



Regeneration & Enterprise

Briefing Paper

Report of: Noel Holdstock (Forward Planning Manager)

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Open

West Midlands Regional Spatial Strategy Phase Two Revision Draft: Submitted Proposals

1. Purpose of Report

- 1.1 This report provides an update on the Regional Spatial Strategy Phase Two Revision and seeks Members views on submitted proposals and options produced by Nathaniel Lichfield and Partners.

2. Background

- 2.1 The West Midlands Regional Spatial Strategy was originally approved by the Secretary of State in June 2004, as Regional Planning Guidance 11. Subsequently in September 2004, with the commencement of the Planning Act 2004 it became a part of the statutory Development Plan for the Region, and now provides the guide for the preparation of Local Development Frameworks (which must be prepared in general conformity) and it may be directly material in the determination of planning applications.
- 2.2 When the document was approved a number of areas of work were identified for further review. The West Midlands Regional Assembly (WMRA) who are the Regional Planning Body responsible for preparing and submitting proposals to the Secretary of State decided to undertake the review work on a three phase basis. Phase 1, covering more detailed sub-regional work on the Black Country, was approved by the Secretary of State in January 2008, and the amendments have been incorporated into the Regional Spatial Strategy document available on the Government Office West Midlands (GOWM) website.

- 2.3 Phase 2 review work covers elements of the chapters on Communities for the future, Prosperity for All, Quality of the Environment and Transport and Accessibility. The key policy areas covered include Development of a Sustainable Region, Housing, Employment, Town and City Centres, Waste Management and Transport. The Phase 3 work, on which initial work has begun, will cover issues including rural services, gypsies, culture sport and tourism, and other environmental issues such as flooding, green belt and minerals.
- 2.4 Extensive public consultation on the Phase Two draft Spatial Options was undertaken in early 2007 and the Regional Assembly developed the preferred option during Summer 2007 before approving the Draft submission proposals on 23rd October 2007. The proposals were then submitted to Government and published for formal representations on 7th January 2008. Originally it was intended that the closing date for receipt of representations would be 28th March 2008. However, on 7th January the Government advised that it had concerns regarding the scale of housing provision proposed in the light of the Housing Green Paper aim of boosting housing delivery in order to improve affordability. As a consequence GOWM commissioned consultants Nathaniel Lichfield & Partners, to look at options that could deliver higher housing numbers, this work was published on 7th October, and in order to allow consultees to comment on this work the deadline for representations has been extended until 8th December 2008.
- 2.5 The submission proposals are set out in the West Midlands Regional Spatial Strategy Phase 2 Revision Draft Preferred Option December 2007 document, which has been circulated in electronic format to Committee Members. A raft of supporting documents were also submitted including, the Sustainability Appraisal and a draft Implementation Plan, together with a range of technical studies which form part of the evidence base, these documents can be accessed through the Assembly's website at www.wmra.gov.uk.
- 2.6 The Nathaniel Lichfield and Partners report on the Development of options for the West Midland RSS in Response to the National Housing and Planning Advice Unit Report on regional housing provision, together with supporting appendices and background documents including Sustainability Appraisal are available from their website at www.nlppanning.com/wmrsshousingoptions. The Executive Summary is attached at Appendix 2 to this report.
- 2.7 The Phase Two submission proposals seek to maintain the key principles of the existing strategy which represents a significant

change in direction with a focus on urban renaissance and reversing the movement of people and jobs away from the Major Urban Areas. The continuing trend towards decentralisation was seen as a key unsustainable trend which the Strategy seeks to reverse.

- 2.8 Proposals cover the period up to 2026 and provide guidance on housing and employment provision down to District level and retail and office floorspace provision for each of the strategic centres. For Wyre Forest, the key headline figures for the period 2006 – 2026 are 3,400 net additional dwellings, 33 hectares of employment development, and for Kidderminster 35,000 sq.m of comparison retail floorspace with a further 40,000 sq.m of offices.
- 2.9 The Local Development Framework (Core Strategy Review) Panel considered the submitted proposals and the Nathaniel Lichfield report on 29th October and the Panel recommendations are attached at Appendix 3 to this report.

3. Key Issues

Draft Preferred Option Housing Provision

- 3.1 The submitted Preferred Option makes provision across the Region for 365,000 dwellings (net of demolitions) for the period 2006 – 2026. This level of provision is slightly below the high level Option Three put forward in the Spatial Options consultation in 2007. For Wyre Forest District, the Preferred Option requires the provision of 3,400 dwellings net between 2006 – 2026. This equates broadly to the Option Two and Three proposals for 4,700 dwellings gross provision 2001 – 2026, together with an additional 1,000 dwellings (which was proposed by the District Council in order to secure regeneration opportunities and utilise available brownfield site capacity). The difference in the figures arises from the shortened timescale and expression of provision in terms of net number of dwellings.
- 3.2 A provision of 3,400 dwellings would be sufficient to meet the projected local needs or natural increase in household formation 2006 – 2026 of 3,000 (based on the 2004 ONS projections). However, it would not cater for the potential demands arising from migration into the District, which based on recent past trends, is projected as 3,700 giving a combined total of 6,700.

- 3.3 These migration projections are likely to have been influenced by the relatively high levels of housing completions that occurred in the District during the period 2000 – 2004 when a significant number of key brownfield sites became available for redevelopment. In addition the current RSS is seeking to counter the unsustainable outward movement of people from the Major Urban Areas. The strategy to identify 10 towns as Settlements of Significant Development which are capable of balanced and sustainable growth, means that development within Worcestershire will be concentrated at Worcester and Redditch. In view of the location and economic prospects of the Wyre Forest area the provision of significant additional housing to meet a continuation of recent migration flows would be likely to promote unsustainable patterns of commuting.
- 3.4 The provision of 3,400 dwellings for Wyre Forest would require an annual average build rate of 170 dwellings net. This would be lower than the average rate of 360 achieved between 2001 – 2006 but more in line with the gross annual completion rate of 204 dwellings in the previous 5 year period 1996 – 2001.
- 3.5 However, whilst provision of 3,400 dwellings would be sufficient to meet projected local needs to 2026 there are currently very strong pressures to deliver more affordable housing the District, as evidenced by the recent work of the South Housing Market Area partnership. The Strategic Housing Market Assessment for the area published in March 2007 showed that there is an annual need for 175 units of subsidised affordable housing. A recent update of this study prepared earlier this year indicates that this annual need has grown to 384 units due mainly to an increase in the rate of backlog needs reduction.
- 3.6 Clearly it would not be feasible, or desirable, for all the new housing provision within the District to be solely affordable housing. Thus with a build rate of 170 dwellings a significant shortfall in affordable housing provision will remain and could give rise to serious problems in the future in housing people on low and moderate incomes. Delivery of more affordable housing is a key corporate priority for the Council. Therefore a strong emphasis will need to be placed on maximising all opportunities to deliver affordable housing through the Local Development Framework, through appropriate policies and site allocations.

- 3.7 Of the 3,400 dwellings allocated to Wyre Forest 2006 – 2026, 489 have been completed (net of demolitions) between April 2006 and March 2008. As at the 1st April 2008 committed sites had a net dwelling capacity of 1,519 which would lead to a need to identify sites for approximately a further 1,400 dwellings up to 2026. Having regard to work undertaken on potential brownfield sites availability it is clear that this scale of future provision could be accommodated on brownfield sites in sustainable locations, without requiring either greenfield or Green Belt site releases.

Draft Preferred Option Employment Land Provision

- 3.8 Employment Land Provision is set out in revised Policy PA6A and is based on a revised approach to that put forward at preferred options stage being now more closely aligned to distribution of housing across the Region.
- 3.9 A rolling five year reservoir of readily available employment land is proposed for each district together with an indicative long-term provision to 2026. These long-term requirements are seen as cautious figures that will need to be the subject of testing and possible revision through the Core Strategy preparation process.
- 3.10 For Wyre Forest District an overall indicative total provision of 33 hectares is proposed 2006 – 2026 within which a rolling reservoir of 11 hectares should be readily available. These figures represent a substantial increase over those put forward in the Spatial Options consultation of 10 – 15 hectares total provision over the longer time period of 2001 – 2026 and a readily available reservoir of just 3 hectares. Although the indicative reservoir figure falls slightly below the lower end of the range of 40 – 50 hectares (2001 – 2026) sought by the District Council in response to the Options Consultation, it is now more closely aligned to housing growth levels and provisions in other districts.
- 3.11 Projecting future employment land requirements are widely accepted as being a very difficult task with a number of different methodologies used. Some uncertainty exists, particularly in the long term, over the potential structural changes to the manufacturing sector and the likely growth in the service and knowledge based sectors which will have implications for future land use requirements.
- 3.12 In view of the opportunity to reassess long term indicative requirements through the LDF Core Strategy process, the level of provision proposed for Wyre Forest District would appear to provide an appropriate starting point for the more detailed consideration at the local level.

Draft Preferred Options other Policies and Issues

- 3.13 Details of proposed policy changes relating to sustainability, communities for the future (housing policies), prosperity for All (employment land policies) and Transport and Accessibility, (selected policies only relating to parking, airports and investment priorities) are set out in Appendix 1 along with recommended responses. Within the Quality of the Environment chapter a new suite of 12 regional waste policies are proposed in order to guide the preparation of LDFs. These revised waste policies appear to generally conform to national Planning Guidance and to provide a reasonable and acceptable regional framework to guide Waste Core Strategies. As Waste Planning Authority, the County Council are best placed to raise any detailed technical issues in relation to the County area.

Nathaniel Lichfield & Partners additional housing options

- 3.14 The National Housing and Planning Advice Unit (NHPAU) was created by the Government in response to Kate Barker's Review of Housing Supply 2004, which identified demand for housing was outpacing supply and this was pushing up prices, with a detrimental impact on affordability.
- 3.15 The NHPAU is an independent body which includes some of the country's leading economists. The Housing Green Paper in 2007 required the NHPAU to issue formal guidance at the beginning of the RSS preparations on the ranges of housing provision required to be considered over a 15 to 20 year period. Draft guidance was issued in October 2007, after the WMRA had approved the RSS2 Preferred Option submission based on the Department for Communities and Local Government (DCLG) household projections.
- 3.16 In June 2008 the NHPAU published a final housing supply range taking account of demographic, economic and affordability trends. This range is intended to be tested through the RSS preparation process, including during the testing of different options and at the subsequent Examination in Public (EIP).
- 3.17 However, in view of the advanced stage in preparing the RSS2 proposals, it has not been possible for the WMRA to undertake this work as an integral part of the development and testing of spatial options.
- 3.18 Instead Nathaniel Lichfield and partners (NLP) were appointed by GOWM in April 2008 to look at options for accommodating higher levels of growth in line with the ranges set out by the NHPAU.

- 3.19 NLP published their final report at the beginning of October and the Executive Summary is attached as Appendix 2 to this report. GOWM have stated that the NLP study will be a key part of the evidence supplied to the EIP process in Spring 2009 and that the report is not pre-empting either the questions or the judgements that are for the Public Examination.
- 3.20 The NLP study initially tested 9 options involving between 12,300 – 80,700 additional dwellings to the submitted Preferred Option provision of 365,000 dwellings 2006 – 2026. These 9 options have been reduced to 3 namely:
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|---|-------------------|-----------------------------|
| 1 | South East Focus | 51,500 additional dwellings |
| 2 | Spreading Growth | 54,000 additional dwellings |
| 3 | Maximising Growth | 86,000 additional dwellings |
- 3.21 NLP have dismissed the lower end range of 12,300 additional dwellings as being of a 'de-minimis' nature capable of being achieved in a number of ways, without doubts concerning impacts on deliverability.
- 3.22 For Wyre Forest District, the three NLP options show an additional 400 dwellings rural provision (giving a District total of 3,800 dwellings 2006 – 2026) in order to improve rural affordability.
- 3.23 For neighbouring authorities such as Bromsgrove, the options involve substantial increases of between 5,000 – 7,500 dwellings to accommodate urban extensions to either or both Birmingham and Redditch, whilst for the three south Worcestershire authorities options range from 3,000 – 5,500 dwellings (comprising 1,500 additional rural provision, up to 2,500 adjacent Worcester and 1,500 from the Middle Quinton eco town proposals). No additional provision is proposed in the Black Country (including Dudley) or South Staffordshire.
- 3.24 The NLP report concludes that it is possible to deliver higher levels of housing without undermining the urban renaissance strategy of the Region.

Suggested comments on NLP Study for submission to GOWM

- 3.25 **General**
- Express concern over the speed of preparing such a report covering a complex range of issues, which have not been considered as an integral part of the generation and evaluation of spatial options as originally undertaken by WMRA.
 - Has lead to the consideration of housing in isolation from other elements of the revision proposals namely, employment land, retail and office provision.

- No clear explanation is given in the report as to why the lower end range option is not being put forward as a scenario for consideration at the EIP, particularly as this lower level NHPAU projection corresponds with the government's objective of delivering 3 million houses across England by 2020.
- In view of the recent down turn in the housing market which is predicted to last for up to two years, it will be very difficult to boost housing completions sufficiently quickly when the upturn cycle comes, in order to deliver the suggested higher levels. In addition there are concerns that Home Builders will 'cherry pick' easy to develop greenfield sites outside the MUA when housing market activity does pick up, in order to secure quick returns.
- Recent Ministerial announcements concerning limiting the scale of long term net international migration from beyond the EU may lead to the need for downward revisions to the NHPAU national and regional projected ranges.

3.26 District Specific

- Additional provision of 400 dwellings in Wyre Forest District in order to improve affordability in rural areas, is unlikely to make any significant impact on lower end market affordability due to the proximity of the conurbation and the attractiveness of the rural area for commuters. Whilst it is acknowledged that there is a problem of declining affordability within the rural areas this is best resolved through allocating small scale targeted affordable housing sites rather than encouraging market housing through a general increase in total housing provision.
- If additional provision is made for a further 400 dwellings in Wyre Forest District then a commensurate uplift of approximately 4 hectares in the indicative Employment Land provision for the District should be included under Policy PA6A.

4. Next Steps

- 4.1 The Phase Two Revision proposals and the additional options will be considered by Cabinet on 20th November, with Council on 26th November approving the formal response.
- 4.2 An Examination in Public (EIP) will be held by an Independent Panel to assess the soundness of the submitted proposals and issues raised in representations. The EIP is expected to start at the end of April 2009 and last several weeks. Normally the Panel report is submitted to the Secretary of State within two months of the close of the Examination. In line with PPS11 the Secretary of State would aim to issue proposed changes for consultation within a further four months with final adoption

some four months later. However, recently in other Regions this timetable has been significantly extended, particularly in respect of the Secretary of State's response.

5. Options for the Committee

5.1 The Committee may wish:

- to endorse and recommend to Cabinet, the responses to the Draft Preferred Option proposals, as set out in Appendix 1 to this report, and the response to the Nathaniel Lichfield & Partners report as set out in paragraphs 3.25 – 3.26 of this report.
- to endorse and recommend to Cabinet the additional draft responses recommended by the LDF Panel as set out in Appendix 3 to this report.
- to recommend additional or amended responses.

6. Appendices

6.1 Appendix 1: Proposed Representations on submitted draft Preferred Option

6.2 Appendix 2: Options for RSS Report; Nathaniel Lichfield & Partners Executive Summary

6.3 Appendix 3: Local Development Framework (Core Strategy Review) Panel recommendations on RSS2 and Nathaniel Lichfield & Partners report.

7. Background Papers

7.1 Report to Prosperity Policy Panel meeting 7th February 2007, on Regional Spatial Strategy Spatial Options

7.2 West Midlands Regional Spatial Strategy Phase Two Revision – Draft preferred Option December 2007, plus supporting submitted documents.

7.3 Nathaniel Lichfield & Partners: Development of Options for the West Midlands RSS in Response to the NHPAU Report, October 2008, plus supporting published documents.

Officer Contact Details:

Noel Holdstock

Forward Planning Manager

Tel. 01562 732550 (email: noel.holdstock@wyreforestdc.gov.uk)

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