Research Paper

Cheshire West and Chester's Objectively Assessed Housing Need

Cheshire West and Chester Regulation 18 Local Plan Consultation

Barratt Homes, David Wilson Homes, Redrow Homes and Taylor Wimpey

29 August 2025

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1.0 Introduction

1.1 Lichfields has been instructed by a Consortium of housebuilders, Barratt Homes / David Wilson Homes, Redrow Homes and Taylor Wimpey [the Consortium], to prepare a Research Paper setting out the economic and social benefits to Cheshire West and Chester [CWaC or the Council] Borough of maintaining high levels of housing growth as the Council moves forward with the CWaC Local Plan [LP].

1.2 Lichfields has extensive experience and knowledge of CWaC, having helped to bring forward numerous housing developments in the Borough over recent years. As such, we are well placed, having the technical expertise and local experience, to prepare this Research Paper.

1.3 The CWaC LP is currently in the early stages of its preparation, with the Issues and Options (Regulation 18) Consultation open until the end of August 2025. The intention of this Research Paper is to help inform the Council's early decision making on its overall spatial strategy, particularly with regards to the scale of housing required in the Borough to meet its overarching economic and social objectives.

The Consortium

1.4 We would like to state at the outset the Consortium welcomes the Council's intention to commence preparation of a new LP. The Consortium has a clear and specific interest in the preparation of the LP in the context of continued growth and housing delivery in CWaC, and the multifaceted benefits this can bring to its local residents.

1.5 The Consortium includes a range of housebuilders operating in the North West housing market, namely Barratt / David Wilson Homes, Redrow Homes and Taylor Wimpey. Collectively, the Consortium has delivered a significant proportion of the homes delivered in CWaC since the adoption of the Local Plan in 2015.

1.6 Together, they have extensive experience in delivering homes in CWaC and have worked positively with the Council over recent years to achieve these mutual goals. They are keen to continue delivering high quality housing in sustainable locations over the coming years. The Consortium is therefore eager to see a LP which is positively prepared and aspirational.

Purpose of the Research

1.7 The Consortium welcomes the Council's intention to produce a new Local Plan in line with the requirements of the Local Plan Regulations (The Town and Country Planning (Local Planning) (England) Regulations 2012). It is vital that CWaC Borough Council seizes the opportunity to prepare a new Local Plan at this time to ensure it can respond positively to the housing and affordability crisis, plan for a higher housing requirement generated by the new standard method and respond to recent and future projected changes in the economy. It will provide an opportunity to ensure the Council continues to plan for and deliver the minimum levels of housing growth across the Borough expected by Government, and if justified, going beyond that to further the economic prospects of the Borough and life chances of its residents.

Structure of the Research Paper

1.8 The Research Paper is structured as follows:

- Chapter 2: Provides a review of relevant planning policy, strategic drivers and the macroeconomic context.
- Chapter 3: Undertakes a local contextual review and an objective assessment of the Council's housing requirement to understand the implications of the new standard method figure and why it should represent a minimum housing target;
- Chapter 4: Provides an assessment of the wider economic, health and societal benefits of new housing to understand the implications of pursuing a reduced housing target;
- Chapter 4: Summarises our key conclusions to the Research Paper.

2.0 Setting the Context

2.1 Significant changes have occurred politically and economically over the past 12 months. This has led to knock-on effects for national planning policy and guidance, including mandated housing need requirements for each local authority area, plans for a programme of new towns, as well as an intention to implement a new style of local plan making, national development management policies, the reintroduction of regional planning through spatial development strategies and devolved decision making for elected Mayors.

2.2 Given the intertwined nature of local plan making and national policy, and the ongoing changes to the planning system and challenges facing the Borough from a demographic and economic perspective, the Council needs to carefully consider the preparation of their new local plan, and in particular the role that housebuilding plays.

Standard Method 3

2.3 The new standard method for calculating local housing need is one of the central tenets of achieving the Governments objective to deliver 1.5 million homes in the current Parliament. The new method is much more ambitious than its predecessor (targeting 372,000 homes per year, up 21% from the previous target of 305,000). The new method aims to boost housing numbers by pinning targets to existing housing stock (rather than household projections, as per the former method) and then uplifting needs, and the target, based on affordability using a 5-year average.

2.4 At present, the SM3 results in a local housing need figure of 1,928 dpa for Cheshire West and Chester (considerably higher than the previous SM2 demographic-based figure of 489 dpa, and also much higher than the 2015 Local Plan figure of 1,100 dpa). The starting point for assessing local housing need in Cheshire West and Chester is therefore 1,928 dpa.

The National Planning Policy Framework

2.5 The National Planning Policy Framework [NPPF] places a particular emphasis on sustainable development, including the provision of homes and employment land, through a process of:

1 Supporting strong, vibrant and healthy communities by ensuring that there is a sufficient number and range of homes to meet the needs of present and future generations;

2 Fostering well-designed, beautiful and safe places that reflect current and future needs.

3 Reviewing employment land allocations to ensure the supply meets identified needs;

4 Proactively supporting sustainable economic development to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure; and,

5 Encouraging the effective use of land by re-using land that has been previously developed (brownfield land), with a view to promoting regeneration.

2.6 It states that the purpose of the planning system is to contribute to the achievement of sustainable development, including the provision of homes, commercial development, and supporting infrastructure in a sustainable manner [§7].

2.7 Paragraph 11 of the NPPF retains the presumption in favour of sustainable development and refers to the expectation that plans should *"meet the development needs of their area"* and *"as a minimum provide for the objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring areas, unless:*

i *the application of policies in this Framework that protect areas or assets of particular importance provides a strong reason for restricting the overall scale, type or distribution of development in the plan area*[7]*; or*

ii *any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole."*

2.8 Ultimately, the Council's Local Plan will need up-to-date and comprehensive evidence to inform its judgements about the need for land in its area, particularly in respect of housing needs and a review of Green Belt boundaries.

2.9 NPPF now states that planning policies and decisions should promote an effective use of land in meeting the need for homes and other uses, while safeguarding and improving the environment and ensuring safe and healthy living conditions. Strategic policies should set out a clear strategy for accommodating objectively assessed needs, in a way that makes as much use as possible of previously developed or 'brownfield' land [paragraph 124].

2.10 The NPPF also reforms longstanding Green Belt Policy. Paragraph 146 sets out that housing, commercial and other development needs can expressly justify exceptional circumstances for Green Belt release, mandating that LPAs review and, if necessary, alter Green Belt boundaries when they cannot fully meet housing or commercial requirements unless there is evidence that doing so would fundamentally undermine the purposes (taken together) of the remaining Green Belt, when considered across the area of the plan.

Housing Need

2.11 Regarding housing need, the NPPF has reinforced the Government's objective of significantly boosting the supply of homes, making explicit reference to the overall aim of meeting an area's identified housing need, including with an appropriate mix of housing types for the local community [§61]. It states that to determine the minimum number of homes needed, strategic policies should be informed by a local housing need [LHN] assessment, conducted using the standard method [SM3] [§62]:

"*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 practice guidance. 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*."

2.12 Local Housing Need LHN is defined in Annex 2 of the NPPF as:

"The number of homes identified as being needed through the application of the standard method set out in national planning practice guidance."

2.13 Within this context of establishing need, the size, type and tenure of housing for different groups in the community should be assessed and reflected in planning policies. These groups should include (but are not limited to) those who require affordable housing (including Social Rent); families with children; looked after children; older people (including those who require retirement housing, housing-with-care and care homes); students; people with disabilities; service families; travellers; people who rent their homes and people wishing to commission or build their own homes [§63].

2.14 There is an increasing emphasis on the need to plan specifically for social rented properties in the latest iteration of the NPPF Paragraph 64 states that where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, including the minimum proportion of Social Rent homes. In the Annex 2 glossary, Social Rent is now given increased prominence and is defined separately from 'other affordable housing for rent' when discussing affordable housing.

2.15 The NPPF reconfirms that strategic policy-making authorities should establish a housing requirement figure for their whole area, which shows the extent to which their identified housing need (and any needs that cannot be met within neighbouring areas) can be met over the plan period. It goes on to state that the housing requirement may be higher than the identified housing need if it reflects growth ambitions linked to economic development or infrastructure investment:

"*The requirement may be higher than the identified housing need if, for example, it includes provision for neighbouring areas, or reflects growth ambitions linked to economic development or infrastructure investment. Within this overall requirement, strategic policies should also set out a housing requirement for designated neighbourhood areas which reflects the overall strategy for the pattern and scale of development and any relevant allocations.*" [§69]

2.16 This makes it increasingly important that assessments of housing needs include robust labour supply scenarios to ensure that future housing targets and employment land needs are in alignment.

2.17 The NPPF also includes a new paragraph extoling the virtues of mixed tenure sites:

"*Mixed tenure sites can provide a range of benefits, including creating diverse communities and supporting timely build out rates, and local planning authorities should support their development through their policies and decisions (although this should not preclude schemes that are mainly, or entirely, for Social Rent or other affordable housing tenures from being supported). Mixed tenure sites can include a mixture of ownership and rental tenures*" [§71].

2.18 The NPPF goes on to say that authorities should identify a sufficient supply and mix of sites, taking into account their availability, suitability and likely economic viability [§72].

Planning Practice Guidance

2.19 The PPG states that the NPPF expects strategic policy-making authorities to follow the standard method in assessing local housing need. This uses a formula that incorporates a baseline of local housing stock which is then adjusted upwards to reflect local affordability pressures to identify the minimum number of homes expected to be planned for[1].

2.20 The new standard method [SM3] identifies a minimum annual housing need figure and ensures that plan-making is informed by an unconstrained assessment of the number of homes needed in an area. It does not produce a housing requirement figure. It is important to note that the housing requirement may be higher than the identified housing need, and authorities should consider the merits of planning for higher growth if, for example, this would seek to reflect economic growth aspirations[2].

2.21 The minimum annual local housing need [LHN] figure calculated using SM3[3] firstly sets a baseline using 0.8% of the existing housing stock (including vacant units) for the local authority area (using the most recent data). Housing stock is used because it provides a stable and predictable baseline that ensures all areas, as a minimum, are contributing a share of the national total that is proportionate to the size of their current housing market.

2.22 The housing stock baseline figure is then adjusted based on the affordability of the area. The affordability data used is the ratio of house price to workplace-based earnings lower quartile median, published by ONS at a local authority level. The mean average affordability over the five most recent years, for which data is available, should be used.

2.23 The affordability adjustment is applied to ensure that SM3 responds to price signals and is consistent with the policy objective of significantly boosting the supply of homes and set at a level to ensure that minimum annual housing need starts to address the affordability of homes[4].

2.24 The calculation is as follows:

Adjustment Factor = ((five year average affordability ratio-5)/5)×0.95 + 1

2.25 No adjustment is applied where the ratio is 5 or below. For each 1% the ratio is above 5, the housing stock baseline should be increased by 0.95%. An authority with a ratio of 10 will have a 95% increase on its annual housing stock baseline.

2.26 The PPG explains that the affordability adjustment is applied to take account of past under-delivery. As SM3 identifies the minimum uplift that will be required, it is not a requirement to specifically address under-delivery separately[5].

2.27 Whilst the resultant LHN figure (which can be applied to the whole plan period) should be kept under review and revised where appropriate, it may be relied upon for plan making for a period of 2 years from the time that the plan is submitted to the Planning Inspectorate for examination.

2.28 Whilst stressing that the standard method should be used to assess housing needs, the PPG notes that there are some specific circumstances in which an alternative approach could be justified. This is particularly relevant when considering economic aspirations of individual local authority areas or indeed sub-regions such as Cheshire and Warrington which take a

[1] 2a-002-20241212
[2] 2a-040-20241212
[3] 2a-004-20241212
[4] 2a-006-20241212
[5] 2a-011-20241212

strategic approach to economic development via The Cheshire and Warrington Local Enterprise Partnership [LEP].

Current Approach to Determining Housing Needs

2.29 For many years, UK governments have stressed the need to increase housing delivery to address the housing and affordability crisis, which is characterised by a shortage in new housing leading to ever-increasing housing costs. This imbalance between housing supply and demand has resulted in average house prices in England rising from £156,496 in July 2005 to £290,956 in July 2025 – a c.86% increase in 20 years which now represents around 8 times the average workplace-based salary. As a consequence, many homes are unaffordable for first time buyers and housing costs now consume a disproportionately large amount of a family's income, which in turn impacts on quality of life for many.

2.30 As a result of this crisis many people are living in overcrowded homes or homes unsuited to their specific needs, and younger people have little option but to live with their parents/guardians or extended family until they are much older as they are unable to save for a deposit to buy their own home whilst paying high rental costs. The average age of first time buyers has grown to approximately 33 years. A large number of people that are unable to meet their housing aspirations look to move out of particular market areas to where housing is more affordable which has many knock-on effects for local economic conditions and availability of community infrastructure.

2.31 The ability to meet housing aspirations is often out of reach of young people where owning a home is unachievable and renting is often insecure and expensive, particularly in places where the good jobs are most plentiful. This results in difficulties within the labour market where businesses find it more difficult to recruit and retain staff.

2.32 This results in unsustainable commuting patterns, with commuting distances increasing and challenges for some areas seeking economic growth but facing challenges accessing a labour force which can help realise these economic aspirations.

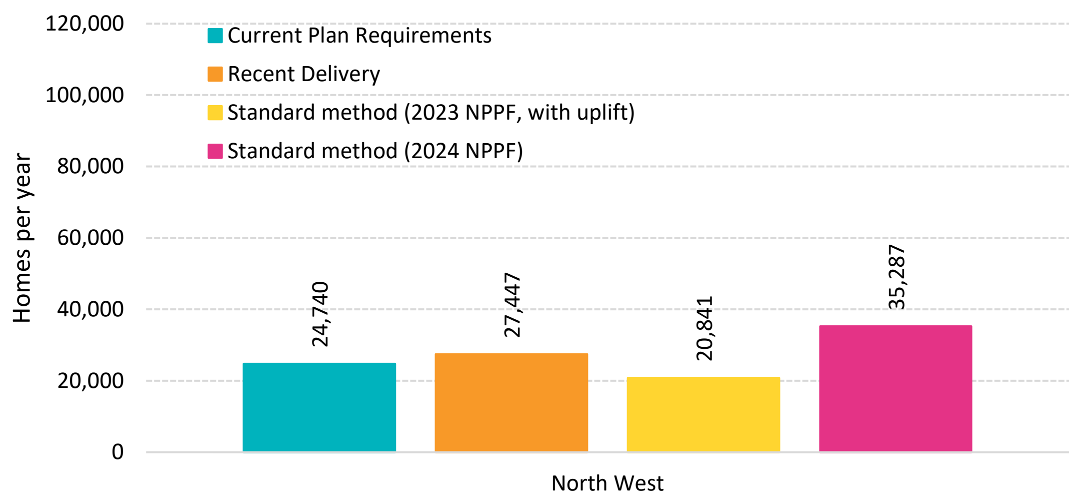
2.33 The Labour Government has ambitions to deliver 300,000 new homes a year in England, equating to 1.5 million homes in five years. These manifesto ambitions have led to changes in national planning and housing policy, as well as changes to the Standard Method for calculating housing needs.

2.34 The introduction of a standard method for assessing housing needs for planning purposes in 2018 was intended to shift time, resources and debate at local plan examination away from the 'numbers' question and towards the 'how' and 'where' of building new homes. This method - which equated to a figure of around 266,000 per annum when launched - was based on the 2014-based Household Projections plus an uplift for affordability, subject to a 'cap'.

2.35 In August 2020, the Government consulted on a proposed new Standard Method, which had a greater focus on affordability, the results of which were to boost the national figure to 337,000, with most of the increases in the areas where the gap between house prices and incomes was greatest. This unleashed a political and media storm that led to the proposal being dubbed 'the mutant algorithm', and the Government indicated that it would be reviewing its draft proposals. On 16th December 2020, the Government launched its solution: revert back to the method it introduced in 2018, but with a modification to top up the number in the 20 largest cities and urban areas by 35%, reflecting Government objectives to drive housing into existing urban areas and encourage brownfield development.

2.36 Fast forward to December 2024 and a new Labour Government, the scale of housing need has increased again via SM3 which now calculates a need for over 370,000 new homes per year. The national completion data for England shows just 153,900 homes were delivered in 2024, whilst starts had fallen to 77,780 – the lowest figure since 2009 in the aftermath of the financial crash. The scale of the challenge is clear to see nationally, and indeed in the North West where annual housing need is now in excess of 35,000 per annum, well in excess of the adopted local plan requirements or levels of recent delivery.

Figure 2.1 North West: Local Plan requirements, recent delivery and SM2/SM3 needs



Source: Lichfields analysis

Current Macro-economic Outlook

2.37 Macro-economic trends are a critical influence on the future performance of Cheshire West and Chester's economy and the resulting need for new housing to support the growth of the labour market.

2.38 The outbreak of Covid-19 and resulting pandemic developed rapidly with far reaching impacts on the economy and businesses across the country. The series of lockdown measures led to unprecedented shutdowns of large parts of the economy simultaneously, with effects being transmitted rapidly across all sectors.

Figure 2.2 GDP Monthly Index, Jan 2007 – June 2025

Source: ONS

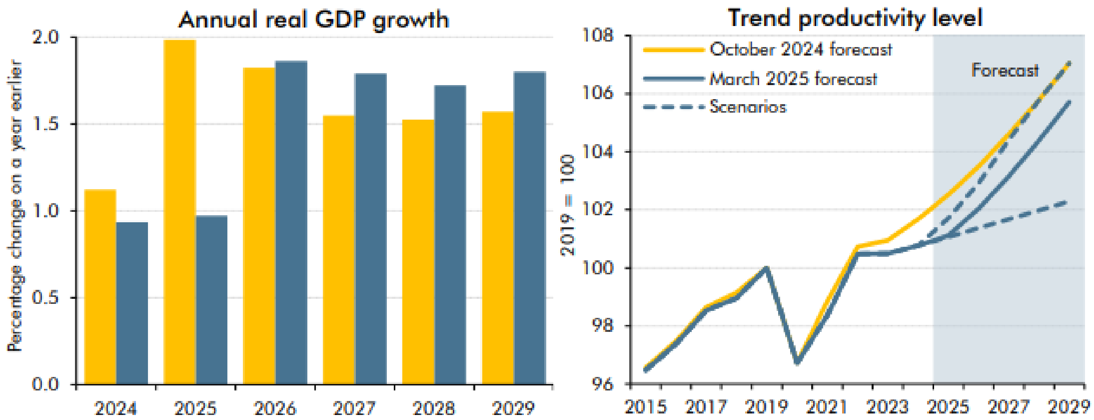
2.39 The latest official figures from the Office for National Statistics [ONS] show that UK monthly real Gross Domestic Product [GDP] grew by 0.4% in June 2025, following falls of 0.1% in both April and May 2025. Real GDP is estimated to have grown by 0.3% in the three months to June 2025 compared with the three months to March 2025.

2.40 All three main sectors grew in June 2025. Services output was the largest contributor to growth in monthly GDP, increasing by 0.3%, whilst production and constriction output increased by 0.7% and 0.3% respectively.

2.41 This means that GDP is now 4.3% above its pre- Covid-19 peak (January 2020). However, whilst services and construction are 6.3% and 8.2% above their pre-pandemic levels respectively, production is 12.1% below.

2.42 The Office for Budget Responsibility's [OBR's] latest Economic and Fiscal Outlook [EFO] (March 2025) reports that the economic outlook has recently become more uncertain, with output stagnating in the second half of 2024 and business and consumer confidence trending lower, alongside rising energy prices and greater geopolitical risk. The OBR reports it now expects real GDP growth of 1.0% in 2025 – half the 2.0% growth predicted in its October 2024 forecast, before recovering to around 1.75% per year over the rest of the decade.

Figure 2.3 Real GDP growth and productivity trend level



Source: OBR (2025): Economic and Fiscal Outlook (March 2025) – Chart 1.1

2.43 These forecasts bake-in government policy's effect on the housing market, with the OBR forecasting net additions to rise from a 12-year low in 2025/26 to reach 305,000 a year by the end of the decade, adding around 0.5% to the housing stock by 2029/30 and adding around 0.2% to economic output.

Wider Role of Housing in the Economy

2.44 Research has focused on the wider role that new housing can play in supporting economic growth, alongside the need to ensure greater value for money in public expenditure terms. The role of housing in the economy is complex, however; new housing delivery has the potential to generate a range of improved economic outcomes.

2.45 Housebuilding is a relatively labour-intensive activity and generates a high number of jobs per £1 of investment made. This drives up productivity, support existing jobs and make new job creation more likely. Strong local supply chains for materials also mean a far greater share of spending remains in the UK, rather than being channelled into imports as with many other sectors.

2.46 The economic contribution of new housing development has been acknowledged by Government announcements and policy documents, including the Planning White Paper: Planning for the Future[6], 'Fixing our broken housing market' Housing White Paper[7] and within the updated National Planning Policy Framework[8]. Housebuilding is therefore recognised in national policy as having a major role in stimulating economic growth and ensuring the long-term competitiveness of the UK economy.

2.47 Recent Lichfields research on behalf of the Home Builders Federation [HBF] assessed the economic footprint of the national housebuilding industry and quantified the economic contribution to the national economy[9]. This indicated that in 2023 c.240,000 new homes were built across the UK, generating the following economic impacts:

- £10.5 billion capital investment and expenditure on land and buildings for housing;
- £16.6 billion annual expenditure on supplies, with 90% retained in the UK;

[6] MHCLG (August 2020): *White Paper: Planning for the Future*
[7] MHCLG (2017): *Housing White Paper: 'Fixing our broken housing market'*
[8] UK Government (2024): *National Planning Policy Framework*
[9] HBF (2024): The Economic Footprint of House Building in England and Wales

- Supporting nearly 834,000 direct and indirect construction jobs;
- 271,000 people directly employed in the sector – 33% of the construction industry;
- 6,000 apprentices, 900 graduates and 3,300 other trainees supported;
- £6.4bn in tax raised, and £1.5bn of new infrastructure and public facilities funded; and
- Generating £53.3 billion of economic output.

2.48 In its latest Economic Outlook (March 2025)[10] the Office for Budget Responsibility [OBR] estimates that net additions to the housing stock will increase to 305,000 per year by the end of the decade, with around 170,000 additions due to the Government's reforms to the NPPF. The OBR goes on to predict that this will add 0.2% to the level of potential economic output by 2029/30 thanks to a boost in the productivity of residential construction and an increased flow of housing services, rising to 0.5% impact by 2034/35 when factoring in further agglomeration and labour mobility effects.

2.49 This indicates that the house building industry has an important role to play in stimulating economic growth and supporting significant levels of employment. The stark drop off in completions during 2024 will inherently mean greatly reduced economic contributions of the industry during that period.

Demographic Challenges

2.50 CWaC has the fourth largest resident population in the North West at 371,652 in 2019, having risen by 35,215 or 10.5% in the decade since 2014. In contrast, the populations of the North West and England & Wales have grown by 7.6% and 8.4% respectively over the same period[11].

2.51 The Borough's working age population (16-64) increased by 18,037 or 8.6% over this period, compared to an increase of 6.3% within the North West and 7.1% across England and Wales. Meanwhile, the number of retirement age residents (aged 65+) in the Borough has risen by 12,800 people or 19.0% since 2014, compared to 15.4% regionally and 13.9% nationally.

2.52 Population change in the past decade has seen the share of retirement-age residents increase from 20.1% in 2014 to 21.6% in 2024, whilst the share of working-age residents has fallen from 62.5% to 61.4%[12].

2.53 The latest 2022-based Sub-National Population Projections [SNPP] indicate that between 2025 and 2043 (the final year of the forecasts) the population of CWaC is projected to increase by 30,750 people or 8.6%; a level of growth much higher than projected across England at 6.3% and the North West's 5.4%. This is also the highest projected population growth of any of the neighbouring authorities, higher than Cheshire East's 6.4% and significantly above the projected growth in Halton (4.2%), Warrington (2.7%) and Wirral (2.7%) over the same time period, respectively.

2.54 Figure 2.4 shows the extent of overall projected population growth and growth by age cohort. It shows that:

[10] OBR Economic and Fiscal Outlook March 2025
[11] ONS (2025): Mid-Year Population Estimates 2024
[12] Ibid

1 CWaC is expected to experience a rise in 0-15 year olds of 2.5%, against an expected decline in this cohort regionally (-0.3%), nationally (-1.4%) and within the neighbouring authorities (-0.2% to -6.0%);

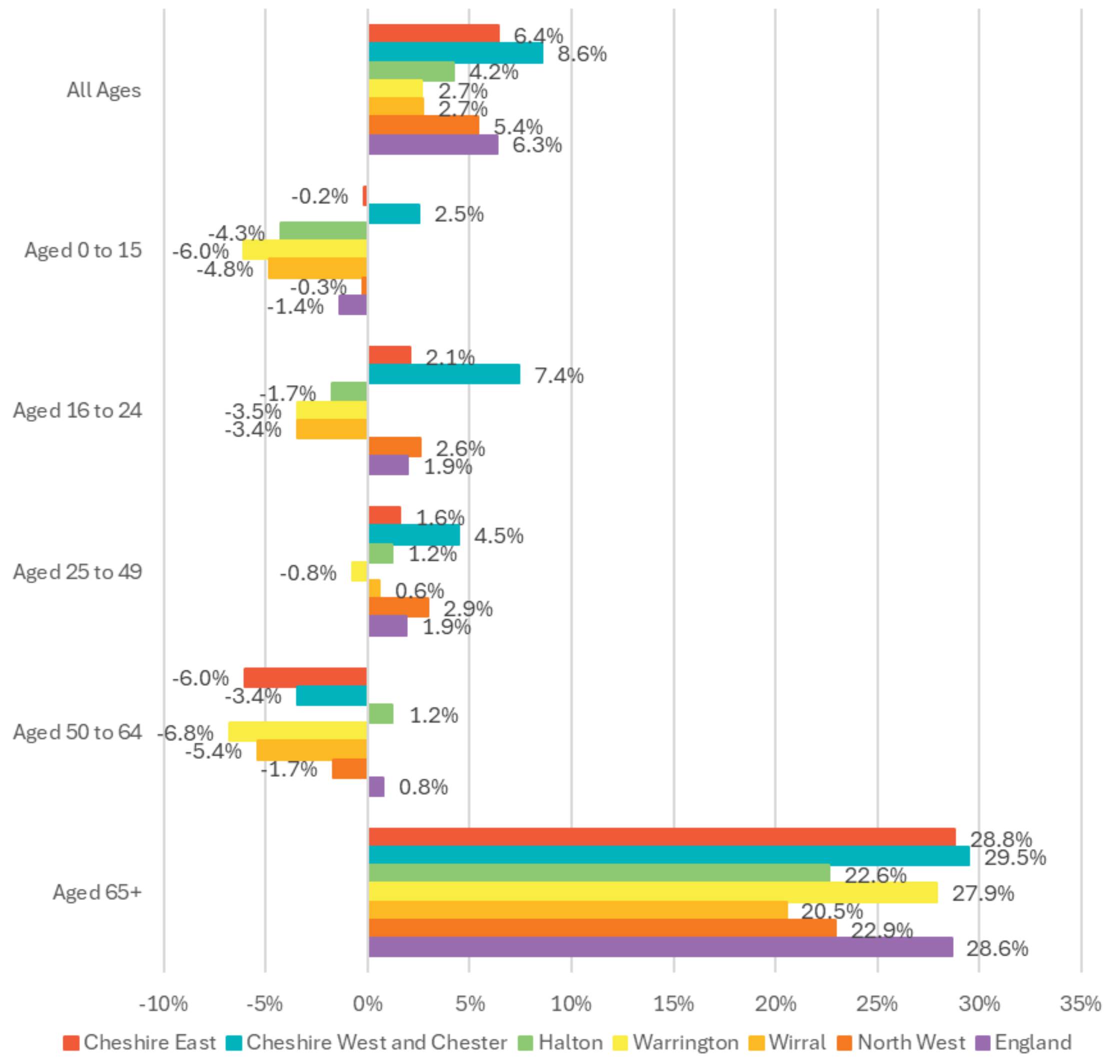
2 The Borough is similarly expected to see a greater increase in the population aged 16 to 24 and 25 to 49 than the comparator areas, with anticipated growth in these cohorts of 7.4% and 4.5% respectively;

3 The population aged 50 to 64 is expected to decline by 3.4%, with declines also projected in the neighbouring authorities and the North West despite a slight increase of 0.8% projected nationally;

4 The population aged 65+ is expected to grow by 29.5% or 24,554 people, the highest level of projected growth across the neighbouring authorities and higher than both the regional and national increases of 22.9% and 28.6% respectively; and

5 This increase will see the share of the Borough's residents aged 65 and over increase from 23.2% in 2025 to 27.7% in 2043, whilst the working age population will decrease from 58.9% of the population to 55.5%.

Figure 2.4 Population Projection by Age Band 2025 - 2043

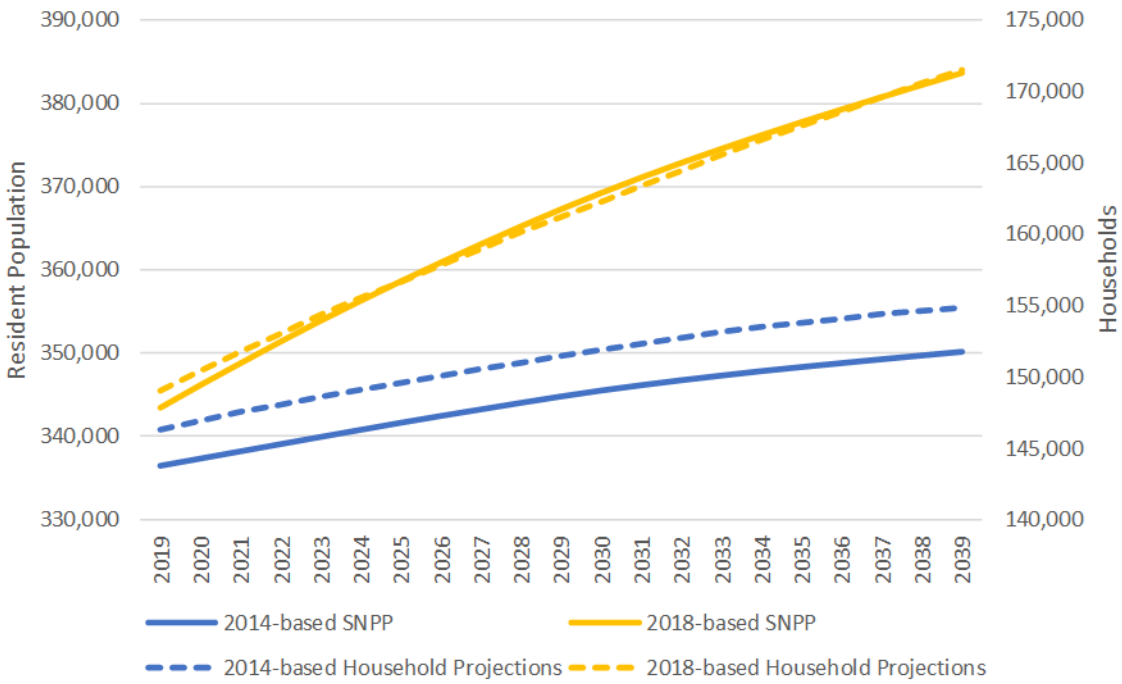


Source: ONS (2024): 2022-Based SNPP

2.55 Figure 2.5 demonstrates the issues faced by CWaC from the latest population projections. The former 2014-based SNPP (and the equivalent SNHP) underpinned the Government's SM2 calculations previous to the introduction of the new stock-based SM3 in December 2024. The Government chose not to revert to the more up to date 2018-based SNPP under the previous Standard Method because this would not be "*consistent with the Government's objective of significantly boosting the supply of homes*.[13]" This may have been the case nationally, where the 2018-based projections are generally significantly lower than the 2014-based SNPP/SNHP, but it is certainly not the case in CWaC.

2.56 The net population growth for CWaC in the 2014-based SNPP is just 13,678 between 2019 and 2039 (the end of the forecasts), with the 2018-based projections almost three times higher with a net growth of 40,198 over the same period. This translates across into the household projections, with the net growth projected in the 2018-based SNHP, of 22,534, significantly higher than the previous 2014-based SNHP (+8,540) over the same time period. This is partly due to the very high levels of housing growth (and associated net in-migration) that have taken place in CWaC since 2014.

Figure 2.5 CWaC's Population Projection 2019 - 2039



Source: ONS (2020): 2018-Based SNPP and SNHP / 2014-based SNPP and SNHP

2.57 The key points to glean from this assessment for CWaC's emerging Local Plan are as follows:

1. Firstly, CWaC's population will **grow at a faster rate** than any of its neighbouring authorities as well as relative to the wider regional and national projected growth rates. This **presents a significant economic opportunity** for the Borough and **a need to ensure that sufficient housing is provided** so that this growth potential is not constrained;
2. The Borough is likely to see an **increased number of families** with children and will need to plan accordingly for larger housing.

[13] PPG Paragraph: 005 Reference ID: 2a-005-20190220

3 Whilst the **ageing population** is an issue to be faced by all areas, **the scale of the issue within CWaC is particularly acute**. This will increase the share of the Borough's population aged 65+ from 23.7% in 2025 to 27.7% by 2043.

4 There is set to be **heightened demand for housing across all sizes and tenures**, with the only age groups forecast to decline in overall numbers being 0-9 year olds (albeit only a marginal fall) and 50-64 year olds. This will necessitate the need to provide for a complex and varied housing market for those looking to move but remain within CWaC.

Labour Market

2.58 The Borough performs well across a range of labour market indicators, with high relative levels of economic activity[14] and low unemployment, highlighting the strong resilience of the local economy and good job security. The local job market is diverse, with key international employers such as MBNA, Encirc, Vauxhall Motors and many others helping to support high levels of employment in highly-paid sectors such as finance, scientific, advanced manufacturing and professional roles.

2.59 The Borough is also a desirable place to live for workers in well-paid jobs in other areas, as evident in the difference between resident and workplace-based earnings. Resident-based median annual earnings within the Borough stood at £39,201, considerably higher than the North West and England and Wales earnings of £35,298 and £37,474 respectively[15]. This indicates that the Borough is a desirable location for living, with a high share of residents commuting to work in other areas such as Manchester, or in some cases over the border into North Wales where Airbus employs a significant workforce.

2.60 This presents an opportunity in the future as revised working patterns post-pandemic stabilise, with a shift away from daily commuting to a hybrid approach of home working and some days in the workplace. This change is driving requirements for larger properties with an extra bedroom capable of being converted into a home office. Overall, the labour market indicators highlight a need for a diverse housing offer that maintains recent strong levels of housebuilding to capitalise on the already strong economic foundations as the Borough navigates its demographic changes, hybrid working and economic recovery.

Housing Market

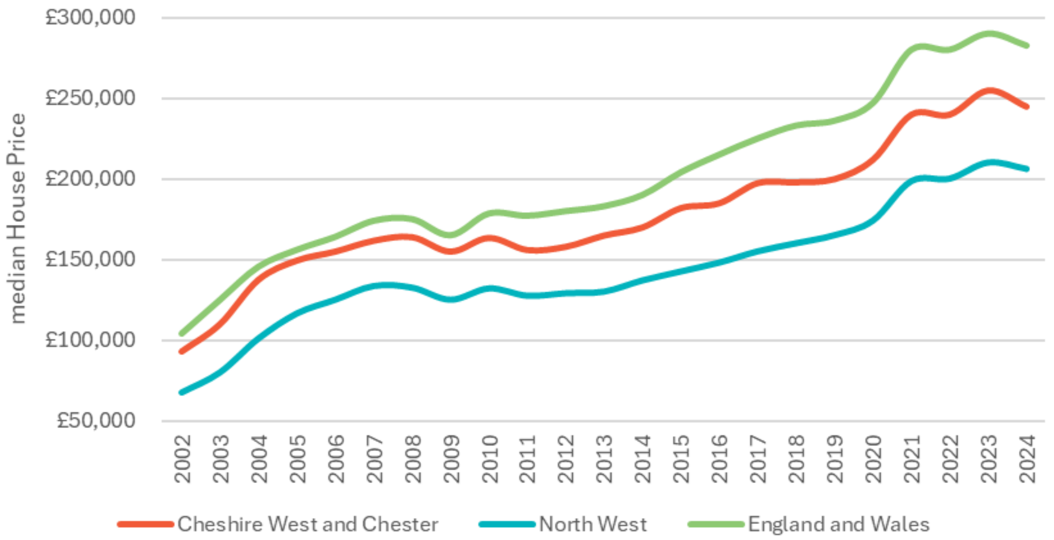
2.61 Cheshire West and Chester has not escaped the symptoms of the housing market crisis with rising house prices and worsening affordability ratios that make it increasingly likely that younger residents have to move out of the Borough to find suitable housing choices.

2.62 House prices have increased by around 86% in CWaC over the last 20 years, and although this rate of change is slightly lower than the increases experienced in England and across the North West, the median house price is now £245,000, well above the regional average of £206,000.

[14] According to the ONS Annual population Survey (2025), in the year to March 2025 there were 206,400 economically active (in or seeking employment) residents between the age of 16-64 within Cheshire West and Chester, accounting for 83.0% of 16-64 year olds in the Borough. This is a greater share than across the North West (76.7%) and England and Wales (78.7%).

[15] ONS (2021): Annual Survey of Hours and Earnings (2024)

Figure 2.6 Median Price Paid Comparison



Source: ONS (2025): House price to residence-based earnings ratio

2.63 This house price increase has taken place alongside housing becoming increasingly unaffordable for many, as demonstrated by a medium workplace-based affordability ratio which has risen by 0.62 in CWaC over the past 20 years to reach 6.25 in 2024. This is higher than the 5.84 ratio across the North West as a whole.

Figure 2.7 Residence-Based Median Affordability Ratio

Source: ONS (2025): House price to residence-based earnings ratio

3.0 Assessing Local Housing Need

Starting Point – Standard Methodology

3.1 The new standard method for calculating local housing need is one of the central tenets of achieving the Governments objective to deliver 1.5 million homes in the current Parliament. The new method is much more ambitious than its predecessor (targeting 372,000 homes per year, up 21% from the previous target of 305,000). The new method aims to boost housing numbers by pinning targets to existing housing stock (rather than household projections, as per the former method) and then uplifting needs, and the target, based on affordability (using a 5-year average). It no longer includes a 35% uplift for urban areas and also does away with the 'cap'.

3.2 At present, the SM3 results in a local housing need figure of **1,928 dpa** for Cheshire West and Chester (considerably higher than the previous SM2 demographic-based figure of 489 dpa, and also much higher than the 2015 Local Plan figure of 1,100 dpa). The SM3 housing need figure has been generated as follows:

- Cheshire West and Chester's housing stock was 166,601 in 2024. The baseline is calculated as 0.8% of stock, therefore the housing stock baseline figure is 1,333 per year.
- The affordability uplift equates to 44.65%, based on a 5-year average median workplace-based affordability ratio of 7.35 between 2020 and 2024, calculated as follows:
  - (i) Average Median local workplace-based affordability ratio[16] (2020-2024) = 7.35
  - (ii) deduct 5 = 2.35
  - (iii) divide by 5 = 0.47
  - (iv) multiply by 0.95 = 0.4465 (or 44.65%).

3.3 Applying the 44.65% uplift to the stock baseline figure of 1,333 per annum equates to 1,928 dpa.

3.4 **The starting point for assessing local housing need in Cheshire West and Chester is therefore 1,928 dpa.**

Consideration of a different figure to the LHN generated by the Standard Method

3.5 The NPPF is clear that to determine the <u>minimum</u> number of homes needed, strategic policies should be informed by an LHN assessment, conducted using the standard method in the PPG. Although the previous NPPF text suggested that 'exceptional circumstances' could justify an alternative approach which also reflected current and future demographic trends and market signals, this has now been removed from the NPPF.

3.6 Instead, alongside meeting any additional needs that cannot be met within neighbouring areas over the plan period, the requirement could be increased if it "*reflects growth ambitions linked to economic development or infrastructure investment*" [paragraph 69].

3.7 Otherwise, an alternative approach may have to be used in the PPG only:

[16] ONS (2025): Ratio of median house price to median gross annual workplace-based earnings by local authority district, England and Wales, 1997 to 2024

"*Where strategic policy-making authorities do not align with local authority boundaries (either individually or in combination), or the data required for the model are not available such as in National Parks and the Broads Authority, or local authority areas where the samples are too small*"[17].

3.8 This is not the case for Cheshire West and Chester.

3.9 The PPG states that calculating housing need is a separate process from establishing a housing requirement figure, which factors in policy considerations and constraints[18].

3.10 However, the latest version of the NPPF is quite clear that when planning for housing and employment land, the approach should be an integrated one:

"*Planning policies should* (inter alia):

c) seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment" [paragraph 86d]

3.11 This is re-iterated later in the document:

"To provide the social, recreational and cultural facilities and services the community needs, planning policies and decisions should (inter alia)*:*

e) ensure an integrated approach to considering the location of housing, economic uses and community facilities and services." [paragraph 98e]

3.12 The remainder of this paper addresses these elements to assess whether the 1,928 dpa figure adequately supports the Council's growth ambitions linked to economic development and whether this could justify uplifting the LHN figure generated by the standard method, as well as exploring the potential demographic, socioeconomic and housing market implications of a reduced housing requirement.

Demographic-led Needs

Household Projections

3.13 As set out above, the 2018-based projections have resulted in considerable upward revisions compared to the 2014-based projections.

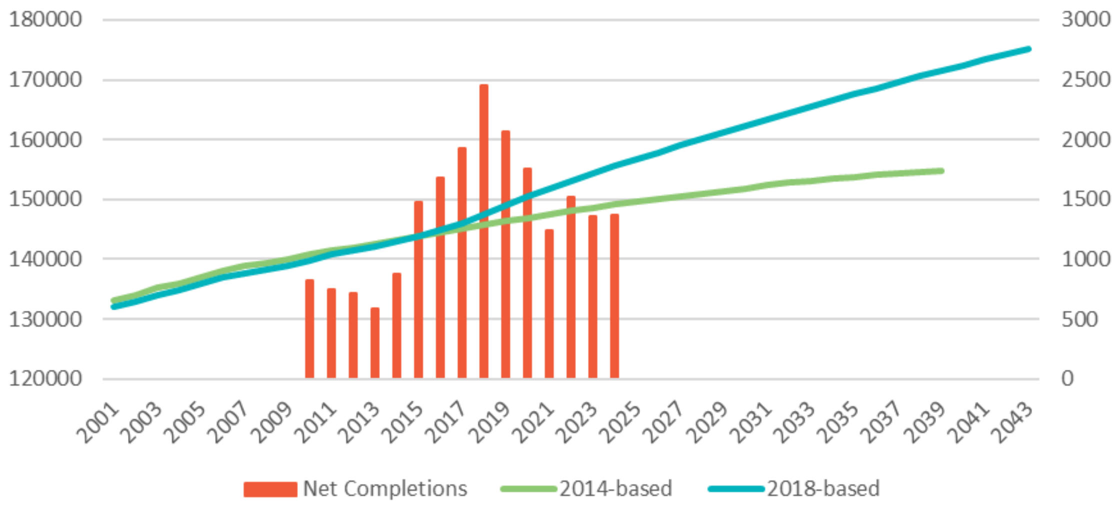
3.14 Between 2025 and 2039 (when the 2014-based projections end), the 2014-based projections suggested an increase of 5,254 households or 375 per year, compared with a projected increase of 14,839 households or 1,060 per year in the 2018-based projections. This is driven by a combination of significantly higher population growth, change in age-cohorts and changes in household formation.

[17] PPG: 2a-014-20241212

[18]*"When preparing strategic policies, it may be concluded that insufficient sites / broad locations have been identified to meet objectively assessed needs, including the identified local housing need. In the first instance, strategic policy-making authorities will need to revisit their assessment...If insufficient land remains, then it will be necessary to investigate how this shortfall can best be planned for. If there is clear evidence that strategic policies cannot meet the needs of the area, factoring in the constraints, it will be important to establish how needs might be met in adjoining areas through the process of preparing statements of common ground, and in accordance with the duty to cooperate. If following this, needs cannot be met then the plan-making authority will have to demonstrate the reasons why as part of the plan examination"*. PPG ID: 3-025-20190722

3.15 Figure 3.1 highlights the impact that net housing completions have had on household growth projections in CWaC, and particularly the stark difference between the 2014 and 2018-based projections.

Figure 3.1 Household growth projections and net completions for CWaC Borough

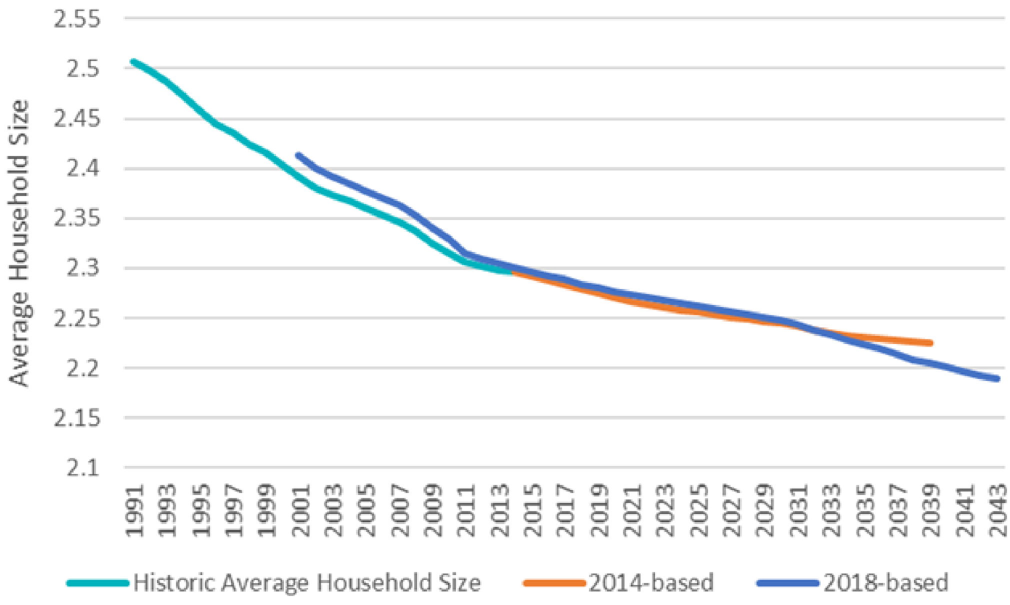


Source: CLG 2014/ONS 2018 Household Projections/MHCLG Table 122

Household Formation

3.16 Figure 3.1 shows how CWaC's average household size has declined historically, and how the most recent Government projections (2018-based) and the 2014-based household projections project this longstanding trend to continue. It highlights that there has been a steady decline in average household size, with the 2018-based projections showing a continuing decline in average household size.

Figure 3.2 Average household size comparison for CWaC Borough



Source: MHCLG/ONS Household Projections

3.17 Given there are historically strong levels of housebuilding in the Borough (particularly during 2017-2020) which increased the level of inward migration to CWaC, well above levels that were envisaged by the 2014-based SNPP, there is a very strong argument that without returning house building to these levels, and indeed going beyond those levels to the 1,928 dpa suggested by SM3, there is every likelihood that the Borough will continue to become increasingly unaffordable for its own residents to live in. In tandem, we will see a pronounced ageing of the overall population and concurrent reduction in the available labour force which could lead to increased levels of unsustainable in-commuting.

Economic Growth Strategies / Strategic Infrastructure Improvements

3.18 The NPPF at paragraph 86d states that planning policies should *"seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment"*. This retains the link between integrating economic growth and housing need. There is a clear risk that where the labour force supply is less than the projected job growth, this could result in unsustainable commuting patterns and reduce the resilience of local businesses, resulting in a barrier to investment.

3.19 Ensuring a sufficient supply of homes within easy access of employment opportunities represents a central facet of an efficiently functioning economy and can help to minimise housing market pressures and unsustainable levels of commuting (and by association, congestion and carbon emissions). If the objective of employment growth is to be realised, then it will generally need to be supported by an adequate supply of suitable housing. The challenge of meeting employment needs is clearly given great importance, and the NPPF highlights this by stating that *"significant weight should be placed on the need to support economic growth and productivity"* [para 85].

3.20 In this context, it is an important part of responding to both the NPPF and the PPG that CWaC's new local plan should consider the extent to which the SM3 figure of 1,928 dpa is consistent with the economic success of the Borough and the wider LEP area.

3.21 The Cheshire and Warrington Local Enterprise Partnership [LEP] celebrates the fact that the Cheshire and Warrington sub-region is the best performing economy in the North of England and one of the most successful and fastest-growing economies in the country.

3.22 The LEP's Strategic Economic Plan [SEP] sets out the growth ambitions for the sub-region, including:

1 growing the economy to at least £50m of GVA per annum;
2 boosting productivity per resident to 20% above the UK average; building economic resilience;
3 building vibrant town centres; and
4 creating a balanced housing market.

3.23 At the forefront of the LEP's aims is a clear ambition to significantly strengthen what is an already well functioning and successful economic sub-region. This will be supported by the potential opportunities arising from Northern Powerhouse Rail, or the HyNet North West hydrogen and carbon capture storage project, for example, which will help transform the North West region into the world's first low carbon industrial cluster and support 75,000 jobs across the country by 2035.

3.24 As set out in the SEP, housing is going to be a key component which underpins these economic growth aspirations. It is critical that the right numbers, type and quality of housing in the right locations and at affordable price points are provided in order to ensure CWaC's future prosperity. Delivering a functioning and balanced housing market in CWaC is vital to create the conditions to support economic growth in the sub-region.

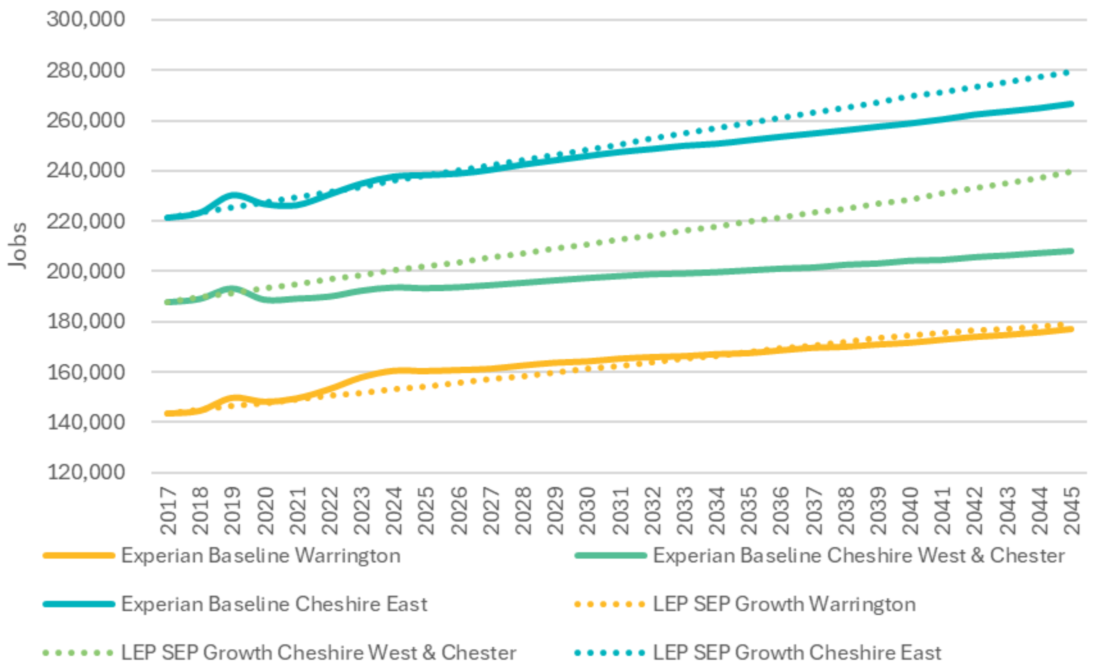
3.25 The SEP includes an aspiration to deliver 120,000 net additional jobs across CWaC, Cheshire East and Warrington by 2040. Although there is no target specifically set for CWaC, there is an expected jobs growth for Warrington and if it is assumed the balance of jobs between CWaC and Cheshire East remains as it is currently, CWaC's economy would need to grow by c.40,766 jobs over the period 2024 to 2040 to align with this aspiration.

3.26 This economic scenario is considered alongside a more pessimistic Experian economic forecast which anticipates a growth of 10,500 jobs over the period 2024 to 2040. This is a policy-off economic forecast which is considered modest in the context of past trends in CWaC where jobs growth increased by 13,200 in the decade between 2014 and 2024.

3.27 Figure 3.3 plots the Experian baseline job growth forecast and the trajectory each member of the LEP needs to aim for in order to hit the LEP SEP target by 2040. It shows that Warrington has actually overshot the SEP growth trajectory since 2017, adding 16,900 jobs in this period, with 14,100 left to add by 2040 for its target to be reached. Cheshire East has also out performed the growth trajectory to 2024, adding 16,400 jobs to 2024 against a target of 14,680.

3.28 On the other hand, **CWaC is lagging behind its neighbours**, adding only 5,800 jobs between 2017 and 2024 against a target for this period of around 12,400, meaning that the Borough needs to add a further c.34,970 jobs before 2040 if its fair share contribution of meeting the LEP SEP target is to be achieved.

Figure 3.3 Experian baseline and LEP SEP job growth



Source: Experian (June 2025), LEP SEP (2017)

3.29 A significant number of new homes would therefore need to be delivered in CWaC in order to support the LEP's economic ambition and provide enough workers to fill the new jobs created by projects such as the Cheshire Science Corridor Enterprise Zone – this has the potential to attract in the order of 20,000 jobs and 500 businesses to Cheshire and Warrington through a significantly enhanced profile; attractive business incentives and the ability to retain and reinvest new business rate revenue. In CWaC, this includes sites at Ellesmere Port, Thornton Science Park and Protos.

Previous levels of housing delivery

3.30 Whilst CWaC is certainly not immune from the national housing crisis, in recent years the Borough has performed well in terms of housing delivery. Since the adoption of its Local Plan in January 2015, the availability of a large volume of allocated housing sites in the pipeline has helped to boost housing development, with almost 17,000 homes constructed over the past 10 years against a target of 11,000. This highlights the strength of the local market and the demand for new homes in CWaC, and the ability for the market to deliver them via a plan-led approach to strategic planning.

Table 3.1 Net Additional Dwellings in CWaC 2014/5 – 2023/24

	Net Additional Dwellings	Local Plan Target	Difference
2014/15	1,481	1,100	+381
2015/16	1,679	1,100	+579
2016/17	1,930	1,100	+830
2017/18	2,456	1,100	+1,356

2018/19	2,064	1,100	+964
2019/20	1,759	1,100	+659
2020/21	1,245	1,100	+145
2021/22	1,519	1,100	+419
2022/23	1,355	1,100	+255
2023/24	1,370	1,100	+270
Total	16,857	11,000	+5,857

Source: MHCLG (2024): Live tables on housing supply: net additional dwellings Table 122

3.31 Similarly, the latest Housing Delivery Test results were published in December 2024 and are replicated in Table 2.2 below. It highlights that a greater number of homes have been delivered in CWaC compared to that identified by the requirements; by c. 1,418 homes over the identified requirement (based on the lower household projections rather than the Local Plan target given the age of the Plan). This results in a HDT measurement of 275% for 2023 in CWaC.

Table 3.2 CWaC Housing Delivery Test 2023 Results

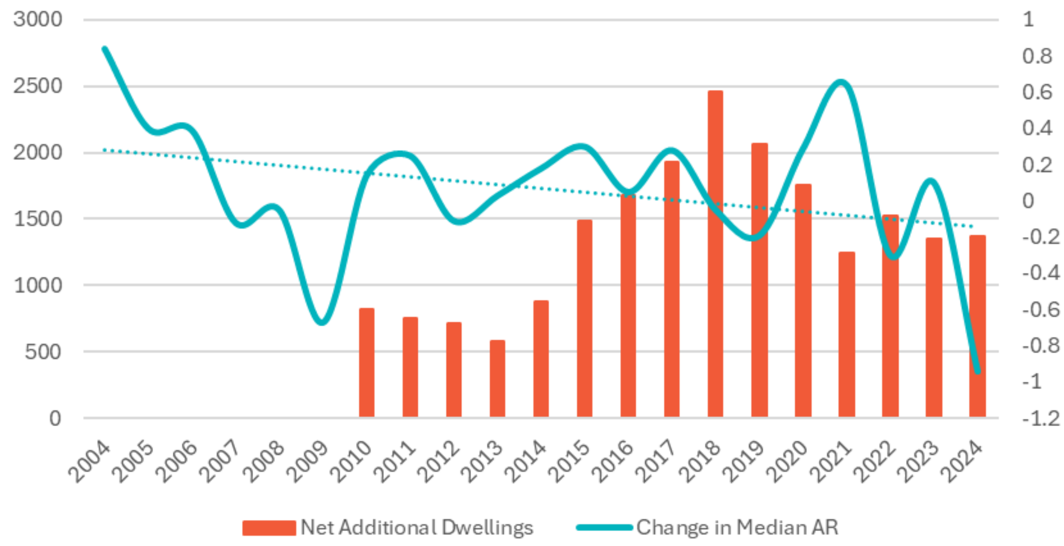
	2020-21	2021-22	2022-23
Number of homes required	389	579	560
Number of homes delivered	1281	1530	1399
Housing Delivery Test Measurements	+892	+951	+839

Source: MHCLG (December 2024): Housing Delivery Test 2023 Measurement

3.32 Interestingly, there seems to be some **evidence that the high level of housing delivery in CWaC since 2015 is starting to slow down the growth in house prices and affordability ratios**. As can be seen in Figure 3.4, the annual change in the affordability ratio has been on a downward trend, with the biggest falls coming in the years following the peak of CWaC's recent delivery of 2,456 dpa in 2017/18. Indeed, in 2024 the affordability ratio had fallen back to 6.25, which is lower than even the years preceding the 2008 financial crisis.

3.33 Although the situation is clearly very complex, it is unlikely to be a complete coincidence that CWaC's affordability ratio fell by 0.12 since 2015, whilst neighbouring authorities' ratios have worsened considerably – Warrington's increased by 0.61 and Cheshire East's by 0.57 respectively.

Figure 3.4 Housing Delivery and Affordability



Source: MHCLG (2025) Table 122/ ONS (2025): House price to residence-based earnings ratio

Updated Assessment of Local Housing Need

3.34 In order to understand the level of future housing which would support the future growth aspirations of CWaC, Lichfields has carried out an independent assessment of the LHN for CWaC using the most recently available data, including the 2022-based SNPP, 2018-based SNHP and job growth projections from Experian (June 2025). Given 2022-based household projections are not yet available, all scenarios use assumptions around household headship rates and persons who do not live in households taken from the 2018-based SNHP which have been updated to reflect the 2021 Census.

3.35 Lichfields has modelled these scenarios and considered future housing need over the period 2024 to 2042, to align with the likely plan period of CWaC's emerging Local Plan. The scenarios modelled include:

- Demographic-led:
  - A: 2022-based SNPP Demographic Baseline
  - B: Mid-Year Estimates [MYEs]– as above but utilising the most up-to-date MYE data for 2023
- Jobs-led:
  - C: Experian forecast from June 2025
  - D: LEP/SEP economic growth ambition
- Housing-led:
  - E: SM3 (1,928 dpa)
  - F: Adopted Local Plan target (1,100 dpa)
  - G: Past delivery since Local Plan adoption (1,686 dpa)

3.36 A summary of the scenarios is shown in Table 3.3. All of the scenarios modelled show an increase in population, ranging from 20,931 under the Local Plan target scenario, to 59,826 under the Economic Growth scenario.

Table 3.3 Summary of Modelling Scenarios

	A: SNPP	B: MYE	C: Experian Baseline	D: Econ Growth	E: SM3	F: Local Plan	G: Past Delivery
Population 2024	369,819	368,900	371,918	368,562	368,900	368,900	368,900
Population 2042	414,295	413,470	393,279	428,388	419,661	389,831	410,945
Difference	44,477	44,570	21,361	59,826	50,761	20,931	42,046
p.a	2,471	2,476	1,187	3,324	2,820	1,163	2,336
Households 2024	162,113	161,473	162,538	161,354	161,473	161,473	161,473
Households 2042	193,030	192,338	182,681	199,320	195,220	180,727	190,984
Difference	30,917	30,865	20,143	37,966	33,747	19,254	29,511
p.a	1,718	1,715	1,119	2,109	1,875	1,070	1,640
Homes 2024	166,708	166,050	167,146	165,928	166,050	166,050	166,050
Homes 2042	198,502	197,791	187,859	204,970	200,754	185,850	196,398
Difference	31,794	31,740	20,714	39,043	34,704	19,800	30,348
p.a	**1,766**	**1,763**	**1,151**	**2,169**	**1,928**	**1,100**	**1,686**
Workers 2024	175,093	174,278	176,100	174,074	174,278	174,278	174,278
Workers 2042	200,895	200,089	186,828	209,837	204,127	184,562	198,410
Difference	25,803	25,811	10,728	35,763	29,849	10,284	24,132
p.a	1,433	1,434	596	1,987	1,658	571	1,341
Jobs 2024	192,592	191,696	193,700	191,471	191,696	191,696	191,696
Jobs 2042	220,974	220,086	205,500	230,808	224,528	203,008	218,240
Difference	28,382	28,391	11,800	39,337	32,832	11,312	26,544
p.a	1,577	1,577	656	2,185	1,824	628	1,475

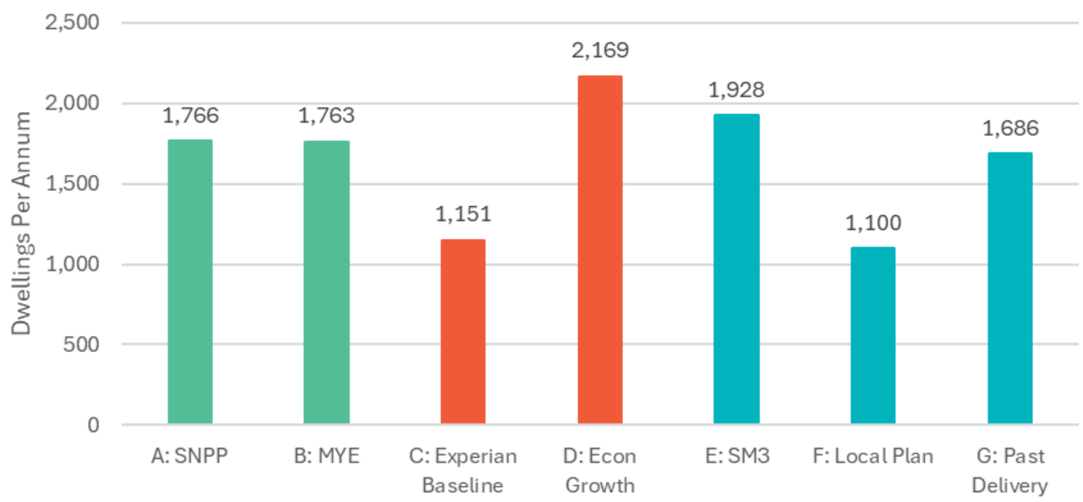
Source: Lichfields/Popgroup

3.37 The Experian forecast (June 2025) indicates a jobs growth of c.11,800 jobs between 2024 and 2042 – generating a requirement for 1,151 dpa. It should be noted that the Experian economic forecast is considered pessimistic. This level of jobs growth is significantly lower than past trends in jobs growth and does not reflect the economic growth which took place over the 10 year period between 2014 and 2024 where CWaC experienced a jobs growth of 13,200 in the decade.

3.38 An assessment of the likely future scale of job growth has been made using Experian forecasts alongside the aspirations within the SEP. Planning for the LEP jobs growth ambitions would generate a requirement for 2,169 dpa – a scenario requiring a level of housing delivery higher than the SM3 figure. This scenario would result in a considerable growth in the labour force (35,763) which would support the projected economic jobs growth of 39,337 jobs over the plan period.

3.39 As shown in Figure 3.5, all scenarios modelled result in a housing requirement above the adopted CWaC 2015 Local Plan target of 1,100 dpa, even the pessimistic Experian Baseline scenario. The demographic-led scenarios produce housing requirements of between 1,763 and 1,766 dpa which is a level of delivery that would purely sustain the current and projected demographic shift towards on older population and a reduction in the available workforce – these scenarios are slightly higher, albeit closely reflecting, the past delivery rates which demonstrates how feasible they are to achieve. The highest requirement of 2,169 dpa results from the Economic Growth scenario, representing the level of delivery required to support the growth in the workforce necessitated by the growth ambitions set out within the SEP.

Figure 3.5 Summary of dpa figures resulting from modelling scenarios



Source: Lichfields/Popgroup

3.40 In light of our analysis, it is clear that for CWaC to achieve its economic potential, to deliver the homes it is expected to by Government, whilst at the same time addressing challenges of affordability and choice, the SM3 figure should be treated as a minimum. In fact, we would advocate targeting a higher housing annual number, linked to the economic potential of the Borough and the many direct and indirect benefits that could flow from this. The high levels of past delivery show what the market can achieve in partnership with CWaC and other stakeholders. The Consortium stand ready to work towards delivering the new housing the Borough needs now, and in future years, and supports an aspirational new local plan that seeks to deliver high levels of economic growth supported by high quality homes for its residents.

4.0 Impact of Reducing the Housing Requirement

Economic Benefits

4.1 Utilising Lichfields' eVALUATE economic benefits methodology, the potential economic benefits of four housing requirement scenarios are set out in Table 4.1. Achieving 1,928 dpa in line with the SM3 requirement would deliver significant economic benefits to the Borough, including supporting over 5,000 direct FTE construction jobs, over 5,700 FTE supply chain jobs, over £947 million in GVA, over £48 million in resident expenditure and £4.9 million in Council Tax revenue in each year of the plan period.

Table 4.1 Direct and Indirect Economic Benefits of CWaC's Housing Requirement Targets

	Adopted Requirement – 1,100 dpa	**Past Delivery - 1,686 dpa**	**SM3 – 1,928 dpa**	**Economic Growth – 2,169 dpa**
Market Housing	770	1,180	1,350	1,518
Affordable Housing (at 30%)	330	506	578	651
Total	1,100	1,686	1,928	2,169
Construction Benefits				
Construction Cost	£194.3m	£297.8m	£340.5m	£383.1m
Direct FTE p.a.	2,855	4,380	5,005	5,630
Direct GVA p.a	£236.0m	£361.7m	£413.6m	£465.3m
Indirect FTE p.a.	3,285	5,035	5,760	6,475
Indirect GVA p.a.	£304.4m	£466.5m	£533.5m	£600.2m
Total FTE p.a.	**6,140**	**9,413**	**10,765**	**12,110**
Total GVA p.a.	**£540.3m**	**£828.2m**	**£947.1m**	**£1.07bn**
Operational Benefits				
First Occupation Expenditure	£6.1m	£9.3m	£10.6m	£11.9m
Jobs Supported	35	55	60	70
Ongoing Resident Expenditure p.a.	£27.5m	£42.2m	£48.2m	£54.2m
Net Additional Resident Expenditure p.a.	£12.6m	£19.3m	£22.0m	£24.8m
Ongoing Jobs Supported p.a.	130	200	230	260
Council Tax p.a.	£2.3m	£3.8m	£4.3m	£4.9m

Source: Lichfields Analysis

4.2 If the housing requirement were to be reduced from the SM3 target of 1,928 dpa to the average past delivery figure of 1,686 dpa, we might expect to see a reduction of 1,352 construction jobs per year; £118.9 million in direct/indirect construction GVA per year; £2.7 million of resident expenditure annually; and, a loss of £500,000 in annual council tax revenues.

4.3 Similarly, achieving the level of housing delivery required under the economic growth scenario would see an increase in these impacts over and above the SM3 figure in the region of 1,345 construction jobs per year; £122.9 million in direct/indirect construction GVA per year; £2.8 million of resident expenditure annually; and, an increase of £600,000 in annual council tax revenues.

Health and Wellbeing Benefits of New Housing

4.4 This section of the reports seeks to set out the social and health benefits of new housing and how it can have a positive effect on general well-being.

4.5 CWaC's Regulation 18 Local Plan Issues and Options consultation sets out a vision which includes promoting wellbeing by enabling all to enjoy a safe and healthy lifestyle with a good quality of life. It goes on to recount the existing Local Plan objectives and whether these should be carried forward – these include promoting mixed and balanced communities through the provision of a range of housing to meet market affordable and specialist needs. Fuel poverty is a concern noted throughout the Borough, something that new energy efficient housing can help to alleviate through the Future Homes Standard.

4.6 It has long been accepted that there is a direct link between housing and health. The Healthy Urban Development Unit identify decent and adequate housing as being critically important to health and wellbeing and the NPPF highlights the importance of ensuring safe and healthy living conditions.

4.7 It is estimated that in 2023, up to 3.8 million homes in England failed to meet the Decent Homes Standard and, whilst this figure has fallen over recent years, it still amounts to approximately 15% of homes in the country. The situation is particularly acute in the private rented sector, where 21-22% of homes do not meet the Standard. As such, poor quality housing is a challenge faced by a huge number of families in England, including within CWaC.

4.8 Poor housing also has significant economic impacts. Research by the Building Research Establishment in 2023 estimates that treating patients with housing related hazards caused by poor conditions costs the NHS over £1 billion a year (cold, damp, mold and falls for example). Yet, despite its far-reaching impacts, the issue of poor-quality housing and housing inequality does not receive the attention it deserves. Consortium members recognise the importance of providing new homes that will help address these costs through high quality, sustainable new homes, for example by providing compliant Building Regulations Part M design standards, including adaptable and accessible homes.

4.9 The provision of new housing generates many other benefits – creating sustainable, mixed and balanced communities, expanding the opportunity for home ownership and reducing reliance on the private rented sector and potential insecurity of tenure that results, reducing hidden homelessness, mitigating affordability risks, and creating churn in the market to free up smaller properties for first time buyers and larger properties for families to occupy as elderly transition to retirement villages and care.

4.10 Larger housing schemes can more ably deliver the social and physical infrastructure needed to mitigate adverse impacts resulting from population increases. They allow the creation of sustainable communities with homes built to high environmental standards, across a wide range of types, size and tenures, and they can create cohesive well-planned neighbourhoods with open space, recreational facilities set within attractive and sensitively designed environments, as well as community infrastructure such as GP surgeries, dental surgeries, shops, cafes, hairdressers and a variety of other related services.

Crisis of Supply

4.11 The Governments standard method puts the number of new homes needed in England at c.370,000 per year. In 2023/24, Government data shows the total housing stock in England increased by around 221,000 homes. The last time annual increases exceeded 250,000 was 1987. The challenge to deliver the required number of homes is therefore unprecedented in modern times.

4.12 The delivery of affordable housing has also fallen significantly short for a prolonged period. As of February 2025, over 1.3m households were on the waiting list for social housing in England, a figure that has increased 10% in the past 2 years (MHCLG, February 2025). There are 123,000 households in temporary accommodation (including 160,000 children) at an annual cost to the Government of approximately £2bn. The average annual affordable housing delivery in England over the past 10 years has been just over 54,000.

4.13 Housing need manifests itself in a variety of ways, such as increased levels of overcrowding, acute affordability issues, more young people living with their parents for longer periods, and increased levels of homelessness19. A lack of affordable housing may also negatively impact lower income families by reducing the amount they can spend addressing other health and wellbeing needs.

4.14 CWaC has performed well in recent years and has delivered high levels of housing which has started to reverse some of the worst extremes of affordability. Government data shows that over the 10 year period between 2013/14 and 2023/24, a total of 5,291 affordable dwellings have been completed, which represents 48% of the overall housing delivery target included in CWAC Local Plan Part One.

4.15 However, it must be ensured that this level of delivery can be maintained by planning for the right number of homes over the upcoming plan period, to help continue to address the issues associated with poor housing affordability. This is also particularly important in the context of recent demographic changes within the Borough and an increased need for homes for first time buyers, families and the ageing population.

Impact of Poor Housing Affordability

4.16 The effects of poor housing affordability are both direct (causing stress and anxiety, for example) and indirect – particularly through reducing the disposable income that people have available to spend on other things which may promote good health (such as quality food and exercise). Affordability problems can also contribute to overcrowding, as households seek to share the fixed costs of accommodation across more individuals.

4.17 Adequate and appropriate housing may be unaffordable because rents or mortgages are high or because of high running costs associated with maintenance, energy, water and drainage and local taxes; or both. These issues can arise in all tenures, but private tenants pay the highest proportion of their household incomes on housing costs.

4.18 The crisis in affordable housing delivery has also driven people into poor quality homes. In England, around 23% of homes in the private rented sector fail to meet statutory minimum standards, which include being in a reasonable state of repair, with modern facilities and services and a reasonable degree of thermal warmth[20]. Research from the Resolution Foundation found that those in the rental sector are more likely to report issues such as

[19] House of Commons Library - Tackling the under-supply of housing in England (January 2021)

[20] House of Commons Library (2022): Housing conditions in the private rented sector (England)

their home being in a poor state of repair, heating/plumbing/electrical issues, and damp than those who own their own home or have a mortgage[21]. They are also much more likely to be worried about their housing costs.

4.19 The broader negative impacts of high housing costs are significant. The provision of sub-market housing has the greatest impact on reducing poverty after housing costs[22], and high rents lead to overcrowding, higher reliance on borrowing and constraints when purchasing essentials, such as food and clothing[23]. Struggling to meet housing costs can also lead to rent or mortgage arrears, which can lead to eviction or repossession.

4.20 These issues are compounded by a limited supply of good quality affordable housing. Conversely, provision of affordable housing as part of a mix of tenures helps to create mixed and balanced communities. Investment in affordable housing has significant benefits which include:

1. Promoting inclusive growth by creating jobs, increasing GVA and providing large multiplier effects;
2. Increasing the supply of affordable housing helps to tackle inequalities by reducing child poverty and homelessness and by providing inclusive, sustainable housing options;
3. Homes transferred to affordable housing providers can support the delivery of affordable and good quality homes which can improve health and wellbeing, contribute to successful placemaking and strengthen community resilience, (including rural community resilience)[24].

Overcrowding and Homelessness

4.21 Overcrowding - defined as when the number of occupants of a home exceed the space they could reasonably be expected to inhabit - is another measure of housing condition and is often associated with affordability. As shown in Figure 4.1 overcrowding in England has become a more widespread problem in recent years, with large increases in overcrowding in private rented and particularly social rented tenures.

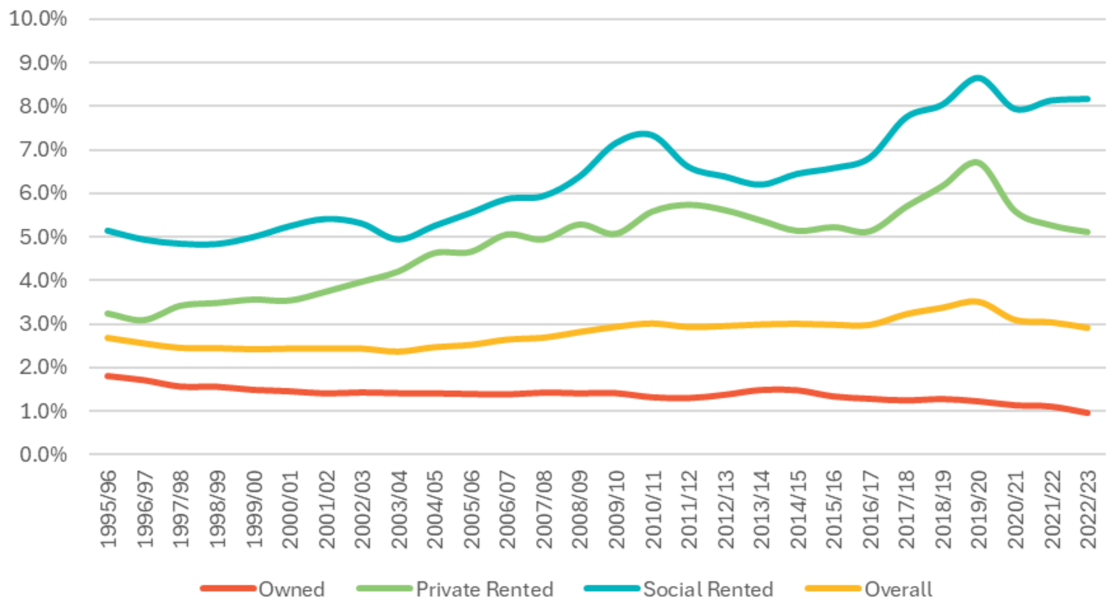
[21] Resolution Foundation (2023), Trying Times: How people living in poor quality housing have fared during the cost of living crisis

[22] Tunstall R, Bevan M, Bradshaw J, Croucher K, Duffy S, Hunter C, Jones A, Wallace A and Wilcox S (2013). The links between housing and poverty: An evidence review

[23] Pennington J, Ben-Galim D and Cooke G (2012) No place to call home: The social impacts of housing undersupply on young people

[24] The Impact of Social Housing: Economic, Social, Health and Wellbeing - UK Collaborative Centre for Housing Evidence (CaCHE) and Housing Associations' Charitable Trust (HACT) (August 2020)

Figure 4.1 Overcrowding in Rented Tenures in England

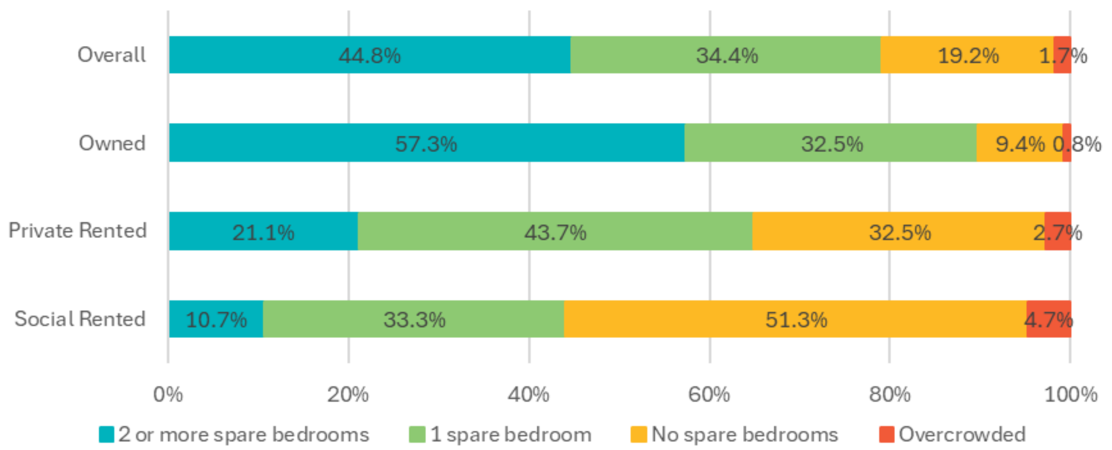


Source: MHCLG, English Housing Survey 2023

4.22 Overcrowding remains highest in the social rented sector (8.2% in 2022/23) but has increased strikingly in private renting (from 3.2% in 1995/96 to 5.1% in 2022/23). As private renting has expanded and housed more of the poorest households, so overcrowding has become a greater problem within the tenure.

4.23 As shown in Figure 4.2, overcrowding remains a clear issue in CWaC, with 2.7% of private rented accommodation and 4.7% of social rented housing households living in overcrowded conditions.

Figure 4.2 Statistics on Overcrowding in CWaC



Source: Census (2021): Tenure by occupancy rating (bedrooms)

4.24 Housing has a significant influence on mental health and wellbeing - children living in crowded homes are more likely be stressed, anxious and depressed, have poorer physical health, and attain less well at school. Distress is generally higher for overcrowded households, and data from the Covid-19 pandemic period seem to show this intensifying during the more severe lockdown in April 2020, when 39% of people in overcrowded households were indicating psychological distress.

4.25 The factors relating to issues of homelessness within the population are highly complex, though it is recognised that a shortage of good quality affordable housing and the high costs associated with private renting can lead to issues of homelessness[25].

4.26 Homelessness is an issue which is present in CWaC, with 476 households assessed as being owed prevention or relief duty in the year to March 2025[26]. The CWaC Housing Strategy 2025-2035 consultation states that all forms of homelessness have increased in CWaC over the last five years. It reports that the number of households in temporary accommodation has increased significantly since January 2019, peaking recently in January 2024. Of the 226 households in temporary accommodation, 178 (79%) were in hotel accommodation, generating significant costs for the Council. At the heart of the problem is an overall lack of affordable housing, and CWaC must seek to maintain its high levels of affordable housing delivery to help ensure that this level of homelessness can be reduced.

Provision of Affordable Housing

4.27 According to the CWaC Housing Strategy 2025-2035 consultation[27], as of 31 March 2024 there were 6,735 households registered on the housing waiting list. This number is broken down into bands, as follows:

- Band A (urgent housing need): 240 households
- Band B (high housing need): 1,589 households
- Housing Options Band (HOB; no statutory preference): 4,906 households

4.28 As previously set out in Table 4.1, achieving the SM3 target of 1,928 dpa would infer the delivery of 578 affordable dwellings each year (i.e. 30%, as per adopted Local Plan Policy SOC 1), which could potentially provide accommodation to just 8.1% of households on the housing waiting list. Under the current adopted Local Plan target of 1,100 dpa this would fall to 330 affordable homes per year, or alternatively, a much higher 651 affordable homes per year if the level of housing delivery required to support the LEP's economic growth ambitions is realised.

4.29 The 2013 CWaC Strategic Housing Market Assessment [SHMA] demonstrated a need for 714 affordable dwellings per annum. Data on additional affordable housing delivery shows that around 5,291 additional affordable homes have been delivered in the Borough between 2013/14 and 2023/24 at an average of 481 per annum[28], implying under delivery of around 2,563 units against the SHMA target. Clearly, the need for affordable housing is another reason why the SM3 target of 1,928 dpa should be viewed as a minimum.

[25] https://www.crisis.org.uk/ending-homelessness/housing/
[26] MHCLG (2025): Live tables on homelessness
[27] https://participatenow.cheshirewestandchester.gov.uk/housing-strategy-consultation-data-snapshots?
[28] MHCLG (2025), Live tables on affordable housing supply Table 1008c

5.0 Conclusion

5.1 The purpose of this Research Paper is to help inform the Council's early decision making on its overall spatial planning strategy for its new local plan, particularly with regards to the scale of housing required to meet its needs, as well as economic and social objectives.

5.2 Significant changes have occurred politically and economically over the past 12 months, with a newfound focus from the Government on boosting housing delivery and addressing the housing crisis, principally through changes to the planning system and the move to a new stock-based Standard Methodology for determining Local Housing Needs.

5.3 The Consortium, comprising Barratt / David Wilson Homes, Redrow Homes and Taylor Wimpey, is eager to see a new Local Plan that is positively prepared and aspirational. It is vital that CWaC seizes the opportunity to review its Local Plan at this time to ensure it can respond to the acute housing and affordability crisis, the recent and future projected changes in the economy, and as a minimum, plan for the levels of housing across the area expected by Government, or indeed going beyond that level where justifiable to further the economic prospects of the Borough and life chances of its residents.

5.4 The Borough faces a number of challenges, including a rapidly growing and aging population which will see the proportion of working-age residents shrink and a greater share of residents above retirement age if current demographic trends continue. CWaC's population will grow at a faster rate than any of its neighbouring authorities as well as relative to the wider regional and national projected growth rates. This presents a significant economic opportunity for the Borough and a need to ensure that sufficient housing is provided so that this growth potential is not constrained. Similarly, the Borough is likely to see an increased number of families with children and will need to plan accordingly for larger housing.

5.5 The Borough has not escaped the symptoms of the housing market crisis with rising house prices and worsening affordability ratios that make it increasingly likely that younger residents have to move out of the Borough to find suitable housing choices. However, housing delivery has been healthy since the adoption of the current Local Plan in 2015 (averaging 1,686 dpa). This consistent level of recent delivery demonstrates that the market is capable of achieving the housebuilding needs set by Government, and there is evidence that the recent high level of housing delivery is starting to slow down growth in house prices and affordability ratios in this Borough.

5.6 The standard method figure of 1,928 dpa should therefore be treated as a minimum, because:

1. The NPPF clearly states that local plans should meet the development needs of their area and <u>as a minimum</u> provide for the objectively assessed needs for housing. Numerous Inspectors at local plan examinations have supported this position.

2. Housing needs can now expressly justify exceptional circumstances for Green Belt release, and it is mandatory for LPAs, if necessary, to alter Green Belt boundaries when they cannot fully meet housing requirements (unless there is evidence that doing so would fundamentally undermine the purposes (taken together) of the remaining Green Belt, when considered across the area of the plan).

3. Housing need modelling scenarios which maintain current demographic trends, including an aging population, suggest a housing requirement of at least 1,763 dpa, whilst a scenario which aligns economic growth and housing needs in line with LEP growth aspirations suggests a requirement of at least 2,169 dpa. These two scenarios straddle the SM3 figure of 1,928 dpa.
4. There are potentially significant economic benefits of pursuing at least the 1,928 dpa figure which will not be realised if a lower requirement is set, including:
    a. Over £340m in capital investment p.a.;
    b. Over 10,000 FTE direct and indirect construction jobs p.a.;
    c. Almost £950 million in economic output p.a.;
    d. £22m in resident expenditure p.a.; and
    e. Council Tax revenue of £4.3m p.a.

    The benefits associated with pursuing a more positive economic growth-led housing requirement would be even higher. This needs to be considered against a context of CWaC falling behind its neighbours when it comes to job growth over recent years.
5. CWaC's population is projected to grow at a faster rate than any of its neighbouring authorities as well as relative to the wider regional and national projected growth rates. This presents a need to ensure that sufficient housing is provided so that this growth potential is not constrained.
6. Despite high levels of housing delivery over recent years, there remains a crisis of supply nationally and regionally, and a very challenging affordability gap, both of which can be addressed, or at least slowed, by delivering more housing.
7. Despite high levels of affordable housing delivery, there remains an acute need for new affordable homes to address significant housing waiting list numbers and rising levels of homelessness. The cost of temporary accommodation is having an unsustainable impact on the public purse.
8. High levels of homebuilding will create churn in the market, providing opportunities for first time buyers, growing families or downsizers, and new forms of retirement and care for the ageing population.
9. High levels of new home provision will help to deliver better health and wellbeing outcomes for residents – for example, by addressing overcrowding and the associated mental health toll this can generate, providing greater choice in housing tenures, type, size and location, delivered to modern high efficiency standards which in turn reduces the burden on NHS resources and addresses other related issues such as fuel poverty and cost of living.

5.7 The Consortium urges CWaC to adopt a minimum housing target for the new local plan period derived from the standard method figure of 1,928 dpa. The Consortium looks forward to working with CWaC during future stages of the local plan preparation to ensure that suitable sites can be allocated to meet this level of need.

Appendix 1

A1.1 Infographic: The annual economic benefits of pursuing a SM3-based housing need target in Cheshire West & Chester

Taylor Wimpey

Barratt Redrow

DAVID WILSON HOMES
WHERE QUALITY LIVES

The annual economic benefits of pursuing a SM3-based housing need target

Cheshire West and Chester

Barratt / David Wilson Homes, Redrow and Taylor Wimpey have significantly boosted housing choice and supply in Cheshire West and Chester over recent years. Their housing developments have supported the local economy through job creation and the supply chain, whilst also boosting the public purse through CIL and s106 contributions to improve local facilities and increase Council revenue. These economic benefits can be optimised by pursuing an objectively assessed housing target in the new local plan, based on the SM3 need figure.

over **1,928** **New homes** including **578** affordable homes

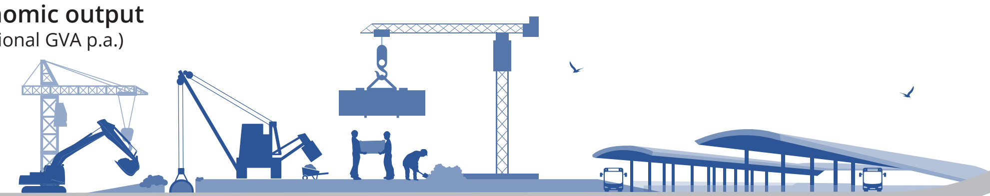
Construction benefits

£340.5m
Construction value
(total construction cost)

5,005 Jobs
Direct FTE construction jobs
(p.a.)

5,760 Jobs
FTE supply chain jobs p.a.
(indirect/induced "spin-off" jobs supported)

£947.0m GVA
Economic output
(additional GVA p.a.)



Operational and expenditure benefits

£10.6m
First occupation expenditure
(spending to make a house 'feel like a home')

£22m
Resident expenditure
(within local shops and services p.a.)

290 Supported jobs
(from increased expenditure in local area)

Local Authority revenue benefits

Planning contributions
(s106 Contributions)

- Education
- Healthcare
- Infrastructure
- Open Space/ Sports

CIL Contributions

£4.3m
Council Tax revenues
(p.a.)

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