housing and Planning Act 2016</td>
<td>Government legislation governing housing and planning, which includes: starter homes and self- and custom-build housing; social housing in England; changes to neighbourhood planning and local planning and; compulsory purchase.</td>
</tr>
</tbody>
</table>
Halton Whole Plan Viability Study (2019) | This document sets out the methodology used, and the key assumptions adopted. It contains an assessment of the effect of affordable housing policies, which could be included in the emerging Plan and relative to the potential development sites to be allocated. This will allow HBC to further engage with stakeholders, to ensure that the new Plan is effective.

GTAA – Cheshire East, Cheshire West and Chester, Halton and Warrington Gypsy Traveller and Travelling Showpeople Accommodation Assessment (2018) | The primary objective of this Gypsy, Traveller and Travelling Showpeople Accommodation Assessment (GTAA) is to provide a robust assessment of current and future need for Gypsy, Traveller and Travelling Showpeople accommodation in the following local authority areas: Cheshire East, Cheshire West and Chester, Halton and Warrington (the Councils).

Mid Mersey SHMA 2016 | The SHMA has been commissioned by Halton Borough Council, St.Helens Metropolitan Borough Council and Warrington Borough Council.

SHELMA 2016 | 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). The SHMA has been commissioned by Halton Borough Council, St.Helens Metropolitan Borough Council and Warrington Borough Council.


3.2. NPPF now stating that in setting housing requirements, authorities should be informed by a housing needs assessment using the ‘standard method’ unless exceptional circumstances justify an alternative approach. Section 6 of this document looks at the issue of ‘exceptional circumstances’.

**NPPF Para 60**

*To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.*
3.3. The accompanying Planning Practice Guidance clarified that the standard method produced a ‘minimum’ annual housing requirement but that this does not necessarily represent the housing requirement as other considerations, such as accepting unmet need from neighbouring authorities, may be necessary.

**What is the standard method for assessing local housing need?**

*The National Planning Policy Framework expects strategic policy-making authorities to follow the standard method in this guidance for assessing local housing need.*

*The standard method uses a formula to identify the minimum number of homes expected to be planned for, in a way which addresses projected household growth and historic under-supply.*

*The standard method set out below identifies a minimum annual housing need figure. It does not produce a housing requirement figure.*

[PPG Para: 002 Ref ID: 2a-002-20190220]

3.4. For the avoidance of doubt, it should be noted that the Delivery and Allocations Local Plan (DALP) is seeking to meet Halton’s development needs in full and following discussions and ongoing co-operation with neighbouring authorities is not seeking to meet any unmet need from neighbouring areas.

3.5. Government’s changes to NPPF (Policy) and PPG (Guidance) have introduced a degree of ambiguity within and between Policy and Guidance with the former still referring to ‘Objectively Assessed Need’ whilst the previous detailed guidance on how this should be assessed has been replaced by Housing Needs Assessments using the standard method.

**When should strategic policy-making authorities assess their housing need figure for policy-making purposes?**

Strategic policy-making authorities will need to calculate their local housing need figure at the start of the plan-making process. This number should be kept under review and revised where appropriate.

The housing need figure generated using the standard method may change as the inputs are variable and this should be taken into consideration by strategic policy-making authorities.

However, local housing need calculated using the standard method may be relied upon for a period of 2 years from the time that a plan is submitted to the Planning Inspectorate for examination.

[PPG Para: 008 Ref ID: 2a-008-20190220]

3.6. Paragraph 008 of the Guidance tells authorities to assess their housing needs at the start of the Plan making process but to keep this under review. It further states that the HNA figure can be relied on for a period of 2 years from submitting the Plan for examination, indicating that the HNA figure for the latest year is to be used.
3.7. At the time of submitting the Halton Local Plan, the latest Housing Need Assessment was for 2019, showing a minimum need for 254 dwellings per annum. This was down from 265 dpa the preceding year.

Figure 1: Housing Needs Assessment (Standard Method) at 2019

Source: 2019 Housing Needs Assessment (HBC)

3.8. Paragraph 012 of Guidance introduces a degree of ambiguity, stating that whilst the “method provides authorities with an annual number, based on a 10 year base line” it “can” be applied to the whole plan period. It is notable that Government chose not to say the figure “must” or even that it “should” be applied over the full Plan period, suggesting the intent to allow a degree of flexibility for the Plan maker appropriate to the prevailing circumstances.

How can plan-making authorities apply the method to the overall plan period?

The method provides authorities with an annual number, based on a 10 year base line, which can be applied to the whole plan period.

The National Planning Policy Framework requires strategic policies to look ahead over a minimum 15 year period from adoption, although authorities are required to keep their policies under review.

[PPG Par: 012 Ref ID: 2a-012-20190220]

3.9. Figure 2 (below) looks at the housing requirements for Halton using a 2014 or 2019 base date and a static (whole period) housing need figure, a 10 year review (reflective of the 10 year data used in the calculation), a 5 year review (reflective of the Local Plan review requirement) and using single year figures (to 2029 after which the figure from the last calculation possible is rolled forward).
3.10. Figure 2 shows that adopting a 2019 base date produces a minimum housing need for Halton of between 4,572 dwellings (2019–37) ‘whole period’ approach to 3,339 dwellings using single year steps, or between a high of 254 dwellings per annum (dpa) to a low of just 180 dpa.

3.11. Corresponding figures for a 2014 policy start date being 299 dpa to 203 dpa or 6,877 to 4,658 net dwelling gain.

Figure 2: Housing Needs Assessment (2014 & 2019 Base dates) / Static and Stepped calculations.

<table>
<thead>
<tr>
<th></th>
<th>Whole Period</th>
<th>10 year steps</th>
<th>5 year steps</th>
<th>Single / 1 year steps</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2014 Base</strong></td>
<td>299 x (2037-2014)</td>
<td>299 x (2024-2014) + 207 x (2037-2024)</td>
<td>299 x (2019-2014) + 254 x (2024-2019) + 207 x (2029-2024) + 143 x (2037-2029)</td>
<td>6,877</td>
</tr>
<tr>
<td></td>
<td>299 pa</td>
<td>247 pa</td>
<td>215 pa</td>
<td>203 pa</td>
</tr>
<tr>
<td></td>
<td><strong>254 dpa</strong></td>
<td>205 dpa</td>
<td>192 dpa</td>
<td>180 dpa</td>
</tr>
</tbody>
</table>

Source: 2019 Housing Needs Assessment (HBC)

3.12. The Delivery and Allocations Local Plan plans for 350 dwellings per annum (2014–37), which is higher than any of the above calculations using the standard method, which paragraph 15 of the guidance states ‘can be considered sound’.
If authorities use a different method how will this be tested at examination?

… Where a strategic policy-making authority can show that an alternative approach identifies a need higher than using the standard method, and that it adequately reflects current and future demographic trends and market signals, the approach can be considered sound as it will have exceeded the minimum starting point.

Where an alternative approach results in a lower housing need figure than that identified using the standard method, the strategic policy-making authority will need to demonstrate, using robust evidence, that the figure is based on realistic assumptions of demographic growth and that there are exceptional local circumstances that justify deviating from the standard method. This will be tested at examination.

Paragraph: 015 Ref ID: 2a-015-20190220

4. Reasonable Alternatives

4.1. During the preparation of the Delivery and Allocations Local Plan a number of possible housing policy targets have been considered. The following sections will discuss the key figures that will be referenced by parties to the Examination;

- 552 Core Strategy
- 446 SHMA (Publication Draft)
- 326 SHELMA
- 565 SHELMA
- 350 Proposed Submission Draft

Figure 3: Housing Policy Requirements and Household Projections Year on Year Change (Halton).

Source: HBC Planning; ONS Sub-National Household Projections
5. **Core Strategy – 552 d.p.a.**

5.1. The Halton Core Strategy Local Plan, adopted 2013, was intended to set the key strategic policies for Halton, with the Delivery and Allocations Local Plan containing only allocations and non-strategic policies. This formed the basis of the DALP’s initial Scoping consultation in February 2014.

5.2. As initial work progressed on the DALP, and the implications of NPPF coming fully into force it became evident to the Council that it would not be possible to fulfil the Core Strategy requirement (introduced as a main modification at examination) to undertake a review of the Green Belt around Widnes / Hale without first establishing a NPPF compliant figure for the Objectively Assessed Need for housing.

5.3. The Core Strategy housing figure was not NPPF compliant as it predated the OAN guidance and was based directly on the previous RSS figure that itself was not directly supported by robust evidence. The Council therefore consulted on a Revised Scope for the DALP in January 2016.

5.4. In November 2011 when the Core Strategy examination considered housing matters, RSS had (for the second time) been re-reinstated by the High Court (May’11), having been effectively revoked twice by Ministerial order. As RSS was in place, the Local Plan Inspector inevitably concluded that the Core Strategy must be in conformity with RSS so recommended a policy figure of 552 dpa. This figure being made up of;

\[
\text{RSS Policy} + \left( \frac{\text{Delivery backlog at 2010}}{\text{Remaining policy period}} \right) = 500 + \left( \frac{940}{18} \right) = 552.
\]

5.5. The RSS policy itself was not well supported by evidence. The initial work commissioned by the North West Regional Assembly suggested Halton’s policy figure should increase from the preceding RPG13’s 330 dpa to 333 dpa. The initial draft RSS policy was challenged by the Merseyside authorities (including Halton) as it reduced Merseyside’s share of the regional total.

5.6. NWRA adjusted the figures to maintain Merseyside’s share of the larger (National Housing and Planning Advice Unit) regional figure, rounding Halton down from 505 pro-rata to 500 dpa (2003~21).

5.7. As an eleventh hour change the Secretary of State suggested changes to Policy L4 changing the figures from upper targets to minimum requirements.
6. **Mid-Mersey Strategic Housing Market Assessment (SHMA) – 466 d.p.a. and Liverpool City Region Strategic Housing and Employment Land Availability Assessment (SHELMA) 326 – 565 d.p.a.**

**Mid-Mersey Strategic Housing Market Assessment (MM-SHMA)**

6.1. In 2015, Halton together with St. Helens and Warrington within the Mid-Mersey Housing Market Area (HMA) jointly commissioned specialist consultants GL Hearn & JG Consulting to undertake a guidance compliant assessment of Objectively Assessed Need for the period 2014~37. Neighbouring authorities across the City Region were invited to take part in the commission but not all were able to commit to this work at that time.

**Liverpool City Region Strategic Housing and Employment Land Market Assessment (LCR-SHELMA)**

6.2. In 2016, the Liverpool City Region authorities plus West Lancashire agreed to commission the LCR Strategic Housing and Employment Land Market Assessment (SHELMA). GL Hearn were also commissioned to undertake this study, working to essentially the same methodology as the MM-SHMA but utilising the latest available national population data and new economic forecasts commissioned by the LCR Local Enterprise Partnership from Oxford Economics.

**SHMA / SHELMA**

**Demographic Based Requirement**

6.3. As per the prevailing guidance, each Study started with the latest national Household Projections (2012 Based) and applied assumptions and corrections to update the figures to account for the newer 2014 based population projections / mid-year estimates and for unattributable population change.

6.4. This Unattributable Population Change component of change arose when the 2011 Census results for Halton came in significantly higher than the preceding ONS projections, but it was unclear whether it was due to under enumeration (undercounting) in the 2001 or 2011 Census, or errors in projected natural change or migration.

6.5. The publication of the 2014 and 2016 based household projections, and Government’s stated position that 2014 based household projections should be used in the standard method, effectively supersedes the demographic based calculations from both studies.

6.6. The latter 2016 based population and household projections look at trends post the last census, so eliminate the need for additional ‘correction’ factors for ‘unattributable change’ as applied in both studies.

**Economic Based Requirement**

6.7. Each study then separately considered the potential growth in jobs, number of employees, applied adjustments for commuting, people holding more than one job and economic activity to arrive at the number of houses needed to serve the economic projections.
6.8. For economic based need, each study utilised data from Oxford Economics independent data house, with the SHELMA considering both a baseline and a growth scenario based on aspirations in the LEP’s Growth Plan [EL017].

6.9. The SHMA calculated a housing need of 466 d.p.a. based on a projected jobs growth of 4,952.

6.10. The SHELMA calculated a housing need of 326 d.p.a. based on the baseline economic scenarios jobs growth of 3,500 (2012~37) and a potential need for 565 d.p.a. on the economic growth scenario projection of 11,200 jobs increase.

**Growth Scenario**

6.11. The SHELMA Growth Scenario jobs estimates were calculated by Oxford Economics by applying increased growth assumptions to the LEP’s priority growth sectors and each authority identifying potential growth on ‘transformational sites’, i.e. sites where jobs growth would not be expected to be reflected in past trends either through scale or sector. In Halton, this comprised of HBC Field [Site E23] (Manufacturing) and Sci-Tech Daresbury Enterprise Zone [Sites E4, 5, 6, 10 & 11] (Science / R&D).

6.12. For Halton, the overwhelming majority of the ‘above trend’ jobs growth is due to the projected potential of the Sci-Tech Daresbury campus.

6.13. The SHELMA took the jobs forecasts, calculated the population required to produce the necessary workforce to fill those estimated job numbers and then the housing required to house this population.
6.14. The Publication draft of the Delivery and Allocations Local Plan (Jan’18) included the 466 dwellings per annum figure, recommended in the MM-SHMA.

6.15. Whilst the SHELMA had been commissioned at that time of the Publication Draft Local Plan consultation, it was still in draft and not considered to be at a sufficiently advanced stage of production to inform the Local Plan. The SHELMA was subsequently completed and subjected to its own technical consultation. The SHELMA recommended an OAN of 326 dpa for Halton.

7. **Deriving the proposed housing requirement**

7.1. A number of objections to the Local Plan argue for the use of the figures from either the MM-SHMA [EL094] or the LCR-SHELMA [EL014], effectively stating that their existence constitutes exceptional circumstances. We will deal with this issue in section 8.

7.2. The Council accepts that the findings of the MM-SHMA [EL094] (466) and the Growth Scenario of the LCR-SHELMA [EL014] (565) are “significantly greater than the outcome of the standard method” (268 in 2018). This was taken into account when “considering whether it was appropriate to plan for a higher level of need than the standard model suggests”.

7.3. In addition, Halton is a partner in the LCR Combined Authority and a signatory to the LCR Devolution Agreement of April 2014 and subsequent Growth Deal. The Growth Deal includes committed Central Government funding support for the first 5 year period, of £30m per annum, with the intention for 5 yearly renewal/reviews. Halton also contains an Enterprise Zone which gives access to potential additional funding support.

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Figure 5: Employment (FTE) LCR-SHELMA – Baseline & Growth Scenarios.

Source: LCR-SHELMA

*Note: 2012 figure included erroneous ‘spike’ in single sector (health) so replaced by 2011 &13 average.*

*Note: Figures for transformational sites corrected to allow for ‘displacement’.*
7.4. Given the above, the Council considered that it was appropriate to investigate what figure above the standard method’s minimum staring point of 265 d.p.a. was appropriate.

7.5. There were a number of reasons why the Council considered it could not simply adopt the SHELMA recommendation. The SHELMA being a product of the old guidance, exhibits all of the problems the Government set out to address with the introduction of the Standard Method including transparency, it was being overtaken by newer data, and in places it uses overly cautious assumptions. This level of caution was appropriate under the previous guidance and examination regime but produces inflated housing requirements and is not appropriate under the replacement guidance.

7.6. As will be set out below in section 8, the policy tests under the new system are deliberately lessened by Government keen to stop long technical debates on housing numbers dominating examinations. For Plans where the proposed policy figure is above that calculated by the Standard Method, the tests to be applied are as set out in section 2 of para 015 [PPG], namely, whether the figure “... adequately reflects current and future demographic trends and market signals.”

Transparency

7.7. In the ‘Right Homes in the Right Places’ consultation that introduced the standard method, Government was explicit in their criticism of expensive, over complicated studies that lead to long technical arguments at examinations, adding cost, delay and precluding the public from being able to understand the decisions that will affect them.

This means creating a system that is clear and transparent so that every community and local area understands the scale of the housing challenge they face. We do not want local authorities wasting time and money on complex, inconsistent and expensive processes. This only creates lengthy bureaucratic arguments, often behind closed doors, and isolates local communities.

Planning for the Right Homes in the Right Places Consultation – Foreword
Rt Hon Sajid Javid MP Secretary of State for Communities and Local Government

7.8. The SHELMA suffers from all of these criticisms, however, the demographic calculations are reasonably well explained, so should be understandable to those prepared to read through the step by step explanations. The economic scenarios are less so. The Growth Scenario being the least transparent, most ‘black box’ section devoting only 169 words of a 53,000 word document to describing the part of the study that has the largest effect on projected housing numbers and hence the LCR’s communities.

Superseded by newer data

Population projections

7.9. The SHELMA uses 2014 based population projections to rebase the 2012 household projections, which had been superseded by the newer 2016 based population projections, that showed the total population at 2037 being almost a thousand lower than the figures used in the SHELMA (Fig.5) This change largely being down the changed mortality assumptions affecting older age ranges. This pointed to a lower overall housing requirement.
It is noted, that the 2018 based population projections that have been published since the Local Plan consultation show a significantly higher upward trend than either of the proceeding sets. This mirrors the situation where the 2011 Census results were higher than expected causing a sharp ‘jump’ in the ONS projections and the adoption of the ‘Unattributable Population Change’ component of change that the SHMA and SHELMA struggled with. This ‘jump’ is likely to feed through to Sub-National Household Projections in due course and underlines the importance of setting a housing policy requirement that can accommodate these periodic adjustments to the underlying projections. As set out in para 2.5 above, paragraph 8 of the Planning Practice Guidance states that Councils can rely on the Housing Need Assessment for a period of two years from submission of their Plan. As such, whilst the new population figures demonstrate then need to ensure flexibility, they are not otherwise relevant to the consideration of the Plan.

**Figure 6: Total Population 2012-2037 (2014 based / 2016 based) Projections**

Source: ONS Sub-National Population Projections

**Figure 7: Working Age Population 2012-2037 (2014 based / 2016 based) Projections**

Source: ONS Sub-National Population Projections.
7.11. The 2016 based projections for working age population at 2037 is around a thousand persons higher than the preceding projection used in the SHELMA (Fig.6) again suggesting a lower housing need to generate the target workforce.

7.12. Together this newer data suggests were the SHELMA projections rerun using the latest data, the results would be subject to significant downward revision.

**Employment Projections**

7.13. Figure 4 above demonstrated how the growth scenario figures in the SHELMA were driven by the assumptions concerning the delivery of ‘transformational sites’. Halton identified two ‘transformational’ sites, (1) HBC Field (Sector – Manufacturing) and (2) Sci-Tech Daresbury (Scale).

7.14. The Council was the principal promoter of the HBC Field site which secured end user Alstom. This was envisaged as a multi-phase development with phase 1 being to service their contract to refurbish the west coast main-line Pendilino train fleet. Later phases offer the potential for an assembly plant for new rolling stock. The SHELMA assumed both phases would be delivered by April 2020. Phase 1 is complete and operational. To date phase 2 has not started on site. This site was considered transformational due to the manufacturing component. If the later phases do not materialise as envisaged or the site is developed for ‘normal’ employment purposes, the resultant jobs would not be considered ‘transformational’ and therefore would not be counted as additional to that captured by the general baseline scenario.

7.15. Sci-Tech is being delivered by a Joint Venture Company comprising of Halton Borough Council, the Science and Innovation Council and Langtree. The JV kindly provided potential job creation rates to inform the SHELMA process. These are summarised in the table below.

7.16. Monitoring of planning consents indicated that there is a degree of slippage in the delivery of the probably somewhat aspirational delivery timetable as used in the SHELMA.

**Figure 8 Delivery of forecast components on SHELMA transformational sites.**

<table>
<thead>
<tr>
<th>Site</th>
<th>Jobs</th>
<th>SHELMA assumed job delivery dates</th>
<th>Current Status / Jobs generation</th>
</tr>
</thead>
<tbody>
<tr>
<td>HBC Field Alstom (phase 1)</td>
<td>300</td>
<td>2018/19</td>
<td>Completed</td>
</tr>
<tr>
<td>HBC Field Alstom (phase 2)</td>
<td>300</td>
<td>2019/20</td>
<td>Not started</td>
</tr>
<tr>
<td>Tech-Space</td>
<td>170</td>
<td>2017~18</td>
<td>Completed</td>
</tr>
<tr>
<td>Eastern Plots (JV land adjacent to Lord Daresbury)</td>
<td>700</td>
<td>2018~22</td>
<td>No PP Possible from 21/22</td>
</tr>
<tr>
<td>Eastern Plots Phase 2 (Lord Daresbury plot)</td>
<td>2,500</td>
<td>2020~23</td>
<td>No PP Possible from 23/24</td>
</tr>
<tr>
<td>Sites to West of Bridgewater Canal</td>
<td>6,100</td>
<td>2022~32</td>
<td>No PP Possible from 27/28</td>
</tr>
</tbody>
</table>

7.17. Communication between the Planning Department and Council officers supporting the JV provided periodic updates of progress and development of subsequent phases. This information informed the departments approach to the consideration of the SHELMA results in relation to the Standard Method, as per Para.10 [PPG].
7.18. The scale of the difference between the figures input into the SHELMA and the latest projections for the two ‘transformational sites’ are as set out in Figure 9 (below).

Figure 9: ‘Transformational’ Sites – Projected Jobs Growth (SHELMA & 2020 projections)

Source: HBC Planning & Regeneration Teams

Cautious assumptions.

To calculate the housing need necessary to support employment growth, the employment rate changes envisaged are inputted and migration adjusted (either upwards or downwards) to support the necessary growth in labour supply.
[LCR-SHELMA Para 8.29]

7.19. In assessing the need for housing to support economic (jobs) aspirations, the SHELMA assumed that incoming populations would mirror existing populations in terms of propensity to commute and economic activity. That is to say, if you provide 100 additional houses to boost the workforce available for your local economy, it is not guaranteed that the occupiers of those dwellings will actually work within the local economy or that they will be workers at all.

7.20. The SHELMA uses commuting ratios to deal with the former issue. St.Helens for example has net out commuting and a commuting ratio of 1.2 meaning that to generate 10 workers for the local economy, they would need to build sufficient housing for 12 workers (the extra two working elsewhere). In Halton in and out commuting are almost equal so this is not an issue. What may be an issue is the age structure and the economic activity rates of households.

7.21. Applying ONS headship rates to the 2016 mid-year population estimates shows 33% of Halton’s households are headed by over 65s. Obviously, not all over 65’s are economically inactive, nor are all other adult members of their household, but taking over 65’s as a proxy \(^1\) for economically inactive households, you can assume that a third of any additional housing will be taken by non-working households. This would hugely inflate the number you would have to plan to provide to reach a given residential workforce target.

---

\(^1\) 11% of 16-64 households are economically inactive
Figure 10: SHELMA Employment Projections and Housing Requirements (Halton)

<table>
<thead>
<tr>
<th></th>
<th>SNHP</th>
<th>Baseline</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTE Jobs Growth</td>
<td>3,500</td>
<td>11,200</td>
<td></td>
</tr>
<tr>
<td>Dwellings p.a.</td>
<td>234</td>
<td>326</td>
<td>565</td>
</tr>
<tr>
<td>Dwellings (2012-37)</td>
<td>5,850</td>
<td>8,150</td>
<td>14,125</td>
</tr>
<tr>
<td>Dwellings per Job</td>
<td>2.3</td>
<td>1.3</td>
<td></td>
</tr>
</tbody>
</table>

7.22. Such an approach may be appropriate, indeed essential, in an area that is popular with retirees, where working age populations will need to compete for housing with in-migrant retiring households, however this is clearly not the case in Halton (see Figure 11) where migration is overwhelmingly concentrated in the working age range with associated children.

7.23. It is reasonable to assume therefore, that in Halton, any uplift in inward migration resulting from increasing jobs opportunities will comprise exclusively of employee generating households and no allowance is needed for incoming non-working households.

7.24. The ONS Population Projections show a similar age distribution of migration throughout the period to 2041. Halton is forecast to move from a net exporter of population to a net importer, possibly due to the reduction of the population reaching 18-19 years of age and leaving, presumably for further/higher education.

Figure 11: Migration (Halton) by single year of age (Halton) 2018.

Source: ONS 2016 Population projections

7.25. It is possible to roughly quantify the impact of each of the issues listed above on the SHELMA findings. The Council used this as a guide to inform the future approach. It was not used as prescriptive calculation and is not presented as an alternative model. Instead, the Council had regard to the figures when exercising judgment as to the appropriate requirement figure.
### Figure 12: Estimated impact of updates to SHELMA findings (Halton)

<table>
<thead>
<tr>
<th></th>
<th>2014 Household Projections</th>
<th>Population uplift (2012~37)</th>
<th>Effect of Transformational Sites</th>
<th>Migration (SHELMA over demographic)**</th>
</tr>
</thead>
<tbody>
<tr>
<td>SHELMA</td>
<td>234</td>
<td>4,772</td>
<td>(565-326)=239 pa</td>
<td>93 (base)</td>
</tr>
<tr>
<td>Updated</td>
<td>203</td>
<td>3,991</td>
<td>-30% on delivery</td>
<td>332 (growth)</td>
</tr>
<tr>
<td>Adjustment</td>
<td>2012~37</td>
<td>-861 / 2.18*</td>
<td>239 * 30%</td>
<td>-25% econ. inactive</td>
</tr>
<tr>
<td>p.a.</td>
<td></td>
<td>-31</td>
<td>-17 p.a.</td>
<td>-72</td>
</tr>
<tr>
<td>SHELMA Baseline</td>
<td>326</td>
<td>295</td>
<td>278</td>
<td>278</td>
</tr>
<tr>
<td>SHELMA Growth</td>
<td>565</td>
<td>534</td>
<td>517</td>
<td>445</td>
</tr>
</tbody>
</table>

Source: HBC Planning  
* Average Household Size at 2037 (2014 Household Projections)  
** Household head over 65= 33% / Economically Inactive Households 16-64 = 12%

7.26. The above calculations suggest that the SHELMA findings would be significantly affected by newer data or less cautious assumptions. By far the biggest impact results from the slower jobs generation on the transformational sites. Adjusting the level of in-migration necessary to generate the projected workforce by assuming that there will be fewer economically inactive in-migrant households also significantly impacts on the projected need. These adjustments suggest a housing target in the range of 250 – 400 dwelling per annum.

**Figure 13. Extent of Economic Uplift**

<table>
<thead>
<tr>
<th></th>
<th>Baseline</th>
<th>Growth Scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Standard Method (at 2018)</td>
<td>265</td>
</tr>
<tr>
<td>B</td>
<td>SHELMA (Published)</td>
<td>326</td>
</tr>
<tr>
<td>C</td>
<td>SHELMA - adjusted</td>
<td>c.259</td>
</tr>
<tr>
<td>C-A</td>
<td>Suggested economic uplift</td>
<td>-6</td>
</tr>
</tbody>
</table>

7.27. The Standard Method figure for Halton at 2018 was 265 d.p.a. The above adjustments to the SHELMA calculations suggest that the Standard Method figure is close to the adjusted SHELMA baseline scenario. An uplift of around 120 would be required to meet the adjusted SHELMA growth scenario.

7.28. The Local Plan proposed a housing policy figure of 350 dwelling per annum (2014-37)

### 8. Exceptional Circumstances

8.1. Government expects Local Plans to follow the Standard Method when setting housing delivery targets. NPPF suggests that Councils should only use an alternative approach in exceptional circumstances. Therefore, in order to address the issues around ‘exceptional circumstances’, we have to answer two questions;

(1) Has the Council adopted an alternative approach?
(2) Has the Council justified its approach by demonstrating exceptional circumstances?

**Exceptional Circumstances**

8.2. We will deal with the second, more substantive, point first. The Council considers that ‘circumstances’ fully support its approach to defining the housing requirement figure, however;

(1) The Council does not consider that these circumstances constitute ‘exceptional circumstances’ as set out in guidance.

(2) There is no requirement in guidance for the Council to demonstrate ‘exceptional circumstances’.

8.3. The term ‘exceptional circumstances’ in relation to housing requirements appears three times in national policy and guidance. Once in policy [NPPF para 60] and twice in the practice guidance [PPG para.s 003 and 015].

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**NPPF Para 60**

To determine the minimum number of homes needed, strategic policies **should be informed** by a local housing need assessment, conducted using the **standard method** in national planning guidance – unless **exceptional circumstances** justify an alternative **approach** which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.

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8.4. NPPF does not define what may constitute ‘exceptional’ circumstances’. Looking at national Planning Practice Guidance [PPG] on Housing and Economic Needs Assessments, this expands upon NPPF but only mentions ‘exceptional circumstances’ twice, first in paragraph 003 and then in the third section of paragraph 015;

"**Is the use of the standard method for strategic policy making purposes mandatory?**" 

No, if it is felt that circumstances warrant an alternative approach but authorities can expect this to be scrutinised more closely at examination. There is an expectation that the standard method will be used and that any other method will be used only in **exceptional circumstances**”

[PPG Para 3]
8.5. PPG para.003 simply mirrors para.60 in NPPF but again does not define either what would be considered to be an ‘alternative approach’, or what may be considered ‘exceptional circumstances’.

Para 015 (section 2) [PPG]

“Where a strategic policy-making authority can show that an alternative approach identifies a need higher than using the standard method, and that it adequately reflects current and future demographic trends and market signals, the approach can be considered sound as it will have exceeded the minimum starting point.”

Para 015 (section 3) [PPG]

“Where an alternative approach results in a lower housing need figure than that identified using the standard method, the strategic policy-making authority will need to demonstrate, using robust evidence, that the figure is based on realistic assumptions of demographic growth and that there are exceptional local circumstances that justify deviating from the standard method. This will be tested at examination.”

8.6. Section 3 of para.015 [PPG] sets out the need to demonstrate “using robust evidence” that there are “exceptional local circumstances” that justify deviating from the Standard Method and, that this will be “tested at examination”.

8.7. It is unequivocal that this section only applies where the proposed housing policy figure is lower than the identified using the Standard Method. This is not the case with the submitted Halton Local Plan. As such the stated ‘tests’ of ‘exceptional local circumstances’ and ‘robust evidence’ to be tested at examination do not apply.

8.8. Section 2 of para. 015 [PPG] deals with the situation where the proposed policy figure is higher than identified using the Standard Method. This is the situation with the Halton Local Plan. Guidance does not refer to this situation as constituting ‘exceptional circumstances’ that must be supported or tested at examination.

8.9. It follows therefore, that where a proposed housing policy figure is higher than indicated by the standard method, there is no requirement on the Council to demonstrate ‘exceptional circumstances’ for its approach.

8.10. It further follows that, the correct evidential tests to be applied to the submitted Plan are those set out in section 2, namely, whether the approach “adequately reflects current and future demographic trends and market signals”. The Council believes that this paper clearly demonstrates that both of these tests have been satisfied.
Para.10 [PPG]

“The standard method for assessing local housing need provides a minimum starting point in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore, there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates.

This will need to be assessed prior to, and separate from, considering how much of the overall need can be accommodated (and then translated into a housing requirement figure for the strategic policies in the plan). Circumstances where this may be appropriate include, but are not limited to situations where increases in housing need are likely to exceed past trends because of:

growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);

strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or

an authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground;

There may, occasionally, also be situations where previous levels of housing delivery in an area, or previous assessments of need (such as a recently-produced Strategic Housing Market Assessment) are significantly greater than the outcome from the standard method. Authorities will need to take this into account when considering whether it is appropriate to plan for a higher level of need than the standard model suggests.

Alternative Approach

8.11. The second element of the question is whether the Council has applied an ‘alternative approach’. Again we look to NPPF and PPG for guidance.

8.12. Para10 [PPG] clearly sets out that the Standard Method “provides a minimum starting point in determining the number of homes needed in an area”.

8.13. It then goes on to describe “circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates”.
8.14. Para 10 then provides a number of examples of ‘circumstances’ (not described as exceptional circumstances) where it may be “appropriate to consider whether actual housing need is higher than the Standard Method indicates”.

8.15. The section concludes with “Authorities will need to take this into account when considering whether it is appropriate to plan for a higher level of need than the standard model suggests.”

8.16. The Council is satisfied that in setting a housing policy requirement it has;

(1) It has taken the Standard Method as the starting point.

(2) It has considered the marked (downward) trend in the projected Standard Method results.

(3) It has taken into account the presence of;
   a. a (partially) funded Growth Strategy,
   b. recent completion rates, and
   c. the (then) comparatively recent Strategic Housing Market Assessment.

8.17. With regard to the point 3a, the Council has had regard to a number of factors (discussed above) that it believes clearly point to the conclusion that were the SHELMA model rerun today it would output significant different recommendations. The approach used is fully compliant with the Practice Guidance, particularly para.10 and as such cannot be classified as being ‘an alternative approach’.

9. **Conclusion**

9.1. The Council has had regard to all of the above when determining the correct level of housing provision to Plan for.

9.2. It is mindful that

a) in introducing the Standard Method, Government expressly removed the need to directly consider the previous methodologies interlinking of housing and employment demand, instead using affordability ratios as a proxy for excess demand, with regular Housing Delivery Tests and Plan reviews to ensure housing targets are appropriate and that the markets are balanced.

b) the Standard Method figure for Halton is 254 dwellings per annum.

c) any figure above the Standard Method can be found sound.

d) the standard method (single year steps) for the remaining plan period is only 180 dpa.

e) the Delivery and Allocations Local Plan is having to release Green Belt to meet the borough’s development needs, placing additional importance on defining development requirements that not only meet the borough’s needs but also allow a degree of flexibility should projections or the methodology change.

f) the SHELMA study recommended a baseline economic figure of 326 dpa and an economic growth scenario figure of 565 dpa against a 234 household projection.

g) all the Government population and household projections released since the publication of the SHELMA point to significant reductions in the housing requirement.
h) latest projections regarding the ‘transformational sites’ that drove the SHELMA growth scenario show a longer build-out resulting in lower/deferred associated housing demand.

9.3. Given the above, the Council considers that a policy requirement of 350 dwellings per annum is justified.

9.4. This paper demonstrates that the tests to be applied to the proposed housing requirement are as set out in section 2 of para 015 [PPG], namely, whether “it adequately reflects current and future demographic trends and market signals.

9.5. The Council believes that it has clearly demonstrated that its approach adequately reflects future demographic and market signals, and as such “the approach can be considered sound as it will have exceeded the minimum starting point.”

10. Housing Distribution

10.1. Much of the examination into the Halton Core Strategy was taken up by the issue of the distribution of housing requirement north and south of the river Mersey. That examination concluded that an approximate 60:40 split in favour of Runcorn was appropriate.

10.2. Applying death rates from the 2016 based household projections to the 2016 Mid-Year Estimates for Electoral wards it is possible to project forward ward populations by age using a cohort survival method to 2038. Applying ONS headship rates to these populations provides an indication of the likely number of households that populations in each age range will form in future years.

10.3. This method provides an indication of the net housing demand that will be generated by the current populations in each ward. It is fully accepted that demand generated amongst the population resident in Ward A at 2018 may be met elsewhere, and the calculation takes no account of migration, but it does provide a snapshot of the geographic distribution of demand arising across the borough from the population present in 2018 (before inward or outward migration).

10.4. This exercise shows that the population in Halton is expected to generate a net increase of 2,175 households between 2018, 1,348 (62%) amongst Runcorn’s population and 827 (38%) amongst the Widnes residents. The figures to 2038 being 1,905 Halton, 1,094 (54%) Runcorn and 811 (46%) Widnes.
The figures show that today’s 10-19 year olds will head slightly under 5,000 households by 2028 and over 9,000 households by 2038. Today’s 0-9s will contribute over 4,500 to the demand before the end of the plan period.

Over 25,000 households in Halton have a head of household aged 60 or over at 2018. Of this group, almost 18,000 will remain in 2028 falling to under 9,000 by 2038.
10.7. The SHELMA did not breakdown the employment forecasts below borough level, however it is possible to distribute the forecast employment to Widnes and Runcorn by applying a pro-rata apportionment in line with the distribution of jobs at the 2011 Census. For example, if the SHELMA’s Oxford Economics data forecast 1,000 jobs growth in a particular sector and the Census identified 80% of Halton jobs in that sector were located in Widnes, we would assume 80% of the forecast jobs growth in that sector would be located in Widnes (1,000 X 80% = 800). Transformational sites, where the geographic location is known were allocated to the appropriate town.

10.8. This apportionment suggests that 70% of the potential net jobs growth
**Likely Future Baseline**

10.9. The Housing Needs Assessment will be updated annually as new government datasets are released.

10.10. Updated Economic Forecasts may be commissioned periodically.

**DALP Issues**

10.11. The DALP may need to be reviewed should the Housing Needs Assessment rise significantly and the resultant requirement not be able to be met from identified supply.

**Data Limitations**

10.12. Certain datasets are not available below borough level.