GL Hearn
Part of Capita Real Estate

Housing Strategy and Delivery Plan

Final Report

871 - Cheshire and Warrington LEP

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Prepared by

GL Hearn

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1 EXECUTIVE SUMMARY

1.1 Housing fundamentally impacts on the economic performance of an area. Delivering a supply of homes that has a strong fit with needs and aspirations can *enhance* economic performance and competitiveness but on the other hand, getting it wrong can lead to spatial disparities that can ultimately suppress or hold back growth and productivity improvements.

1.2 This report provides the Cheshire and Warrington Local Enterprise Partnership (the LEP) with a single document that collates and updates the housing market position within the Cheshire and Warrington sub-region. It also reviews the demographic characteristics of the area and highlights the particular issues over the attraction and retention of younger talented people between the ages of 20-35 years. It then briefly examines how the key urban centres are positioning themselves for higher density town centre living and it looks at potential ways in which the sub-regional partners might intervene to increase the supply of homes that meet the typology and locational requirements of this target group.

Context

1.3 The sub region is home to 920,000 people and over 41,000 businesses. It has a hugely successful economy and the area is growing in confidence with above average GVA output and educational attainment; prestige businesses operations and established clusters in high growth sectors (including science); and a strong supportive quality of life offer. The pace of economic growth over recent years has also been impressive.

1.4 The sub-regional partners know however that they can't be complacent. The success of the LEP's revised Strategic Economic Plan (SEP)[1] and the Government's Industrial Strategy is dependent on building the right homes in the right places. Growing businesses and local economies require a large pool of nearby skilled (especially younger) people and employees need to be able to move easily to where jobs are without being forced into long commutes. The updated SEP highlights the potential for growth to be stunted if there is a failure to deliver a high quality housing offer that meets the specific needs of an expanding and changing workforce.

The Sub-regional Housing Market

Supply

1.5 The adopted planning frameworks within the sub-region plan for a total of 69,764 new homes between 2010 and 2030 with 19,360 having already been completed. The area as a whole also

[1] C&W LEP's Revised Strategic Economic Plan, 2017

has a substantial supply of units (over 26,000) with planning permission; which equates to almost 10 years' worth of supply against the proposed standard methodology for assessing housing need.

1.6 Going forward, Cheshire West and Chester's emerging Site Allocation Plans might lead to an increased contribution from 17,013 to 24,518[2] and Warrington's emerging Local Plan[3] proposes 24,774 new homes compared to a current trajectory of 13,568 for 2010-30. The three local authorities could therefore be making provision for circa 3,740 homes per annum over the next 10 years when the proposed OAN Standard Methodology[4] would require circa 2,740 homes and the demographic growth projections are 2,324 households per annum over this period.

1.7 The Local Authorities are clearly planning for growth and this level of new house building would support the LEP's economic growth agenda and help to direct development in a planned and more sustainable way. The local partners are also working hard through initiatives such as the LEP's Local Growth Fund, Housing Infrastructure Fund and the better use of public land, to ensure deliverability. This growth will be predominantly concentrated across the principal towns within the sub-region with almost a third (32%) of the total provision being in Warrington and Crewe. Chester and Ellesmere Port also have significant planned development (12% cumulatively).

1.8 The housing issues that face the sub-region are therefore less about quantum and more about affordability, deliverability and the provision of a balance of type and tenures that align with economic requirements, especially the needs of younger people.

Demographic Characteristics

1.9 The LEP area is home to a highly-qualified but older population[5]. The area does attract a younger workforce from surrounding areas (including Merseyside) but this appears to be focused on lower skilled and elementary occupations. Higher qualified, home-owning and wealthier families tend to live in the more rural parts of Cheshire and Warrington, while the main urban centres (Warrington, Crewe, Northwich, Macclesfield and Ellesmere Port) contain pockets of deprivation. Only the centres of Chester and to a lesser extent Warrington appear to be attractive to young, highly qualified residents working in high-end jobs.

1.10 Population growth within the area was behind the UK average (4.2% compared to 7.8%) in the 10 years to 2015 but it is projected to grow between 6% and 8% over the next 15 to 25 years respectively. This is a similar level of growth to that expected across the North West region but well

[2] Land allocations background paper 2017, Table 2.3, p12
[3] the Preferred Development Option Consultation Draft July 2017 (Table 11, p33)
[4] published by the DCLG in September 2013
[5] http://www.871candwep.co.uk/content/uploads/2017/07/Appendix-Revised-March-2017-compact.pdf

below the national comparator (15.5% in England by 2039) and below that projected in Greater Manchester (12%).

1.11 The population aged 65 and over is however projected to grow at a faster rate than in the North West region (57% compared to 49%) and conversely, the younger population (15 to 35 year olds), is expected to *contract* by 3% during the next 15 years. As stated earlier, this age band is an important part of the workforce and even a short term reduction in numbers could have a significant impact on the local economy and its ability to recruit staff. To put this into context, the projected contraction in the 20-30 age groups between 2020 and 2026 would equate to the loss of around 10,000 people across the sub-region; which could be highly relevant to the LEP's agenda for economic growth in the context of the need to replace an estimated 230,000 jobs by 2025. The area's economy also has a high dependency on STEM skills with a potential 60,000 shortfall in graduates. The manufacturing sector is a particular concern as 35% of the workforce is above the age of 50 and there will be a significant challenge in 'backfilling' these roles and responding to increased labour demand.

Housing Tenure

1.12 Across all households within the sub-region, 13% (as identified by the Household Reference Person[6]) are in private rent; which is well below the regional (North West) and national (England) equivalents (17% and 18% respectively). In terms of younger households (i.e. below 35 years old), 18% are in social housing (compared to 21% in the North West and 20% in England) and 39% are in private rent (compared to 43% and 46% respectively). The lowest proportion of young households in private rented accommodation is in Warrington (33%); which is markedly below the regional and national equivalents.

1.13 The relatively low level of renting within the sub-region could be a major issue for policy makers and when meeting employer's needs given young people's reliance on this type of tenure when starting out [7] and the recognised affordability issues within particular parts of the sub-region.

Housing Market Signals

1.14 There is a concentration of high value neighbourhoods in the northern part of Cheshire East and smaller clusters of high prices scattered across the sub-region. As could be expected, the urban areas have a higher percentage of apartments as indicated by recorded sales[8].

[6] The Household Reference Person (HRP) is chosen from the those referenced in a Census based on economic activity and then age, and finally order on the census form. The HRP is normally therefore the oldest full-time worker in most households and identifies the primary family in the household. ONS
[7] 46% of 25 to 34 year olds live in the private rented sector according to the latest English Housing Survey

1.15 The median house price[9] across the LEP was 5.3% higher than the 2016 equivalent and the lower quartile housing value was 4.3% higher[10]. This is indicative of the recovery in demand for products in the area. House Prices have also increased overall since 1998. In terms of sales, there was steady growth between 1996 and 2005 with the sub-region out-performing the national figures. The area did however experience a greater fall than nationally in the 2008 market correction but it did fare better than the North West. Since then, recorded residential sales have by and large recovered year on year in all areas, with the number of sales 11% down on the average achieved between 1996 and 2007 compared to 21% in the North West and 19% nationally.

1.16 The sale of new-build properties does however show a different pattern across the sub-region. Warrington had seen a significant increase in activity before the 2008 economic downturn whereas the two other Authorities were actually experiencing a slowdown. Since then, there has been a strong recovery of new-build sales in Cheshire West and Chester (just 4% down on the 1996-2007 average) but this was the only Local Authority within the sub-region that has surpassed the recovery rate in England (13% down). Cheshire East has recovered quicker than the regional level (24% down compared to 33%) whereas Warrington remains 40% below its pre-recession average.

1.17 The downturn in new build sales in Warrington has coincided in a notable upturn in new-build sales values. Since 2013 New-Build sales prices in the Borough increased by 69% while resale prices increased by only 14%. This has particular issues for affordability and access to housing for young people in the Borough. Conversely, resale values have increased at a *higher* rate than new-build in the other two Local Authority areas.

1.18 Average (residential) rents across the LEP area are, by almost all measures, below national equivalents but above the NW. The highest mean and upper quartile rents are achieved in Cheshire East followed by Cheshire West and Chester. Almost 11,700 rental transactions occurred in the LEP area during the 12 months to March 2017. Around half of these were in Cheshire East, followed by 35% in Cheshire West and Chester and only 18% in Warrington.

1.19 With a rental growth rate of 10% in median rents between Q3 2011 and Q1 2017, the sub-region is above the North West's equivalent of 8% but below England's significant growth of 17%. However, growth of 13% in Warrington is notable, particularly since March 2015. This would appear to correlate with the relatively low levels of renting and transactions within the Borough.

Affordability

[8] Source: Land Registry – edited by GL Hearn
[9] Q3 2017
[10] As an average of the median house prices of the three local authorities

1.20 Based on the relationship between median house prices against incomes for both Workplace based earnings and Residence based earnings[11], the affordability ratio across the sub-region is higher than the North West (6.83 compared to 5.62) but lower than England (7.72). Cheshire East is the least affordable area (7.36) followed by Cheshire West and Chester (7.08) and Warrington (6.06). Affordability has also worsened significantly since 2009 with the ratio of median quartile house price to resident-based earnings increasing by 0.84 compared to 0.42 in the North West. This indicates that house price entry levels are becoming even more unaffordable for people living within the area in comparison to the region as a whole.

1.21 Rental Affordability is determined by the average annual rental costs of all property types as provided by the Valuation Office Agency (VOA) against the average annual income within an area. The proportion of an average residence based income that is taken up by the average lower quartile rent within the sub-region is above England's average (29.8% compared to 29.1%) with particular pressures in Cheshire West and Chester and Cheshire East (31.9% and 29.5% respectively). This is likely to further impact younger people starting out in their careers and setting up home on limited incomes.

Young People in Cheshire and Warrington

Demography and commuting

1.22 The demographic profile of the sub-region is a concern. There is a real danger that the local economy may stagnate or contract as a result of an aging population[12] and workforce and the area must do more to attract and retain people between the ages of 20-35 if it is to achieve its full potential.

1.23 Looking more closely at this group, around 20% of people aged 16-24 residing in the LEP area and around 33% of people aged 25-34 work outside of it[13], which is slightly higher than for all age groups (31%). Manchester is the most attractive location for this group but with notable flows to Flintshire, Liverpool, Halton, Trafford and Stockport.

1.24 Conversely, there is a disproportionately high proportion of in-commuters to the LEP area in the 25-34 age group (24.6%) compared to the wider workforce (21.1%) with around 46,000 young people aged 16-34 commuting into the area for work. Also, a high proportion of those aged 25-34 commute from Manchester (10%) compared to all commuters (5%) and to a lesser extent Liverpool

[11] Workplace based earnings measure the average annual earnings of people who work in a particular area but may live elsewhere. Residence based earnings are measured by where employees live.
[12] the median average age in all three local authorities is older than the equivalent national and regional figures, ONS Census 2011
[13] ONS, Census 2011

(6% and 4% respectively). This suggests that younger professionals are either being priced out of the area in favour of cheaper property in larger cities or this may be a lifestyle choice.

1.25 Younger age groups (16-35 years) use more sustainable forms of transport such as trains and buses and walking. However, the percentage of young people using public transport (bus and trains) to travel to work within the LEP area is less than half of the North West equivalent (8% compared to 17%) and a third of the national figure (23%). Even the highest rate within the sub-region (Warrington at 11%) is far below the other comparators. This reliance on cars might be due to the geographic characteristics of the sub-region with a more dispersed spread of employment uses that are poorly related to public transport. Attracting younger people to transport hubs will nevertheless help to improve the situation.

Economic Activity and Skills

1.26 The Economic Activity Rate amongst young people (16-34 year olds) in the sub-region is 77.6%, which is higher than for the North West (73.7%) and nationally (74.9%). Approximately 7% of the sub-region's younger age population is qualified to degree level (NVQ level 4) and above compared to 8% in the NW Region and 9% nationally, although the area does have a lower proportion of young people (and across all age groups) with *no* qualifications (9%) when compared to the NW (11%) and England and Wales (10%).

1.27 The area has a high percentage of people (of working age) in professional occupations (44%) compared to the North West (38%) and England and Wales (41%) and the LEP area has a higher percentage younger people working in professional occupations (36%) compared to the region (34%) but lower than England and Wales as a whole (37%). Cheshire East has a noticeably high percentage of professional residents in all age groups (42%) and younger people (38%); which probably reflects the area's proximity to Manchester and highly skilled jobs within the sub-region's science corridor.

1.28 In terms of unskilled residents, the LEP area has a similar percentage of younger workers to the NW region (34%) which is slightly higher than the England and Wales equivalent (32%). However, the LEP area as a whole has a smaller percentage in unskilled occupations (26%) compared to the NW (29%) and national equivalent (27%).

1.29 The evidence would suggest that the sub-region attracts graduates later in life but possibly loses educated young professionals in their late 20's and early 30's.

Young Household Locations

1.30 Using the Experian Mosaic classification to identify the current concentrations locations of younger professional households within the sub-region, the report looks the two groups that are most likely to be representative of the 20-35 year old cohort that are perceived to be important in sustaining economic growth: “Aspiring Homemakers” [14] and “Rental Hubs”[15].

1.31 These households are mainly concentrated in urban locations with clusters in Ellesmere Port, Northwich, Winsford, Middlewich, Crewe, Sandbach and Macclesfield and particular concentrations in Chester and Warrington where there Further and Higher Education centres. They do however represent only 15% of the sub-region’s households compared to 20% across North West.

Housing Choice

1.32 In addition to the type and tenure of homes, location has a large bearing on the housing choice made by talented and aspiring young people. A report issued by the Centre for Cities in late 2015[16] provided one of the most comprehensive evidenced based assessments of locational choices. It used survey data from urban areas across England and Wales to examine what people value the most (and like the least) about the neighbourhoods they live in and the ‘push and pull’ factors that play into the reasons why a person lives in a certain place.

1.33 For those aged 25-34 who are ‘starting out’, proximity to their workplace is the most significant reason (24% stating this as a factor) and their priorities also tend to relate more to leisure and recreation, with this group choosing proximity to restaurants, leisure and cultural facilities (9%) more than any other age group. The report also surveyed the opinions of City Centre[17] residents and this found that proximity to restaurants, leisure and cultural facilities was an even more significant factor in where they chose to live (39%) followed by access to local shops, their workplace and public transport. The increasing reliance on public transport is also important: 48% of 17-20-year-olds and 75% of 21-29 year olds had driving licences in 1994 but these figures had dropped to 31% and 66% respectively by 2016[18].

1.34 This tells us that young, single, highly qualified people prioritise leisure and recreation over everyday amenities and value public transport connectivity and proximity to work.

[14] Younger households that have usually only recently set up home. They typically own their homes and live in private suburbs. Their budget is significant to their choice of home
[15] Households that contain predominantly young, single people in their 20s and 30s who live in urban locations and rent their homes from private landlords whilst in the early stages of their careers or pursuing studies
[16] Urban demographics: Why people live where they do, Centre for Cities, November 2015

[17] Manchester, Brighton, Sheffield and Swindon
[18] National Travel Survey

The Importance of Product and Place

1.35 The sub-region is starting to increase the supply and rate of housebuilding but this additional supply has in recent years tended to be orientated towards the locations and type of homes that are more suited to families that are already established on the housing ladder. This fuels the concern that the fit between supply and need might not be aligned and that this, whilst not the sole reason, might be a contributory factor in the low levels of retention / attraction of talented young people.

1.36 The area therefore needs to deliver an increased supply of smaller (i.e. one and two bed apartments and townhouses) and mixed tenure properties that are more affordable and accessible to young people; especially those that are new to the workplace. This might include: homes for outright sale; products that provide a route into ownership; market rent / PRS; and affordable rent / shared ownership.

1.37 The identified economic growth sectors within the sub-region will require an increasing supply of skilled graduates who will aspire to good quality homes including bespoke and high specification PRS units[19]. Moreover, the urban centres that are well connected to Manchester, Liverpool and other major cities and where there is an established or growing cultural and leisure offer are more likely, as highlighted above, to be attractive to younger people. Four locations are therefore considered to be the most important in terms of expanding town centre living within the sub-region due to their locational advantages and the quality of life offer that they could present for younger people:

- The Centre of Warrington;
- Chester;
- Macclesfield; and
- Crewe

1.38 Moreover, the three Local Authorities are actively pursuing the transformation of these four places so there is momentum that could be harnessed. In particular:

- **Warrington** is a very well-connected place with railway stations that provide frequent and soon to be improved services to Manchester, Liverpool and London. The 2017 Warrington City Centre Masterplan outlines an exciting vision to revitalise the town's core with new business, retail and leisure opportunities and plans for around 8,000 new homes. This builds on considerable place making investments, including the Time Square redevelopment. The seeds of an expanding town centre living / PRS offer are also being sewn by a number of high specification schemes that are underway or in the pipeline.
- **Chester** already has an attractive and well developed City Centre living offer and is working to enhance its already excellent transport links to Liverpool, Manchester and beyond. The City

[19] nearly half (46%) of 25 to 34 year olds live in the private rented sector and this is up from 24% in 2006, English Housing Survey

Centre already has a strong sense of place, with historic attractions, stunning architecture and high quality public realm. Transformational investment through the proposed £300m Northgate Development will also re-enforce the attractiveness of living in the City Centre.

- **Macclesfield** is surrounded by attractive countryside and has good transport links (including rail) into Greater Manchester, which makes the Borough a high value area. It is a significant employment destination in its own right including proposals to transform the nearby former Astra Zeneca site into Alderley Park with up to 7,000 highly skilled jobs. The Council and local partners and now looking to encourage housing alongside enhancements to retail and leisure in order to make the town centre more vibrant.
- **Crewe** is set for radical transformation with the introduction of HS2 services by as early as 2027. The Council has also made provision to regenerate the town during the current Local Plan period and is actively pursuing place making redevelopment and investment, including the Royal Arcade shopping centre. A 'High Speed Rail Hub' is also being proposed on the site of the existing station, which should further drive the town's economy and stimulate major growth over the next 30 years[20] with an additional 7,000 homes. The collective package of public and private sector investment will clearly have a major positive impact on the town centre and whilst the plans for housing must be seen as a medium term proposition, there is a real opportunity to provide a platform for a new housing market that is orientated at young people.

Potential Interventions

1.39 The policy framework to support more homes in town and city centres is there but the evidence points to this not yet translating into an appropriate scale and pace of delivery. The public sector might therefore consider positively disrupting the market through a range of interventions including:

- Improved **strategic market engagement** to secure a broader range of developers and investors within the identified target urban areas including positioning the areas as a sound proposition for major UK and overseas investment funds. This might also include packaging multiple sites into a proposition that has scale and potential for value growth, particularly with some of the large scale opportunities that might come forward such as Warrington Town Centre or Central Crewe.
- **Public sector risk funding** to address the challenges of securing land and buildings in the main urban including: fragmented ownership and title restrictions; value expectations that are ahead of what are commercially viable based on current evidence; and physical (site) constraints.
- Signposting and directing **public sector debt finance** (i.e. the Home Building Fund and Housing Growth Partnership fund) to achieve more traction with the local development and investment community through joint working with the Homes England (HE).
- More public **co-investment with the private sector** through Local Housing Companies and Joint Ventures to share risk and reward and build private sector confidence
- **Capacity funding** that can pool resources to jointly establish a specialist team to support existing (or future) Local Housing Company activity or the activities of the Local Authorities where they are carrying out direct development or participating in JVs.

[20] Crewe HS2 Hub Masterplan, Crewe, Arup 2017

- Working with Registered Providers to **enhance Housing Association output** in terms of both affordable and market housing products including assistance with site assembly, access to public land and possibly more JVs with Local Authorities to share risk.
- Encouraging **supply innovation** including custom and self-builds, offsite methods of construction and a simpler planning system. SME and 'niche' house builders could have a pivotal role in delivering the types of bespoke high quality homes that will appeal to aspirational younger people.
- Greater use of **planning guidance and policy** to provide more clarity to investors and help restrain land value expectations (i.e. specifying density and likely planning contributions). Such documents can also have a vital role in promoting a place to investors by setting out how an area will change and such documents can support strategic marketing initiatives.
- Exploiting the full potential of **public land** to increase and / or accelerate the supply of housing including more work on mapping and understanding public sector assets, better coordination between public sector bodies and ensuring that Brownfield Registers are accurate and accessible to developers
- **Area based delivery vehicles**, especially where major transformation is planned in Crewe town centre

Conclusions and Next Steps

1.40 The projected economic and productivity gains within the Cheshire and Warrington sub region could be affected by a failure to grow the pool of talented young people that live or choose to settle within the area. The potential imbalance in the supply of new housing and more specifically an undersupply of homes that meet the needs of the 20 to 35 year age cohort is therefore an issue that requires attention and a policy response.

1.41 There is no single solution to the issue and change will not happen overnight. However, there should be a strong focus on the four highly connected urban centres of Warrington, Chester, Macclesfield and Crewe where there is the greatest potential to create the type of places that will be attractive to younger people. These four places have different levels of capacity and some are long term projects (i.e. Crewe) compared to other more established areas for town centre living (i.e. Chester) but collectively, they will have a major bearing on whether the sub-region can meet the demands of an educated and aspiring young workforce. Their role as transport hubs will also be vital in terms of reducing the dependency on car journeys and supporting the viability of town centres and the services that they provide to the wider community.

1.42 In terms of practical steps and actions that should be taken, the report recommends the following.

- **Cheshire and Warrington Place** – building on the successful transformation of external perceptions of the sub-region into a real force for economic growth and the 'maturing' visions for Warrington and Crewe town centres, the partners should consider establishing a bespoke 'Cheshire and Warrington Place' brand. There is a positive message to translate to major residential investors that specialise in City Centre and regeneration initiatives. This could also provide the umbrella to coordinate a range of housing related activities that are designed to build confidence and 'nudge' the market towards delivering the objectives of the LEP partners including:

- developing and refining a Housing Strategy for the sub-region;
- Identifying a clear portfolio of investment opportunities;
- preparing a 'housing offer' to launch and promote at major property events; and
- acting as a 'signpost' for public sector development finance for housing to increase take-up

- **Investment** – The partners might give consideration to building a case (though a local area Housing Deal or via an approach to initiatives such as HIF) for a bespoke sub-regional Land Fund aimed at accelerating the delivery of brownfield land for housing in the areas identified within this report. The objective would be to have a catalytic effect: pump-priming and bringing confidence to these areas but with the scope for financial recovery and recycling to gear-up the outcomes for the public purse.
- **Capacity Funding** – Drawing-in government resources to provide the skills and capacity for intervention on the ground could make a difference. Moreover, a more persuasive case would be to seek and manage this on a sub-regional basis.
- **Joint Ventures** – The scale of transformation that is planned for central Crewe and Warrington is very significant and it will require a heavy up-front commitment of public and private sector investment and a sharing of risk and return. It would be worth considering whether there are opportunities to create new vehicles focusing on housing or to adapt and expand the role of others within these areas to lever-in private (and public) sector funding.

2 INTRODUCTION

2.1 Housing investment has too often taken place in isolation from the wider economic context when in practice, housing fundamentally impacts on the economic development of an area. Delivering a supply of homes that has a strong fit with needs and aspirations can *enhance* economic performance and competitiveness but on the other hand, getting it wrong can lead to spatial disparities that can ultimately suppress or hold back economic growth and productivity improvements.

2.2 The purpose of this report is to provide the Cheshire and Warrington Local Enterprise Partnership (the LEP) with a single document which collates and updates the housing market position within the LEP area and its constituent local authorities (Cheshire East, Cheshire West and Chester and Warrington). This will allow the public sector partners to consider ways in which they might address local disparities and ensure that economic performance and competitiveness is optimised.

Context

2.3 Established in 2011, the LEP is a private sector-led organisation responsible for speaking on behalf of businesses, championing important issues with government and ultimately driving the economic growth of the sub-region. It aims to make Cheshire and Warrington the best place to do business in the UK by providing 871 square miles of opportunity, innovation, ambition, inspiration and growth.

2.4 The sub region is home to 920,000 people and over 41,000 businesses. It has a hugely successful economy with a GVA that is greater than Core Cities such as Birmingham, Leeds and Sheffield. The sub-region is also at the heart of the UK's manufacturing industry: it produces almost 25% of the North West's manufacturing output (by value) and the sector has grown at almost four times the rate experienced nationally[21].

2.5 The area is also growing in confidence and its economic strengths are receiving national and international recognition. No longer seen as a 'dormitory' to the major urban centres of Manchester and Liverpool, the expansion and resurgence of the sub-region's economic strength is now a catalyst for growth within the Northern Powerhouse, including above average GVA output and educational attainment; prestige businesses operations and established clusters in high growth sectors (including science); and a strong supportive quality of life offer.

2.6 Moreover, the pace of economic growth over recent years has been impressive. When the LEP was formed, the aspiration was to grow the sub-regional economy to £26.6bn GVA a year by 2021. By the close of 2015, this figure had already been exceeded by £1bn with 33,000 new jobs created

[21] C&W Revised Strategic Economic Plan, 2017

over the period. The revised Strategic Economic Plan (SEP) has therefore set a more ambitious growth target with an aspiration to double the size of the economy to £50bn by 2040.

2.7 A key component of this growth will be the Cheshire Science Corridor Enterprise Zone. With Government support, the LEP is providing significant financial and market incentives to attract science-based businesses to some of the area's key sector focused employment and development clusters including nuclear, energy, advanced manufacturing, automotive and life sciences. Other major projects include the UK's first Energy Innovation District spanning the industrial heartland from Ellesmere Port towards Runcorn, which aims to secure low carbon, low cost indigenous energy to intensive users. And the British Geological Survey has also announced Ince Marshes as the preferred location for a new underground observatory researching natural heat and energy sources. A Sector Deal with Government will also serve to reinforce Cheshire's established life science cluster; which includes Alderley Park and global brands such as Astra Zeneca and a broader range of other businesses, including Royal London Insurance.

2.8 The sub-region also continues to perform well in terms of other business and manufacturing sectors and logistics. There is a growing pipeline of new employment floorspace in more traditional employment areas such as Ellesmere Port where a significant volume of space has been delivered speculatively and taken up over the last 18 months by occupiers, particularly within the advanced manufacturing sector. And Birchwood Park in Warrington will consolidate and grow following its purchase by Warrington Borough Council.

2.9 These are therefore exciting times for the sub-region and the LEP is determined to capitalize on the opportunities that are presented by these and a host of other initiatives and to play a full part in implementing the Government's Industrial Strategy.

The Role of Housing in Economic Growth

2.10 The Government recognises that the success of their Industrial Strategy is dependent on building the right homes in the right places. Growing businesses and local economies require a large pool of nearby skilled people and employees need to be able to move easily to where jobs are without being forced into long commutes. This is particularly important for younger people as there is an increasing reliance (due to economic and lifestyle choice) on connectivity to public transport and safe alternatives (i.e. cycling and walking).

2.11 The LEP is also acutely aware of the importance of housing in delivering their updated SEP. Their supporting analysis demonstrates the inherent potential of the area and the scope for further job and business creation but it highlights the potential for growth to be stunted if there is a failure to deliver a high quality housing offer that meets the specific needs of an expanding and changing workforce, particularly the 20-35 age groups.

2.12 There is a range of direct economic impacts from new housing development. This includes activity associated with designing, planning, financing, building, and selling new homes as well as managing maintaining the new and existing stock, rented, resold, maintained and remodelled. All of these activities require the inputs of land, labour and capital and this stimulates growth and productivity enhancements.

2.13 Construction and Real Estate sectors together with other financial services can contribute significant in the areas prosperity. Across the sub-region these two sectors represent 5% of the employment with over 27,000 jobs (BRES 2016). In addition there is a range of indirect impacts such as household spending, migration and labour market mobility.

2.14 An effective housing strategy therefore needs to be responsive to local economic development conditions. Ensuring new homes are delivered of the right type, in the right place, and linked to wider economic outcomes is crucial. In particular a strategy should consider:

- the fundamental role of housing as a basis for place shaping and contributing to creating attractive neighbourhoods that draw-in investment from businesses to support productivity and consumption
- the accessibility of housing, including affordable housing, to enable effective labour markets and support sustainable mobility to access employment
- responding to the demands for growth or regeneration, and evaluating impacts from business decisions on housing markets together with linking these activities to wider infrastructure plans including policies for housing, health, education and transport
- the contribution of housing in construction and design, through major development or refurbishment schemes, and the opportunities these create for employment and training within local communities

2.15 A good understanding and articulation of the linkages between housing and economic development is therefore essential when putting together a plan for action on housing and in particular ensuring that a local economy is not constrained a lack of available workforce, including situations (like within the CWLEP sub-region) where there is a need to deal with projected employment growth in the context of an ageing workforce. In line with the national trend, Cheshire is likely to see a considerable increase in the proportion of retired residents so providing appropriate accommodation for this group must also be a key consideration.

2.16 As has been widely reported there is a severe affordability issue across the country (which is reflected at a sub-regional level) that has particularly impacted the opportunity for younger age groups to form households in the same way that they once did. Providing enough affordable and accessible homes for this key age group will ensure there is a ready supply of workers to cater for the needs of the local economy at all levels.

Contents

2.17 This report provides a baseline understanding about the make-up of the sub-region and summarises the housing market and housing plans. This is then used to inform our recommendations as to how housing delivery can be used to not only provide a sufficient workforce but also as a catalyst for wider regeneration and improvements to the local economy.

2.18 The report firstly provides a summary analysis of the Strategic Housing Market Assessment for each of the three local authorities within the LEP area. We then go on to look at demand by summarising the most recent sub-national population and household projections (2014-based) for each Local Authority overall and by different age groups.

2.19 We then present the analysis of the housing market including affordability and market activity. We then begin to look at housing supply in terms of the recent past and future growth and provide an examination of the younger professional groups in the North West. Finally, the report reviews how the key places that could attract younger economically active and talented people are positioning themselves and it looks at potential ways in which the sub-regional partners might intervene to increase the supply of homes that meet the typology and locational requirements of target groups.

2.20 The report draws on housing information from the Office of National Statistics (ONS), Nomis, the Land Registry (HMLR) and the Department for communities and Local Government to provide a comprehensive housing market performance and activity review across the study area. All the data is presented at both the LEP and Local Authority level. Where appropriate we have also sought to compare the data to regional and national comparators.

3 STRATEGIC HOUSING MARKET ASSESSMENTS

3.1 This section collates the published housing need evidence together with the potential implications of the newly proposed OAN Standard Methodology. The proposed new methodology was published by the DCLG in September 2013 as a way to standardise the assessment of housing need.

Published Housing Need Analysis

Cheshire East Local Plan Strategy

3.2 The Local Plan Strategy adopted in July 2017 is the core document of the new Cheshire East Local Plan. It sets out the overall vision and planning strategy for development in the Borough and contains planning policies to ensure that new development addresses the economic, environmental and social needs of the area. It also identifies 50 strategic sites and 2 strategic locations that will accommodate most of the new development needed.

3.3 *Policy PG 1 Overall Development Strategy* sets out the housing and employment targets for the plan period (i.e. 2010-2013). For housing the policy states that *"sufficient land will be provided to accommodate the full, objectively assessed needs for the Borough of a minimum of 36,000 homes between 2010 and 2030. This will be delivered at an average of 1,800 net additional dwellings per year."*

3.4 In terms of employment, Policy PG 1 of the Local Plan Strategy also sets out the requirement for 380 hectares of land for business, general industrial and storage and distribution uses over the period 2010 to 2030.

Cheshire West & Chester Local Plan (Part One)

3.5 Cheshire West & Chester Local Plan (Part One) which was adopted in January 2015 provides the overall vision, strategic objectives, spatial strategy and strategic planning policies for the Borough to 2030.

3.6 The Local Plan (Part One) is the starting point when considering planning applications in the Local Authority and will be supported by the emerging Local Plan (Part Two) Land Allocations and Detailed Policies Plan.

3.7 *Policy STRAT 2 Strategic Development* sets out both the housing and employment requirements over the 2010-2030 plan period. It sets out a requirement for 22,000 new homes to be delivered over the plan period on an annual average of 1,100 new homes.

3.8 In addition the policy sets out a requirement for 365 hectares of land to meet a range of employment development needs.

Warrington Local Plan

3.9 Warrington is currently undertaking a review of its Local Plan. According to the most recent Local Development Scheme (October 2016), the New Local Plan should be adopted at the end of 2018. The Council is currently preparing the Draft Local Plan, having previously consulted on Local Plan Preferred Development Option (July – September 2017).

3.10 Warrington's adopted Local Plan Core Strategy (2014) is the overarching strategic policy document at the heart of the Local Planning Framework. It establishes development principles that will shape the way that Warrington as a whole and its individual places will develop up to 2027. It also contains more detailed Development Management Policies in respect of specific issues for use in determining individual planning applications.

3.11 Policy CS2 Overall Spatial Strategy (*Quantity and Distribution of Development)* sets out the employment land requirements and the distribution of housing growth. In relation to employment land the adopted figure was for 277 Ha of employment land across the 2006-2027 period.

3.12 Table 1 entitled of the Core Strategy entitled the Potential sources of housing land 2012-2027 sets an average housing supply of 607 dwellings per annum for the remainder of the 2012-2027 period although the Core Strategy did not set out a specific housing requirement due to a High Court challenge to the figures. Prior to this the Plan did set out a housing target of 10,500 new homes (equating to 500 per year) between 2006 and 2027

3.13 We have therefore sought to consider the evidence base supporting the New Local Plan and in particular the Mid Mersey Strategic Housing Market Assessment (Update – Warrington Addendum May 2017). This presents the most up to date position on housing need for Warrington. That report sets out an Objectively Assessed Need of 955 dwellings per annum for 2015-2037 plan period.

The Proposed OAN Methodology

3.14 The Government published consultation proposals for a new standardised approach to quantifying housing need in September 2017. The consultation paper "Planning for the right homes in the right places" set out a three staged approach for this work.

3.15 A spreadsheet accompanying the consultation paper also provided an indicative OAN for most local authorities. It did not however provide this for Warrington as their adopted Core Strategy did not have a housing requirement.

3.16 In short, the new methodology has, as a starting point, the latest official projections with adjustments then applied based on the degree to which the workplace-based median affordability (for every 1% increase the ratio is over 4 resulting in an increase in a 0.25% increase in the OAN).

3.17 The OAN however is capped to 40% on either the local plan requirement or the official household projections depending on the age and status of the local plan and the whether the adopted requirement is higher than the forecast growth.

3.18 Based on this proposed approach the OAN figures for the study area are presented below. Overall, the proposed methodology results in a need for over 2,700 homes per annum across the sub-region.

Table 1: Proposed OAN Methodology – Housing Need

Local Authority	OAN (per annum)
Cheshire East	1,142
Cheshire West & Chester	680
Warrington	914*
LEP	**2,736**

Source: DCLG September 2017, *GL Hearn's estimation

3.19 This is below the 2,900 homes per annum already being planned in Cheshire West and Chester and Cheshire East with any eventual requirement for Warrington likely to add significantly to this figure. The table below summarises the housing requirements across Cheshire and Warrington.

Table 2: Housing Need across the LEP

Local Authority	Source	Period Covering	Annual Housing Requirement/ OAN	OAN Proposed Methodology
Cheshire East	Local Plan Strategy	2010-2030	1,800	1,142
Cheshire West & Chester	Local Plan Part 1 Strategic Policies	2010-2030	1,100	680
Warrington	Mid Mersey SHMA	2015-2037	955	914*
LEP	Combined evidence		**3,739**	**2,736**

Source: DCLG September 2017, *GL Hearn's estimation and Local Authority Data

3.20 To put the current figures into context the demographic growth as set out in the 2014-based sub-national household projections show a growth of just 2,324 households per annum over the next 10 years. The Councils are therefore collectively currently planning for 60% uplift on the demographic figure. This level of new house building will clearly support the LEP's economic growth agenda as well as supporting the Local Authorities efforts to direct development in a planned and more sustainable way. There will however be a need to ensure a balance of type and tenures in order to align with economic requirements, especially the needs of younger people who will 'backfill' the skills and capacity that is lost through retirements and fuel additional economic output.

4 HOUSING BASELINE AND DEMAND

4.1 This section outlines the growth in population as well as profiles the housing stock and how it is occupied by different groups. This will provide a better understanding as to how the stock can be rebalanced.

Demographic Growth

4.2 Cheshire and Warrington LEP published[22] an "Economic and Resident Baseline Update" in March 2017. The findings of this study suggested that the LEP area is home to a highly-qualified but older population including many who work in high-earning jobs in Greater Manchester.

4.3 Simultaneously the area attracts a particularly younger workforce from surrounding areas (including Merseyside). However these appear to be lower skilled and elementary occupations requiring a relatively low-qualified workforce earning lower wages.

4.4 In addition, the Study illustrated that the qualified, home-owning and wealthier families tended to live in the more rural parts of Cheshire and Warrington, while the main urban centres (Warrington, Crewe, Northwich, Macclesfield and Ellesmere Port) contain pockets of deprivation.

4.5 Only the centres of Chester and to a lesser extent Warrington appear to be attractive to young, highly qualified residents working in high-end jobs, but this type of resident is still relatively low in number compared to neighbouring urban areas, especially Manchester and Liverpool.

4.6 The most recent Subnational Population Projections (2014-based) were released in May 2016. These are produced by ONS and are based on the continuation of recent demographic trends. Table 3 summarises the projected population growth across the LEP area and the wider comparators.

4.7 Population growth within the area was behind the UK average (4.2% compared to 7.8%) in the 10 years to 2015 but it is projected to grow between 6% and 8% over the next 15 to 25 years respectively. This is a similar level of growth to that expected across the North West region but well below the national comparator (15.5% in England by 2039) and below that projected in Greater Manchester (12% by 2039).

4.8 London, the East of England and the South East are all projected to drive national growth. In contrast the North West, the North East and the Yorkshire and the Humber regions are projected to growth well below the national equivalent.

[22] http://www.871candwep.co.uk/content/uploads/2017/07/Appendix-Revised-March-2017-compact.pdf

4.9 The highest projected growth within the sub-region is for Warrington (13% over 25 years). In contrast the Cheshire West and Chester area is only projected to see a 5% growth over the next 25 years. The Cheshire East area is expected to slightly exceed the LEP and regional growth at around 9% over 25 years.

4.10 In all areas there is a significant difference in the growth trends of different age groups. Across the country and in every region, the population aged 65 and over is projected to grow at a faster rate than all other age groups.

Table 3: Sub-national population growth by age group (2014-based)

AREA	AGE GROUP	15 years 2014-29	20 years 2014-2034	25 years 2014-2039
Cheshire East	All ages	6%	7%	9%
	15-35	-4%	-3%	0%
	65+	36%	50%	58%
Cheshire West and Chester	All ages	4%	5%	5%
	15-35	-3%	-2%	1%
	65+	32%	44%	50%
Warrington	All ages	9%	11%	13%
	15-35	-2%	-1%	3%
	65+	39%	54%	65%
Cheshire and Warrington LEP	**All ages**	**6%**	**7%**	**8%**
	15-35	**-3%**	**-2%**	**1%**
	65+	**35%**	**49%**	**57%**
North West	All ages	6%	7%	8%
	15-35	-3%	-2%	2%
	65+	30%	42%	49%
England	All ages	11%	14%	17%
	15-35	2%	4%	9%
	65+	35%	49%	59%

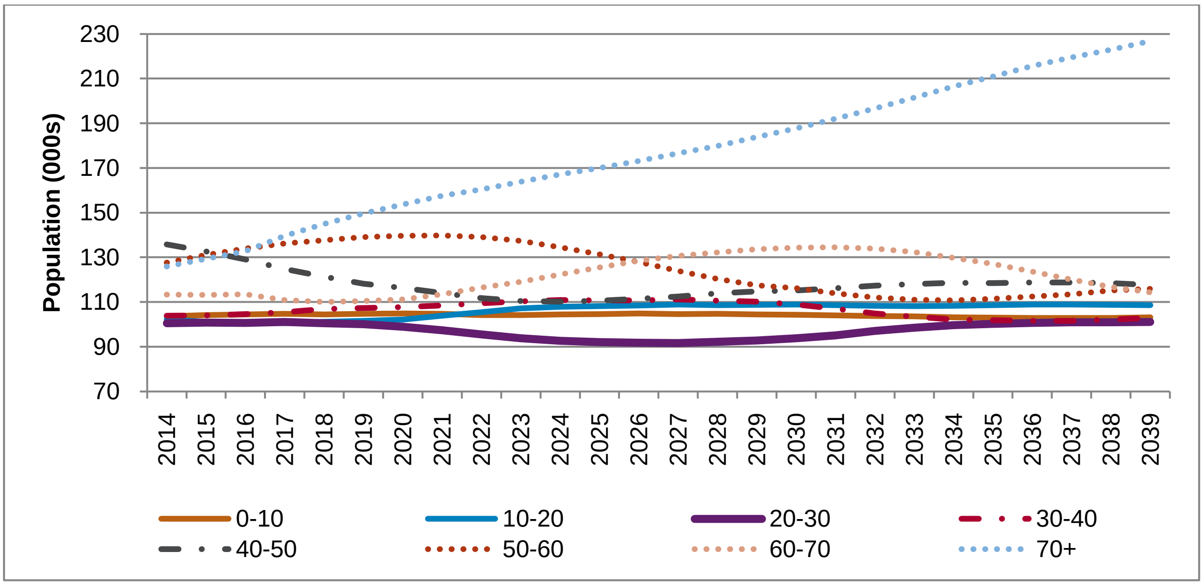
Source: ONS, 2016

4.11 In contrast, the younger population (15 and 35 years old), is expected to contract by 3% during the next 15 years and by 2% over the next 20 years. However it is expected to slightly exceed current (2014) levels (+1%) over the longer term (25 years). It should be noted that these projections are baseline figures and the uplifts to housing need are to ensure these issues do not arise.

4.12 As stated earlier, the 20-35 age band is an important part of the workforce and even a short term contraction in numbers can have a significant impact on the local economy and its ability to recruit staff. The projected change in the representation of younger people is therefore highly relevant to the LEP's agenda for economic growth in the context of an ageing population and the need to replace an estimated 230,000 jobs by 2025. The manufacturing sector is a particular concern as 35% of the workforce is above the age of 50 and there will be a significant challenge in 'backfilling' these roles and responding to increased labour demand. The area's economy also has a high dependency on STEM skills with a potential 60,000 shortfall in graduates.

4.13 Looking into this age group in more detail we, have analysed the trends of all 10 year age bands. This again highlights the growth in the older population and a notable contraction in the 20-30 aged bands.

Figure 1: Population Projections, Specific Age Groups



Source: ONS 2016

4.14 The contraction in the 20-30 age group between 2020 and 2026 equates to the loss of around 10,000 people across the sub-region although there is some recovery post 2026. This reduction could be made worse should affordability worsen thus restricting in-migration to the area and creating a push factor for young people to move elsewhere. It should be noted however that these trends are based on historic performances. New Strategies can influence those outcomes. The Local Plan targets should be based on initiatives to keep and attract the required workforce.

Housing Tenure

4.15 We sought to profile tenure overall and by age in order to understand how different age groups access housing. Across all the age groups, 14% of the households in Cheshire and Warrington are in social housing and 13% are in private rent.

4.16 For individual authorities, 16% of the households in Warrington are in social rented and 12% in private; 15% of households in Cheshire West and Chester are in social rent and 14% in private; and

11% of households in Cheshire East are in social rent and 14% in private. All these are below the regional and national equivalents of 17-18%.

Table 4: Tenure by Age, All Ages (Household Reference Person)

All Ages	Households	Owned or shared	Rented: Social rented	PRS or living rent free
Cheshire East	159,441	75%	11%	14%
Cheshire West and Chester	141,442	72%	15%	14%
Warrington	85,140	72%	16%	12%
Cheshire and Warrington LEP	**386,023**	**73%**	**14%**	**13%**
North West	3,009,549	65%	18%	17%
England	22,063,368	64%	18%	18%

Source: Census 2011 DC4201EW

4.17 Higher levels of younger households (below 35 years old) are in the rental market across all the geographies. Across the LEP area 18% of the young households are in social and 39% are in private rent.

Table 5: Tenure by Age, <35 Years Old (Household Reference Person)

All Ages	Households	Owned or shared	Rented: Social rented	PRS or living rent free
Cheshire East	20,292	45%	15%	40%
Cheshire West and Chester	20,489	40%	19%	41%
Warrington	14,226	43%	24%	33%
Cheshire and Warrington LEP	**55,007**	**43%**	**18%**	**39%**
North West	533,874	36%	21%	43%
England	3,949,232	35%	20%	46%

Source: Census 2011 DC4201EW

4.18 With the exception of Warrington, the level of social renting amongst younger households in the sub-region is significantly below NW and national figures. Private renting is also far less prevalent in the sub-region and its constituent authorities (39%) compared to the NW and national picture (43% and 46%). The lowest proportion of young households in private rented accommodation is in Warrington (33%); which is markedly below the NW and national equivalents. This could be a major issue for policy makers and in meeting the needs of employers as this could affect their ability to attract or retain young people given their reliance on this type of tenure when starting out.

4.19 Around 15% of elderly households are in social rent and 5% in private. These are again below the regional and national equivalents as presented above. The lowest levels of elderly private renting in the LEP area is in Warrington with the lowest levels of elderly social renting in Cheshire East.

Table 6: Tenure by Age, 65+ Years Old (Household Reference Person)

All Ages	Households	Owned or shared	Rented: Social rented	PRS or living rent free
Cheshire East	46,820	81%	13%	5%
Cheshire West and Chester	40,518	78%	16%	5%
Warrington	21,212	80%	16%	4%
Cheshire and Warrington LEP	**108,550**	**80%**	**15%**	**5%**
North West	787,247	74%	19%	6%
England	5,721,724	75%	19%	6%

Source: Census 2011 DC4201EW

Occupancy Rating

4.20 Across the LEP area and for the individual local authorities, only 5% of the overall population reside in households with a need for an additional room. This is significantly lower than both the regional and national equivalents at 8% and 11% respectively.

Table 7: Occupancy by Age, All Ages (persons)

All Ages	Population	+2 or more rooms	+1 room	Exact number as needed	-1 or less rooms
Cheshire East	365,065	62%	20%	13%	5%
Cheshire West and Chester	326,236	59%	21%	14%	5%
Warrington	198,828	57%	22%	16%	5%
Cheshire and Warrington LEP	**890,129**	**60%**	**21%**	**14%**	**5%**
North West	6,927,820	49%	24%	18%	8%
England	52,059,931	47%	22%	19%	11%

Source: Census 2011 LC4410EW

4.21 The percentage of population living in over-occupied properties in the younger age groups increases to 10% across the LEP area (11% in CW&C) but the prevalence still remains below the regional and national comparators.

4.22 In contrast, the number of younger persons living in under-occupied properties (i.e. have one or more rooms than required) is substantially higher in the LEP area than the wider comparators. This is driven by those with 2 or more rooms more than they require and the issue is most pronounced in Cheshire East.

Table 8: Occupancy by Age, 16-35 Years Old (persons)

16-35 Years Old	All categories	+2 or more rooms	+1 room	Exact number as needed	-1 or less rooms
Cheshire East	73,158	47%	25%	20%	9%
Cheshire West and Chester	71,896	42%	26%	21%	11%
Warrington	45,333	42%	26%	22%	10%
Cheshire and Warrington LEP	**190,387**	**44%**	**25%**	**21%**	**10%**
North West	1,695,298	35%	27%	24%	14%
England	12,975,859	31%	24%	26%	19%

Source: Census 2011 LC4410EW

4.23 In general there is not a particularly high level of over-occupation within those aged 65+. Across the sub-region and the individual authorities, 2% of the aged population lives in overcrowded homes. This is just below the regional and national equivalent of 3%.

Table 9: Occupancy by Age, 65+ Years Old (persons)

16-35 Years Old	All categories	+2 or more rooms	+1 room	Exact number as needed	-1 or less rooms
Cheshire East	68,496	72%	18%	9%	2%
Cheshire West and Chester	58,917	72%	17%	8%	2%
Warrington	30,898	70%	17%	10%	2%
Cheshire and Warrington LEP	**158,311**	**72%**	**18%**	**9%**	**2%**
North West	1,125,400	65%	21%	11%	3%
England	8,343,008	65%	20%	11%	3%

Source: Census 2011 LC4410EW

4.24 In terms of under-occupancy the levels are significantly higher for those above 65 years old. Specifically, 72% of the elderly population across the sub-region live in properties with 2 or more spare rooms and 18% with 1 spare room.

4.25 Using the existing stock more efficiently would ease affordability pressures particularly for families. It does however require the provision of suitably sized (and priced) homes for older residents to move into. Even doing this would not necessarily result in a quick win as in many cases there is no incentive for older healthy persons to move out of their existing accommodation.

Concealed Households

4.26 We sought to analyse levels of concealed households across the study area. A concealed household is the family or couple that coexists with another family or couple in the same households. There are over 3,000 such households across the sub-region, which comprise around 1% of all families in the study area. This is just below the wider equivalents (2%).

Table 10: Concealed Households by Age (Families)

	All Ages			<35 years old			65+ years old		
	All Households	Con-cealed	%	All Households	Con-cealed	%	All Households	Con-cealed	%
Cheshire East	110,567	1,176	1%	14,586	614	4%	25,213	248	1%
Cheshire West and Chester	97,317	1,171	1%	14,613	678	5%	21,581	183	1%
Warrington	59,754	669	1%	10,174	403	4%	11,256	108	1%
Cheshire and Warrington LEP	267,638	3,016	1%	39,373	1,695	4%	58,050	539	1%
North West	1,985,879	32,128	2%	361,214	17,713	5%	395,263	5,624	1%
England	14,885,145	275,954	2%	2,689,653	147,495	5%	2,971,082	52,619	2%

Source: Census 2011 DC1110EWla

4.27 As shown younger households are more likely to be concealed, with 4-5% of all families across Cheshire and Warrington in this age group living as a concealed family in another household. These levels are similar to national and regional equivalents of 5%.

4.28 Across all the geographies the younger concealed households (below 35 years old) represent more than the half (52-60%) of all the concealed families. This reveals the difficulties that younger population has to gain a place in the property ladder and requires intervention to assist this.

5 HOUSING MARKET SIGNALS

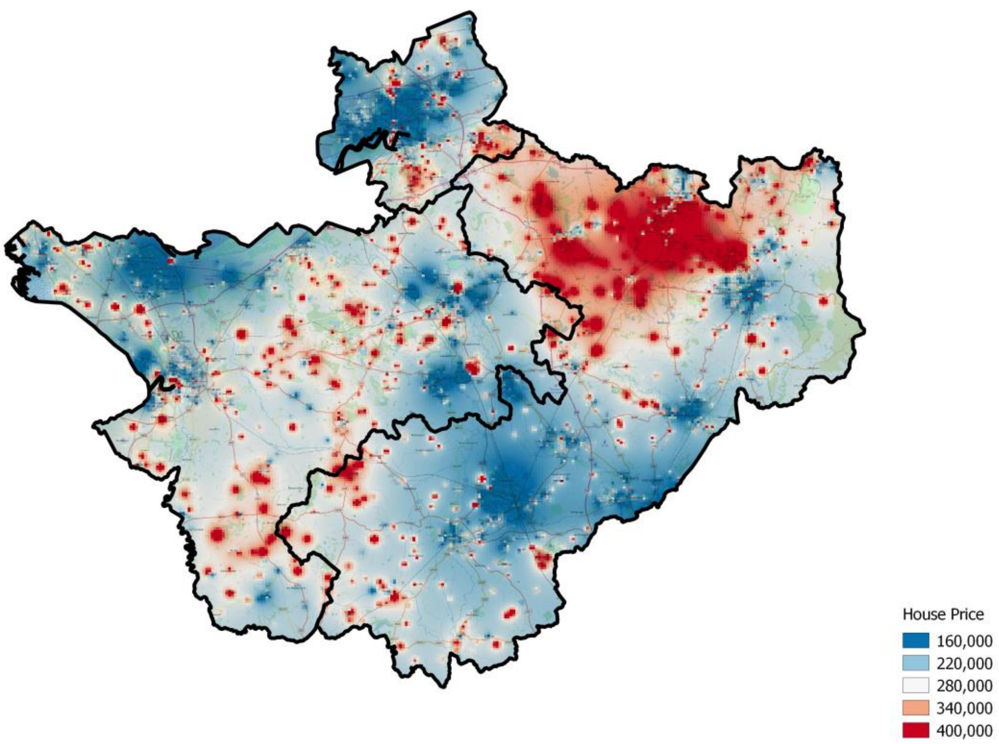
5.1 This section analyses the housing market activity across the sub-region in terms of values, change in values, market activity and affordability. This draws on published data from ONS, DCLG and the Land Registry.

Price Growth

5.2 The median house price across the LEP[23] was £188,317 (Q3 2017). This is 5.3% above the 2016 equivalent. Similarly the lower quartile housing value was £130,300 or 4.3% above last year's equivalent. This is indicative of the recovery in demand for products in the area.

5.3 Figure 2 provides a heatmap analysis of house prices in the LEP area. It clearly shows a cluster of high prices at the north of Cheshire East, around Wilmslow and Knutsford. This area reflects the southern commuter belt into Central Manchester. In addition there are smaller clusters of high prices scattered across CW&C and in the southern part of Cheshire East.

Figure 2: House Price 2016

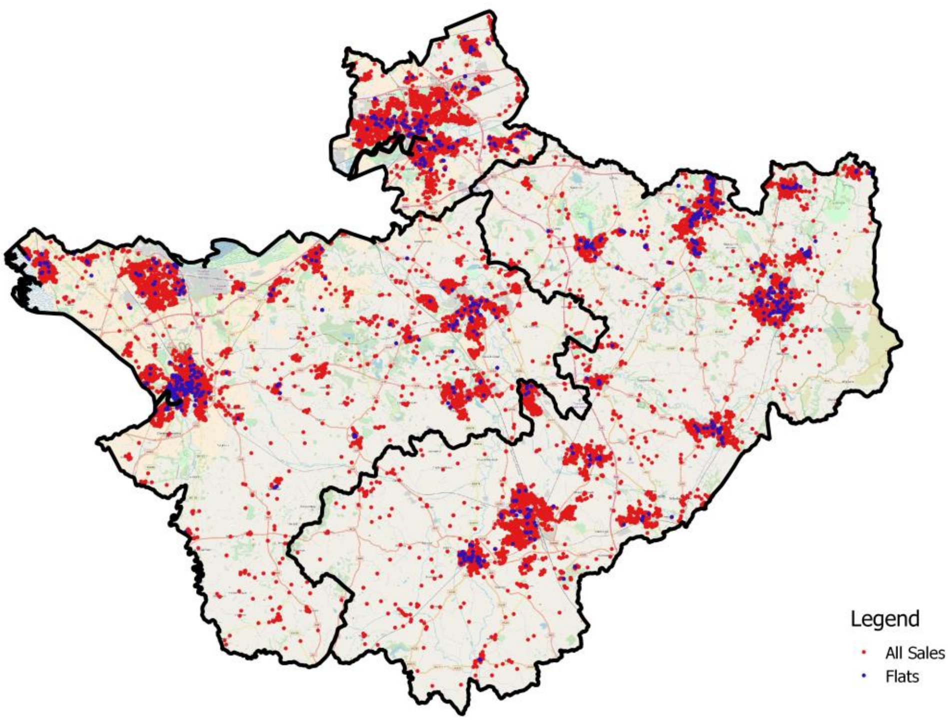


Source: Land Registry – edited by GL Hearn

[23] As an average of the median house prices of the three local authorities

5.4 Warrington together with other urban areas such as Chester, Ellesmere Port, Crewe and Macclesfield concentrate lower housing values. This is part reflective of the stock typology (flatted properties are concentrated in these areas) but also in some instances their quality of place. As shown in Figure 3 the urban areas have a higher percentage of flatted sales than elsewhere in the LEP area.

Figure 3: Housing Sales and flats across LEP, 2016



Source: Land Registry – edited by GL Hearn

5.5 House Prices have been increasing across the sub-region. Table 11 presents the growth rates for 5 year periods over the last 20 years and compares them against the regional and national comparators.

Table 11: Annual House Price Growth Rates

	1998-2017 20 years change	2003-2017 15 years change	2008-2017 10 years change	2013-2017 5 years change	2016-17 Last year
Cheshire East	6.6%	4.2%	3.5%	3.6%	2.6%
Cheshire West and Chester	5.6%	3.2%	1.9%	2.9%	-0.3%
Warrington	5.5%	2.9%	1.9%	2.1%	0.3%
Cheshire and Warrington LEP	**5.9%**	**3.5%**	**2.5%**	**2.9%**	**1.0%**
North West	5.5%	3.8%	1.6%	2.4%	3.1%
England & Wales	6.3%	3.6%	2.7%	3.6%	5.6%

Source: DCLG & Land Registry

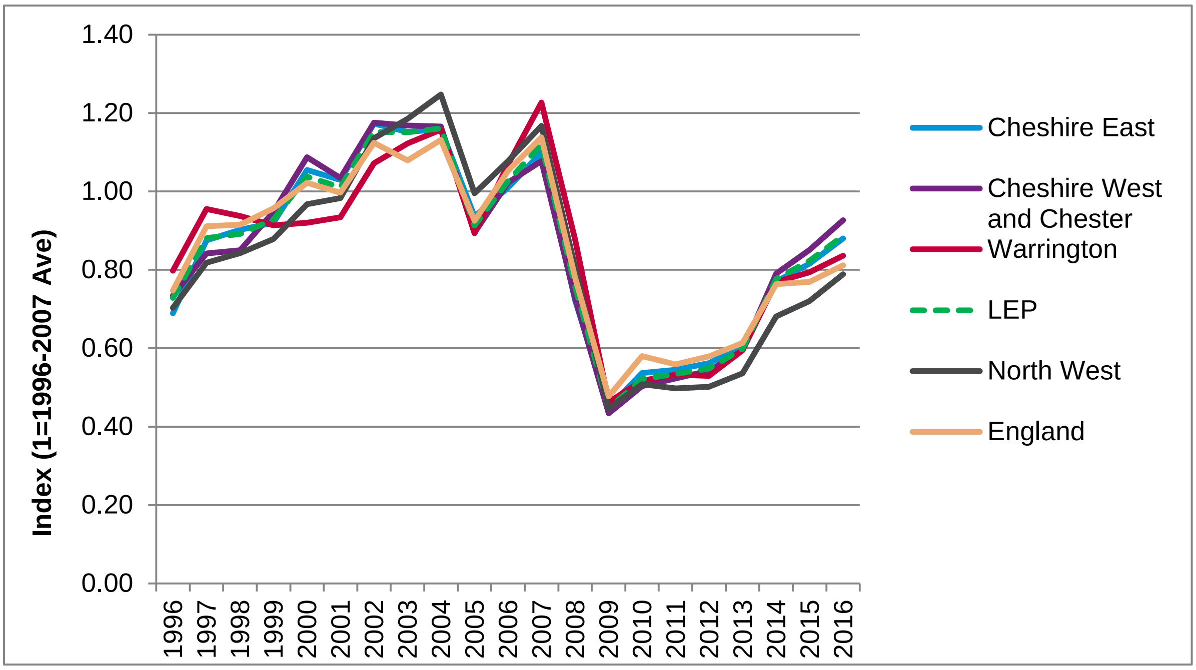
5.6 House prices have increased across the sub-region in all the periods since 1998 but at a lower rate than in England and Wales as a whole. However, values have increased at a higher rate that across the North West with the exception of last year when the increase was lower.

5.7 Amongst the three Local Authorities, Cheshire East has seen the highest increase on its housing values over the last 20 years. The annual rates over the 20, 15 and 10 years periods were also above the national equivalents.

Activity

5.8 As shown in Figure 4, current sales levels across the sub-region are similar to that in 1996 but there has seen some significant changes over the last 20 years. There was a steady growth between 1996 and 2005 with the sub-region out-performing the national figures and akin to that seen across the NW region. There were two market corrections (falls) in 2005 and more recently in 2008. The sub-region saw a greater fall than nationally in the last correction but it did fare better than the North West.

Figure 4: Indexed Sales (1996-2016) - All Types

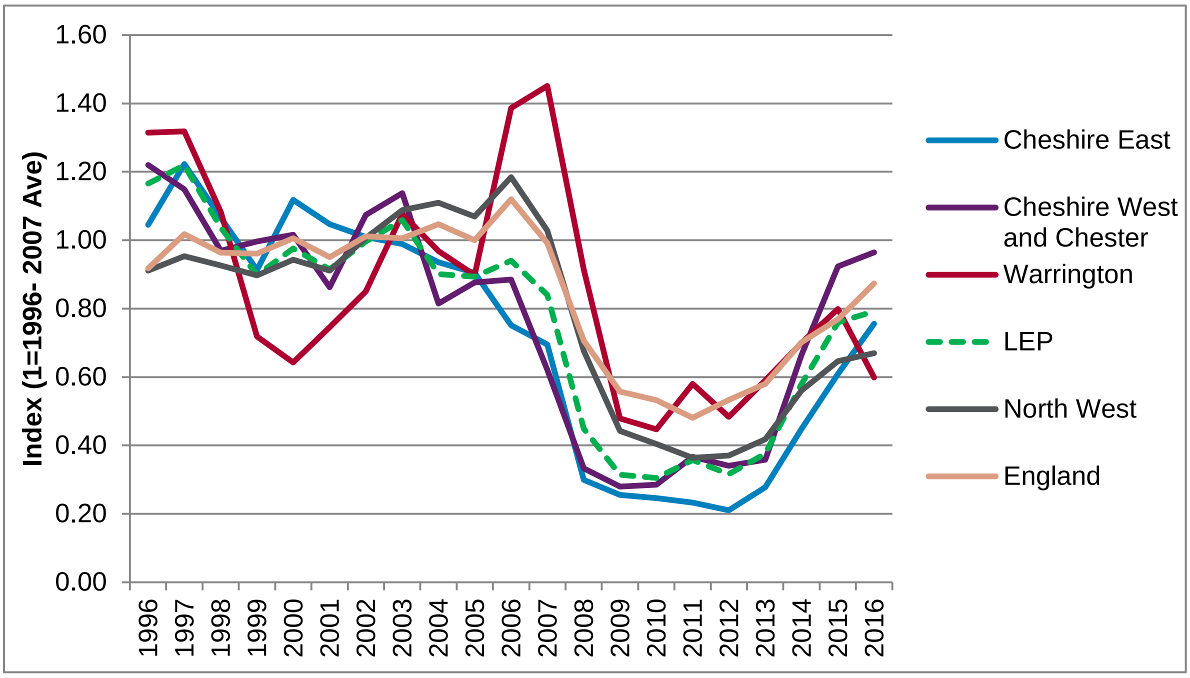


Source: Office for National Statistics, Land Registry

5.9 Since 2009, all recorded residential sales across the sub-region have by and large recovered year on year in all areas, although sales are still 11% down on the average achieved between 1996 and 2007. The area has nevertheless outperformed the North West as a whole (21% down) and the national figure (19%). Warrington has recovered at a slower pace than the other two authorities (16% below 1996-2007 levels) but this is still ahead of the NW and England.

5.10 The sale of new-build properties shows a different pattern. At a Local Authority level, Warrington was seeing increasing sales up to the 2008 economic downturn whereas the two other Authorities were experiencing a slowdown. As with overall sales, the downturn resulted in a significant fall in the number of new-build sales but the sub-region was impacted to a greater degree than in the NW and England.

Figure 5: Indexed Sales (1996-2016) - New-Build



Source: Office for National Statistics, Land Registry

5.11 Since that time, there has been a strong recovery of new-build sales in Cheshire West and Chester (just 4% down the 1996-2007 average) but this was the only Local Authority within the sub-region that has surpassed the recovery rate in England (13% down). In contrast, Cheshire East (24% down) has recovered quicker than the regional level (33%) whereas Warrington is remains 40% below its pre-recession average and significantly below years 2004/5 to 2007/8 when there was a particular spike in delivery.

5.12 The downturn in new build sales in Warrington has coincided in a notable upturn in new-build sales values. Since 2013 New-Build sales prices increased by 69% while resale prices only increased by 14%.

Table 12: Change in Price by Type of Sale (2013-2017)

	New Build			Resale		
	2013	2017	Change	2013	2017	Change
Cheshire East	£229,995	£249,950	9%	£173,000	£200,000	16%
Cheshire West & Chester	£217,250	£247,995	14%	£160,000	£185,000	16%
Warrington	£169,998	£269,995	59%	£148,000	£168,000	14%
LEP Area	£163,000	£189,995	17%	£166,000	£192,000	16%

Source: HMLR, 2019

5.13 The reverse was seen in the other Cheshire authorities where resale values increased at a higher rate than new-build. Although sales in new-build properties have continued to grow. This suggests the lack of supply in Warrington is directly impacting the values being achieved in new-build sales.

Rental Growth

5.14 We have analysed rental market activity using data from 2016/17. As shown in Table 12, the average rents by almost all measure across the LEP area are below national equivalents but above the NW. The one exception is lower quartile rents, where the sub-regional figure is identical to the national lower quartile figure (£500 per calendar month).

5.15 At a Local Authority level, the highest mean and upper quartile rents are achieved in Cheshire East followed by Cheshire West and Chester. Although at a median level these two local authorities have identical costs (£600 pcm) with Warrington some £25 pcm less expensive.

Table 13: Monthly rents in 2016/17

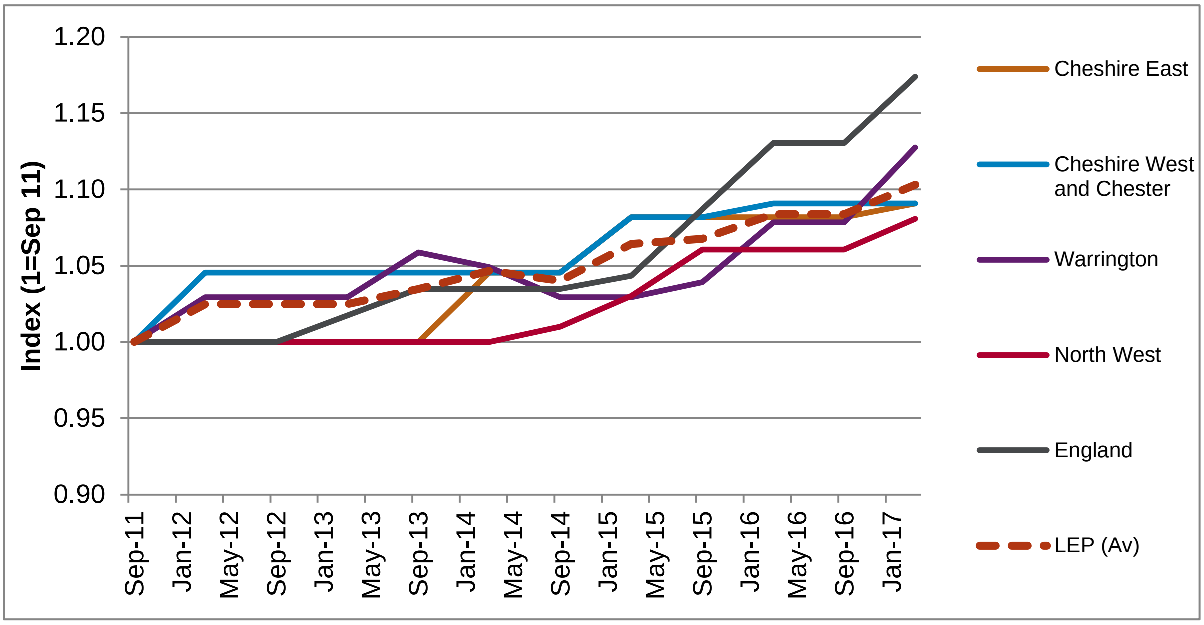
Area	Count of rents	Mean	Lower quartile	Median	Upper quartile
Cheshire East	5,590	£740	£500	£600	£800
Cheshire West and Chester	4,020	£648	£525	£600	£725
Warrington	2,050	£620	£475	£575	£695
Cheshire and Warrington LEP (Av.)	**11,660**	**£669**	**£500**	**£592**	**£740**
North West	72,290	£584	£450	£535	£650
England	511,980	£852	£500	£675	£950

Source: VOA Private Rental Market Statistics Table 2.7

5.16 Overall, almost 11,700 rental transactions occurred between April 2016 and March 2017 in the LEP area. This equates to 16% of the homes rented across North West and 2% across England. Around half of these were rented in Cheshire East, followed by 35% in Cheshire West and Chester and 18% in Warrington.

5.17 Figure 6 presents the change in median rents between Q3 2011 and Q1 2017, when data is available. At a growth rate of 10% in median rents, the sub-region is above the North West's equivalent of 8% but below England's significant growth of 17%. Higher rental growth in Warrington (13%) is however notable, particularly since March 2015.

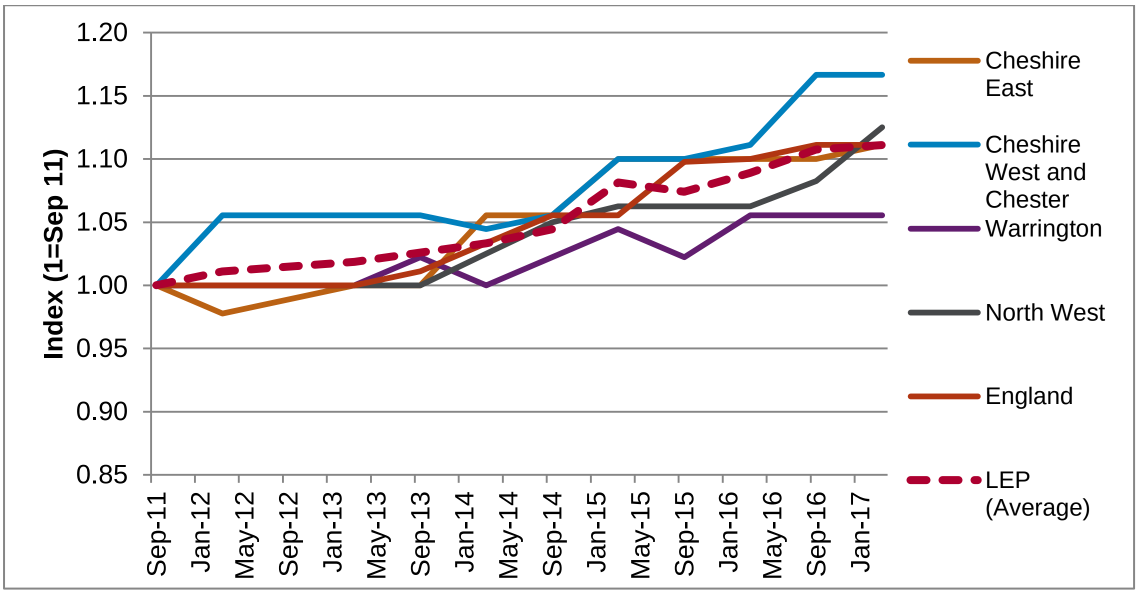
Figure 6: Rental growth 2011-17 (Indexed to 2011) – Median rents



Source: VOA Private Rental Market Statistics

5.18 As set out in Figure 7, lower quartile rents have on average grown by 11% across the LEP area, which is similar to the national equivalent (11%) but below the North West (13%). The impact of this rental growth tends to hit younger households the most as their incomes are more aligned to lower and median quartile rents and many have no option other than to rent as they have not yet built up the capital to purchase a property.

Figure 7: Rental growth 2011-17 (Indexed to 2011) – LQ rents



Source: VOA Private Rental Market Statistics

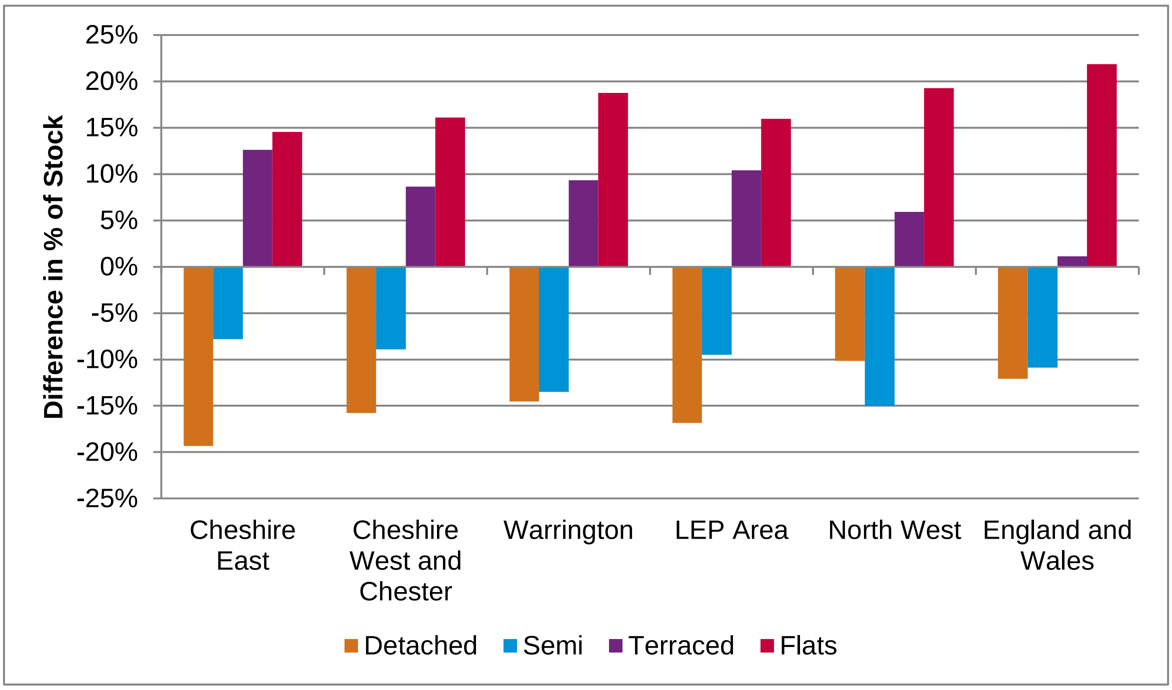
5.19 Cheshire West and Chester has seen the highest growth in LQ rents since September 2011 (17%) whereas Cheshire East has increased by 11% (similar to the national but below the NW) and Warrington has increased by just 6% over the same period.

5.20 The impact of these changes on rental affordability is discussed below.

5.21 The private rental stock in the LEP area is heavily skewed towards smaller properties. As shown in the Figure below PRS in the LEP area has around 17% fewer detached properties than the wider stock with 16% more flats.

5.22 This pattern is repeated across the LEP area although the percentage of flatted PRS properties in Warrington compared to the wider stock is slightly higher than in Cheshire. However this is not as stark as the pattern seen across the North West or nationally where flats comprise 22% more PRS homes than in the wider stock.

Figure 8: Percentage of PRS stock Against Wider Housing Stock by Type (2011)



Source: ONS, Census 2011

5.23 According to the Local Authority Housing Statistics dataset for 2016-17 Warrington does have the best quality PRS stock in the study area with no homes that were inspected showing category 1 hazards. In contrast there were 20 in Cheshire East and 137 in Cheshire West and Chester.

Price Affordability

5.24 We have considered affordability evidence by looking at the relationship between house prices (both median and lower quartile) against incomes for both Workplace based earnings and Residence based earnings[24]. The ratio is calculated by the average value of property divided by the relevant average income.

5.25 Across all the indicators for the sub-region and each Local Authority, the affordability ratio is higher than the North West equivalent but lower than England. In other words affordability is worse compared to the regional equivalent but on the face of it, the area is more affordable than England as a whole (see Table 13). The North West however is the least affordable across all three "Northern" regions by all affordability measures.

5.26 Cheshire East is the least affordable area followed by Cheshire West and Chester. Warrington is the most affordable area within the sub-region but even here, the ratios are much higher than the NW equivalents.

Table 14: Affordability Ratio 2016

	workplace-based earnings		residence-based earnings	
	Median	Lower Quartile	Median	Lower Quartile
Cheshire East	7.36	7.01	7.02	6.99
Cheshire West and Chester	7.08	7.12	6.44	6.87
Warrington	6.06	6.06	5.87	6.14
LEP LA Average	**6.83**	**6.73**	**6.44**	**6.67**
North West	5.62	5.42	5.62	5.42
The North (NE, NW and Y&H average)	5.55	5.27	5.54	5.26
England	7.72	7.16	7.72	7.16

Source: ONS

5.27 The measure that indicates the greatest affordability issue relates to the median house price to annual workplace-base earnings, which evidences particular pressures for the working population to reside in the area. This greatest pressure in Cheshire East with a ratio of 7.36 that is close to the national equivalent of 7.72 and high value neighbourhoods in the northern part of the Borough.

5.28 Table 14 shows the change of the ratios since 2009. It should be noted that data from earlier years is not available as the Cheshire authorities only established their current administrative boundaries in 2008. This demonstrates that affordability across the sub-region has worsened significantly over

[24] Workplace based earnings measure the average annual earnings of people who work in a particular area but may live elsewhere. Residence based earnings are measured by where employees live.

the last seven years with the highest change being with the workplace based median ratio (0.84). The lower quartile house price to resident-base earnings has increased at a similar rate to England (0.68) and the rate was actually higher in Warrington (0.79) and Cheshire East (0.73).

5.29 The situation is even more acute when compared to the rest of the North West (an increase of 0.25 over the period). Although the North West has seen a worsening affordability than the wider northern regions.

5.30 This indicates that house price entry levels are becoming even more unaffordable for people working within the area.

Table 15: Affordability Ratio Change 2009-16

	workplace-based earnings		residence-based earnings	
	Median	Lower Quartile	Median	Lower Quartile
Cheshire East	1.05	0.73	0.62	0.23
Cheshire West and Chester	0.87	0.55	1.03	0.39
Warrington	0.55	0.79	0.87	0.46
Cheshire and Warrington LEP (Av.)	**0.82**	**0.69**	**0.84**	**0.36**
North West	0.41	0.25	0.42	0.24
The North	0.33	0.15	0.33	0.15
England	1.33	0.68	1.33	0.68

Source: ONS

Rental Affordability

5.31 Rental Affordability is the ratio of the average annual rental costs of all property types as provided by VOA against the average annual income within an area. As with Price Affordability, we analysed the ratio for both median and lower quartile rental costs against both workplace and resident base earnings.

5.32 Table 16 shows the Rental Affordability in 2017 and the change since 2011. The figures represent the proportion of an average income that is taken up by the average rent. Table 15 highlights the particular issues affecting lower quartile rents within the sub-region when assessed against both workplace and residence based income. The rates are above England's average, revealing significant pressures across the area as a whole and especially in Cheshire West and Chester and Cheshire East.

Table 16: Rental Affordability Change

	workplace based earnings				residence based earnings			
	Median Quartile		Lower Quartile		Median Quartile		Lower Quartile	
	2017	2011-17 change	2017	2011-17 change	2017	2011-17 change	2017	2011-17 change
Cheshire East	25.6%	-0.8%	29.5%	-1.0%	25.1%	0.2%	29.0%	-1.0%
Cheshire West and Chester	26.7%	-0.8%	31.9%	0.6%	24.2%	-1.2%	30.2%	-0.3%
Warrington	25.1%	2.3%	28.0%	-2.2%	24.6%	1.2%	28.6%	-1.1%
Cheshire and Warrington LEP	**25.8%**	**0.3%**	**29.8%**	**-0.9%**	**24.6%**	**0.1%**	**29.3%**	**-0.8%**
North West	24.0%	-0.6%	27.6%	0.2%	24.1%	-0.5%	27.8%	0.4%
England	27.9%	1.8%	29.1%	0.0%	27.8%	1.8%	29.0%	0.0%

Source: VOA, ASHE

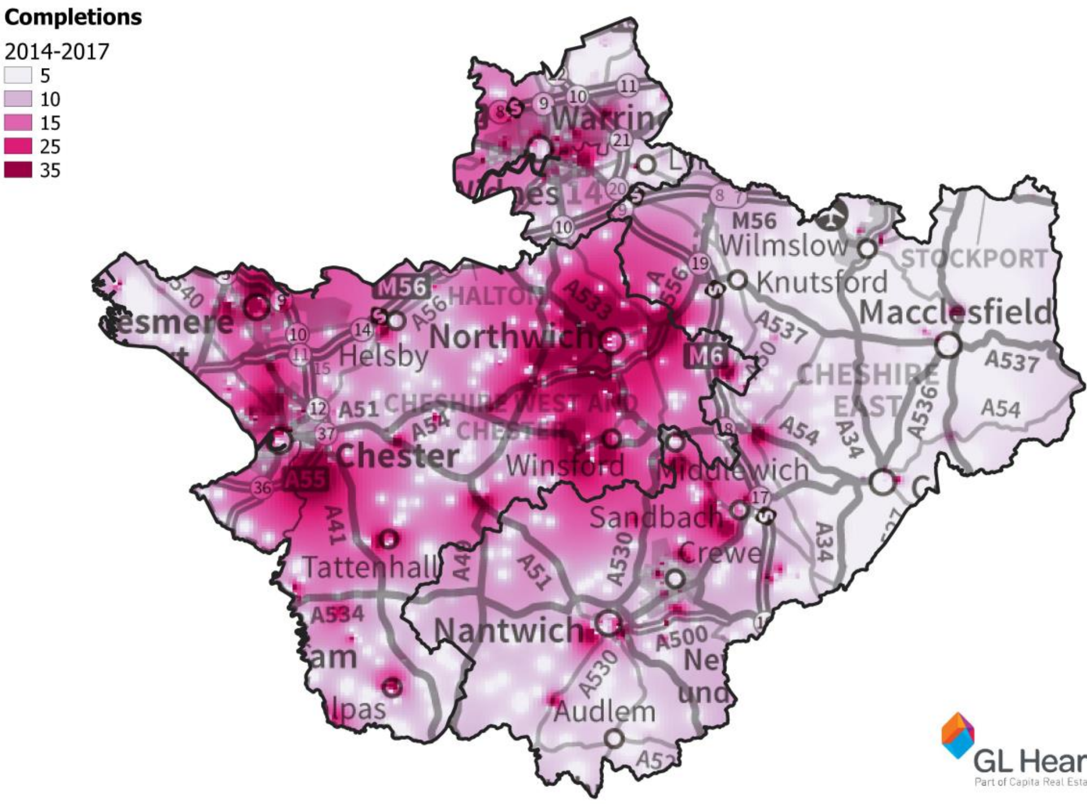
6 HOUSING SUPPLY ACROSS THE SUB-REGION

Recent Development Activity

6.1 We have analysed the overall housing supply together with detailed analysis in terms of location and quantum. We have set out in Figure 8 below the recent distribution of new homes as provided to us from each of the Councils.

6.2 Figure 8 also highlights how those areas in Cheshire East that are most closely related to Greater Manchester have not delivered the rates of completions seen elsewhere within the sub-region. This diagram is almost the inverse of Figure 2 (see page 22) and this demonstrates the link between delivery rates and house prices. It also indicates relatively low levels of activity within the centre of the main urban areas.

Figure 9: Completions in Cheshire and Warrington (2014-17)



Source: Council Data

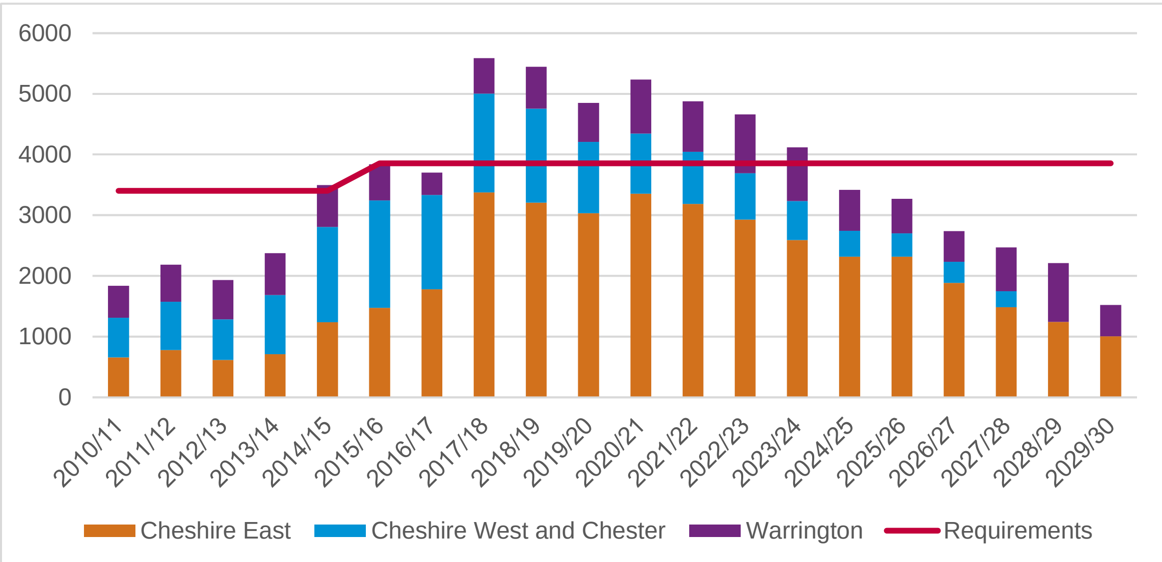
6.3 Conversely there are also notably high levels of delivery in the suburbs of Warrington and Chester and in Ellesmere Port and Northwich. The largest single development in recent years was the Winnington Urban Village / Imperial Park development in Northwich which had capacity for 1,200 homes.

6.4 Figure 9 below summarises the housing supply between 2010 and 2030 according to all the adopted planning frameworks. A total of 69,764 new homes will be provided during the period including that 19,360 have already been completed since 2010/11. Cheshire East is planning to provide the largest housing supply by contributing 39,183 homes across the sub-region.

6.5 Cheshire West and Chester have a housing trajectory (AMR 2015/16) of 17,013 homes across the same period. However the emerging Site Allocation Plans will increase this supply. Indicatively a total of 24,518 new homes for the same period has been identified in the most recent background paper (Land allocations background paper 2017, Table 2.3, p12).

6.6 Warrington's current trajectory provides a total of 13,568 new homes for 2010-30. However the emerging local plan and particular the Preferred Development Option Consultation Draft July 2017 (Table 11, p33) proposes 24,774 new homes over the 2017-37 plan period. This provision will be distributed across a variety of locations including 9,345 homes in the Green Belt through a new Garden City Suburb, a South West Extension and Outlying settlements in Green Belt.

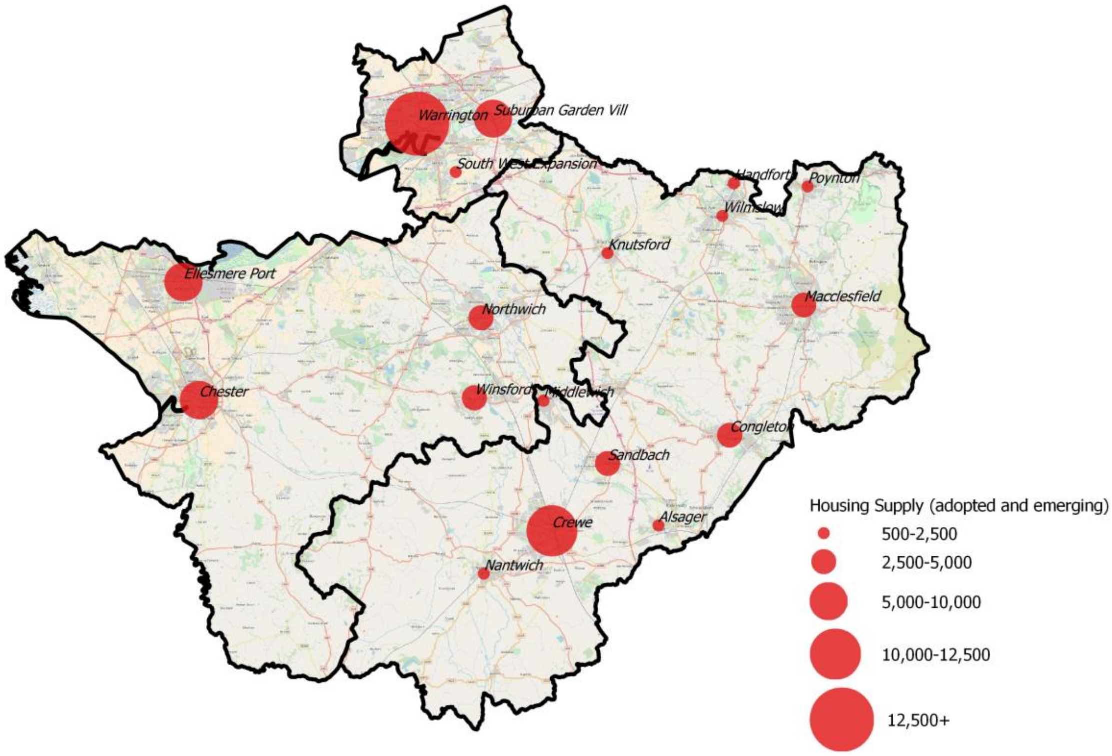
Figure 10: Housing Supply across the LEP (2010-2030)



Source: CE Housing Monitoring Update (base date 31 March 2017); CWC AMR 2015/16 & housing trajectory 2014; Warrington AMR 2013/14 and 2015/16

6.7 Based on available evidence, we have mapped the adopted (for Cheshire East) and the emerging (for Cheshire West & Chester and Warrington) housing supply for locations above 500 new homes (see Figure 10). This is predominantly concentrated across the principal towns within the sub-region with almost a third (32%) of the total provision being in Warrington and Crewe. Chester and Ellesmere Port also have significant planned development (12% cumulatively). Creating the right type of offer and conditions to attract young people to these locations will therefore be crucial to meeting the sub-region's economic growth plans.

Figure 11: Housing Supply – Updated Position



Source: Cheshire East Local Plan Strategy 2010-2030; Cheshire West and Chester Local Plan Part Two: Land Allocations and Detailed Policies, Land Allocations background Paper 2017; Warrington Preferred Development Option Regulation 18 Consultation July 2017 – edited by GL Hearn

6.8 On examining each Council's local supply position it is clear that there is a substantial pipeline supply already with permission. As shown in Table 16 below sites with planning permission in the study area now number over 26,000 units. This equates to almost 10 years' worth of supply against the proposed standard methodology for assessing housing need.

Table 17: Committed Supply of Housing

Location	Units with Planning Permission	Source	Date
Chester East	9833	Housing Monitoring Update	Dec-17
Cheshire West and Chester	13967	HELAA	Feb-17
Warrington	2590	SHLAA	Jul-17
Total	26390		

Source: Local Authority Monitoring

7 TARGETING YOUNG PROFESSIONALS

7.1 As set out earlier in this report, the Cheshire and Warrington sub-region is approaching a demographic cliff-edge whereby without intervention the local economy may stagnate or contract as a result of an aging population and workforce. Put simply, the area must do more to attract and retain people between the ages of 20-35 if it is to achieve its full potential. We have therefore sought to profile the characteristics and make-up of younger age groups within the LEP area including their location of residence and work and their occupation profile and what is likely to drive their housing choice / needs.

Median Age

7.2 The median average age in all three local authorities is older than the equivalent national and regional figures. The oldest is in Cheshire East (43) which is around 3 years older than the lowest (Warrington).

Table 18: Median Age

	Median Age
Cheshire East	43
Cheshire West and Chester	42
Warrington	40
North West	39
England and Wales	39

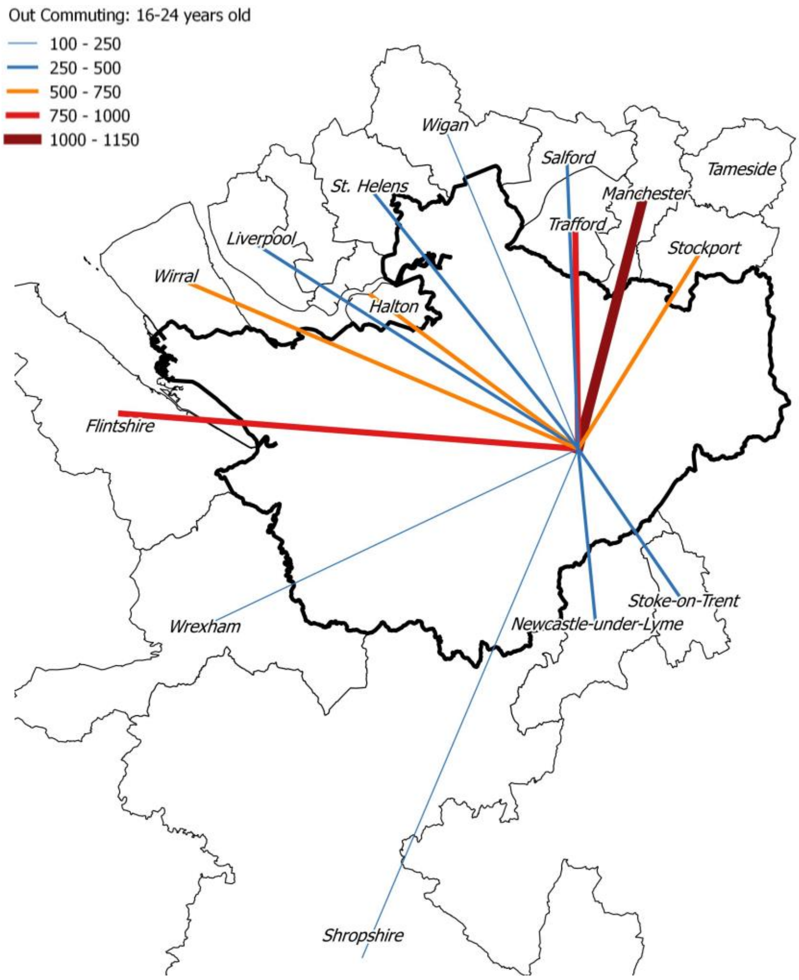
Source: ONS, Census 2011

7.3 There are however some pockets with a younger median age; most notably the Garden Quarter home of the University of Chester where the median age is just 22. The two youngest areas in Warrington are the Bewsey and Whitecross and Fairfield and Howley Wards both of which are located in central Warrington. These wards have a median age of 31 and 34 respectively. The wards with the youngest median age in Cheshire East are all in Crewe: Central and St Barnabas (both 31) and South (33).

Commuting

7.4 Around 20% of people aged 16-24 residing in the LEP area work outside of it. This compares to 31% within all age groups. Manchester is the most significant draw for people of this age group although there are also notable outflows to Flintshire and Trafford (See Figure 11).

Figure 12: Out commuting From Cheshire and Warrington – 16-24 year olds

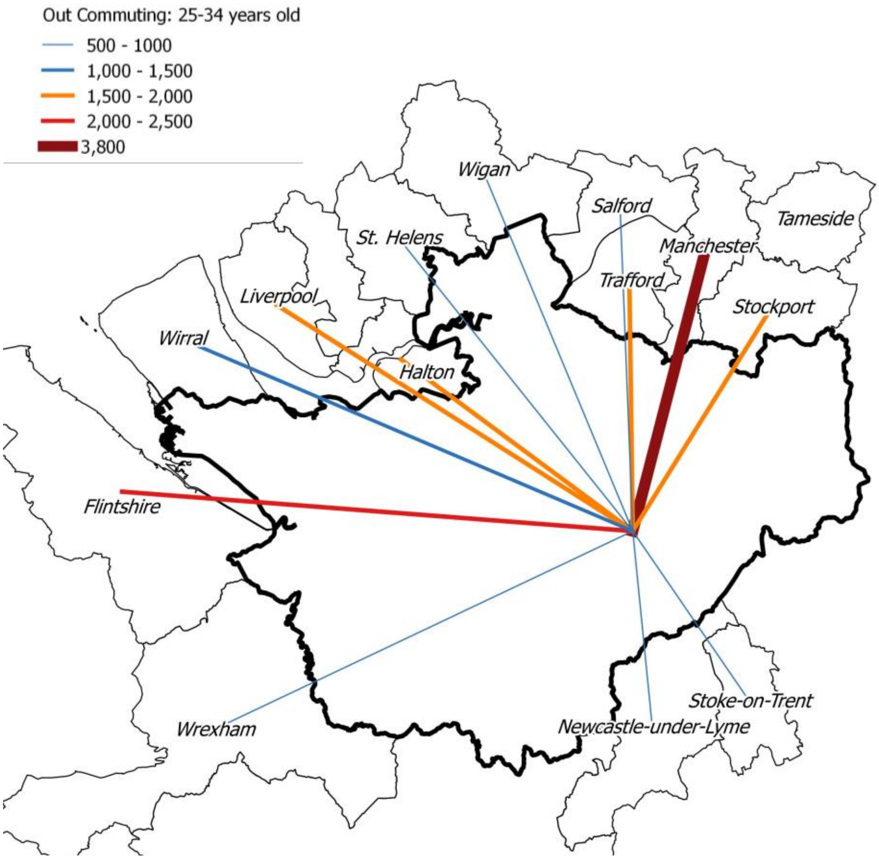


Source: ONS, Census 2011

7.5 Around 33% of people aged 25-34 residing in the LEP area work outside of it, which is slightly higher than for all age groups. Manchester is also the most attractive location but with notable flows to Flintshire, Liverpool, Halton, Trafford and Stockport (See Figure 12).

7.6 For both age groups these percentages largely reflect the overall flows although as Table 18 shows, there is a disproportionate number of younger people aged 25-34 that commute to the major cities of Manchester and Liverpool as well as Flintshire and a high percentage of younger commuters aged 16-24 working in Trafford.

Figure 13: Out commuting From Cheshire and Warrington – 25-34 year olds



Source: ONS, Census 2011

7.7 Almost all of the flow to Flintshire is from Cheshire West and Chester whereas Liverpool and Manchester received considerable numbers from each Local Authority. This can perhaps be explained by the nature of employment in these areas being particularly suitable to younger age groups i.e. large retail and hospitality sectors and digital / creative industries.

Table 19: Percentage of Out-Commuters overall and for younger age groups

	All Flows	Aged 16-24	Aged 25-34
Manchester	15%	12%	16%
Halton	8%	7%	8%
Trafford	8%	8%	8%
Flintshire	8%	8%	9%
Stockport	7%	8%	7%
Liverpool	6%	5%	7%
Wirral	6%	6%	5%

Source: ONS, Census 2011

7.8 On examining the age profile of those commuting to the area to work there is not a disproportionate amount of younger in-commuters compared to the wider workforce. However there is still around 46,000 young people aged 16-34 commuting into the LEP area for work.

Table 20: Age Profile of those Working in Warrington and Cheshire (2011)

	In- Commuting		All Workers	
Age	**Aged 16-24**	**Aged 25-34**	**Aged 16-24**	**Aged 25-34**
Cheshire East	12.0%	24.3%	13.9%	20.7%
Cheshire West and Chester	12.6%	23.0%	15.1%	20.7%
Warrington	11.2%	24.4%	14.0%	22.1%
LEP Area	**12.3%**	**24.6%**	**14.3%**	**21.1%**

Source: ONS, Census 2011

7.9 There is however a notably disproportionate number of those aged 25-34 commuting in from Manchester and to a lesser extent Liverpool compared to all commuters (6,500 in total). This suggests that younger professionals are perhaps being priced out of the area in favour of cheaper property in larger cities or this may be a lifestyle choice.

Table 21: Origin of In-Commuters by Age (2011)

Origin	All Commuters	Aged 16-24	Aged 25-34
Wirral	9%	8%	8%
Flintshire	9%	10%	9%
Stockport	8%	8%	7%
Halton	7%	9%	7%
St. Helens	6%	6%	6%
Wigan	6%	6%	6%
Manchester	5%	6%	10%
Liverpool	4%	5%	6%
Trafford	4%	3%	4%
Newcastle-under-Lyme	4%	4%	4%
Wrexham	4%	4%	4%

Source: ONS, Census 2011

7.10 There is also a disproportionate number of 16-24 year olds who commute into the LEP area from Flintshire, Halton and Liverpool. Given the age group many of these will still live at home and make the short journey from Flintshire, Halton to the major centres in Warrington and Chester. Although this cannot be said for Liverpool.

Method of Travel

7.11 It is clear that younger age groups (16-35 years) use more sustainable forms of transport such as trains and buses and walking. Conversely they typically drive less to work which is not unsurprising given that some will not be eligible to drive.

Table 22: Method of Transport - overall & for younger age groups (2011)

	Cheshire East		CW&C		Warrington		LEP Area		North West		England & Wales	
	All	Young (16-34)	All	Young (16-34)	All	Young (16-34)	All	Young (16-34)	All	Young (16-34)	All	Young (16-34)
Work From Home	13%	6%	11%	5%	9%	5%	11%	6%	9%	5%	10%	6%
Train	3%	4%	2%	3%	2%	3%	2%	3%	3%	5%	9%	13%
Bus	2%	3%	3%	5%	5%	8%	3%	5%	8%	12%	7%	10%
Drive	64%	60%	65%	58%	67%	60%	65%	59%	59%	51%	54%	46%
Passenger	5%	9%	5%	10%	6%	9%	5%	9%	6%	9%	5%	7%
Bicycle	3%	3%	3%	3%	3%	3%	3%	3%	2%	2%	3%	3%
On foot	9%	14%	9%	14%	7%	10%	9%	13%	10%	13%	10%	13%
Other	1%	2%	2%	2%	1%	2%	1%	2%	2%	2%	2%	2%

Source: ONS, Census 2011

7.12 However, the percentage of young people using public transport (bus and trains) to travel to work within the LEP area is less than half of the North West equivalent (8% compared to 17%) and a third of the national figure (23%). Even the highest rate within the sub-region (Warrington at 11%) is far below the other comparators. This reliance on cars might be due to the geographic characteristics of the sub-region with a more dispersed spread of employment uses that are poorly related to public transport. Attracting younger people to transport hubs will nevertheless help to improve the situation.

Economic Activity

7.13 The Economic Activity Rate amongst young people (16-34 year olds) in the sub-region is 77.6%, which is below the equivalent figure for the whole working age population (79.3%). The young person rate peaks in Warrington (78.5%) but this is still below the wider working age population. This is not however surprising given that some inactivity (which is classed as those not looking for work) is caused by people being full-time students.

7.14 The Economic Activity Rate for young people is nevertheless higher than the North West (73.7%) and nationally (74.9%). This is also the case with the working age population as a whole.

Table 23: Economic Activity and Inactivity by Age (2017)

	Active			Inactive		
	16+	16-64	16-34	16+	16-64	16-34
Cheshire East	59.8	79.3	78.2	40.2	21.8	20.7
CW&C	63.5	79.0	76.3	36.5	23.7	21.0
Warrington	64.3	79.8	78.5	35.7	21.5	20.2
LEP Area	64.3	79.3	77.6	35.7	22.4	20.7
North West	61.1	76.0	73.7	38.9	26.3	24.0
England and Wales	63.3	78.1	74.9	36.7	25.1	21.9

Source: Annual Population Survey

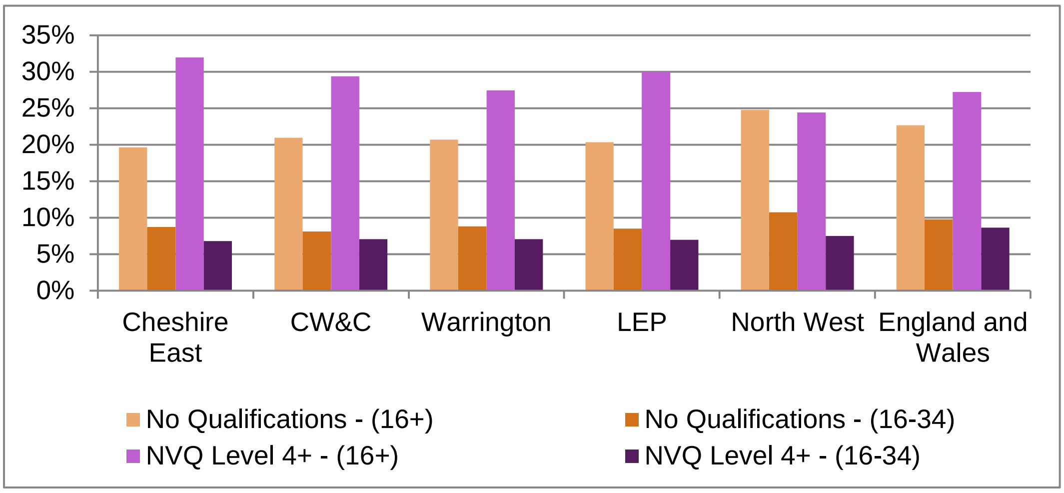
Qualifications

7.15 Approximately 30% of the sub-region's working age population is qualified to degree level (NVQ level 4) and above compared to the NW Region (24%) and nationally (27%). The figure is highest in Cheshire East (32%).

7.16 However, the Rate for the younger age group is 7%, which falls slightly behind the wider comparators (8% and 9%). The low percentage of highly qualified young people is potentially indicative of the limited number of Higher Education establishments (there are two) compared to the wider North West. That said, the area does have a lower proportion of young people (and across all age groups) with *no* qualifications (9%) when compared to the NW (11%) and England and Wales (10%).

7.17 The evidence would suggest that the sub-region attracts graduates later in life but possibly loses educated young professionals in their late 20's and early 30's.

Figure 14: Highest Qualification Achieved (2011)



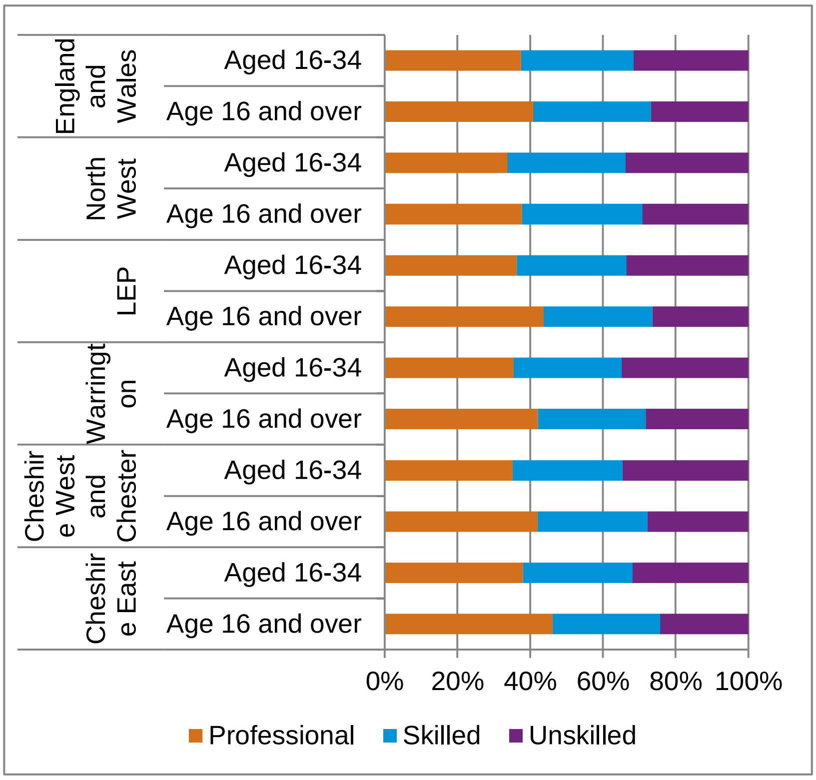
Source: ONS, Census 2011

Occupation

7.18 Reflective of qualification attainment, the area has a high percentage of people working in professional occupations (44%) compared to the North West (38%) and England and Wales (41%). For younger age groups, the LEP area has a higher percentage working in professional occupations (36%) compared to the region (34%) but lower than England and Wales as a whole (37%).

7.19 Cheshire East has a noticeably high percentage of professional residents in all age groups, including younger people. Again this is likely to reflect the area's role as an affluent commuter belt for Greater Manchester and the proximity of highly skilled jobs within the sub-region's science corridor.

Table 24: Broad Occupation Level by Age (2011)



Source: ONS, Census 2011

7.20 Conversely the LEP area has a similar percentage of younger workers to the NW region (34%) in unskilled occupations; which is slightly higher than the England and Wales equivalent (32%).

However, the LEP area as a whole has a smaller percentage in unskilled occupations (26%) compared to the NW (29%) and national equivalent (27%).

Young Household Locations

7.21 We have analysed the Experian Mosaic classification to identify the current concentrations locations of younger professional households within the sub-region. Mosaic is a consumer segmentation model designed by Experian. It is a cross-channel consumer classification system which segments the population into 15 groups that helps in understanding an individual's likely customer behaviour[25].

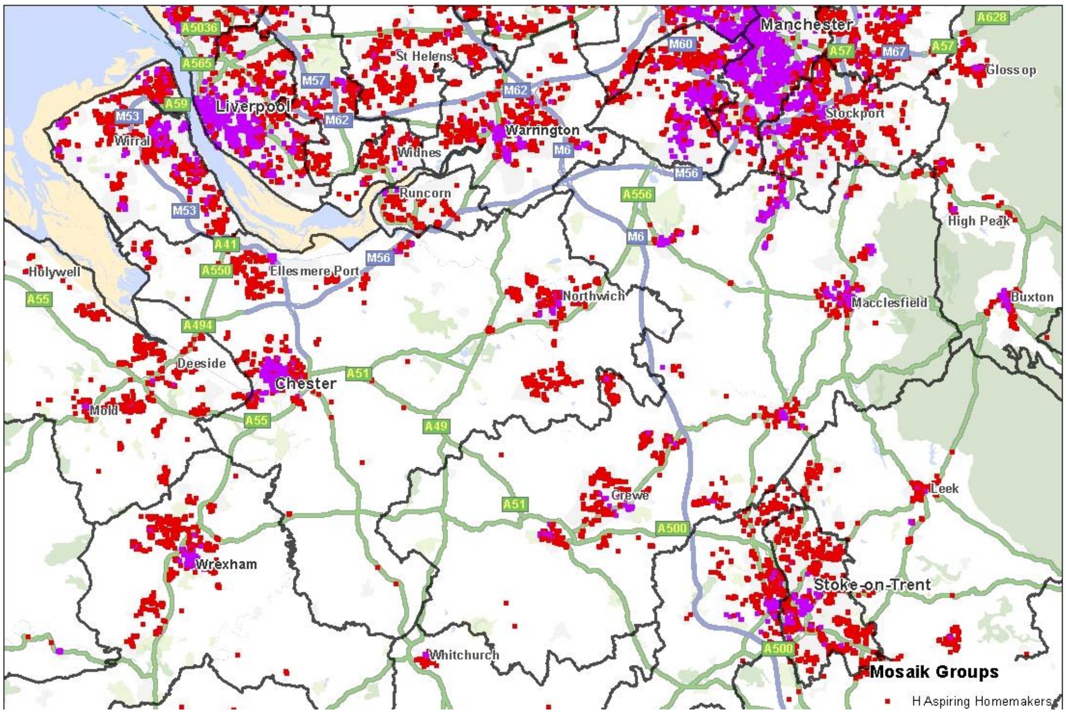
7.22 We have identified the following two groups as key sectors that appear most relevant to the cohort of people that are perceived to be important in sustaining economic growth:

- ***"Aspiring Homemakers"*** – These are younger households that have usually only recently set up home. They typically own their homes and live in private suburbs. Their budget is significant to their choice of home
- ***"Rental Hubs"*** – These areas contain predominantly young, single people in their 20s and 30s who live in urban locations and rent their homes from private landlords whilst in the early stages of their careers or pursuing studies.

7.23 These households are mainly concentrated in urban locations (see Figure 14) with clusters in Ellesmere Port, Northwich, Winsford, Middlewich, Crewe, Sandbach and Macclesfield and particular concentrations in Chester and Warrington where there Further and Higher Education centres.

Figure 15: Younger Households Concentration

[25] We have also provided a comparison of all Experian Groups across the sub-region and North West and their definition in the Annex A



Source: Experian Mosaic – edited by GL Hearn

7.24 These households represent around 15% of the sub-region's households compared to 20% across North West. At a Local Authority level, these represent 12.6% in Cheshire East; 16.1% in Cheshire West and Chester; and 16.2% in Warrington.

7.25 The map above also shows the concentration of young population in the wider area. Manchester, Liverpool and Stoke-on-Trent are urban areas with high levels of young professional households. In particular the City of Manchester has for at least the last five years had one of the highest concentrations of well-qualified (NVQ4+ levels) young professionals[26]. It is worth pointing out that the City of Chester's equivalent proportion of households in these groups is actually higher than both Liverpool and Stoke-on Trent, while Warrington is on similar levels.

7.26 With over 19,000 students and 1,600+ permanent staff, the University of Chester is clearly a major attraction for a young skilled population, particularly in Chester and at its Warrington Campus. This does offer a major opportunity to retain recent graduates if these areas can provide the right type of homes, vibrant places and improved public transport connectivity.

[26] According to the Annual Population Survey

Housing Choice

7.27 The Councils are collectively planning to delivery significant additional housing to meet the demands of the local economy. The recent increases in supply should in theory improve affordability and allow more young people to start out and / or step onto the housing ladder and thus reduce the push and pull factors leading to younger residents moving out of the area. However, the affordability constraints highlighted within this report and the particular issues affecting 20-35 year olds mean that first time buyers and young professionals are still heavily reliant on a supply of good quality flats or smaller homes for rent[27] or with routes to ownership.

7.28 In addition to getting the type of homes right, location will have a large bearing on meeting the requirements of talented and aspiring young people. The Experian data graphically highlights the draw of major cities for young people (especially Manchester) and a report issued by the Centre for Cities in late 2015[28] provided one of the most comprehensive evidenced based assessments of locational choices. It used survey data from urban areas across England and Wales to examine what people value the most (and like the least) about the neighbourhoods they live in, including key factors like housing costs, proximity to jobs, transport, amenities, open space, and quality of both built and natural environments. The report examined the 'push and pull' factors that play into the reasons why a person lives in a certain place.

7.29 The report found that a high proportion of people aged 18-24 say that they live where they do 'because they grew up there'; which is not surprising given that this group are more likely to still live at home with their parents. For those aged 25-34 who are 'starting out' and have more choice, proximity to their workplace is a more significant reason than for any other age group (24% stating this as a factor); which could be expected given that there is a greater likelihood of this age group being in full-time employment compared to other age groups. They are also less likely to have responsibilities such as caring for young families or elderly parents than other groups so domestic factors – such as size and type of housing – are less important. Their priorities tend to relate more to leisure and recreation, with this group choosing proximity to restaurants, leisure and cultural facilities (9%) more than any other age group.

7.30 The report also surveyed the opinions of City Centre[29] residents and proximity to restaurants, leisure and cultural facilities (39%) was the most frequently selected reason why they chose to live there followed by access to local shops, their workplace and public transport (28%). The increasing reliance on public transport is also important: 48% of 17-20-year-olds and 75% of 21-29-year-olds

[27] 46% of 25 to 34 year olds live in the private rented sector according to the latest English Housing Survey
[28] Urban demographics: Why people live where they do, Centre for Cities, November 2015

[29] Manchester, Brighton, Sheffield and Swindon

had driving licences in 1994 but these figures had dropped respectively to 31% and 66% by 2016[30]. This tells us that young, single, highly qualified people (who tend to make up the average city centre demographic) prioritise leisure and recreation over everyday amenities and value public transport connectivity and proximity to work.

[30] National Travel Survey

8 ANALYSIS OF PLACE

8.1 The analysis of housing supply and the demographic profile of the sub-region would indicate a clear issue and concern around the area's ability to deliver the *right homes* in the *right places* to meet its economic needs; particularly in relation to young working people below the age of 35.

8.2 The sub-region is starting to increase the rate of housebuilding (see 5.8 to 5.10) but there is a concern that this additional supply is orientated towards the type of homes that are more suited to families that are already established on the housing ladder. Recent development activity has also tended to concentrate in the suburbs of Warrington and Chester and in Ellesmere Port and mid Cheshire towns (see 6.3). Moreover, the area has an ageing demographic[31] with a projected contraction in the number of 20-30 year olds between 2020 and 2026 (see 4.1 and Figure 1).

8.3 This fuels the concern that the fit between supply and need might not be aligned. Whilst this might not be the sole reason for low levels of retention or attraction of talented young people, it could be a contributory factor. The public sector partners therefore need to work with the government and the housing sector to deliver an increased supply of smaller (i.e. one and two bed apartments and townhouses) and mixed tenure properties that are more affordable and accessible to young people; especially those that are new to the workplace. This might include:

- homes for outright sale
- products that provide a route into ownership
- market rent/PRS
- affordable rent/shared ownership

8.4 The identified growth sectors within the sub-region – including nuclear, energy, advanced manufacturing, automotive and life sciences – will require a replacement and expanded workforce that is skilled (with a high reliance on graduates) and recruitment in places like Alderley Park and Daresbury will increasingly depend on the availability of suitable rented accommodation. Skilled graduates aspire to good quality homes and renting is important because, aside from many being priced out of owning a home, individuals are more likely to be economically mobile. The PRS sector is ultimately of increasing importance to young people[32] so places that need a fresh supply of labour from this cohort must be able to meet this requirement.

8.5 In the context of the sub-region, those urban centres that are well connected to Manchester, Liverpool and other major centres and where there is an established or growing cultural and leisure offer are more likely to be attractive to younger people. Four locations are considered to be the

[31] The median age in each authority is higher than the NW or national figure, see Table 17
[32] nearly half (46%) of 25 to 34 year olds live in the private rented sector and this is up from 24% in 2006, English Housing Survey

most important in terms of expanding town centre living within the sub-region due to their locational advantages and the quality of life offer that they could present for younger people:

- The Centre of Warrington;
- Chester;
- Macclesfield; and
- Crewe

8.6 Moreover, the three Local Authorities within the sub-region are all actively pursuing the transformation of these four places so there is momentum that could be built on and harnessed. The following provides a summary of where these places are at and where their Local Authority would like them to be.

Warrington

Context

8.7 The Borough has a population of circa 208,809 that is expanding. It does however have an ageing population, which is partly exacerbated by its legacy as a New Town[33] with rapid population growth in the 1970's followed by a slow down during the following decades[34] creating a "New Town Demographic" heading towards retirement. This legacy also led to a rapid expansion of its suburban areas and to, some extent, stagnation within its inner areas that was not helped by the winding-up of the Warrington and Runcorn Development Corporation in 1989 before the transformation of the centre was complete. However, the core of the town is now being targeted for regeneration today as modern location for business, leisure, commercial and higher density housing development. In short, this should provide the type of environment that will appeal to the under 35's.

8.8 The town does have a very resilient economy with particular strengths in manufacturing, distribution and professional services. It also a very well-connected place. There are two railway stations in the town centre that provide frequent access to Manchester and Liverpool, as well as to London in less than 2 hours. The area stands to benefit from HS2 and the proposed HS3 / Northern Powerhouse Rail proposals which preliminarily studies indicate would both make stops within the town centre. HS2 has produced detailed reports suggesting that Warrington Bank Quay would receive an hourly train to the capital through HS2.

Strategy and Vision

[33] Warrington was designated as a New Town on 26 April 1968. The Outline Plan was completed in January 1972, and after a Public Inquiry, accepted by the Secretary of State in June 1973
[34] The rate of growth between 2002 and 2009 slowed to an annual average growth of 3.3% compared to 6.9% over the same period 20 years earlier (Warrington Borough Council Local Economic Assessment 'The Story of Place', Micheldore, March 2011)

8.9 As outlined in section 3, Warrington's Core Strategy is the current and most up-to-date adopted policy for the district, covering strategic policy until 2027. The review of Warrington's Core Strategy is underway, with Council aiming for adoption of the plan by the end of 2018. The evidence base for the Plan includes detailed aspirations for growth throughout the plan period, focusing on the strengthening of employment in the district, and supplementing this with housing growth. The Authority is also keen to invest in its centre, which it has self-identified as an area which has forgone investment in the past in the pursuit of developing Warrington's 'New Town' suburbs.

8.10 In 2017, the Warrington City Centre Masterplan was published. This outlines a vision to revitalise Warrington's core with a substantial increase in housing and leisure opportunities and is particularly salient to the agenda around providing the type of homes that would appeal and are more accessible to younger economically active and skilled people. The masterplan is divided into 8 areas:

- Stadium Quarter;
- Bank Quay Gateway;
- Time Square and Cultural Quarter;
- Eastern Gateway;
- Waterfront West and East; and,
- Southern Gateway

8.11 The aim is to create a housing mix that should attract a range of occupiers, including first time buyers and a more established rental market. The key areas for housing growth will be within the Waterfront area (up to 2,500 new homes), with complimentary residential development within all other identified areas to provide a total of around 8,000 new homes in the city centre. The masterplan also proposes to make substantial place making improvements, including:

- A cultural quarter including public art, museums and leisure to Warrington;
- Enhanced entrances into the town, including a redeveloped station at Bank Quay to provide easier access to the centre and a more attractive entrance to Warrington;
- New business and employment uses to attract employment growth; and,
- Enhanced spaces to make the town's public realm and parklands more attractive.

8.12 The delivery programme for this vision identifies a broad completion date as 2025, with 'early wins' including The Waterfront residential scheme, Time Square and the Stadium Quarter redevelopment.

Current Place Making Interventions

8.13 Work is underway to improve the sense of 'place' in Warrington's centre, with confidence that this will make the town a more attractive place to live. The Council has been proactive in redefining the town's leisure and retail economy and is intervening directly to encourage the provision of housing of the type that has been highlighted within this report.

8.14 For example, the development of 'Time Square' to provide new retail and leisure opportunities as well as a new Market Hall and Council Offices. Other notable schemes have been carried out / are proposed, such as enhanced public open space within the 'core' of Warrington and a better leisure offer for the entire town. This is stimulating more investment in town centre residential schemes including, including:

- Plans by All Saints Living for 284 PRS apartments at a former industrial site next to the railway station; Lane End for 144 apartments at Academy Street; and Palmus /High Street Group for 362 PRS apartments at Winwick Street; and
- Long term strategies for the Cabinet Works and the Southern Gateway (see para 9.27)

8.15 Whilst housing development within the core of Warrington (as envisaged by the City Masterplan) is most likely to appeal to younger people, the Borough does offer other opportunities to deliver new homes that are orientated to this group. There are additional railway stations at Sankey, Padgate and Birchwood that provide further opportunities for connecting housing in Warrington to Manchester and Liverpool, and a further station could soon be provided within Sankey (Warrington West Parkway). South of the Manchester Ship Canal and the Town Centre, Stockton Heath has also traditionally proved an attractive destination for aspirational housing aimed at young professionals that desire close proximity to good quality amenities and services and homes that have a distinctive character. Further residential development in the southern part of the Borough also has the potential to attract and retain younger people if the new homes are of the right design and are affordable / accessible.

Chester

Context

8.16 The Cheshire West and Chester Borough has a population of 329,000 including Chester, which has a growing population currently at over 81,000 residents[35]. The Borough has an aging population and declining workforce (particularly in rural localities), but it's urban areas are currently experiencing population growth and a reduction in average age. Indeed, between 2011 and 2014, the Chester City Centre saw growth of 5%, with the area surrounding the University's Parkgate

[35] Adopted Cheshire West and Chester Local Plan (Part One), 2015

Road Campus seeing a population rise of 21.6%[36]. Chester had the highest percentage of under 25's in the Borough in 2014, at 30.5%[37].

8.17 The Borough has a diverse economy with Chester's strengths in Finance and Insurance, Transport and Storage, and Public Administration, Defence and Compulsory Social Security industries alongside tourism, leisure, recreation and retail / wholesale. Chester is well connected to the local area including the North Wales Coast, Merseyside and North West (including Greater Manchester) with direct rail connections to London and other regional destinations.

Strategy and Vision

8.18 Cheshire West and Chester's Local Plan position has progressed to the point where the Part Two plan was submitted for examination in March 2018. The Council anticipates adoption of this plan in February 2019, following examination which deems the plan to be 'sound'.

8.19 Chester's One City Plan: Vibrant History, Dynamic Future was adopted in 2012 and it provides a 15 year strategy to guide the future economic regeneration of Chester, which seeks to co-ordinate and drive a programme of public and private investment and development activity in the City Centre. The plan defines the overarching vision and direction of travel for the city, under which all projects should sit, and it informed the Cheshire West & Chester Local Development Framework. The One City Plan is used by Chester Growth Partnership, Cheshire West and Chester Council and partners to guide the City's development. It will be reviewed and amended to reflect changes and influences to make sure that it remains a 'living document' which evolves with the city.

8.20 Chester is also working to enhance its position by creating better transport links to Liverpool, Manchester and beyond, and further improving public realm such as at Chester Riverside.

Current Place Making Interventions

8.21 Chester already has a strong sense of place, with historic attractions, stunning architecture and high quality public realm. This supports a significant retail, leisure and tourism industry; although the retail offer has declined and the City has been falling down the UK's retail rankings during the last decade. As such, the City Centre already has an attractive feel with amenities (including an evening economy) and a cultural, leisure and retail offer that is attractive to young people. Further development of the City Centre is underway with regeneration areas near the Train Station and surrounding Commonhall Street.

[36] ONS statistics based of MYE figures between 2011 and 2014
[37] Inside West Cheshire – JSNA Key Statistics and Date 2016

8.22 The most significant (by scale) and transformational current initiative is centred the proposed £300m Northgate Development. This ambitious project is being taken forward by the Council and it aims to deliver an additional 37,000 m^2 of floorspace to stem the flow of retail expenditure leakage and increasing the city's attractiveness. In addition to shopping, it will incorporate a multi-screen cinema, cafés, bars and restaurants, a hotel with conference facilities and a new market hall. The scheme will be a significant 'place making' investment and therefore re-enforce the attractiveness of living in the City Centre.

8.23 Chester arguably has the most well-developed City Centre living offer within the sub-region. It was also named the UK's best place to live in the 2016 UK Hot Housing Index, compiled by location specialists CACI, and the City Centre generates a good supply of apartment and town house schemes – both new-build and conversions – with values that sustain high quality and distinctiveness.

Macclesfield

Context

8.24 The northern part of Cheshire East (including Macclesfield) is typified by its designation as Green Belt with stunning countryside and good transport links into Greater Manchester making this a high value area.

8.25 Macclesfield is also beginning to realise its full economic potential and is no longer perceived to be a 'commuter suburb' of Manchester. It is a significant employment destination in its own right including proposals to transform the nearby former Astra Zeneca site into Alderley Park with 38,000 m^2 of new space for life sciences in addition to over 100,000 m^2 of space for life sciences already in place. The scheme aims to support up to 7,000 highly skilled jobs just 5 miles from the centre of Macclesfield. Macclesfield will also get a limited HS2 service which will enhance the connections to London. HS2 will also ease congestion on this section of the West Coast Mainline and therefore allow more regional and local services to call at Macclesfield. This will improve Macclesfield's already excellent links with neighbouring employment destinations such as Manchester, Stoke-on-Trent and Stockport, and provide a further boost to the town centre housing market.

Strategy and Vision

8.26 The Council has selected Macclesfield as a 'Strategic Location' for housing and employment under policy LPS12, which actively encourages the delivery of new town centre dwellings alongside enhancements to retail and leisure in order to make the town centre more vibrant. This includes:

- Sites in proximity to Macclesfield Railway Station;

- Land South of Hibel Road;
- Infill development within Macclesfield's historic core; and
- Maximisation of underused buildings in the town centre

8.27 Cheshire East has also piloted Local Development Orders (LDOs) as a catalyst to bringing forward brownfield sites within Macclesfield (at Whalley Hayes and Northside).

8.28 In terms of an investment strategy for the area, the Council adopted a Macclesfield Town Centre Vision in 2010 with a focus on retail and business; community; heritage and culture; access and parking; and environment. At that time, the priority was to secure the implementation of a significant retail led redevelopment – Silk Street – within the Central Retail Quarter off Churchill Way. Difficulties in getting this scheme off the ground have led to the Council working with Ask Real Estate to pursue a more leisure orientated scheme, including a seven screen cinema and eight units for cafes, restaurants and bars.

8.29 This shift in approach has also prompted a review of the 2010 Vision and the Council has recently (late 2017) consulted on a refreshed long-term plan for the Centre that has a greater focus on promoting town-centre living in Macclesfield[38]. This shift in emphasis and a commitment to grow the residential offer is considered a major opportunity to address some of the issues related to attracting and retaining young, skilled and economically active people within the sub-region. This could have a particular link to attracting graduates to the nearby Alderley Park.

Current Place Making Interventions

8.30 Macclesfield is one of the most affordable places within North Cheshire with demand from the first time buyers that tend to be priced out of the attractive Green Belt that surrounds the town. There have been significant residential allocations, including the South Macclesfield Development Area (SMDA) where around 1,000 new homes are planned, and there are further opportunities for housing growth within and closer to the Town Centre (i.e. up to 450 homes associated with the relocation of the King's School).

8.31 The town centre has experienced a period of decline in recent years and the delays and uncertainty created by the proposed redevelopment within the Central Retail Quarter has not helped. However, a number of new independent stores, cafes and bars have started to open-up and Sunderland Street has been transformed from a run-down neglected street into a vibrant place that attracts young people. New initiatives and events have also started to change perceptions and orientate

[38] There's no Place like Macclesfield, a 5 year Vision, Strategy and Action Plan for the revitalisation of Macclesfield

the town towards a younger demographic that places a high importance on experience and 'street' activity:

- The Barnaby Festival, a not-for-profit 'arts, culture and fun' festival launched in June 2009;
- The Treacle Market, a monthly market that now has over 100 stalls covering local food and arts/crafts/antiques (and which was a runner up in the BBC Food and Farming Awards 2012);
- Winterfest, a series of music and drama events throughout December; and
- The Loominus Festival, an annual outdoor music festival held in the town centre

8.32 There are some notable town centre living opportunities that are also being promoted. Peaks and Plains Housing Trust has recently obtained planning permission for 67 apartments at the former Georgian, Frost and Waterside Mill complex at Park Green and there are other nearby opportunities off Sunderland Street that have potential for the type and tenure of housing that would be suited to the under 35s.

Crewe

Context

8.33 Crewe and Nantwich are the most significant urban areas in the southern part of Cheshire East. Crewe is often referred to as 'the gateway to the North' due to its significance as a rail hub for journeys across the region. Moreover, Crewe will further benefit from the introduction of HS2 services by as early as 2027.

8.34 Crewe has a strong industrial heritage attributed to its importance since the Victorian Era as a railway hub. Prevalent industries today include manufacturing, transport and logistics, and distribution / warehousing. Crewe also has educational assets, including a Manchester Metropolitan University Campus and one of the key challenges is around ensuring greater graduate retention from the University.

Strategy and Vision

8.35 Cheshire East formally adopted their Local Plan Strategy in July 2017, and it has successfully overturned a challenge to this plan in relation to policies concerning housing in Crewe and Nantwich. The Council is currently working on its Site Allocations and Development Policies Development Plan (SADPDPD). The authority expects this plan to be adopted in 2019.

8.36 Cheshire East has made provision to regenerate the town during the Local Plan period, with ambitious plans for housing and growth (see below). HS2 will also be very significant for Crewe. A 'High Speed Rail Hub' is being proposed on the site of the existing station, which should further drive the town's economy. In response, the Council has promoted The Crewe HS2 Hub Framework and Masterplan; a framework for growth and comprehensive urban regeneration covering the next 30 years[39]. The Vision covers some 120 hectares of land around the proposed station and provides a framework to reinvigorate the town centre, create a new commercial hub with over 350,000 m^2 of commercial floorspace and an additional 7,000 new homes by 2043.

Current Place Making Interventions

8.37 Crewe's Royal Arcade shopping centre was bought by Cheshire East Council in April 2015 and since then it has been formulating plans for redevelopment alongside preferred developer, Peveril Securities and Cordwell Property Group. The £48m plan will include a new cinema, gym, restaurants and shops. It will also feature a new bus station and 450-space multi-storey car park, both of which will be funded and owned by the Council. This will be accompanied by the refurbishment of the Market Hall and investment in public realm and it will build on the £25m invested in the lifestyle centre (a major leisure and sports facility for the town) and the University Technical College (UTC).

8.38 The collective package of public and private sector investment, including HS2, will clearly have a major positive impact on the town centre and – from the perspective of this report and the issues that it is considering – help bring confidence to a new town centre residential offer. The plans for housing must be seen as a medium term proposition given the need to progress transport and place making features but there is a real opportunity to provide a platform for a new town centre housing market (orientated at young people) with opportunities within the town and unrivalled connections to major centres in the rest of the Country.

[39] Crewe HS2 Hub Masterplan, Crewe, Arup 2017

9 POTENTIAL INTERVENTIONS

9.1 Housebuilders would appear to be delivering increased levels of supply in a form and in locations across the sub-region that are well suited to family builders and older age groups but the development industry is currently not able or willing to deliver what is needed to attract and retain young people. The policy framework to support more homes in town and city centres is there but the evidence points to this not yet translating into an appropriate scale and pace of delivery.

9.2 However, the public sector might consider positively disrupting the market, especially within the main urban areas where there is the best prospect of creating or expanding existing housing markets. There is no silver bullet to transform the market in these areas and steer housing investment towards them; effecting sustained change could involve a series of financial and policy mechanisms to remove barriers and create the conditions for private sector investment to flow. This section provides ideas on how the sub-region and its partners might intervene.

Strategic Market Engagement

9.3 There is unquestionably a need to secure a broader range of developers and investors within the identified target urban areas if the Local Authorities are to increase the diversity and quantum of housing supply. This includes encouraging more innovative SME developers to invest and also positioning the areas as a sound proposition for major investment funds – including those from overseas – with the scope for capital and revenue growth. Diversifying the house building sector is also a key theme within the Governments Housing White Paper: Fixing the Broken Housing Market.

9.4 There are some good examples of where public sector led strategic marketing has changed perceptions about local housing markets and played a positive role in encouraged new investment. For example, Manchester Place is a Collaboration between Manchester City Council and the Homes England (formerly the Homes and Communities Agency) that aims to drive the supply of housing that is needed to support the wider growth agenda across Greater Manchester. It aims to elevate the profile of Manchester within the UK and internationally in order to create the conditions for investment and development to deliver in excess of 25,000 new homes over the next decade. It has evolved a clear housing strategy and a prospectus for the right homes in the right locations and is a ‘one-stop-shop’ to identify priority areas for growth. It has also provided the direction for Neighbourhood Development Frameworks and Strategic Regeneration Frameworks to control development and bring clarity for investors. The initiative has had a key role in the City capturing one the highest proportions of foreign property investment outside London, and more than any other city in the north of England[40], and it demonstrates how Local Authorities can have a pivotal

40 http://www.bbc.co.uk/news/business-36086012

role in broadening the range of investors in their area. It is also worth highlighting its success in promoting PRS to overseas investors and therefore contributing the rapid increase in the supply of new homes.

9.5 Packaging multiple sites into a proposition that has scale and potential for capital growth can therefore have an impact in terms of attracting the interest of major investors and a new audience. Residential and mixed use opportunities within the sub-region could be collectively presented and aimed at partners that have an appetite and the funding to create the place including, if necessary, the resources to purchase adjacent third party interests to maximise the outcomes. This would be the type of specialist that can take a longer term view around building a market and in the process, potentially, unlock 'downstream' opportunities for other developers. This could be particularly applicable to some of the large scale opportunities that might come forward such as Warrington Town Centre or in the transformation of Central Crewe. Investors – especially overseas funds – are attracted to infrastructure initiatives that have Central Government backing so the sub-region could, with successful market engagement, be well placed.

9.6 Putting Cheshire and Warrington on the international map would however require a coordinated and consistent approach to articulating the ambition to the outside world and engaging the market, including making use of high profile events such as MIPIM. Taking this further, the local partners – through the LEP – could establish a dedicated focus on marketing the place and courting major UK and overseas and commission the preparation of an Investment Strategy for the area to raise the profile and reach of the area. The LEP and its local partners have already been very successful at promoting the area's economic opportunities; perhaps the next step would be to link this to the promotion of some of the area's large scale residential led opportunities. Taking this even further, the establishment of a 'Cheshire and Warrington Place' initiative and brand (in partnership with Homes England as a major landowner and player within the sub-region) could help to pool resources and deliver the type of scale that will get noticed.

Public Sector Deficit Funding

9.7 Providing funding to bridge the shortfall between costs and values has been around since the 1980's in several incarnations but the availability of gap funding has been more restricted during the last decade. Central and local government has also previously become involved with offering guarantees to housebuilders – usually during periods of economic downturn and market failure – to sustain investment and grow new supply. For example, the 2010 HCA Housing Stimulus Package provided a range of mechanisms to de-risk private sector investment and maintain delivery, including sales guarantees, but this was a specific response to a unique challenge. Whilst not widely used by local authorities at present, a sales or rental guarantee offer is nevertheless a potential model for encouraging delivery in weaker markets or where demand / values for a type of product are unproven.

9.8 The main feedback from the developers that were consulted as part of this exercise was around the complexity and challenges of securing land and buildings in the main urban centres that have been highlighted. This could be summarised as:

- Fragmented ownership and title restrictions that make it difficult to assemble an opportunity;
- Value expectations that are ahead of what is commercially viable based on current evidence;
- Physical (site) constraints including contamination, boundary issues, Listed Building / Conservation Area status;
- The accuracy and accessibility of Brownfield Registers; and
- Planning uncertainty including obligations and affordable housing.

9.9 In short, there is a perception that there are 'easier' opportunities in areas where the demand is more established and were the up-front risk and resourcing is more manageable. These constraints were also born out in discussions with RP's and public sector stakeholders. Underlying values are nevertheless reasonably good so the need is more around up-front risk capital for land assembly / infrastructure / de-risking support rather than traditional gap funding.

9.10 The re-emergence of place thinking and the need to regenerate and redefine town centres as a concern for Government does also present an opportunity to think about the identified target areas in a different way. The Government has backed-up their concerns with initiatives such as the Housing Infrastructure Fund (HIF), where the sub-region has been successful in securing £26.7 million (subject to further due diligence) of Marginal Viability funding for projects[41].

Table 25: Cheshire & Warrington Marginal Viability HIF approvals, February 2018

Local Authority	Project	HIF Funding (£m)
Cheshire East	North West Crewe Growth and Infrastructure Package	10,000,000
Cheshire East	South Macclesfield Development Area	10,000,000
Cheshire West & Chester	Rossfield Park, Ellesmere Port	3,000,000
Warrington	Centre Park Link	3,685,904
		26,685,904

9.11 Whilst there has been a perception that HIF would gravitate towards larger 'edge of town' demand led projects, many Local Authorities have successfully articulated a case for funding to tackle town

[41] Cheshire East also remains in the running for substantial assistance through the Forward Funding programme to assist the delivery of the North Cheshire Garden Village at Handforth

and city centre residential schemes; indeed the Centre Park scheme in Warrington forms part of the Warrington City Centre Masterplan initiative. Should a future opportunity to bid for additional Government funds arise, the partners could therefore seek to develop a sub-regional HIF proposition that is based on rolling programme of investment to unblock housing and accelerate delivery within the priority areas. This could be used to:

- Fund acquisition (including the possible use of CPO)
- Tackle site abnormals and constraints; and
- Address infrastructure constraints within a locality

9.12 This would be invested on an at-risk basis with recovery in whole (or in part) over time to re-invest in other place making schemes. Precedents for this type of initiative have already been established, including the recently announced Housing Package for Greater Manchester. This incorporates a Land Fund of £50m to provide support for the remediation of brownfield land for housing in order to deliver at least 4,200 homes.

Public Sector Loans

9.13 Public sector debt finance has a major role in supporting and accelerating growth and assisting with the delivery new forms of housing where markets are evolving.

9.14 At a national level, the £525m Builders Finance Fund was first launched in 2014 and this was subsumed within the £3bn Home Building Fund (HBF) in October 2016. This is a flexible source of funding administered by the Homes England (formerly the Homes and Communities Agency) on behalf of government and it provides:

- development finance – to meet the development costs of building homes for sale or rent with typical terms of up to 5 years and a minimum investment of £250,000, except in the case of innovative housing solutions and serviced plots for custom builders; and
- infrastructure finance – up to £250m for site preparation and the infrastructure needed to prepare land for development, with repayment terms of up to 20 years

9.15 Also operating on a national footprint, the Housing Growth Partnership (HGP) was set up in July 2015 with £50m from Lloyds and £50m from HE. The HGP plans to help finance the development of at least 2,000 new homes through to 2018, targeting local house builders that are currently building 10 to 100 homes a year. Rather than offering loans, the HGP will act as co-equity investor in development projects, staking equity alongside the builder with typical investment levels of £0.5m to £3m. The fund will make its return only when the units are sold, taking a pre-agreed proportion of profits.

9.16 Government has also been targeting financial backing for purpose built Private Rented Sector (PRS) schemes since 2012 and this has helped to expand this sector in a range of cities and towns across the Country. Funding is still being committed at scale; for example the recently (August 2017) announced £65m investment into the largest Rent to Buy site at the Wembley Park development in Brent, London, which will see 7,600 homes built, 6,800 of which will be for rent.

9.17 SME Developers from within the sub-region have had some success in accessing the Government sector backed debt finance initiatives. For example, Skye Homes is a start-up from 2015 that has accessed HBF support to help deliver 5 family homes at Weston Grove in Chester and Rowlinson Homes has also attracted funding towards a 33 unit scheme (including 12 Affordable Homes) at Albert Road in Bollington.

9.18 More recently, there has been some interest in establishing sub-regional funds that offer lending to residential projects. Most notably, the Greater Manchester Combined Authority established a major Fund in 2014 to help free-up land, support housing regeneration and build new homes. The Housing Loans Fund was initially established with £300m from Central Government through the Combined Authority's devolution deal with the ten Local Authorities guaranteeing to repay at least £240m (80% of the value) back to government after 10 years of operating. Subsequent receipts from the disposal of Homes England land and property within Greater Manchester have also been added to create a Fund of £334m. The Authority has had great success in supporting the local housing market, with all of the £334m being committed by the end of July 2017. Reflecting early demand and partner objectives, the Fund had a crucial role to play in the rapid expansion of the PRS market in Manchester City Centre but has latterly been applied to a wide range of projects – with strong take-up from local SMEs – across the GM area.

9.19 Warrington Borough Council has also been proactive in the area of supplying debt finance to Housing Associations on a fully commercial basis. It has made in excess of £460m available to 15 RPs since 2009[42] to help promote economic regeneration and the generation of house-building in Cheshire and the surrounding region.

9.20 The LEP has previously developed proposals for a sub-regional Housing and Employment Investment Fund (HEIF) as part of their earlier Devolution Plans so the long term ambition to have greater control over an investment programme has been considered before. However, a 'GM style' Cheshire and Warrington Housing Loans Fund to help support a 'right homes right places' agenda might not be attainable (certainly at present) or necessary but it should be possible to do more to promote existing Government backed Loan Funds across the area to achieve more traction with the local development and investment community through joint working with the HE. This could also form part of the remit for a 'Cheshire and Warrington Place' initiative.

[42] The Warrington Guardian, 16th September 2017

Public Sector Co-Investment

9.21 Local Authorities up and down the country are becoming more involved in direct intervention to achieve their goals for housing.

Local Housing Companies

9.22 Around 50 Local Authority owned / controlled housing and development companies have been formed since the 2011 Localism Act paved the way for them to establish private companies and more than a third of UK local authorities have / are setting up their own housebuilding companies[43]. The reasons for establishing such vehicles are varied but most are underpinned by a desire to:

- drive the pace of the market and / or intervene where there is market failure;
- respond where particular needs aren't being met (i.e. homelessness, lack of affordability or poor quality private rented properties);
- establish quality and place making benchmarks; and
- create a commercial entity that will generate a return for the Local Authority

9.23 Local Housing Companies do have their challenges; their set-up costs can be high and they do not benefit from the economies of scale that volume house builders can bring. Local Authorities also need to adhere to commercial discipline if they are to achieve a return (financial and new homes) and make commitments to provide the required level of resource.

9.24 There are a range of models for the activity of Local Housing Companies. They can engage in Joint Ventures and developer partnering; buy stock (either existing or new-build); or contract directly to deliver bespoke new homes. Such vehicles can also play an important role in de-risking complex development projects, helping to drive forward delivery rates.

9.25 Within the sub-region, Warrington Borough Council is in the process of setting-up two Local Housing Companies to deliver 500 high-quality homes of mixed tenure. The Council is looking to play a part in meeting the Borough's housing needs, as well as to finding new ways of creating income. The aim is to get the firms operational in the summer of 2018, with 154 properties expected to be built and occupied by April 2020.

Joint Ventures

9.26 Direct intervention doesn't necessarily need to be in the form of a Borough-wide formal council owned vehicle. There are a range of examples from around the country and within the sub-region of Councils setting up or engaging in Joint Ventures (JVs) with a development partner to deliver

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[43] Out of the box: councils try innovative projects to provide social housing, Guardian, February 2017

regeneration, either on a site-specific or area-wide basis. This involves sharing risk, investment and reward.

9.27 Cheshire West and Chester (CWaC) is developing an innovative Housing Investment Model that will involve partnering with developers. It is looking to package land to support around 900 homes on 10 sites and to competitively procure developers who will, in essence, deliver affordable homes in lieu of a land receipt. The Council would then lease the properties via the Council's housing management company or an appointed Registered Provider and benefit from the income (rather than the land receipt). Warrington Borough Council is engaged in a number of JVs across the area, including Wire Regeneration. Formed in 2014, this is a JV with Langtree to regenerate the Southern Gateway of Warrington town centre. With £8.2m of property assets under its control and a comprehensive masterplan, it aims to deliver more than 1,300 homes and a transformed riverfront with a new residential and commercial uses that link the town centre to Stockton Heath.

The Future

9.28 JV initiatives such as the Southern Gateway in Warrington and the outcomes that they pursue – high quality homes close to amenities with new infrastructure and exciting living and working environments – will become increasingly important to the agenda highlighted within this report. Local Housing Companies can and do play an increasingly significant role in accelerating housing delivery and, crucially, ensuring that this takes place in a form and location that the 'host' Authority seeks. However, the three sub-region authorities are moving forward in different ways with no current appetite to establish formal vehicles in Cheshire East and Cheshire West and Chester and we see no case for establishing a new public sector backed Housing Company that operates on a sub-regional footprint.

9.29 That said, there could be some merit in pooling resources to jointly establish a specialist team to support existing (or future) Local Housing Company activity or the activities of the Local Authorities where they are carrying out direct development or participating in JVs. Intervening to achieve a sea change in the rate and quality of town and city centre housing development will require sustained resourcing but the context of Local Authority reduced capacity to deliver non-core services is impacting on their ability to resource the implementation of their plans for the identified urban centres. The Government's Housing White Paper recognises this issue, with an acknowledgement of the need to increase planning fees and provide new capacity funding to develop planning departments. Housing Deals are also responding to the need to provide Capacity Funding to support the delivery of Brownfield and place making invest; for example the Greater Manchester Housing Package (announced by Government in March 2018) included up to £8m of capacity funding to build the Greater Manchester Place Team.

9.30 A Cheshire and Warrington team could include: viability / commercial advice; procurement / contracting expertise; project managers; town planners; marketing and housing data analysis; and construction specialists. This would generate an economy of scale and present a proposition that could be attractive to high calibre and experienced practitioners.

Enhanced Housing Association Output

9.31 Housing Associations have the potential to play an important role in boosting housing supply and they could have a significant role to play in connection with the issues highlighted within this report.

9.32 The sector built around 40,000 of the 140,000 new homes completed in England in 2016 and Associations have become increasingly involved in delivering open market products: in 2015/16, they collectively built 7,300 homes in the UK for market sale or rent[44]; which would make the sector the 5th biggest provider (by volume) if it was seen as a 'housebuilder'[45]. This activity helps generate cross subsidy for affordable homes and often supports Local Authority objectives for places and areas where the market is weak. In addition to building new Affordable Housing with government financial assistance, they also have a key role to play in maintaining the supply of new stock through section 106 agreements with private developers.

9.33 According to the National Housing Federation (NHF), the sector has an ambition to boost its national output to 120,000 homes a year by 2030. Its submission on the 2016 Autumn Statement expressed a desire to work with the Government to "deliver 335,000 homes over the lifetime of this Parliament" with an offer of "£6 of private investment for every £1 of public money, maximum flexibility in the way we use our existing resources and a guarantee that all profits are reinvested in homes and communities."

9.34 Housing Associations also have access to the 2016-21 Shared Ownership and Affordable Homes Programme (SOAHP). This was initially allocated £4.7 billion in capital funding for: 'help to buy shared ownership' homes; homes where tenants can stay for five years at reduced rents while they save for a deposit with a 'first right' to buy the home; and specialist homes for older people or those with disabilities. The 2017 Autumn Statement increased SOAHP funding by £1.4 billion and made its use more flexible[46] and recent (October 2017) announcements have increased the 'pot' to more than £9 billion. Combined with setting a long term rent deal for Councils and Housing Associations in England, there is an expectation that this will unlock significant growth in delivery by the sector.

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[44] 5 ways housing associations underpin inclusive growth, Inclusive Growth Commission, February 2017
[45] The 4th highest completion rate in 2016 was Bellway with 8,721 and the 5th was Redrow with 4,716
[46] UK Housing Review 2017, p82

9.35 There are a range of Housing Associations that currently contribute to housing supply in the sub-region and the Local Authorities are already exploring new ways of working to incentivise more output. For example, Peaks and Plains Housing Association is committed to bringing forward mixed tenure housing within Macclesfield town centre and are soon to commence the redevelopment of the Georgian Mill site to create 70 mixed tenure apartments close to Macclesfield train station.

9.36 A workshop with Registered Providers and Local Authority Housing Officers took place during the production of this report. In terms of the specific concerns around housing delivery and the needs of the growing economy, there was recognition of the need to build more homes that are suitable for single person households and recent graduates, especially for Affordable Housing. The representatives highlighted similar constraints to those expressed by the private house builders, including the need for assistance with site assembly (possibly a greater use of CPO) and access to public land. There was also a sense that more JVs with Local Authorities to share risk and reward could make a difference. These points to discuss and follow-up with the sector.

Supply Innovation

9.37 Innovation in the construction and delivery of new homes could play a part in growing the supply of homes right across the sub-region. The Housing White Paper encourages measures such as custom and self-builds, along with support for small and medium sized (SME) builders, innovative offsite methods of construction and a simpler planning system.

9.38 The types of innovation highlighted above could also have a particular overlap with the objectives outlined within this report. SME and ‘niche’ house builders would have a pivotal role in delivering the types of bespoke high quality homes that will appeal to aspirational younger people. And some private sector developers that are pioneering off-site construction – such as Urban Splash and their ‘House’ brand with units that can be tailored around the requirements of a purchaser – could help to redefine the market in places like central Warrington.

Planning and Policy

9.39 The private sector developers that were consulted during this review highlighted the need for greater planning certainty in some of the locations that have been identified in Section 8. There was support for the use of Neighbourhood Development Frameworks and Strategic Regeneration Frameworks as these bring more clarity to investors and can (in some instances) help restrain land value expectations (i.e. specifying density and likely planning contributions). Such documents can also have a vital role in promoting a place to investors by setting out how a wider area will change and documents can support strategic marketing initiatives. Finally Frameworks can: provide the evidence or justification for Compulsory Purchase; assist with procurement and disposal exercises; and support bids for external funding.

9.40 A lot of good work around supplementary planning advice and guidance is already going on within the sub region. For example, the Warrington City Masterplan (2017) sets out an exciting vision, with 8,000 new homes and improved amenities and connections in the heart of the town. Specific proposals and planning detail is already in place on some sub-sets of the Masterplan and emerging places – such as the Southern Gateway – are becoming more defined in terms of uses, density and essential infrastructure requirements. However there could be a role for preparing more formal supplementary planning guidance in other areas of medium to longer term change, especially were private sector ownership is more prevalent.

9.41 Chester's One City Plan also sets out the vision change and improvement in the historic city centre and review and refinement to exploit more residential opportunities could be appropriate. Cheshire East Council is in the process of refreshing its 2014 Masterplan for Macclesfield Town Centre with a clear reference to the need to increase centrally located housing that is affordable to young energetic and talented people. And in Crewe, a recently adopted HS2 Hub vision and Town Centre Masterplan will promote 7,000 new homes by 2043.

9.42 There could be a role for developing a finer grain of detail in some parts of these areas to support and encourage housing investment.

Public Sector Land

9.43 Exploiting the full potential of public land to increase and / or accelerate the supply of housing is a top priority for Government. The Cheshire authorities are already pursuing initiatives through the One Public Estate (OPE) programme, including an exercise to map public land in its entirety to determine surplus (or soon to be released) assets. Most of the Combined Authorities in England are pursuing a Land Commission approach to, amongst other things, flag-up where assets outside of Local Authority control align with initiatives that are critical to their growth strategies, including strategic housing projects. There are also further opportunities to access Government resources for capacity funding (i.e. research, due diligence and analysis) and to support unlocking land for housing. For example, the OPE has recently launched the Land Release Fund to provide capital funding for works (including infrastructure) that will enable sites to be released for housing development.

9.44 In Cheshire, the recent Cheshire & Warrington Devolution Growth Deal Bid made reference to a Public Assets Investment Board (PAIB) to manage and maximise the value of all publicly owned assets in the sub-region and drive and support investment, development and growth – promoting and enabling sites and providing more homes and more jobs. The link to expanding and 'reinvigorating' the One Public Estate programme was also made.

9.45 More work on mapping and understanding public sector assets and better coordination between public sector bodies cannot harm the drive to assemble and de-risk redevelopment opportunities in the centre of the major towns within the sub-region.

Area Based Delivery Vehicles

9.46 The ambitions for housing growth and positive intervention to better control the type and location of new housing will require major physical change within the principal urban centres.

9.47 Area Based Initiatives have been used by UK governments for over forty years to tackle the problems associated with urban deprivation or promote accelerated physical change. These initiatives have typically been time-limited programmes designed to address a particular issue within a locality or a combination of problems. In areas where major change is envisaged, Urban Development Corporations can be effective in bringing together planning and delivery functions. They are controversial and have the strongest powers to effect change on the ground and intervene in the market. A recent example in London is the Old Oak and Park Royal Development Corporation (OPDC), established by the London Mayor in 2015, which is developing a whole new centre and community for west London across 650 hectares of land including 25,500 new homes and the generation of 65,000 new jobs over the next 20 to 30 years.

9.48 The alternative to an Urban Development Corporation is the Urban Regeneration Company (URC) model; which emerged in the early 2000s. These were dedicated arms-length bodies to co-ordinate the delivery of urban regeneration projects to provide the framework for the public and private sectors to combine effectively to create growth and add value. By the mid-2000s, 15 companies had been set up but all have since been closed and many lessons have been learnt during and following their use. In terms of the present, a new URC was recently (2014) established in Birmingham to lead the redevelopment around the planned HS2 terminus. The Birmingham Curzon URC is being supported with £30m from the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) to create 14,000 jobs, 600,000 m^2 of new employment floorspace and 2,000 homes.

9.49 In terms of the sub-region, the current area based delivery arrangements are as follows.

Cheshire West and Chester

9.50 The Council has a track record of taking risk and managing change and its model for delivery is four private-sector led Growth and Regeneration Boards that steer regeneration and housing activity in key parts of the area. These comprise:

- Chester Growth Partnership: This promotes investment in and development of Chester to deliver sustainable growth in line with the "One City Plan".
- Ellesmere Port Development Board: This is tasked with expanding the town and delivering 7,000 new homes.
- Mid-Cheshire Development Board: This provides leadership for all aspects of economic regeneration and place-making across Northwich, Winsford and Middlewich.
- West Cheshire Rural Growth Board: This is an "enabler" to influence the way that the Council invests and supports the rural areas.

Cheshire East

9.51 In Cheshire East, Engine of the North (EoTN) was established in 2013 by the Council to accelerate the delivery of Council-owned strategic land assets. Whilst it is not an entity that will carry out direct development, it is having a crucial role in taking forward seven key projects, including three strategic-scale schemes:

- North Cheshire Garden Village
- South Macclesfield Development Area (SMDA
- Leighton Green, Crewe

Warrington

9.52 Warrington has an appetite for risk and working collaboratively with the private sector to deliver transformational change, including major investment in the Town Centre. The principal conduit for its participation in joint ventures and major regeneration initiatives is Warrington and Co. Set up and wholly owned by the Council, this is the urban regeneration partnership that steers and monitors the implementation of the 'Warrington Means Business' regeneration framework[47]. It comprises three distinct work streams:

- Project management on the major development and regeneration projects
- Property & estates management for the Council's land and property portfolio
- Business Growth support services, including inward investment and skills.

9.53 Going forward, we see no major changes in the way area based initiatives are delivered, perhaps with the exception of Crewe town centre. Cheshire East Council is taking direct intervention to deliver the redevelopment of the Royal Arcade site and Market Hall refurbishment and the HS2 Hub

[47] Warrington Means Business (WMB), the Borough's economic growth and regeneration programme, was first published in 2013 and relaunched again in late 2016.

Masterplan will need to be implemented on a comprehensive basis; including the integration of housing. The physical transformation of Crewe will be significant over the next decade and whilst this is clearly not just about housing, a formal delivery vehicle could assist in bringing confidence to (residential) investors and occupiers and support the creation of a new and dynamic housing market in the centre of the town linked to HS2. This could be in the form of an Urban Regeneration Company approach, with a long term Strategy and Business Plan agreed at a local and Government level and access to: enhanced Compulsory Purchase Order (CPO) powers; ring-fenced funding; private sector expertise; and streamlined planning procedures.

10 CONCLUSIONS AND NEXT STEPS

10.1 The projected economic and productivity gains within the Cheshire and Warrington sub region could be affected by a failure to grow the pool of talented young people that live or choose to settle within the area. The potential imbalance in the supply of new housing and more specifically an undersupply of homes that meet the needs of the 20 to 35 year age cohort is therefore an issue that requires attention and a policy response.

10.2 As highlighted within section 9, there is no single solution to the issue and change will not happen overnight. However, we believe there should be a strong focus on the four highly connected urban centres of Warrington, Chester, Macclesfield and Crewe where there is the potential to create the type of places that will be attractive to younger people. These four places have different levels of capacity (from Warrington with the scope for 8,000 units in its central area through to a modest levels in Macclesfield town centre) and some are long term projects (i.e. Crewe) compared to other more established areas for town centre living (i.e. Chester). However, collectively, they will have a major bearing on whether the sub-region can meet the demands of an educated and aspiring young workforce. Their role as transport hubs will also be vital in terms of reducing the dependency on car journeys and supporting the viability of town centres and the services that they provide to the wider community.

10.3 In terms of practical steps and actions that should be taken, we would recommend the following.

Cheshire and Warrington Place

10.4 The sub-region has transformed external perceptions of Cheshire and Warrington from an affluent and rural dormitory for nearby Cities into a force for growth, job creation and productivity gains. With ‘maturing’ visions for Warrington and Crewe town centres and clear opportunities for high quality town centre living elsewhere, there is a positive message to translate to major residential investors that specialise in city centre, PRS and major regeneration initiatives. This positioning could also extend to other large-scale residential projects such as the North Cheshire Garden Village.

10.5 Doing this under a bespoke ‘Cheshire and Warrington Place’ brand could merit further consideration. This could coordinate a range of housing related activities that are designed to build confidence and ‘nudge’ the market towards delivering the objectives of the LEP partners. This could include:

- developing and refining a Housing Strategy for the sub-region as a whole to engage government and investors with one voice;
- Identifying a clear portfolio of investment opportunities where there is scale and scope for growth (i.e. the Crewe proposition and Warrington town centre) and being clear about what role the private sector can play;

- preparing a 'housing offer' to launch and promote at major property events (such as MIPIM) and an exciting media campaign to raise the profile of the sub-region and connect with new investment; and
- acting as a local 'signpost' for government development finance for housing to increase take-up and its application to the type of products and places that we recognise to be important

Investment

10.6 The LEP partners might give consideration to building a case for a bespoke sub-regional Land Fund aimed at accelerating the delivery of brownfield land for housing in the areas identified within this report. The objective would be to have a catalytic effect: pump-priming and bringing confidence to these areas but with the scope for financial recovery and recycling to gear-up the outcomes for the public purse. It could cover land acquisition (to match and support Local Authority investment); remediation; and infrastructure. As highlighted within this report, there are precedents for this type of mechanism, whether that is through a local area Housing Deal or via an approach to initiatives such as HIF.

10.7 Building a successful case would require a greater analysis of the needs and priorities within the identified urban areas and engaging in a dialogue with the Ministry of Housing, Communities and Local Government and Homes England, including demonstrating the potential impact of public funding.

Capacity Funding

10.8 Our discussions with Local Authority representatives, developers and Registered Providers have highlighted the concerns about the ability to intervene on the ground to release or accelerate housing developments in a Brownfield setting. Local Authorities are clearly under significant revenue and resource pressure but delivering high-quality regeneration in often complex and challenging situations is time-consuming and it requires the type of technical and commercial skills that don't normally reside within the Local Authorities. This is not something that is unique to the sub-region and it is a concern that is being increasingly recognised across the country.

10.9 Drawing-in government resources to support the Local Authorities could therefore make a difference on the ground. Moreover, a more persuasive case might be to seek and manage this on a sub-regional basis. Greater Manchester has recently had some success with bringing-in significant investment from government to 'tool-up' the Combined Authority to drive the release of brownfield land, including the prioritisation of town centres. This type of approach could also work within Cheshire and Warrington with the additional capacity providing support to the various existing mechanisms for delivery that are in place: i.e. providing specialist skills and 'peak' capacity support for the new Warrington Local Housing Companies and the delivery teams that operate within the other two Local Authorities.

Joint Ventures

10.10 Best practice in transforming housing markets and delivering long-term place based strategies often involves 'thinking big' around private sector engagement over land. Taking a step back, the scale of transformation that is planned for central Crewe and Warrington is very significant and it will require a heavy up-front commitment of public and private sector investment and a sharing of risk and return. It would be worth considering whether there are opportunities to create new vehicles focusing on housing or to adapt and expand the role of others within these areas to lever-in private (and public) sector funding.

APPENDIX A: Households categorisation across LEP and North West

Group	Definition	LEP		North West	
A City Prosperity (HH)	High status city dwellers living in central locations and pursuing careers with high rewards.	589	0.1%	22,389	0.2%
B Prestige Positions (HH)	Established families in large detached homes living upmarket lifestyles.	57,228	14.4%	573,246	6.2%
C Country Living (HH)	Well-off owners in rural locations enjoying the benefits of country life.	30,573	7.7%	331,413	3.6%
D Rural Reality (HH)	Householders living in inexpensive homes in village communities.	12,725	3.2%	261,039	2.8%
E Senior Security (HH)	Elderly people with assets who are enjoying a comfortable retirement.	40,688	10.3%	850,755	9.2%
F Suburban Stability (HH)	Mature suburban owners living settled lives in mid-range housing.	35,034	8.8%	768,942	8.3%
G Domestic Success (HH)	Thriving families who are busy bringing up children and following careers.	42,520	10.7%	607,152	6.6%
H Aspiring Homemakers (HH)	Younger households settling down in housing priced within their means.	39,740	10.0%	911,796	9.9%
I Family Basics (HH)	Families with limited resources who have to budget to make ends meet.	28,491	7.2%	919,194	10.0%
J Transient Renters (HH)	Single people privately renting low cost homes for the short term.	28,679	7.2%	1,008,576	10.9%
K Municipal Challenge (HH)	Urban renters of social housing facing an array of challenges.	10,694	2.7%	631,782	6.8%
L Vintage Value (HH)	Elderly people reliant on support to meet financial or practical needs.	25,717	6.5%	858,735	9.3%
M Modest Traditions (HH)	Mature homeowners of value homes enjoying stable lifestyles.	22,777	5.7%	658,950	7.1%
N Urban Cohesion (HH)	Residents of settled urban communities with a strong sense of identity.	2,664	0.7%	308,358	3.3%
O Rental Hubs (HH)	Educated young people privately renting in urban neighbourhoods.	18,552	4.7%	521,460	5.6%
U Unclassified (HH)		-	0.0%	-	0.0%
Groups and Types Households estimate 2015	Total Households	396,671	100.0%	9,233,787	100.0%

Source: Experian Mosaic 2015 estimates