



Report

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# Chester Prosperity Study

## Housing and the Economy

On behalf of Cheshire West & Chester Council

February 2011

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**For and on behalf of GVA Ltd**

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# 1. Introduction

- 1.1 The Chester Prosperity Study (hereafter, the Study) has been commissioned by Cheshire West & Chester Council.
- 1.2 The Study will focus on the City of Chester but will have regard for the wider area of Cheshire West & Chester in terms of underlying economic drivers (refer to Figure 1.1 below).

Figure 1.1 Cheshire West & Chester



- 1.3 The City of Chester is the principal economic centre for Cheshire West & Chester, providing employment across a range of professional, financial, cultural, tourism and retail sectors. Further the Council, together with the private sector, is currently embarking upon

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a series of ambitious economic projects that intend to enhance the City's competitiveness and strengthen its economic role and rationale.

- 1.4 The City is however tightly constrained in terms of new land supply, both within the urban area (having already been developed) and outside of the urban area (being constrained by Green Belt). The 2008 Employment Land Study highlighted a lack of available employment opportunities in the City for attracting significant levels of new business development, whilst the Final Draft Strategic Housing Land Availability Study (SHLAA, November 2010) also concludes that opportunities for further significant housing development are limited.
- 1.5 The purpose of this Study is therefore to consider the need for significant new housing growth and development within the city and on the edge of the city, to support the economic development, tourism and cultural ambitions of the Council and partners. As part of this, the Study will need to consider the pressures on land to ensure the city can accommodate this growth, dependent upon the outcome of the SHLAA.
- 1.6 The aim of the Study is therefore to "assess the impact of the economic aspirations of the City of Chester on the requirement for new housing development in the City."
- 1.7 To this end, three hypotheses are proposed (excluding the 'do nothing' approach):
- that, the City of Chester can provide the required levels of new residential development to support the economic potential of the City, without any need for change to the Green Belt.
  - that, the City of Chester needs a significant level of new residential development to support the economic potential of the city, which would warrant a potential change to the Green Belt.
  - that, this housing development could be provided elsewhere in the borough that would still support Chester's growth and would not involve Green Belt change.
- 1.8 The remainder of this Study is structured as follows:
- **Section 2:** The Economic Importance of Cheshire West & Chester
  - **Section 3:** Economy and the Housing Market
  - **Section 4:** Potential Housing Land Supply
  - **Section 5:** Conclusions & Recommendation

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## 2. The Economic Importance of Cheshire West & Chester

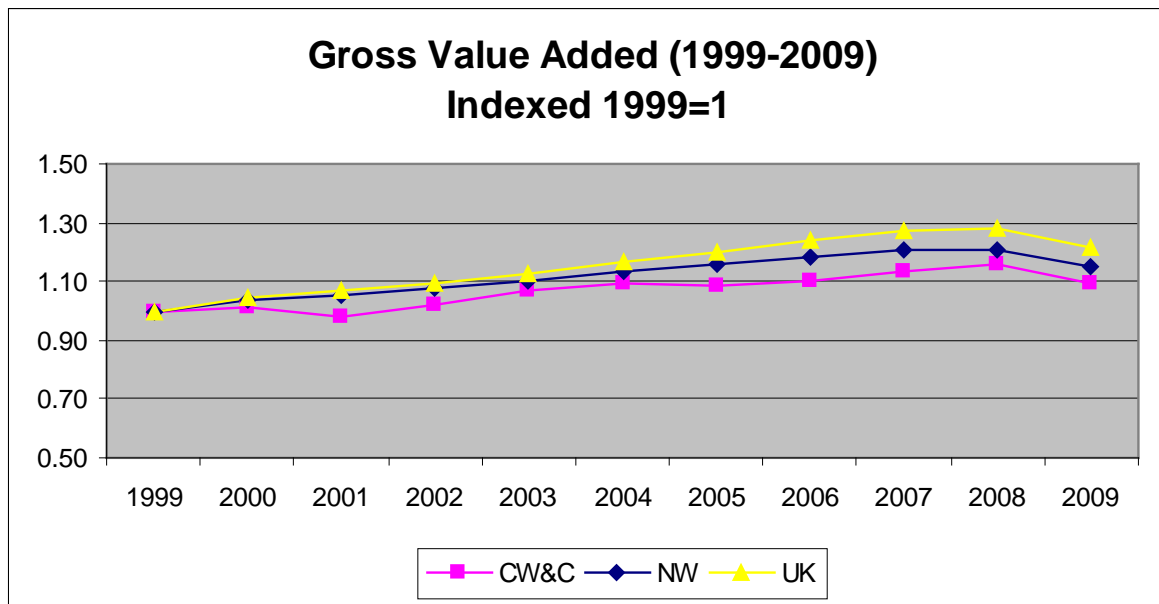
- 2.1 This section provides an analysis of previous and prospective trends in the Cheshire West & Chester economy compared with trends observed throughout the North West.
- 2.2 Economic forecasts from the 2010 update of the Cheshire & Warrington Econometric Model (CWEM) are utilised for the purpose of this Study. The CWEM results are consistent with the Model supplier's, Cambridge Econometrics, latest (February 2010) regional forecasts publication. However, given that the forecasts do not take account of local, unofficial economic intelligence or future development projects, policies or initiatives, they are 'policy off' forecasts; 2007 is taken as the baseline year.
- 2.3 This section is broken down into the following specific areas
- National and Regional Picture – analysing how CWaC has performed against regional and national benchmarks
  - Sub-sector analysis – analysing how sub-sectors in CWaC have performed over the short and long term
  - Forecast sub-sector trends – understanding how sub-sectors are anticipated to perform
  - Investment – understanding investment trends by sector

### National and Regional Picture

#### *Historic Trends*

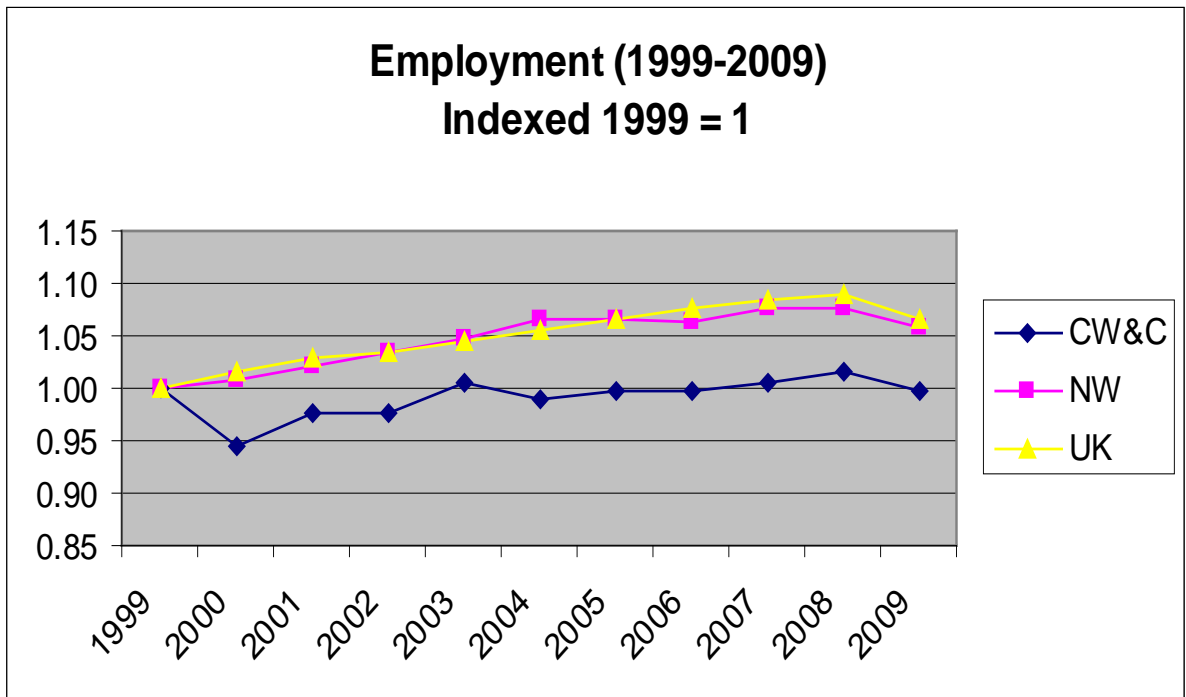
- 2.4 Figure 2.1 below shows that GVA growth in Cheshire West & Chester has historically been below national and regional averages; average GVA growth during the period 1999-2009 has been 0.84% pa compared to 1.40% pa for the region. Whilst behind the North West in terms of economic performance over the past decade, it is important to note that the regional average is enhanced by the economic importance of Liverpool and Manchester. The deterioration of GVA growth at all levels between 2008 and 2009 is attributable to the recession.

Figure 2.1: GVA Trends (1999-2009)



2.5 Figure 2.2 below shows the overall employment trends since 1999 across the Cheshire West & Chester area compared with national and regional averages. It is apparent that the area has been far short of the regional average employment growth for the whole period and is perhaps attributable to the absence of active investment and development. Notably, Cheshire West & Chester does not appear to have seen a net growth in employment between 1999 and 2009; this trend is in contrast with employment trends for the North West. Clearly significant changes occurred at the turn of the millennium which seriously affected the rate of future employment growth for Cheshire West & Chester whilst the region, in comparison, consolidated its position.

Figure 2.2: Employment Trends (1999-2009)

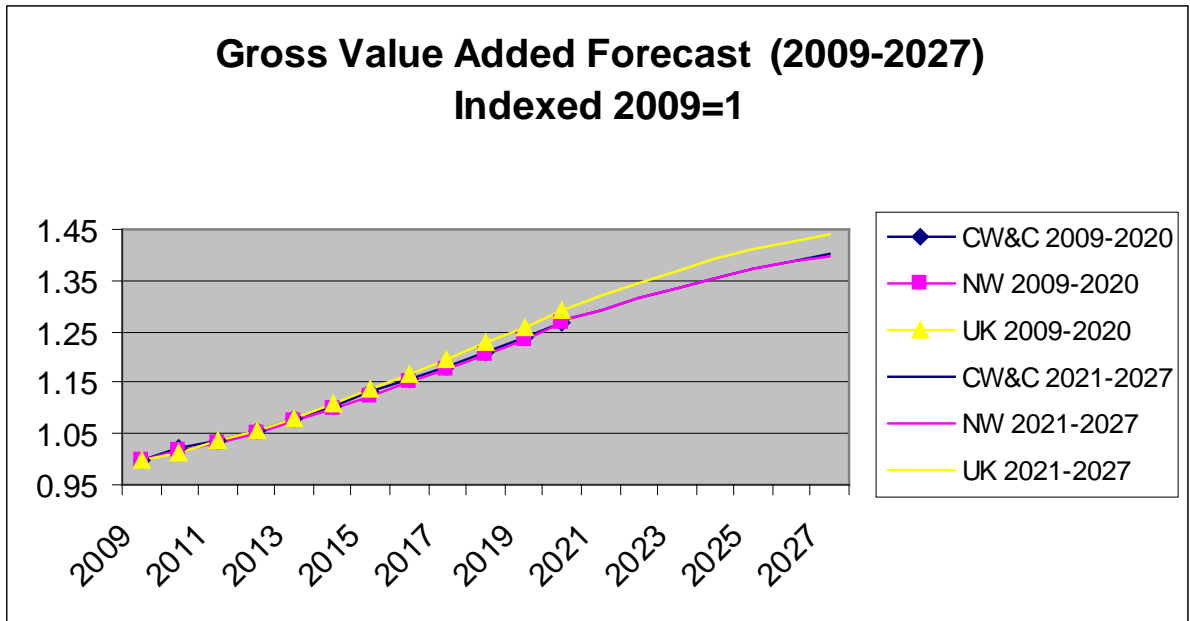


### Forecast Trends

2.6 The established trends pre-2009 are generally predicted to persist over the next 10 years or so (to 2020). To ensure consistency with the Council’s LDF plan period, Figures 2.3 and 2.4 below forecast to 2027 based on average annual growth during the period 2009-2020.

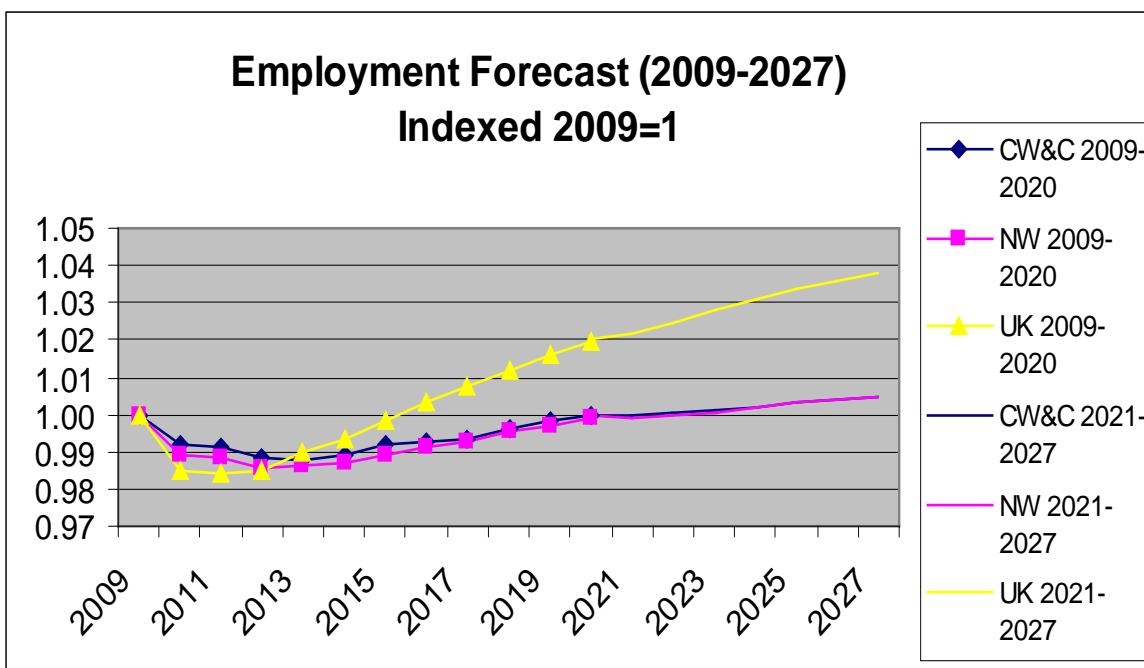


Figure 2.3: Forecast GVA 2009-2027



2.7 Figure 2.3 above shows that forecast GVA growth in Cheshire West & Chester is broadly in line with that of the region between 2009 and 2027. This is interesting and suggests that the area's industry mix is capable of 'keeping pace' with growth in the region, despite below average GVA trends pre-2009 (as shown in Figure 2.1).

Figure 2.4: Forecast Employment 2009-2027



2.8 Figure 2.4 above indicates that employment growth in Cheshire West & Chester is also forecast to 'catch up' with the region. Surprisingly perhaps, given the 'gap' identified in Figure 2.2, our forecasting model suggests that the area will out-perform the North West in terms of employment growth between 2009 and the mid-2010s (i.e. post-recession).

## Sub-Sector Analysis

### Long Term GVA Growth

2.9 Table 2.1 below analyses sub-sector output growth for the period 1999-2009 for those sub-sectors within Cheshire West & Chester that have grown above the regional average during this period. It is therefore important to note here that the analysis is driven by base performance in Cheshire West & Chester which is then compared with those same sub-sectors at the regional level. Two points relate to this type of analysis:

- (a) it identifies the spread of presumed high growth sub-sectors in the Cheshire West & Chester area; and
- (b) it identifies the correlation with performance at the regional level.

2.10 Of interest in these results is that, for those sub-sectors within Cheshire West & Chester that have grown above the regional average during this period, it is clear that:

- the great majority of these sub-sectors have grown substantially above regional average – altogether, these high growth sub-sectors made up 42% of total output in Cheshire West & Chester in 2009.
- the spread of high growth sub-sectors is broad although in value terms, services made up by far the largest share of output from these ‘above region’ sub-sectors (33% compared to 9% for manufacturing sub-sectors as at 2009).
- defined high growth manufacturing sub-sectors in Cheshire West & Chester experienced ‘above region’ growth during the period 1999-2009. Yet whilst these made up 9% of the area’s output as at 2009, high growth manufacturing sub-sectors made up a 10% share of total output in the region.

**Table 2.1 High Output Growth: 1999-2009**

	CW&C	NW
Food, Drink & Tobacco	22%	10%
Pharmaceuticals	223%	44%
Chemicals	9%	-3%
Basic Metals	210%	-37%
Metal Goods	56%	-4%
Other Transport Equipment	44%	14%
Manufacturing – Other	56%	-8%
Gas Supply	201%	-48%
Water Supply	91%	-43%
Distribution	12%	-1%
Retailing	42%	37%
Other Business Services	56%	49%
Education	21%	-2%
Health & Social Work	39%	32%

**Source; Cheshire & Warrington Econometric Model 2010 Update**

- 2.11 A summary point here perhaps is that the correlation in high output growth between Cheshire West & Chester and the region is broadly much stronger in terms of services (i.e. retailing, other business services, health & social work) than manufacturing which, in some cases, is significantly 'above region' in terms of high output growth.

### Short Term GVA Growth

- 2.12 A key question therefore is the extent to which this high output growth in manufacturing is going to remain. In terms of recent trends, the analysis above is replicated below for the period 2006-2009 (refer to Table 2.2 below).

**Table 2.2 High Output Growth: 2006-2009**

	CW&C	NW
Food, Drink & Tobacco	1%	-4%
Pharmaceuticals	100%	4%
Chemicals	3%	-15%
Rubber & Plastics	6%	-15%
Manufacturing – Other	9%	-12%
Electricity	23%	-14%
Gas Supply	406%	-3%
Retailing	10%	7%
Insurance	47%	-6%
Computing Services	5%	3%
Professional Services	6%	-1%
Other Business Services	9%	-1%
Public Admin. & Defence	1%	-2%
Education	1%	0%
Health & Social Work	11%	9%

Source; Cheshire & Warrington Econometric Model 2010 Update

2.13 Again, all high growth manufacturing sub-sectors in Cheshire West & Chester experienced 'above region' growth (especially pharmaceuticals). Some further points of relevance are that:

- despite the 'above region' output growth of manufacturing during the period 2006-2009, the share of manufacturing high growth sub-sectors has only increased from 8% to 9% in Cheshire West & Chester (compared to 8% in the region as at 2009).
- defined short term high growth sub-sectors made up 66% of total output in the Cheshire West & Chester area in 2009 – this compares to nearly 64% in the North West.
- the Cheshire West & Chester area (and the region) has seen a recent increase in the contribution level of high growth sub-sectors, yet short term total output growth (61% to 66%) is negligible compared to long term total output growth (57% to 69%).

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- whilst the spread of high growth sub-sectors is broad, services (in value terms) made up by far the largest share of output from these 'above region' sub-sectors (42% compared to 9% for manufacturing sub-sectors as at 2009).
- 2.14 That said it is instructive to point out that, in the short term, Cheshire West & Chester has not performed as well as the region with respect to output growth in banking & finance and communications (the same is true of long term high output growth in these sub-sectors).
- 2.15 Overall, it is clear that the service sector is increasingly the driving force in high growth output within the Cheshire West & Chester area – perhaps more so than the region. However, the 'above region' output growth of manufacturing is encouraging and highlights the diversity of the area's industry mix going forward. The strength of the pharmaceuticals and basic metals sub-sectors (in particular) is of interest in this regard, significantly outperforming those same sub-sectors in the region.
- 2.16 What is also very apparent in these results is the persistence of strong performing sectors in Cheshire West & Chester throughout the period – that is, there is a strong link between short and long term performance amongst high growth sectors.

### Long Term Employment (High Growth)

- 2.17 Analysis which is based on the same format as that produced for GVA above is replicated below in Table 2.3. This basically confirms the results for GVA in that:
- employment growth was 'above region' in the high growth manufacturing sub-sectors during the period 1999-2009, with the basic metals and pharmaceuticals sub-sectors performing particularly well.
  - the utility sectors (i.e. gas supply and water supply) demonstrate significant 'above region' growth, whilst the education and health & social work sub-sectors also performed very well during the period 1999-2009.
  - there is a strong correlation between high growth sub-sectors in Cheshire West & Chester in terms of both GVA and employment – employment / GVA correlation is less apparent at the regional level, especially with regards to manufacturing.

**Table 2.3 High Employment Growth: 1999-2009**

	CW&C	NW
Pharmaceuticals	63%	-22%
Basic Metals	87%	-60%
Metal Goods	15%	-25%
Other Transport Equipment	1%	-13%
Manufacturing – Other	28%	-19%
Gas Supply	104%	-65%
Water Supply	126%	-34%
Distribution	0%	-8%
Retailing	2%	1%
Other Business Services	26%	26%
Education	46%	24%
Health & Social Work	37%	28%
Miscellaneous Services	12%	10%

**Source; Cheshire & Warrington Econometric Model 2010 Update**

### Short Term Employment (High Growth)

- 2.18 More recent performance amongst the high growth sectors in employment terms maintains a broader spread of manufacturing (i.e. pharmaceuticals, mechanical engineering) and services (i.e. gas supply, insurance) performing 'above region'. That said, the results show a relatively even split of high growth sectors between manufacturing and services, which again demonstrates the industry mix of the Cheshire West & Chester economy (refer to Table 2.4 below).

**Table 2.4 High Employment Growth: 2006-2009**

	CW&C	NW
Agriculture, Forestry & Fishing	38%	37%
Other Mining	88%	80%
Pharmaceuticals	48%	-16%
Chemicals	3%	-10%
Rubber & Plastics	1%	-13%
Mechanical Engineering	29%	12%
Electronics	2%	-13%
Manufacturing – Other	4%	-9%
Electricity	96%	46%
Gas Supply	410%	4%
Distribution	8%	-3%
Retailing	0%	-3%
Insurance	50%	-5%
Computing Services	4%	3%
Professional Services	4%	-3%
Other Business Services	9%	-2%
Public Admin. & Defence	5%	-2%
Health & Social Work	9%	6%

Source; Cheshire & Warrington Econometric Model 2010 Update

## Forecast Sub-Sector Trends

### GVA Forecast

- 2.19 Forecast GVA for those sub-sectors growing at or above the regional average are shown in Table 2.5 below and the correlation with the pattern of growth at the regional level is generally very apparent. Again however, projected growth in Cheshire West & Chester is expected to be superior to the regional average across a number of high growth sectors.



**Table 2.5 High Growth GVA Forecast: 2009-2027**

	CW&C	NW
Agriculture, Forestry & Fishing	24%	16%
Other Mining	35%	24%
Food, Drink & Tobacco	27%	19%
Manufacture of Fuels	36%	34%
Pharmaceuticals	176%	167%
Rubber & Plastics	17%	12%
Basic Metals	59%	36%
Metal Goods	32%	24%
Electrical Engineering & Instruments	26%	9%
Gas Supply	24%	-9%
Distribution	50%	46%
Retailing	53%	49%
Hotels & Catering	29%	26%
Banking & Finance	85%	70%
Insurance	50%	39%
Other Business Services	60%	58%
Public Admin. & Defence	31%	31%
Health & Social Work	43%	39%
Miscellaneous Services	32%	29%

Source; Cheshire & Warrington Econometric Model 2010 Update

## Employment Forecast

- 2.20 Total employment in Cheshire West & Chester is expected to grow by 0.5% during the period 2009-2027 (i.e. just under 850 jobs); employment in the region is also expected to grow by 0.5% (i.e. just under 17,000 jobs). These are 'policy off' forecasts – with 2007 as the baseline year – and therefore do not account for economic development, retail and tourism projects coming forward.
- 2.21 Whilst the study area's high growth prospects are spread across services and manufacturing, the service sector is forecast to be much more dominant in the future. Importantly here is the 'high value' component of the services (i.e. banking & finance,

insurance) predicted to provide the highest percentage increase in employment within Cheshire West & Chester, and **specifically within Chester by nature of the location of these businesses.**

2.22 As per the GVA results, Cheshire West & Chester is expected to outperform the regional average in a number of cases (refer to Table 2.6 below).

**Table 2.6 Key Sectors - Forecast High Growth: GVA and Employment 2009-2027**

	CW&C	NW
Manufacture of Fuels	8%	6%
Pharmaceuticals	27%	22%
Distribution	0%	-3%
Hotels & Catering	25%	22%
Communications	4%	5%
Banking & Finance	26%	15%
Insurance	21%	12%
Health & Social Work	10%	7%

Source; Cheshire & Warrington Econometric Model 2010 Update

2.23 In terms of the potential high growth sub-sectors in the North West, a composite analysis (i.e. GVA and employment) of above average forecast growth for the region is shown below in Table 2.7.

Table 2.7 North West high growth sub-sectors

High Growth GVA (2009-2027)	High Growth Employment (2009-2027)	Composite (2009-2027)
Agriculture, Forestry & Fishing	Manufacture of Fuels	Manufacture of Fuels
Other Mining	Pharmaceuticals	Pharmaceuticals
Food, Drink & Tobacco	Other Transport Equipment	Other Transport Equipment
Printing & Publishing	Manufacturing – Other	Manufacturing – Other
Manufacture of Fuels	Construction	Construction
Pharmaceuticals	Hotels & Catering	Hotels & Catering
Rubber & Plastics	Land Transport etc	Land Transport etc
Basic Metals	Communications	Air Transport
Metal Goods	Banking & Finance	Communications
Electronics	Insurance	Banking & Finance
Electrical Engineering & Instruments	Computing Services	Insurance
Motor Vehicles	Professional Services	Computing Services
Other Transport Equipment	Health & Social Work	Professional Services
Construction		Health & Social Work
Distribution		
Retailing		
Hotels & Catering		
Land Transport etc		
Communications		
Banking & Finance		
Insurance		
Computing Services		
Professional Services		
Other Business Services		
Public Admin. & Defence		
Education		
Health & Social Work		
Miscellaneous Services		

Source; Cheshire & Warrington Econometric Model 2010 Update

2.24 There are 14 sub-sectors where above average growth in employment and GVA is expected; interestingly here is the almost one to one correlation with regards to high growth employment. Whilst services predominantly provide the job opportunities, an even split of manufacturing and services provide the key GVA contribution. Only four of the manufacturing sub-sectors are expected to deliver above average employment growth and, indeed, both high output and employment growth for the region.

2.25 The same analysis is reproduced in Table 2.8 below for Cheshire West & Chester.

**Table 2.8 Cheshire West & Chester high growth sub-sectors**

High Growth GVA (2009-2027)	High Growth Employment (2009-2027)	Composite (2009-2027)
Agriculture, Forestry & Fishing	Manufacture of Fuels	Manufacture of Fuels
Other Mining	Pharmaceuticals	Pharmaceuticals
Food, Drink & Tobacco	Other Transport Equipment	Other Transport Equipment
Printing & Publishing	Manufacturing – Other	Construction
Manufacture of Fuels	Construction	Distribution
Pharmaceuticals	Distribution	Hotels & Catering
Rubber & Plastics	Hotels & Catering	Land Transport etc
Basic Metals	Land Transport etc	Communications
Metal Goods	Communications	Banking & Finance
Electronics	Banking & Finance	Insurance
Electrical Engineering & instruments	Insurance	Computing Services
Motor Vehicles	Computing Services	Professional Services
Other Transport Equipment	Professional Services	Health & Social Work
Gas Supply	Health & Social Work	
Construction		
Distribution		
Retailing		
Hotels & Catering		
Land Transport etc		
Communications		
Banking & Finance		
Insurance		

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Computing Services		
Professional Services		
Other Business Services		
Public Admin. & Defence		
Education		
Health & Social Work		
Miscellaneous Services		

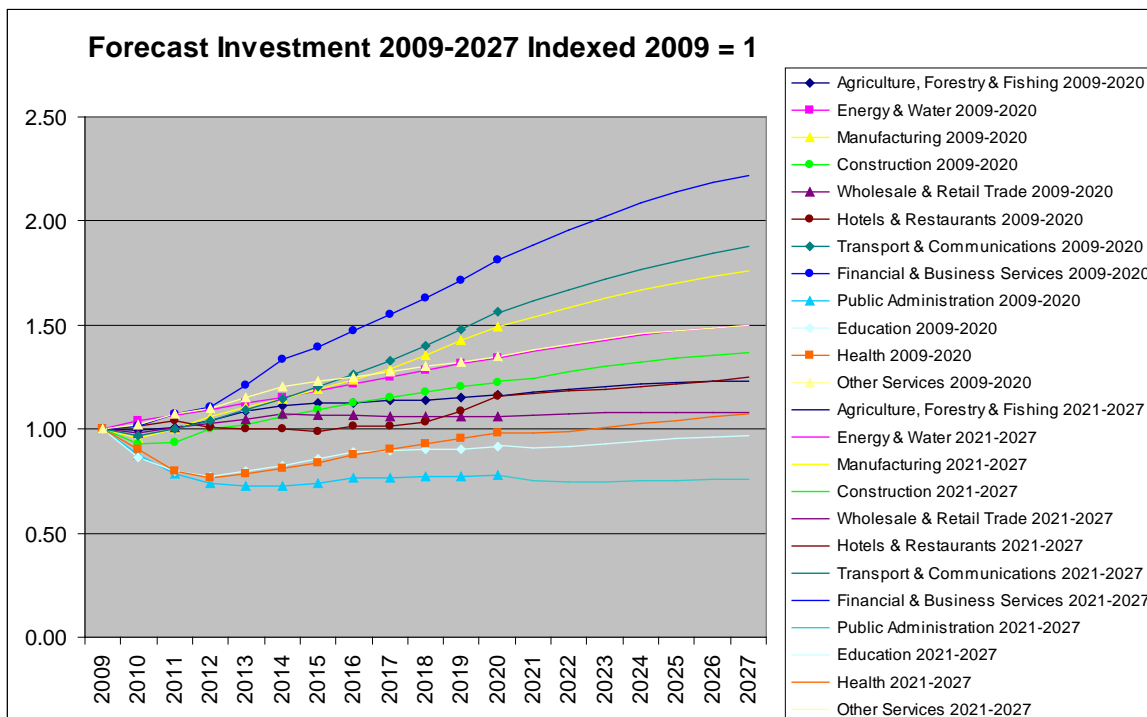
**Source; Cheshire & Warrington Econometric Model 2010 Update**

2.26 For the Cheshire West & Chester area, there are 13 sub-sectors where above average growth in both GVA and employment is expected; the almost one to one correlation with regards to high growth employment is again apparent. Moreover, the composite forecast for Cheshire West & Chester also tends towards that of the region. Similarly to the North West, services dominate those sub-sectors that are expected to deliver both high output and employment growth in Cheshire West & Chester, and specifically within Chester.

### Investment

2.27 Given the propensity for stronger growth in Cheshire West & Chester, it is useful to observe the investment trends expected by sub-sector. The results are shown in Figure 2.5 below.

Figure 2.5: Forecast Investment 2009-2027



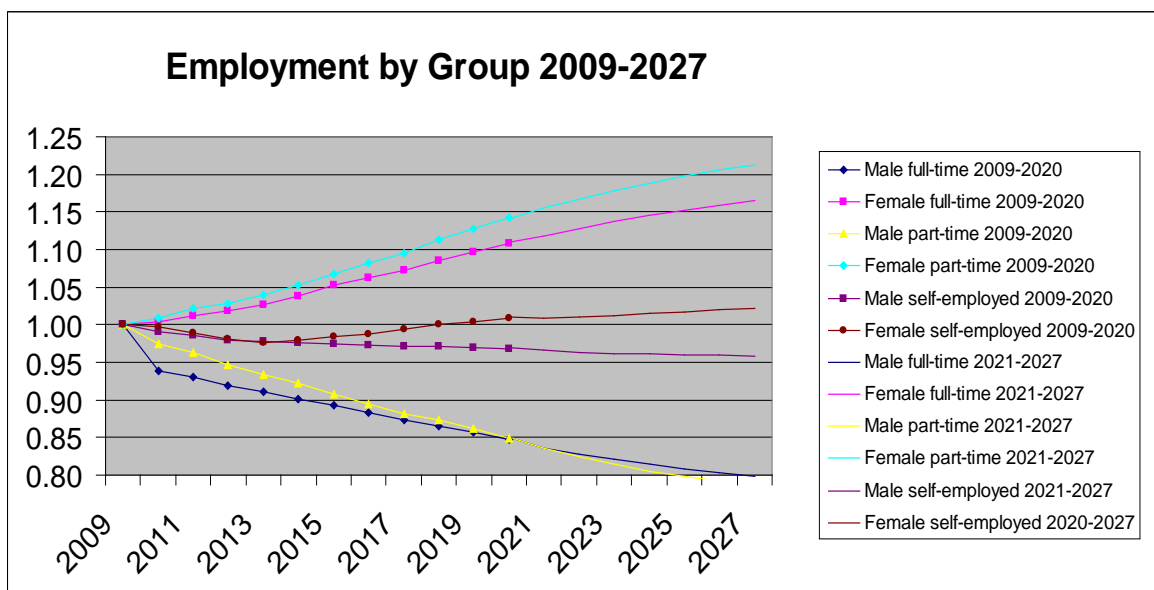
Source; Cheshire & Warrington Econometric Model 2010 Update

2.28 It is apparent that the majority of sub-sectors are expected to post above average growth in investment; sub-sectors such as financial & business services, transport & communications and manufacturing are forecast to perform particularly well in regards to investment. Whilst investment is spread throughout a broad range of sub-sectors, critically, those forecast to post below average investment include public services such as public administration, education and (up until the early 2020s) health.

### Employment by Group

2.29 Analysis of future employment composition in Cheshire West & Chester mirrors trends more generally in the economy of a shift towards female (full time and part time) employment. To that end, the number of females in full time employment is expected to increase by 16.5% during the period 2009-2027, whilst those in part time employment is forecast to rise by some 21.3%. In contrast, the number males in employment is expected to decrease (full time by 16.9%, part time by 21.3%). These results are shown in Figure 2.6 below.

Figure 2.6: Forecast Employment by Group



Source; Cheshire & Warrington Econometric Model 2010 Update

Summary

- 2.30 It is therefore clear that CWaC has historically performed less well than the North West and the County. This is unsurprising given the larger cities of London, Manchester and Liverpool. Notably, CWaC is forecast to improve its performance moving forward which therefore is likely to have an impact upon the housing market and economy.
- 2.31 The economic data presented is only available at the borough wide level and therefore it is not possible on that basis to quantify the exact locations of growth. It is reasonable to suggest that business and service sectors will be found in the Chester area.
- 2.32 If even growth was to be assumed across the borough then the evidence demonstrates increasing growth and employment which will include Chester, this in turn will put additional pressure on a constrained land market.

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## 3. Economy and the Housing Market

- 3.1 This section draws upon the evidence presented in the previous section to understand the economic drivers that are impacting upon the housing market in the Cheshire West & Chester area.
- 3.2 A number of inter-linked factors are responsible for determining and driving the local housing market. One would expect, from the evidence contained within the previous section, demand side factors (i.e. the performance of the local economy) to increasingly become the dominant influence over the housing market.
- 3.3 Housing markets are clearly sensitive to both national and local economic conditions and performance. The economy is the predominant external factor. Indeed, the fortunes of the housing market and the economy and have long been intertwined, leading some to suggest that *“most stop-go problems that Britain has suffered in the last 50 years have been led or influenced by the housing market”* (Economist, 7<sup>th</sup> October 2004). Linked to this is the structure of the local economy, the local labour market, employment and unemployment, incomes, migration and changing demographics. Perceptions of ‘place’, albeit highly subjective and notoriously difficult to generalise, also have a considerable influence on the housing market.
- 3.4 At the most elementary level, increasing employment will have the most positive effect on the housing market, as the ability to generate income increases. The previous section highlighted that total employment in the Cheshire West & Chester area will be expected to increase by **only 0.5% (c. 850 jobs) between 2009 and 2027** and even for the region, **employment is also anticipated to increase by 0.5% (c. 17,000 jobs)** over the same period. Given this evidence, it is reasonable to assert that demand for housing at the headline level over the plan period across the Cheshire West & Chester area will be less than perhaps envisaged.
- 3.5 However, it is much more important to consider the *types* of jobs being created across the Cheshire West & Chester area, as this will lead to more valid conclusions as to the dynamics of the housing market, and hence provide a more robust basis for informed policy decisions.



- 3.6 The economic structure of the Cheshire West & Chester economy is one where the forecast high employment growth sectors are particularly service oriented and with a significant competitive advantage across these sectors, then further growth prospects look particularly bright. Of particular note is the expected employment growth in banking & finance (26%) and insurance (21%), both of which will create high value growth – this will enable residents within the area to generate the levels of income necessary to stimulate the required uplift in the housing market.
- 3.7 The high employment growth sectors are not limited to services however, with manufacturing sub-sectors such as pharmaceuticals (27%) and manufacture of fuels (8%) also forecast to perform well and, indeed, 'above region'. It is evident therefore that demand pressures will occur in both Chester and Ellesmere Port.
- 3.8 In this respect, Figure 3.1 below illustrates the net occupational requirement to 2020<sup>1</sup> in the Cheshire West & Chester area.

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<sup>1</sup> Our forecasts run to 2020 (not 2027) given the lack of baseline information.

**Figure 3.1: Net Occupational Requirement to 2020 in Cheshire West & Chester (main occupations, 000s)**

Occupation	Number (000's)
Corporate Managers	12.4
Managers & Proprietors in Agriculture/Services	3.2
Science/Technology Professionals	2
Health Professionals	0.9
Teaching/Research Professionals	4.2
Business/Public Service Professionals	3.9
Science/Technology Associate Professionals	1.9
Health/Social Welfare Associate Professionals	4.8
Protective Service Occupations	0.2
Culture/Media/Sport Occupations	0.6
Business/Public Service Associate Professionals	5.8
Admin & Clerical Occupations	2.7
Secretarial & Related Occupations	0.2
Skilled Agricultural Trades	0.6
Skilled Construction Trades	0.2
Caring Personal Service Occupations	9.9
Leisure/Other Personal Service Occupations	0.6
Sales Occupations	5.5
Customer Service Occupations	2.3
Transport Drivers & Operatives	2.6
Elementary: Trades/Plant/Storage	1.9
Elementary: Clerical/Service	2.7
<b>Total</b>	<b>64.4</b>

**Source; Cheshire & Warrington Econometric Model 2010 Update**

3.9 The occupational forecasts show that:

- total net occupational requirement in Cheshire West & Chester over the whole period is 64,400 jobs.
- almost a quarter (24.2%) of these net jobs will be created within the higher order occupations of corporate managers and managers & proprietors in agriculture / services.

- 
- some 17% of the net occupational requirement will be created within professional occupations such as teaching / research and business / public service.
  - at the other end of the occupational scale, sales and customer service occupations are also expected to provide high employment growth (5,500 and 2,300 net jobs respectively).
  - limited employment growth is forecast with regards to skilled trade occupations in agriculture and construction.
  - occupational groups excluded from Figure 3.1 (i.e. those forecast to experience a net reduction in occupational requirements) include skilled metal / electrical trades, other skilled trades, and process, plant & machine operatives.

3.10 Whilst, in housing market terms, there is a net forecast of 12,400 corporate managers in Cheshire West & Chester, the vast majority of these jobs will be taken by existing employees that are already in employment – this is because members of this occupational group display high occupational mobility (through promotions etc). Consequently, these people will only have a small, direct impact on the housing market.

3.11 It is therefore important to consider the ‘expansion demand’ element of the net occupational requirement<sup>2</sup> to understand the actual increase in employment growth and, in turn, the likely additional demand for housing. Expansion demand is essentially the number of jobs that will arise (or be lost) because of growth (or decline) in any particular industry or occupation.

3.12 Figure 3.2 below shows expansion demand (i.e. net employment change) by occupational group within Cheshire West & Chester.

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<sup>2</sup> A principal issue with official statistics is that they are essentially a measure of stocks of people within a particular state, rather than flows from one state to another. Net Occupational Requirement equals the sum of Expansion Demand (simple growth in employment between two years) and Replacement Demand (which is a measure of retirees / deaths and occupational mobility i.e. a measure of the flows)

**Figure 3.2: Expansion Demand to 2020 (disaggregated, 000s)**

Occupation	Number (000's)
Occupations Expanding	
Science/Technology Professionals	0.3
Teaching/Research Professionals	0.8
Business/Public Service Professionals	0.4
Health/Social Welfare Associate Professionals	0.7
Culture/Media/Sport Occupations	0.1
Business/Public Service Associate Professionals	1.3
Skilled Construction Trades	0
Caring Personal Service Occupations	3.4
Leisure/Other Personal Service Occupations	0
Sales Occupations	0
Customer Service Occupations	1.4
Transport Drivers & Operatives	0.2
<b>Total</b>	<b>11.1</b>
Occupations Declining	
Managers & Proprietors in Agriculture/Services	-0.8
Health Professionals	-0.1
Science/Technology Associate Professionals	-0.4
Occupation	Number (000's)
Protective Service Occupations	-0.4
Admin & Clerical Occupations	-0.4
Secretarial & Related Occupations	-1.4
Skilled Agricultural Trades	-1
Skilled Metal/Electrical Trades	-1.8
Other Skilled Trades	-0.8
Process, Plant & Machine Operatives	-2.5
Elementary: Trades/Plant/Storage	-1.3
Elementary: Clerical/Service	-0.1
<b>Total</b>	<b>-11</b>
Net Expansion Demand Total	0.1

Source; Cheshire & Warrington Econometric Model 2010 Update

- 3.13 Figure 3.3 below aggregates the expansion demand for the Cheshire West & Chester economy to more broad occupational groups. Whilst the two factors are linked, markets are imperfect and so there will not be a direct correlation. However, this does provide a proxy in terms of understanding how labour demand could alter.

**Figure 3.3: Expansion Demand to 2020 (aggregated, 000s)**

Occupation	Number (000's)
Professionals	3.1
Associate Professionals	1.3
Administration Occupations	-1.8
Skilled / Service Occupations	-3.6
Personal Service Occupations	4.8
Process and Plant Occupations	-2.3
Elementary Occupations	-1.4
Total	0.1

**Source; Cheshire & Warrington Econometric Model 2010 Update**

- 3.14 It is apparent that expansion demand is greater for higher order occupations – namely Professionals and Associates Professionals – and this is may impact upon the housing market; this is discussed in more detail below. In contrast, the lower end occupations are interchangeable and thus ‘cancel out’ any impact upon the housing market.

#### *Professionals*

- 3.15 With approximately 3,100 additional Professionals required to work in Cheshire West & Chester by 2020 (i.e. over and above the existing number of jobs in this broad occupational group), the area will be expected to post significant growth in the Professional occupational groups. In particular, significant growth is anticipated in the corporate managerial group (2,500 increase).
- 3.16 In considering the ‘flows’ of people into these jobs, the overall impact on the housing market will be negligible if the supply conditions persist (this is examined in more detail below). This is because these jobs will be taken principally by internalised promotions.

- 
- 3.17 It holds therefore that demand for these higher level skills are unlikely to be filled by existing non-employed residents. Essentially, demand will be met by those already living in the area, by in-commuters and by in-migrants.
- 3.18 An important distinction here is that in housing market terms, some of these jobs may be taken by married or cohabiting couples, which would have a dampening effect on the overall quantum of housing that will be demanded<sup>3</sup>. The scale of change is likely to be significant as a general observation within the Professional group, most adults (male and female) will work and people will tend to form relationships with others in similar occupational groups.
- 3.19 It also holds that in thinking about house type, as a general observation, the professional groups have a strong bias towards large, detached and semi-detached housing<sup>4</sup>. A relatively low proportion of employees within such higher order occupations occupy terraced properties. The crux of the issue therefore is the extent to which the Cheshire West & Chester area can support this form of employment growth. We consider this in further detail in the following sub-section.
- 3.20 The implication here is that the area will need to provide for the needs of this growth sector, where the emphasis is on providing high quality and higher value accommodation, mostly of a medium to large size, in safe and friendly neighbourhoods with good access to local services – as envisaged for new homes in ‘desirable’ locations such as Tarporley (as reported at the Council’s SHLAA Housing Partnership Event). The proximity to work will be less important than the proximity to schools and good access to retail and leisure (eating and drinking).

#### *Associate Professionals*

- 3.21 A second growth area for Cheshire West & Chester is the Associate Professional groups (a growth projection of 1,300). This group comprises a mix of health / social welfare and business / public service professionals. With such a diverse group, many of which are key workers, comes a wide variation in incomes and housing expectations.

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<sup>3</sup> We have assumed that this may reduce the overall requirement by as much as one-third.

<sup>4</sup> The caveat here is that this does not preclude demand for other types of housing or indeed the desire for a particular type of neighbourhood; the latter becoming increasingly important to this upwardly-mobile occupational group.

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- 3.22 As a general observation, this occupational group will tend to be younger than the Professional group, and hence requirements for larger properties will be less and more marginal areas will be considered (including inner city / town) due to affordability. This group also involves large numbers of people who would work unsociable hours and hence, access to transport and other services would be important. This group would also tend to be more footloose and career driven and hence, may be more willing to secure rental tenancies than mortgage commitments.

#### *Administration Occupations*

- 3.23 This occupational group is forecast to experience a net employment reduction (1,800), perhaps indicative of a decrease in public sector employment within the Cheshire West & Chester area and particularly Chester.
- 3.24 Notwithstanding this, the results are somewhat surprising in that the demand for Administration Occupations is generally comparable with the growth rate of professional and business services – the previous section identified strong growth in the service sector going forward.
- 3.25 In terms of the impact on the housing market, these groups may be family oriented and suburban dwellers but could also include a high proportion of first time buyers. In terms of housing product therefore, these groups will be associated with some of the more established residential areas, linked to affordability issues. Given family commitments, the ability to access good quality schools will be a principal reason determining their location. For first time buyers, where access to the housing market can be achieved, the locational choice would generally be in-centre and edge of city centre.

#### *Skilled / Service Occupations*

- 3.26 The forecast trends illustrates a declining picture for the future of skilled / service occupations in Cheshire West & Chester, posting losses of 3,600 jobs. This occupational group occupy the lower-middle part of the occupational range and include skilled trades within the manufacturing sectors.
- 3.27 These occupations tend to include partnerships within similar occupational groups and are may have children. Given that travel to work distances will be much shorter for this occupational group, there is likely to be a high degree of living close to the point of

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employment. Hence, this group is closely associated with older established residential areas and particularly with terraced housing.

#### *Personal Service Occupations*

- 3.28 This occupational group is predicted to grow significantly to 2020 in Cheshire West & Chester (4,800). This is particularly attributable to high employment growth in child care and healthcare and, to a lesser extent, leisure and other personal service occupations.
- 3.29 With regards to the impact on the housing market, these occupational groups tend to comprise a relatively high proportion of younger, female (and part time) employees. In contrast with those employed in higher and lower order occupations therefore, the desire for residing in flats is likely to be greater for this group – in addition to semi-detached and terraced properties.

#### *Process and Plant Occupations*

- 3.30 This occupational group is forecast to experience a net employment reduction (2,300), indicating a decline in the requirement for process, plant and machine operatives within Cheshire West & Chester – this trend is perhaps associated with the global shift away from manual labour and towards automated operations.
- 3.31 As a general observation, Process and Plant Occupations tend to comprise a relatively high proportion of male employees (both part time and full time). Those working in such occupations are limited in terms of housing choice by income.

#### *Elementary Occupations*

- 3.32 This occupational group is expected to post a decline of 1,400 in the Cheshire West & Chester area (expansion demand), and includes those employed in trades / plant / storage and clerical / service jobs.
- 3.33 A major issue here is that this occupational group will demonstrate a generally high replacement demand, as there will be significant 'leakage' from the supply of workers. For example, retirees here will be significant as the work is often more physically demanding and wages in themselves are not particularly high. Other losses to the labour market may include those that move towards incapacity. Analysis of labour markets in Cheshire West & Chester undertaken for the Chester Central project, highlight that this declining sector is particularly at risk to the effects of a recession.



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- 3.34 The issue then becomes one of an overall decline in the ability of workers to generate the higher incomes that would help to sustain communities.
- 3.35 This group will have a high take-up rate of terraced property and for flatted accommodation with different tenancy arrangements. The principal determining factor for location is proximity to workplace as the level of wages will form a barrier to accessing employment over larger distances.
- 3.36 As a concluding point with regards to the lower value occupations (such personal service, process and plant, and elementary occupations), these occupational groups tend to have a bias towards similar housing types – namely smaller properties at in-centre / edge of city centre locations in proximity to the workplace. Whilst infill sites within the City of Chester are key in terms of providing the housing types required, the growth in personal service occupations is largely off-set by the decline in process and plant / elementary occupations.

## **Strategic Housing Market Assessment**

- 3.37 Cheshire West & Chester Council published its Strategic Housing Market Assessment (SHMA) in July 2009.

### *Household migration*

- 3.38 Over the period July 2000 to June 2007, CW&C experienced a net population in-flow of 6,480. Of this, the scale of net in-migration into Chester was 890 (including flows from the West Midlands, the Wirral and London / the South East). Some 16.4% of in-migrants during the preceding five years moved to the borough for employment purposes.

### *Market housing requirements*

- 3.39 There is an annual supply of around 7,825 market dwellings of which 4,992 are owner occupied and 2,833 are private rented. Across the Cheshire West & Chester area as a whole, the SHMA confirms that demand outstrips supply for all property types with a particular shortfall of bungalows, detached houses and properties with four or more bedrooms. This shortfall of market housing is particularly acute in the Chester City, Mickle Trafford, Sutton and Manor wards.

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3.40 The majority of households (86.1%) moving into the borough are seeking a detached or semi-detached house, with three bedrooms the most popular size. Some 35.6% of in-migrants would consider a bungalow, whilst 17.5% would consider a flat. Accordingly, the SHMA ascertains the range of dwellings that need to be built across Cheshire West & Chester to help satisfy market demand, and on this basis, suggests that following split between property types:

- Houses 61.9%
- Flats 12.6%
- Bungalows 25.6%

#### *Estate agent views on housing market dynamics*

3.41 Estate agents noted that terraced properties within a 3-mile radius of the city centre are attractive to first time buyers; popular areas include Hoole, Vicars Cross and Bache.

#### *SHMA Demand Conclusions*

3.42 **There is an annual shortage of 2,677 Market Homes and 1,193 Affordable Homes in Cheshire West and Chester against RSS figures, almost half of the demand in both cases is from within Chester (1,289 and 426 respectively)**

## **Agent Consultation**

3.43 A number of local agents and a locally active developer have been consulted with regard to their views and experiences of the local housing market, and their assessment of the local demand / supply of housing across Cheshire West & Chester. These consultees were:

- Beresford Adams
- Humphreys of Chester
- Knight Frank
- Lovells
- Reeds Rains
- Savills

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### *Market overview*

- 3.44 The market has remained relatively active in recent months, with sales remaining high. However, this has begun to slow from the beginning of September, as the seasonal slow sales period begins.
- 3.45 It is anticipated that this slow period will continue for some time, with sales picking up in the longer-term.

### *Supply / demand*

- 3.46 Agents confirmed that the areas around the outskirts of central Chester are increasingly in demand for larger, detached and semi-detached properties (particularly from families). Despite the high concentration of new build apartment developments within the city centre, these are not deemed popular, with family and first time buyer houses more in demand in suburban areas.
- 3.47 There are considered to be very few young people in the market overall, although those that are tend to be forced to buy in the less desirable parts of Chester (i.e. Chester Point in Blacon) where there is some affordable housing supply. Affordable housing outside of the city centre is generally concentrated in less desirable areas, and there is a lack of supply which dictates that those in need of affordable housing are limited to a few urban locations.

### *Urban / rural dynamic*

- 3.48 There is very little rural demand, with only retired couples looking to down-size and/or change their lifestyle interested in moving out of urban areas. They tend to look for barn conversion-type properties. However, more elderly people over retirement age tend to want to sell up and move back into urban areas, as cuts in services (post office, transport, shops) mean that rural areas are less appealing to more vulnerable and less mobile people with less of a disposable income. There is significant over-50's housing within the walls of Chester to cater for this demand. The compact nature of the city centre and number of apartments appeals to these type of people.
- 3.49 Families tend to prefer to live in suburban areas closer to school, shops, transport and amenities, and there is very little demand from families more than 5-10 miles from the urban edge of Chester, or bordering established residential areas e.g. Tarporley. These buyers need good infrastructure and amenities. Hoole and Broughton are also cited as

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areas popular with families. Congestion and the effects of the race course crowds on the town are cited as key reasons why families try to avoid central Chester.

- 3.50 The city centre is also attractive to investors with student lets, and businessmen who work in Chester during the week. A significant amount of development activity within Chester has targeted young people and first time buyers.
- 3.51 In terms of sales, rural/semi-rural sales slow considerably in winter, but in Summer 2010 there was little difference in the level of demand between rural and urban areas (Humphreys of Chester). There is a lack of supply in rural areas, with the outskirts of central Chester proving increasingly popular.
- 3.52 There is very little feel in the market as to whether young people are being 'forced' out of urban areas and into Chester in order to access housing. The only recognised trend is that of more wealthy retired couples looking to move into more rural areas, with families more attracted to urban areas.

#### *Summary*

- 3.53 The above paints a picture of the economic drivers that are directing the housing market across Cheshire West & Chester.
- 3.54 The area will display demand for providing the type of housing that would meet the needs of Professionals and, to a lesser extent, Associate Professionals. At this stage it would seem reasonable to suggest that suburban locations would be preferred by these occupation types. Suburban neighbourhoods can specifically be found in Chester and the other principle towns. Exact reference to market areas cannot be made at this stage without earnings data to compare to affordability.
- 3.55 At the other end of the scale, the loss of population particularly within the Skilled / Service Occupations and other low value occupations (whether this is in manufacturing or services) will have further implications for the housing market. The expansion occupation sectors are however offset, as demonstrated by the aggregated net housing balance, by other occupation sectors seeing demand fall.
- 3.56 In order to plan for the needs of the Professional sector (and other growth sectors), it is first important to understand the relative supply / urban capacity position across the study area. Is there sufficient housing land available, in the types of areas that will attract these

occupational groups, to meet the demand? The needs of this sector are such that this, in the main, will not be targeted into the inner areas of Cheshire West & Chester and, indeed, the inner areas of Chester.

- 3.57 Set against figures within the SHMA however, it is evident that there is acute housing pressure within Chester for market housing and affordable housing. The SHMA itself makes recommendations over the number of apartments, houses and bungalows required to meet market needs.

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## 4. Potential Housing Land Supply

- 4.1 The section analyses the borough's position in terms of potential housing land supply.
- 4.2 Cheshire West & Chester Council recently published its Final Draft SHLAA, which seeks to demonstrate a sufficient supply of potential sites suitable, available and achievable for residential development.
- 4.3 The draft SHLAA identifies the current housing land position for CWaC. The RSS target is for 1,317 units to be delivered per annum as at April 2010, this represents 4 years worth of supply within the 5 year supply category and therefore there is a shortfall of housing delivery across the borough. Within Chester, 1,324 units have been identified as part of the 5 year supply (c. 25%)
- 4.4 Therefore, there is a clear shortfall of identified sites. Before identifying potential sources of additional housing numbers, a review of the SHLAA is provided below.

### Final Draft SHLAA 2010

- 4.5 Sites excluded from the Final Draft SHLAA include:
- sites with a high level of flood risk (i.e. Zones 3a and 3b) excluding town centres locations in Winsford and Northwich;
  - sites comprising playing fields and designated open space; and
  - sites below 0.4 hectares without planning permission.
- 4.6 With regards to establishing the net developable area of sites included in the Final Draft SHLAA, the following assumptions are applied:
- up to 0.4 hectares – 100% developable
  - between 0.4 and 2 hectares – 80% developable
  - 2 hectares or above – 60% developable
- 4.7 The remainder of this section will present findings of the Final Draft SHLAA at two geographical levels: (a) the City of Chester; and (b) the wider Cheshire West & Chester

area. For the purpose of this Study, the findings (and related assumptions) are taken at 'face value'.

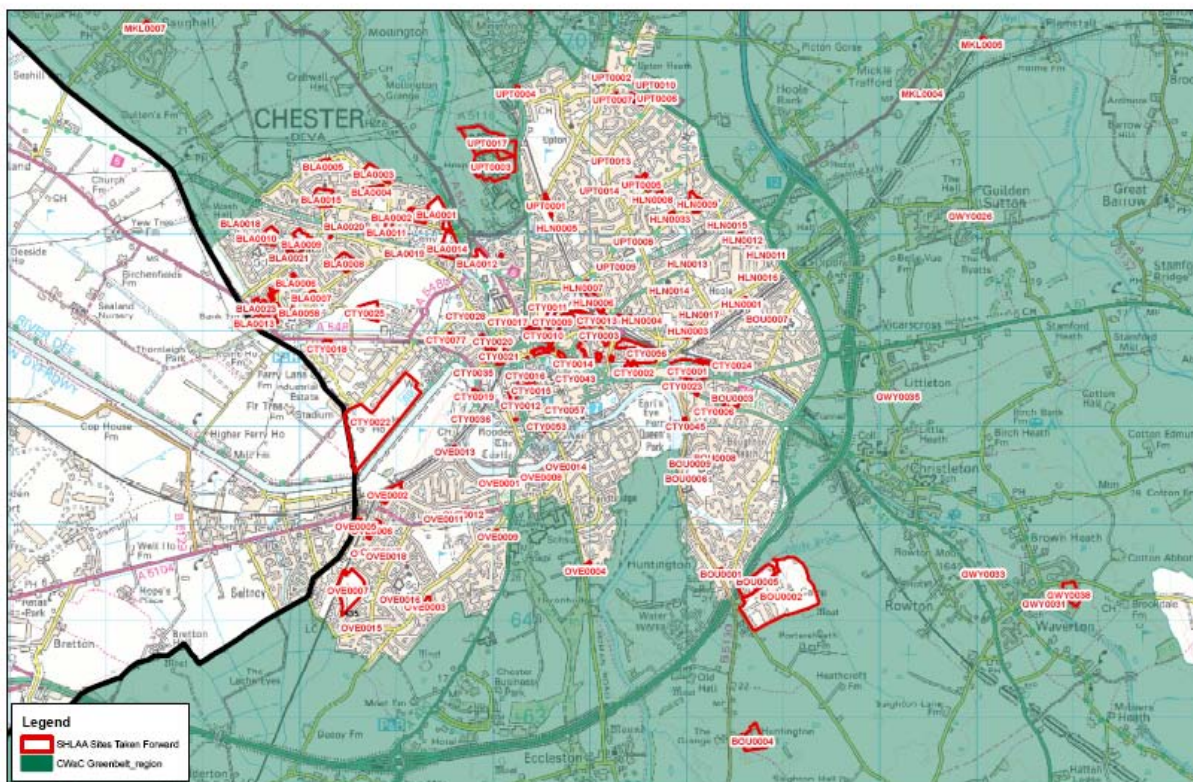
#### *City of Chester SHLAA Sites*

4.8 There are 133 SHLAA sites identified within the City of Chester, distributed within the following wards:

- Blacon;
- Boughton Heath & Vicars Cross;
- City;
- Hoole & Newton;
- Overleigh; and
- Upton.

4.9 Figure 4.1 below defines the boundaries of the 'City of Chester' in the context of the Study.

Figure 4.1: City of Chester



Source: Cheshire West and Chester Council

4.10 Table 4.1 below shows that nearly three-quarters of SHLAA sites within the City of Chester (97) are less than one hectare; this skew towards smaller sites is to be expected given the predominantly ‘infill’ nature of residential development within urban areas. The more suburban sites identified are generally lacking within the 0 – 5 year supply.

4.11 A further 17 sites are between 1 and 2 hectares, whilst 12 sites are between 2 and 5 hectares.

Table 4.1: Number of sites (by site area) within City of Chester

	0-1 ha	> 1-2 ha	> 2-5 ha	> 5-10 ha	> 10 ha
Number of sites (by site area)	97	17	12	3	4

Source: Cheshire West and Chester Council

4.12 There are four sites over 10 hectares identified within the City of Chester. These are situated on the edge of the urban area, as follows:



- Saughton Camp, Sandy Lane, Saughton (34 hectares) – This site is located to the southeast of Chester, beyond the A55, and has outline planning permission for 833 dwellings.
- Rear of Bumpers Lane tip (31.89 hectares) – This employment site on the eastern edge of Chester is identified with an estimated capacity for 781 dwellings.
- Land at Countess of Chester (10.13 hectares) – This Green Belt site to the north of Chester is identified with an estimated capacity for 266 dwellings.
- Upton Dene, Liverpool Road, Upton (12.01 hectares) – This previously developed site to the north of Chester is identified with an estimated capacity for 154 dwellings.

4.13 These key sites are discussed in more detail below.

4.14 Table 4.2 below shows the potential number of dwellings by site density (i.e. dwellings per hectare) within the City of Chester. Only sites above 0.4 hectares are considered given that sites below 0.4 hectares achieve ‘unreasonably high’ densities by virtue of their size; such sites account for 828 dwellings in total (all of which have planning permission).

4.15 The Final Draft SHLAA identifies a potential housing supply for 3,792 dwellings at 35 dph (i.e. family housing) and – perhaps reflective of current market conditions – only 970 dwellings at 50 dph (i.e. high density flats). Only 268 dwellings are expected to come forward at less than 35 dph; such housing is generally associated with larger, high value dwellings in suburban locations.

**Table 4.2: Potential housing supply (by site density) within City of Chester**

	< 35 dph	35 dph	50 dph
Potential number of dwellings (by site density)	268	3,792	970

**Source: Cheshire West and Chester Council**

4.16 This spread of densities is likely to be influenced by old PPS3 policy requiring housing developments to be a minimum of 35 dwellings per hectare. Current housing market conditions mean that developers are seeking to reduce densities to target larger family homes that have sufficient equity to move in present conditions, this is at the expense of smaller First Time Buyer units.

4.17 The lack of potential sites for housing below 35 dph (i.e. those capable of providing larger, detached and semi-detached properties) is seemingly at a mismatch with the ‘expansion

demand' figure attributed to *Professionals* in the previous section (i.e. 3,100 jobs). This occupational group has a strong bias towards high value, executive-type housing which is typically developed at lower densities. However, it is considered that developments around the 35 dwellings per hectare density should be able to comfortably deliver a mix of 2, 3 and 4 bed homes. Importantly, these will need to be sited in areas which support the Professional occupation groups (i.e. suburban)

4.18 Table 4.3 below shows Chester's potential housing supply over a period of 15 years (and beyond). Of the overall potential housing supply (5,858 dwellings), almost a quarter (1,324 dwellings) is to be delivered within 1-5 years. A considerable proportion of this potential housing supply is expected to come forward in 11-15 years (1,448 dwellings), or in 16 years or more (980 dwellings); the deliverability of these sites is open to question given the timescales.

**Table 4.3: Potential housing supply (by phase) within City of Chester**

	1-5 yrs	6-10 yrs	11-15 yrs	> 16 yrs	Total
Potential number of dwellings	1,324	2,106	1,448	980	5,858

Source: Cheshire West and Chester Council

4.19 As aforementioned, the four largest sites within the City of Chester include:

- Saughton Camp, Sandy Lane, Saughton (34 hectares);
- Rear of Bumpers Lane tip (31.89 hectares);
- Land at Countess of Chester (10.13 hectares); and
- Upton Dene, Liverpool Road, Upton (12.01 hectares).

4.20 The Saughton Camp site already has outline planning permission for 833 dwellings; this site will provide family housing at a density of 35 dph. In terms of supply, 60 dwellings are expected to come forward within 5 years (with 200 in 6 to 10 years, 200 in 11 to 15 years, and 373 thereafter).

4.21 The Upton Dene site is currently under construction; all 154 dwellings are expected to come forward within 5 years.

4.22 Going forward then, the two other 'largest' sites within the City of Chester will become key sites in terms of meeting the supply/demand gap. These sites should provide high value, executive-type housing as required by *Professionals* and should be able to keep pace with market demand in the short-term.

4.23 Table 4.4 below shows the number (and area) of sites excluded from the Final Draft SHLAA. A total of 215 sites were omitted within the City of Chester (equating to 485 hectares). A considerable proportion of these omitted sites were below the minimum site size of 0.4 hectare.

**Table 4.4: Omitted SHLAA sites within City of Chester**

Number of omitted sites in total	Area of omitted sites in total (ha)	Number of omitted Green Belt sites	Area of omitted Green Belt sites (ha)
215	485	26	316

**Source: Cheshire West and Chester Council**

4.24 Of the 215 omitted sites, 26 sites were situated within the Green Belt (equating to 316 hectares). Notable omitted sites within the Green Belt include:

- Land at Abbots Well, Whitchurch Road (21 hectares);
- Land south of Saughton Camp, Sandy Lane (45 hectares); and
- Land west of Wrexham Road, Lache Eyes (185.3 hectares).

#### *Wider Cheshire West & Chester SHLAA Sites*

4.25 There are 423 SHLAA sites identified within the wider Cheshire West & Chester area (excluding the City of Chester), with an estimated capacity for 30,133 dwellings. Table 4.5 below shows the timings of this potential housing supply. The majority of the supply is expected to come forward in 6-10 years (9,115 dwellings) or 11-15 years (9,377 dwellings), with around 16% (4,934 dwellings) to be delivered within 1-5 years.

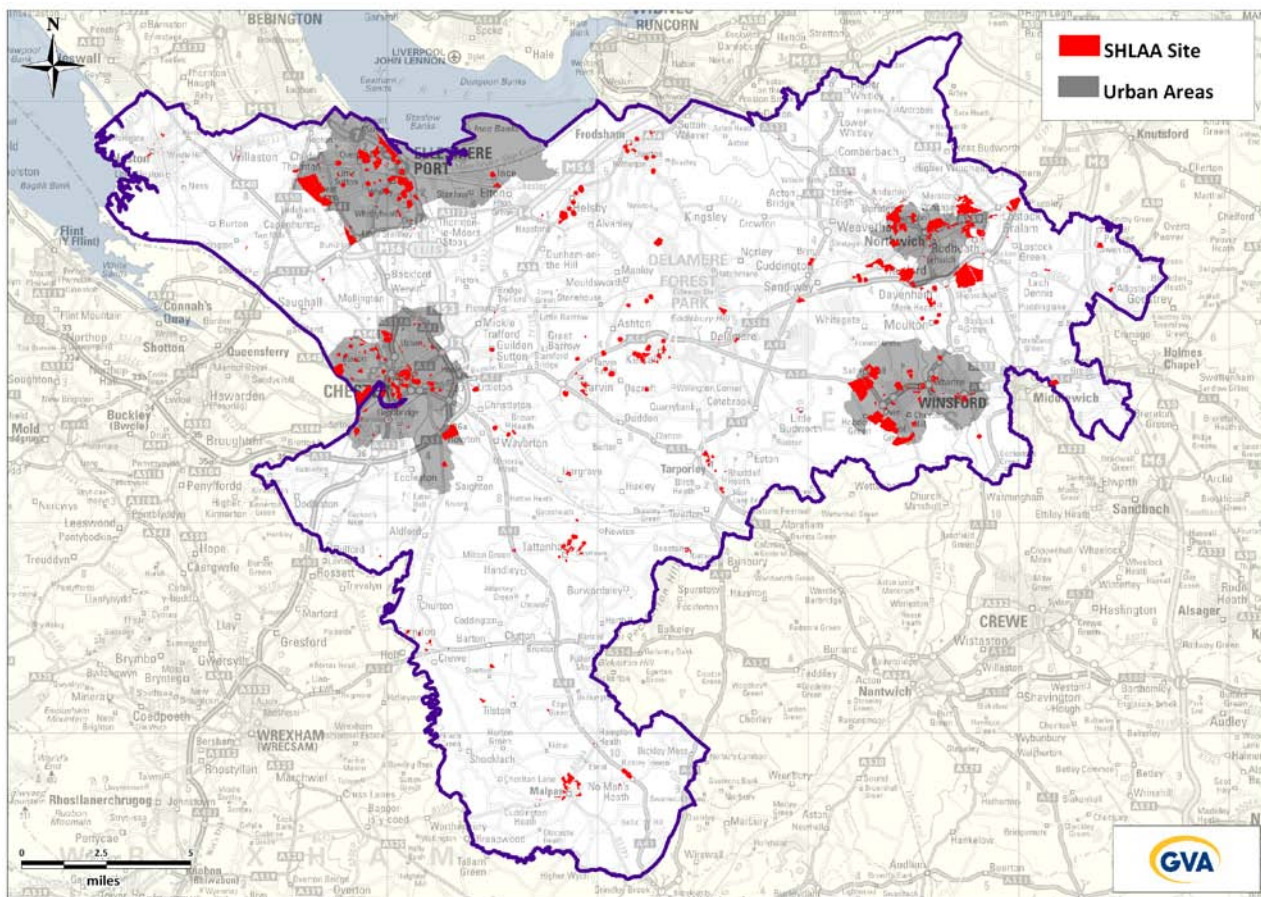
**Table 4.5: Potential housing supply (by phase) within Cheshire West & Chester**

	1-5 yrs	6-10 yrs	11-15 yrs	> 16 yrs	Total
Potential number of dwellings	4,934	9,115	9,377	6,707	30,133

Source: Cheshire West and Chester Council

- 4.26 The total number of SHLAA sites taken forward across Cheshire West & Chester as a whole equates to 35,991 dwellings. From our breakdown of SHLAA sites, it is clear that the City of Chester accounts for around 16% (5,858 dwellings) of this potential housing supply.
- 4.27 In addition to the Green Belt 'Land at Countess of Chester' site within the City of Chester, the Final Draft SHLAA includes two Green Belt sites within the wider Cheshire West & Chester area. Both of these sites fall within the Eddisbury ward to the east of the borough, as follows:
- Eden Vale Factory, Warrington Road, Cuddington (3.84 hectares) – This site is situated c. 5 kilometres to the west of Northwich and has an estimated capacity for 160 dwellings at 35 dph.
  - Former Marley Tile Works, Station Road, Delamere (7.11 hectares) – This site is situated c. 10 kilometres to the southwest of Northwich / northwest of Winsford and has an estimated capacity for 171 dwellings at 30 dph.
- 4.28 Spatially, it is apparent that the borough's potential housing land supply is primarily concentrated in and around Chester (c. 16%) and, to a lesser extent, the smaller settlements of Ellesmere Port, Northwich and Winsford (refer to Figure 4.2 below).

Figure 4.2: Spatial distribution of potential housing land supply across CWaC



Source: Cheshire West and Chester Council

4.29 Table 4.6 below shows that, in total, 361 sites were omitted within the wider Cheshire West & Chester area (in addition to those omitted within the City of Chester); these sites equate to 1,929 hectares. The majority of these omitted sites were below the minimum site size of 0.4 hectare, whilst 186 sites (or 1,598 hectares) were designated Green Belt.

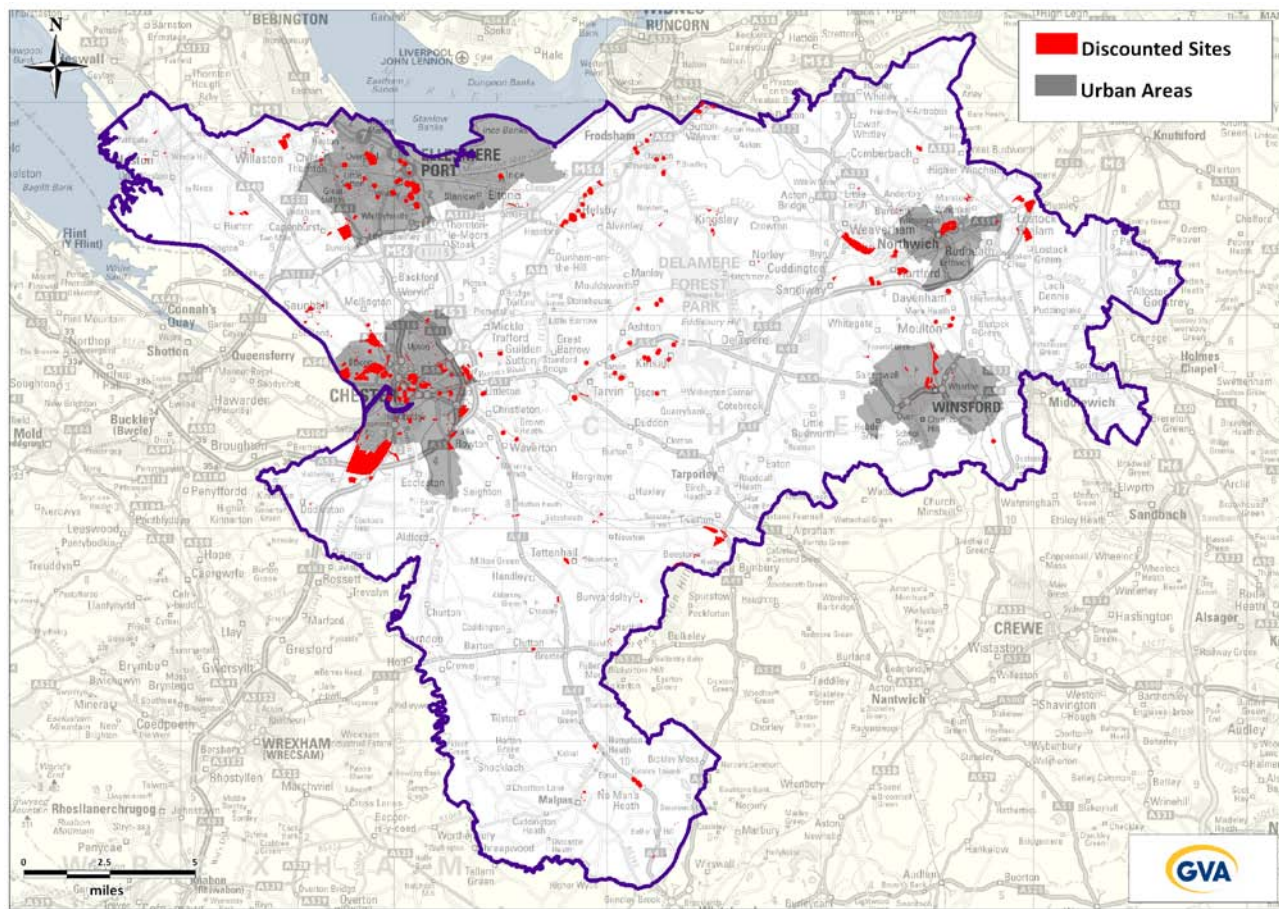
Table 4.6: Omitted SHLAA sites within Cheshire West & Chester

Number of omitted sites in total	Area of omitted sites in total (hectares)	Number of omitted Green Belt sites	Area of omitted Green Belt sites (ha)
361	1,929	186	1,598

Source: Cheshire West and Chester Council

4.30 Figure 4.3 below shows the spatial distribution of sites omitted from the SHLAA within the borough. It is clear that a number of these sites fall within and on the edge of Chester’s urban area.

Figure 4.3: Spatial distribution of sites omitted from the SHLAA



Source: Cheshire West and Chester Council

### Supply Analysis

- 4.31 The Core Strategy Issues and Options Report identifies growth within the short-listed options for Chester.
- Option 1A: Regeneration based development (Chester 10% to 30%)
  - Option 1B: Chester based development (Chester 30% to 40%)
  - Option 1C: Weaver Valley based development (Chester 10% to 30%)
  - Option 1D: Balanced development (Chester 20% to 30%)
- 4.32 The Core Strategy Options have Chester delivering between 10% and 40% of the potential dwellings within CWAC. Through comparing the figures in Tables 4.3 and 4.5, it is possible to compare the potential number of dwellings against the mid-point of delivery requirement from the Core Strategy Options.

**Table 4.7 Percentage of units in Chester against the entire potential supply in Cheshire West**

	1-5 yrs	6-10 yrs	11-15 yrs	> 16 yrs	Total
Potential number of dwellings CWaC	4,934	9,115	9,377	6,707	<b>30,133</b>
Potential number of dwellings Chester	1,324	2,106	1,448	980	<b>5,858</b>
Percentage	27%	23%	15%	15%	<b>19%</b>
Option 1A Midpoint	20%	20%	20%	20%	<b>20%</b>
Difference	7%	3%	<b>-5%</b>	<b>-5%</b>	<b>-1%</b>
Options 1B Midpoint	35%	35%	35%	35%	<b>35%</b>
Difference	<b>-8%</b>	<b>-12%</b>	<b>-20%</b>	<b>-20%</b>	<b>-16%</b>
Option 1C Midpoint	20%	20%	20%	20%	<b>20%</b>
Difference	7%	3%	<b>-5%</b>	<b>-5%</b>	<b>-1%</b>
Option 1 D Midpoint	25%	25%	25%	25%	<b>25%</b>
Difference	2%	<b>-2%</b>	<b>-10%</b>	<b>-10%</b>	<b>-6%</b>

Source: Cheshire West and Chester Council

- 4.33 Through using the mid point values for delivery it is clear that across all 4 Options Chester would fail to deliver on the required level of housing. If the minimum figures were used then Options 1A and 1C would be deliverable, however 1B and 1D would still be undeliverable. On this basis it is considered that Chester has a lack of supply over this entire period.
- 4.34 In the 1-5 year period, Chester could deliver on all but Option 1B of the Core Strategy against the current allocated dwellings. However, it is also recognised that there is an overall shortfall within the 5 year supply so this basis of comparison is skewed.
- 4.35 This data also shows that the overall supply in Chester is front-loaded and decreases over time; it is suggested that the rejection of Green Belt sites within the SHLAA is causing this to tail off.

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## 5. Conclusions & Recommendation

- 5.1 In summary it is evident that demand is outstripping supply across the Borough and within Cheshire West as evidenced by the SHMA and the inability to deliver a 5 year housing supply within the SHLAA.
- 5.2 At Section 2, the employment forecasts presented in Figure 2.4 indicate negligible growth in Cheshire West & Chester over the plan period (up to 2027). Despite this, the borough is expected to 'catch up' with the region in regards to the rate of employment growth. For the purpose of the Study however, it has been necessary to look beyond such headlines and identify the sub-sectors driving long term and short term growth in Cheshire West & Chester; those high growth sub-sectors will essentially determine net occupational requirements and, in turn, the types and locations of new housing development required to satisfy demand.
- 5.3 Table 2.8 sets out forecast high growth sub-sectors across the borough. It is evident that services (including banking and finance) dominate those sub-sectors that are expected to deliver both high output and employment growth. Figure 2.5 supports this, indicating that service sub-sectors in particular are forecast to post above average growth in investment; these are explicitly 'Chester sub-sectors'.
- 5.4 At Section 3, the Study considers the impact of economic drivers on the housing market in Cheshire West & Chester. Figure 3.3 shows that expansion demand (i.e. net employment change arising from growth) is skewed towards higher order occupations. Accordingly, more jobs are forecast to be created for Professionals and Associate Professionals than any other occupational group over the plan period. The borough will therefore need to provide for the needs of this growth sector, which are focused upon high quality, higher value and larger accommodation at desirable locations within and on the edge of the City of Chester. Evidence from the SHMA has been highlighted demonstrated acute housing pressures across the borough, including Chester.
- 5.5 On the supply side in Section 4, the SHLAA has demonstrated to show a shortfall in housing land across the borough, including Chester. This places further pressure on existing developments coming forward.



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5.6 This study was set against three hypotheses in the introduction;

*Hypothesis 1 - that, the City of Chester can provide the required levels of new residential development to support the economic potential of the City, without any need for change to the Green Belt.*

5.7 It is possible to reject this hypothesis based upon the supply side information alone. A review of the SHLAA has demonstrated that there is a lack of supply across the borough, including Chester. There are major developments on site in Chester and some larger developments that should help accommodate some of this requirement in the short-term.

5.8 Whilst it is difficult to forecast additional dwellings required on the prosperity approach alone in Chester, it has been shown that over the lifetime of the SHLAA there will be a lack of housing land within Chester itself to deliver against the 4 Options within the Core Strategy, this is particularly acute within Option 1B where development is focussed in Chester.

5.9 The SHLAA for the Chester area only includes two major sites within the Green Belt, Saughton Camp and the Countess; all other Green Belt sites were automatically discarded through the process. Given that an extensive exercise and "Call for Sites" has been undertaken to identify new housing land it is reasonable to suggest that, because of this marginality, further work is recommended to identify additional sites to make up any shortfall in housing requirement that is eventually identified for Chester when the final SHLAA is published; this would most likely have to consider sites within the Green Belt given the current shortfall.

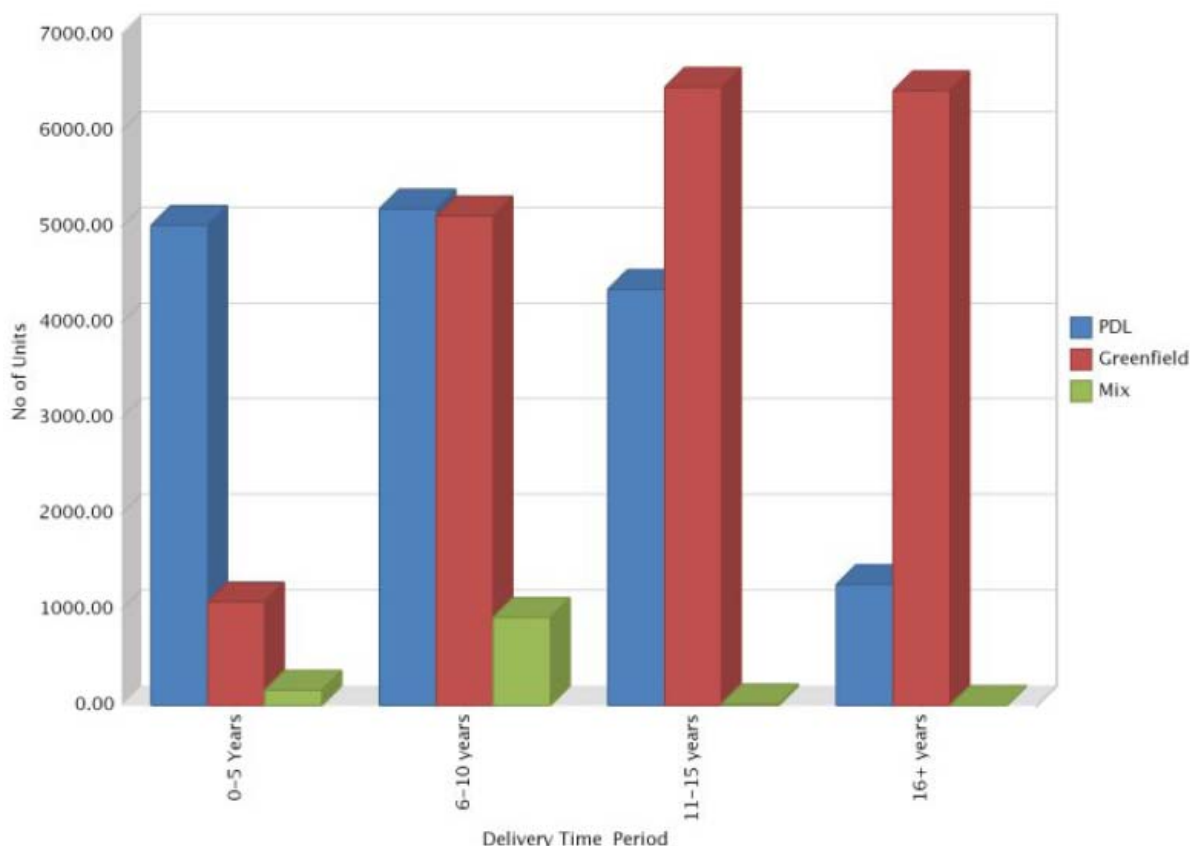
5.10 Consideration should be given to delivery on Council assets to accelerate supply within the City. This shortage across the borough therefore infers that additional housing is required sooner to meet demand in the development pipeline to ensure that growth can be accommodated

5.11 It would therefore appear reasonable to reject this hypothesis given the shortfall of housing land supply.

*Hypothesis 2 - that, the City of Chester needs a significant level of new residential development to support the economic potential of the city, which would warrant a potential change to the Green Belt.*

- 5.12 Economic analysis has show that at the headline level, employment forecasts show modest growth. However, there is an anticipated shift towards high occupation levels which in turn suggests there will be a shift in demand for larger family homes. As described, the SHMA has demonstrated and annual shortfall of 1,289 market units and 426 affordable units in the City of Chester.
- 5.13 On the supply side, the SHLAA itself tends to react to the market through consolidating sites already within the planning system, or suggesting sites submitted in a "Call for Sites" exercise. For the longer term prospects of Chester it is feasible that more Open Countryside and even Green Belt may be required for release to support housing and economic growth. The SHLAA clearly demonstrates that through the approach taken, greenfield sites have been accommodated to the back of the delivery programme, as indicated by Figure 5.1

Figure 5.1 Supply of Greenfield and PDL Land



Source; Cheshire West and Chester

- 5.14 There is a clear surge in Greenfield site potential from the 5 year supply, just above 1,000 units, to the 6-10 year supply which has over 5,000 units.
- 5.15 Table 4.7 demonstrated that delivery in the SHLAA was front loaded in Chester before almost halving through the life of the SHLAA, most likely down to the automatic rejection of Green Belt sites, in line with current policy.
- 5.16 As such it is possible to accept the hypothesis on two elements. Principally, there is a lack of supply within Chester to deliver against SHLAA targets on a percentage basis and as the SHLAA is failing to identify supply as a whole.
- 5.17 The Core Strategy Preferred Option will advise on the broad locations for housing growth. It is proposed that CWaC need to consider the impact of the Prosperity Study on this supply position, but a strategic approach is required that addresses the lack of available

sites, which based on the information above will involve a review of green belt in certain locations. It will be important that such a review is not undertaken on a piecemeal basis.

- 5.18 Green Belt sites will need to be considered to make up this shortfall as a supply has failed to be identified through the current process. However, this should be looked at in conjunction with the rest of West Cheshire given the scale of greenfield development. It is recommended that any review of Green Belt and open space should continue to respect the sequencing of developing brownfield sites first, however, given the pace at which land markets move it is appropriate to consider the longer term prospects of the Borough beyond the 5 year supply now.

*Hypothesis 3 - that, this housing development could be provided elsewhere in the borough that would still support Chester's growth and would not involve Green Belt change.*

- 5.19 We conclude that this would not represent a sustainable approach given The make-up of sectors of growth within the borough, being distinctly 'Chester sectors'. This report concludes elsewhere that there is a need to identify new supply, to provide for the right type of housing in the right locations, but as part of a strategic review advocated above, any new land supply must focus on an alignment with the areas of growth, if internal commuting patterns and congestion are not to be exacerbated.

## Summary

- 5.20 The Study therefore concludes that, **the City of Chester needs a significant level of new residential development to support the economic potential of the city, which would warrant a potential change to the Green Belt.**