



**Wyre Forest District Council
Local Plan 2016-2036**

Examination

**Matter 2: Local housing need and the need
for employment land**

(Policies 6A and 10A and supporting text)

Wyre Forest District Council Response

Contents page

	Page No.
Response to question 2.1	1
Response to question 2.2	5

Wyre Forest District Council

Wyre Forest District Local Plan (2016-2036) Examination

Matter 2: Local housing need and the need for employment land

(Policies 6A and 10A and supporting text) [Note: the soundness of the detailed policies for housing, employment and town centre uses will be considered under other Matters]

Q2.1 Is the local housing need figure of 5,520 dwellings for the period 2016-2036 (276 dwellings per year (dpa)) a sound basis for the Plan? Particularly, is the figure adequately informed by:

Q2.1 a) the implications of the population and household projections in the past decade (including the 2018-based projections published in 2020) and alternative trend scenarios for population growth, household formation rates, net migration and economic factors;

- 2.1.1 Wyre Forest District Council believes that the local housing need figure of 5,520 dwellings for the period 2016-36 (276 dwellings per annum) is a sound basis for the Plan. The reasons for this are set out in the Housing Topic Paper June 2020 (ED3) and the Addendum to the Housing Topic Paper July 2020 (ED3a). These papers include a detailed comparison of the 2014, 2016 and 2018-based population and household projections for Wyre Forest. This shows that population growth and household formation is mainly driven by internal migration of mostly newly retired households.
- 2.1.2 The 2018-based population and household projections both give much higher figures for the end of the Plan period in 2036 compared with the earlier projections with an additional 4,327 people compared with the 2016 projection and an extra 2,108 households. It is interesting to note though that the latest projections have lower numbers of people living communally by 2036 compared with the earlier projections with only 1504 people to be outside of households by 2036.

Projection	2036 population	2036 households	2036 household population
2014-based	104,300	47,582	102,775
2016-based	105,202	48,405	103,564
2018-based	109,529	50,513	108,025

Source: Office for National Statistics

- 2.1.3 The 2018-based projections would have taken into account the large increase in population shown in the mid-year estimates from 2016-2017 when there was growth of 708 persons, but by the following year the estimated growth was less than 50% of this at only 347 and from 2018-2019 it had slowed to only 229 additional people. As the 2018-based SNPP are underpinned by internal migration trends from only 2 years'

worth of data (2016-2018) they are therefore distorted by this jump in completions (and by extension, inward migration) for these two years. As a result, the Council considers that they provide a less reliable foundation for local housing needs in Wyre Forest District than the earlier 2014 and 2016-based SNPPs which are underpinned by migration trends over a longer, and from the Council's perspective, more representative, period of time.

- 2.1.4 The mid-year population estimates from 2016 – 2019 have been analysed to compare the different components of change to discover what has been the main driver behind this slowdown in population growth since the start of the plan period.

Mid-year to mid-year	Net Population change	Births	Deaths	Natural change	Net internal migration	Net international migration	Other change
2016-2017	+708	+1062	-1124	-62	+650	+105	+15
2017-2018	+347	+1003	-1217	-214	+511	+61	-11
2018-2019	+229	+965	-1140	-175	+332	+61	+11

Source: Office for National Statistics

- 2.1.5 The above table shows that at the start of the Plan period there were not only more births but double the number of internal migrants moving into Wyre Forest District compared with two years later. There were also more international arrivals that year. As highlighted above, this period of population growth coincided with a higher number of housing completions than has been seen since, with large numbers completed at the former British Sugar site including 100 extra care apartments. However, with no large housing developments (other than affordable schemes which cater for those with a local connection) being developed in the last 2 years, population growth has tailed off. With large housing schemes now under construction, it is expected that population growth will again increase.

- 2.1.6 In terms of household composition, the 2018 projections, demonstrate that most of the growth in household numbers will come from single person households and those without dependent children with only 8% of growth being in households with children. Over the Plan period the biggest growth is projected to be from households headed up by those aged 75 and older. This aligns with the projected population mix.

- 2.1.7 The higher household formation rates projected by the 2016-based household projections would support a larger labour force than estimated

under various employment-led scenarios resulting in average annual growth of +128 (2016-36). It is thought unlikely that Brexit will have a great effect on migration patterns in Wyre Forest District as only 6% of all net migration is international.

2.1.8 Alternative demographic scenarios have been developed by Edge Analytics (HOU02) to consider the potential population and housing growth impact of economic growth in Wyre Forest District as defined by the Employment Land Review (ECON04). These scenarios were developed in order to consider the potential impact of annual housing and employment growth on population change compared with the 2016-based population and household projections. The different scenarios used are:

- SNPP-2016 which would see population change of +5,195; net job growth of 968 and an estimated annual dwelling need of 214.
- a dwelling led scenario derived using key economic assumptions on economic activity rates, unemployment rates and a commuting ratio which would see population growth of 8,489; net job growth of 2,190 and an annual dwelling requirement of 286.
- Population, employment and dwelling growth estimated under the Employment-led (Policy On ELR) scenario is closely aligned to the dwelling-led scenario.
- Under the Employment-led (Past Trends) scenario, trending forward past declines in employment between 1997 and 2016 results in a slight population decline over the Plan period and an average annual dwelling growth of just 50 dpa.
- Under the Employment-led (Baseline) scenario (net job growth of 1,100), the District's population would grow by 3,824 equating to an average dwelling growth of 184 dpa.

Q2.1 b) affordability and the need for affordable housing

2.1.9 The Housing Topic Paper (ED3) argues that using a figure of 276 dwellings a year will help to boost the supply of affordable housing and thus help tackle issues of affordability and the need for more affordable housing. Analysis of housing needs shows a net imbalance of 158 affordable dwellings each year (2018-23) using data from the housing register (see HOU01 page 52). Although house prices are relatively low compared with surrounding districts, wages are also lower. This means that access to housing for those working locally is more difficult. Analysis by Cameo in 2018 showed that just over 22% of households could not even afford social rent levels. New provision of social rent housing is only possible via Section 106 agreements on large private developments. Under current funding regimes Wyre Forest is not deemed to have a significant affordability gap and thus no social rent schemes can be grant

funded. A combination of viability issues and vacant building credit rules have led to limited numbers of affordable homes being provided on major development sites in recent years. Although affordable housing provision from 2010-20 averaged 83 dpa, the vast majority of these dwellings have been provided on 100% affordable sites developed by Registered Providers. These no longer provide any social rent dwellings.

- 2.1.10 Not only are house prices lower in Wyre Forest than surrounding areas; land values are also lower. However, as most development has been on former industrial sites with contamination issues, site viability has been reduced and consequently, the percentage of affordable housing has been reduced. Silverwoods on the former British Sugar site in Kidderminster has recently been developed out for just over 300 family homes by Bovis Homes and Taylor Wimpey. The affordable provision agreed via Section 106 Agreement was only 12%. Viability work undertaken as part of the preparation of the Local Plan has shown that sites will only become viable at 25% affordable housing.
- 2.1.11 Boosting the housing requirement to at least 276 dpa will increase the number of affordable homes being delivered especially as allocating greenfield sites together with brownfield is likely to improve the number of sites where a policy compliant 25% affordable can be realised. It is important that the housing requirement figure is based on uplift over the Standard Method and close to that derived from the 2016-based household projections in order to maximise the potential for social rented housing to be provided by market housing developers.

Q2.1 c) the Government's objective of significantly boosting the supply of homes?

- 2.1.12 Under Policy 6A it is proposed to make provision for a minimum of 5,520 dwellings net of demolitions or 276 dwellings per annum. This is in excess of the 248 dwellings that would have been required using the Standard Method based on the 2014-based household projections. It has been necessary to identify sites in excess of this number to build in flexibility for sites that may not be delivered. Table 6.0.2 (page 33 of SD01) shows that the Local Plan allocates sufficient sites to deliver 15% more than 5,520 dwellings over the Plan period.
- 2.1.13 The Government said in 2018 when introducing a new standardised method of calculating housing need in the Revised National Planning Policy Framework that it would consider adjusting the methodology in order to meet its target of delivering 300,000 new homes a year by the mid-2020s. In February 2019, after analysis had shown that using the latest household projections available (2016-based) as the basis for the Standard Method calculation would reduce the housing requirement to only 212,000, the Government updated the NPPF/NPPG to require

reversion to the 2014-based household projections as this would produce a higher number of homes. However, in Wyre Forest this reduced the requirement and thus we have continued to use the 2016-based figures as to use the lower figure would not help to boost the overall supply of homes nationally. This higher housing target also allows the Plan to dovetail its housing needs with its economic growth aspirations.

- 2.1.14 As set out in the Housing Topic Paper (ED3), allocating 15% above a 276 requirement will further help the Government's objective of boosting the supply of homes. It also aligns with the NPPF's requirement that plans should positively seek opportunities to meet the development needs of their area and be sufficiently flexible to adapt to rapid change [paragraph 11a)]. Despite the lower numbers of housing completions in the last 3 years, Wyre Forest is expected to deliver more than 276 dwellings in 2020/21 with several large development sites now well advanced. The largest development in over 20 years is now under construction at Lea Castle Hospital where 600 homes have reserved matters approval. This scheme will not only boost the overall housing supply locally but will also deliver 240 affordable dwellings as in addition to the 90 secured through the S106 agreement, a further 150 have been grant funded. First completions are expected in 2021. Another site which will help to boost the housing supply is Churchfields where 246 homes will be built, including 18 affordable dwellings secured via Section 106 Agreement and 122 grant funded affordable units. This site is also expected to have the first homes completed during 2021. Both developments will help to re-use large brownfield sites.

Q2.2 Is the Plan sound in identifying the figure of 29 hectares (ha) as the objectively assessed need for employment land over the Plan period? Does it remain sound, notwithstanding the changes to the Use Classes Order that came into effect in September 2020 that place commercial, business and service uses in the same Use Class?

- 2.2.1 Wyre Forest District Council (WFDC) appointed Nathaniel Lichfield & Partners (Lichfields) to undertake an Employment Land Review (ELR) which was produced in 2016; it was updated in 2018 (ECON04) to ensure that it aligned with:

- The Wyre Forest District Housing Need Study (October 2018) undertaken by arc4 (HOU01).
- Wyre Forest Demographic Update October 2018 by Edge Analytics (HOU02).
- Updated Experian data projections.
- The revised NPPF (2018).
- Additional proposed employment sites for assessment.

- 2.2.2 The purpose of the ELR was to ensure that the current and potential future requirements for employment land in the District were met and how this requirement aligned with current stock of employment land. The ELR considered a range of scenarios for how the District's economy could change in the future, over the plan period 2016 – 2036. The ELR also analysed the condition, status and functionality of existing employment areas, and it made recommendations on which sites could be retained to meet future employment needs and which could be released for alternative uses, as well as identifying any need for additional sites in the area. Sites were also assessed through the Wyre Forest Housing and Economic Land Availability Assessment 2019 (undertaken by WFDC in August 2019) (HOU04) to ensure that sites are suitable, available and achievable for economic development over the Local Plan period.
- 2.2.3 The ELR Update (ECON04) was prepared in the context of requirements set out in the revised National Planning Policy Framework (the Framework) published in July 2018 and the Planning Practice Guidance (Practice Guidance) with regards to planning for economic development needs.
- 2.2.4 Both quantitative and qualitative methods were used to assess the need for, and supply of, employment land. This involved analysis of economic, demographic and commercial property market data and consultation with a range of stakeholders.
- 2.2.5 Lichfields followed the approach outlined in the PPG and five future employment land growth scenarios were modelled:
1. Projections of employment growth in the main B-Class sectors (**labour demand**) derived from economic forecasts produced by Experian in June 2018. The first scenario comprised a baseline projection from Experian which was predicated on a net job growth of 1,100 over the period 2016-36 in Wyre Forest District. The second, policy-on or 'regeneration' scenario involved testing whether there were concrete policy justifications for accelerating growth in certain industrial sectors. These key growth sectors were derived from discussions with WFDC Officers and the LEP Target Growth Sectors for both LEPS that Wyre Forest District falls within (Worcestershire LEP and GBSLEP).
 2. Consideration of **past trends in completions** of employment space based on monitoring data collected by WFDC, and how these trends might change in the future; and,
 3. Estimating future growth of **local labour supply** based on the latest housing requirements contained in HOU01, and the amount of jobs and employment space that this could support, based on the Housing

Need Assessment's two main demographic model runs (SNPP-2016 and dwelling-led LHN, both of which are essentially predicated on a dwelling target of 276 dwellings per annum).

- 2.2.6 Net jobs growth over the plan period was translated into a net land requirement via the application of standard employment densities and plot ratios, as well as a modest adjustment for vacant units. To estimate the overall requirement of employment space that should be planned for allocating sites and to allow for some flexibility of provision, it is normal practice for ELRs to add an allowance as a safety margin for factors such as delays in some sites coming forward for development. In this instance, a 2-year margin based on two years of average gross take-up was considered to be an appropriate level relative to the estimated scale of the original requirement.
- 2.2.7 To convert the net requirement for employment space into a gross requirement (the amount of employment space or land to be allocated), an allowance is also typically made for some replacement of losses of existing employment space that may be developed for other, non- B-Class uses in future. This is a widely accepted approach in planning for future employment land needs. On balance, Lichfields considered that, given the uncertainties involved, it would be prudent to plan for a replacement figure halfway between past losses (1.41 ha annually) and future losses (1.18 ha annually). Consequently, Lichfields recommended that WFDC make an additional allowance for the replacement of around 1.29 ha of employment land annually in Wyre Forest District, but that this should be monitored over the Plan period and adjusted as necessary.
- 2.2.8 In summary, the demand-led range of total gross land requirements to 2036, factored in a 2-year margin of choice, resulted in the following demand projections for Wyre Forest District:
1. Econometric demand led projections: 26.5 ha – 27.8 ha;
 2. Labour Supply Projection: 26.3 ha – 28.5 ha; and,
 3. Past Take Up: 31.2 ha.
- 2.2.9 The ELR highlighted that it was important to identify an appropriate level of need that achieved a balance between realism and economic and planning policy objectives. A range of factors were considered in the ELR Update (2018) to inform a judgment on the appropriate level of need and these are set out in paragraphs 7.74-7.76 of ECON04. The ELR balanced a range of considerations, and it was recommended that Wyre Forest District's B-Class employment land OAN was **29 ha up to 2036**. This equates to the Labour Supply (Dwelling-Led) scenario, which itself aligns with the Council's housing LHN. It also sits broadly in the middle

of a wider range between Scenario 3 (SNPP-2016), at 26 ha at the lower end, and Scenario 5 (Past Take-Up Rates) at 31 ha at the upper end.

- 2.2.10 The ELR further concluded that 14% of employment land should comprise B1a/B1b office, with the remaining 86% to be provided for B1c/B2/B8 industrial/distribution land in Wyre Forest District over the period 2016 to 2036.
- 2.2.11 In terms of how the employment land requirement relates to the current employment land portfolio, various factors make any such quantitative analysis an inexact science. On the supply side of the equation the total amount of land available at any given point in time is indeterminate; nevertheless, Lichfields undertook detailed site surveys to provide a snapshot of the current available employment land across the authority. This comprised:
1. Sites allocated for employment use in the Local Plan that are currently in employment use or remain undeveloped;
 2. Current employment sites not formally allocated in the Local Plan;
 3. Non-allocated sites are not currently part of Wyre Forest District's allocated employment land supply but were assessed to determine whether they are suitable for such uses. These sites may not currently be employment sites or were suggested in the 'call for sites' process; and,
 4. Other sites with extant planning permission for B-Class uses.
- 2.2.12 In total, 59 existing allocated and non-allocated employment sites were assessed by Lichfields in both the 2016 ELR and the subsequent 2018 Update which, combined, had a net developable area of 17.32 ha. The ELR recommended that 57 of these should be included in the employment land supply and protected for future B-Class use, with the other 2 sites (which had no net developable land available) deallocated / released for alternative use.
- 2.2.13 Additional employment sites were required as the existing employment land supply of 17.32 ha was not sufficient to meet the estimated 29 ha need. As requested by WFDC, Lichfields assessed an additional three sites which were not currently allocated, they did not benefit from extant planning permission for B-Class employment development and are not part of any committed employment site. These three sites were recommended by WFDC Officers and identified in the call for sites process or of particular interest and included land at former Burlish Golfcourse; Land adjacent Easter Park, Worcester Road, Kidderminster; and Lea Castle Hospital (Phase 2).
- 2.2.14 The 2018 ELR recommended that the Council may choose to allocate a quantity of employment land over and above the identified requirement.

For instance, if it was felt that the previous lack of allocations and therefore employment developments has resulted in unmet, or spatially imbalanced, demand across the District. The ELR recommended that the three assessed potential sites should be allocated for B-Class employment use or mixed-use development with a component of B-Class use, with a combined net developable area of between 10.23 ha, bringing up the total supply to 27.55 ha.

2.2.15 The assessed employment need is approximately 29 ha; however, the Submission Plan allocates 35.21 ha. This is because the NPPF requires that Planning policies should “*be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances*” [paragraph 81 d]. The Council considered that an additional uplift to the overall supply was necessary to be consistent with national policy. The Council also considered that an over allocation would build in a buffer providing some flexibility for the possible non-delivery of some employment sites. Changes to the Use Class Order 2020 mean that existing light industrial employment sites within the District may, without the need for planning permission change the use to other uses within Class E. An over allocation of allocated employment sites may offset any loss of employment sites to other uses. The employment allocation is justified and positively prepared, the requirement had considered different scenarios and evidence and provided a strategy to meet the District’s employment needs. The breakdown of the employment allocation is 4.0ha offices (14%) and 24.54ha industrial/warehousing (86%).

2.2.16 The Inspector may be minded to remove one of the proposed allocated sites and the site area be reduced for an additional two for the reasons in table 2.2.16. This reduces the total of allocated employment sites to 33.9ha.

Table 2.2.16 Reduction of allocated employment land

Site reference number	Site	Size in hectares	Reason for change
BHS/17	Rock Works	- 0.36	Planning application approved subject to section 106 for residential development.
FPH/10	British Sugar Phase 2	- 0.59	Reduction in size of 0.59ha for care home under construction.
FPH/23	British Sugar Plot D	- 0.36	Reduction in size of 0.36ha for drive through coffee shop

Site reference number	Site	Size in hectares	Reason for change
			which has planning permission.
		Total – 1.31ha	

- 2.2.17 In September 2020 the Town and Country Planning (Use Classes) (Amendment) (England) Regulations amended the Town and Country Planning (Use Classes) Order 1987 (UCO). Significant changes to the system of use classes were introduced. They include the reclassification of a number of uses. Class B1 which includes offices and light industrial are removed and incorporated within a new Use Class E which also includes previous use classes A1 (Shops), A2 (Financial and professional services), A3 (Restaurants and cafes), D1 (Non-residential institutions) and D2 (Assembly and leisure). Change of use to another use within Class E will be allowed without the need for planning permission.
- 2.2.18 The proposed allocated employment sites identified in the ELR related to use classes B1, B2 and B8. The changes to the Use Class Order do not affect B2 (general industrial) or B8 (storage or distribution) Uses. The former B1 use classification was a use that could be carried out in a residential area and includes offices, research and development and industrial processes.
- 2.2.19 The employment policies in the Plan remain valid, including the quantum of employment land identified in Policy 10A and the employment site allocations. Although offices and light industry are now in a different Use Class from general industry and storage and distribution, they were still in different use classes at the time the 2018 ELR was undertaken (B1, B2, B8) and therefore this does not represent a significant change to the approach. In its current form, the Local Plan is not overly prescriptive about particular employment uses and the employment allocations. This provides the necessary flexibility for employment land to come forward on the allocated sites in the way the market dictates.
- 2.2.20 It is suggested that references to A and B1 Use Classes in the Submission Plan should be deleted or amended as these will no longer exist once the transitional arrangements come to an end 31st July 2021. These could be proposed as main / minor modifications to the Plan.
- 2.2.21 In order to ensure that the Council meets the requirements of providing sufficient land for employment uses it is proposed that the following condition could be attached to any planning permission on the allocated Employment sites:
- “Notwithstanding the provisions of the Town and Country Planning (General Permitted Development) Order 2015 (or any Order revoking or re-enacting that Order with or without modification), the premises /*

building(s) / site(s) shall be used for light industrial and for no other purpose including any other purpose in Class E of the Schedule to the Town and Country Planning (Use Classes) Order 2020, (or in any provision equivalent to that Class in any statutory instrument amending, revoking and/or re-enacting that Order with or without modification.

Reason: In order to define the permission in accordance with Policy 10A of the Wyre Forest District Local Plan and the National Planning Policy Framework.”

- 2.2.22 This would help provide a high degree of flexibility for a range of employment uses to come forward on the proposed allocations to reflect market demand in line with the current approach. This lends further weight to the need to provide a level of supply that is over and above the 29 hectares identified by Lichfields as being the need for employment land to 2036.