

9.0 Conclusions

Introduction

- 9.1 This section of the document draws together the strands of the analysis, summarising and synthesising the different aspects of the appraisal. It explains three potential scenarios for delivering additional housing growth in the region.
- 9.2 The appraisal of the options has been explained in this report, and have a number of different elements, which are:
- The assessment of impacts and risks, (Section 7.0 and in more detail in Appendix 3) which seeks to test the hypothesis, widely touted, that it is not possible for the Region to accommodate additional housing without giving rise to impacts that would, by any measure, be simply unacceptable;
 - The Sustainability Appraisal (set out in Volumes 4 and 5), which focuses upon appraising each of the options as a net addition to the RSS Preferred Option, benchmarked against the original SA of RSS Preferred Option Policy CF3. A review and update of the Baseline of the SA revealed that some of the original conclusions, in terms of Policy CF3, were not always supported by evidence or have been superseded by new evidence;
 - The assessment against the Habitat Regulations in terms of European Sites (See Volumes 6 and 7) where additional housing in each of the Options have been assessed using the same approach as that for the original HRA;
 - The assessment against the key policy principles of RSS and Government Policy for Housing, captured by the RSS Objectives and the provisions of PPS3 and the Housing Green Paper (principally discussed in Section 8.0 and in more detail in Appendix 4).
- 9.3 There are a number of very complex issues raised by the different aspects of the appraisal, and it has to be recognised that, in line with the original appraisal of spatial options earlier in the RSS process, this is a study assessing the implications of housing growth for the region, rather than a micro-assessment of individual local authorities. That said, the appraisal has been sufficiently fine grained to identify where local impacts are of such a scale that they have major influence on the ability of the Region to deliver each option.

Outputs of the Appraisal

- 9.4 This report has considered the range of options for additional housing growth, and the preceding sections of the report have considered the outputs of the appraisal: for each option; for each local authority / core strategy area; and thematically, including in terms of the key policy objectives. The following paragraphs flag up where key findings shape the emergence of the three scenarios.

Impacts and Policy

- 9.5 The assessment has identified that although there are number of localised impacts flowing from the options, these are, with some exceptions, impacts that are capable of being mitigated or avoided through reasonable planning at a more detailed level.
- 9.6 The appraisal against policy has identified that due to the absence of an agreed appraisal framework for measuring the performance of the Options, against each of the Objectives, any assessment against policy will be subject to interpretation. Of particular significance is the issue of impact on urban renaissance, in terms of market displacement, out-migration, or regeneration.

Although this was cited by some stakeholders, there is little evidence to substantiate these impacts, except in more fragile markets, such as North Staffordshire and, potentially, in parts of the Black Country. In these areas such impacts can probably be controlled through phasing and mix of development.

- 9.7 On the basis of the appraisal undertaken, the conclusion of this study is that there are no options which need represent a fundamental barrier to achieving the RSS objectives. Indeed, there is a case for saying that additional growth in some parts of the region could help achieve RSS objectives. On top of this, there is a clear issue that the RSS Objectives do not fully capture an explicit requirement for the region to meet its housing needs, albeit this is recognised in national policy.

Risks

- 9.8 The most significant risk is around the market's ability to deliver additional growth in areas where the RSS Preferred Option is already indicating significant increases from past rates (which are also often in areas where recent upsurges in output has been driven by the now rapidly declining and potentially deceased market for new-build apartments). From the developer perspective, there are real prospects that the current RSS Preferred Option will not be delivered in the MUAs, either in the short term (because of the downturn) but also in the medium to long term, due to the limited availability of land that is capable of being developed without funding.
- 9.9 Another risk is that the infrastructure to provide mitigation of impacts or to deliver appropriate transport solutions is not capable of being funded or delivered through land value and/or the public sector and this might mean growth in some locations being constrained.

SA

- 9.10 As with the SA (2007), the SA identifies a number of areas where, housing provision (options for housing growth and the growth scenarios identified later in this section would have a range of positive and negative impacts on the sustainable development objectives of the West Midlands Regional Sustainable Development Framework, January 2008).
- 9.11 The impacts on the "Sustainable Production and Consumption", and "Climate Change and Energy" objectives are broadly similar for all the scenarios (with policy CF3 of the Phase 2 Preferred Option) and the housing numbers in policy CF3 in isolation. Scenario 3 (highest growth scenario) could have a stronger negative impact on "Natural Resource Protection and Environmental Enhancement" objectives than Scenarios 2 and 3 and policy CF3, but Scenario 3 is likely to have a more positive impact on "Sustainable Communities" objectives than Scenarios 1 and 2 and policy CF3.
- 9.12 Particular issues include a generally elevated risk of flooding across the region, and some areas under particular threat (e.g. Warwick, Rugby, Worcester, Solihull). The level of risk cannot be quantified at this stage with accuracy but it is reasonable to assume that the requirements of Government guidance will ensure that sites identified for housing do not give rise to additional flood risk issues. It is anticipated that, generally, air quality issues would be worse with the higher growth scenario 3 than scenarios 1 and 2. It is not possible to predict exact levels and locations where effects will be the most significant. The identification of AQMAs in areas at risk should reduce significant adverse effects in affected areas.
- 9.13 Many of the areas identified in all of the scenarios are located within the Severn WRZ where the EA have identified that investment and additional infrastructure will be required to balance out water supply and demand. Investment in waste water treatment capacity is also likely to be required. Timing for requiring this investment is unknown and will need to be assessed.

- 9.14 All of the locations identified for growth have the potential to give rise to significant local traffic issues. This may require investment in new/additional public transport/improvements to capacity or improvement to the local highways network. A key issue will be whether sufficient critical mass of development is secured for the medium growth Scenarios 1 and 2 to secure the necessary investment and how much will be available from the public sector to supplement improvements if required.
- 9.15 The delivery of the additional growth could be expected to have a positive effect on the provision of affordable housing. Scenario 1 which focuses growth in the South East could make a strong contribution to supporting economic growth, but could also result in a widening of the gap between this area and the more poorly performing areas. Scenarios 2 and 3 may result in this gap being narrowed although the ability of the market and availability of funding to deliver growth in the more poorly performing areas and deprived communities would need to be addressed. Phasing is likely to be key in this regard. The application of measures to mitigate against the effects on the natural environment and the incorporation of the principles of good design will assist in minimising the effect on the environment.
- 9.16 Mitigation, based on that identified in the original SA is identified. Although some options do materially change the assessment in respect of some SA questions, looking at the basket of SA indicators as a whole, it is difficult to identify an overall message that further growth would be inappropriate or could not be mitigated.

HRA

- 9.17 The HRA has identified those sites where, along with the RSS Phase 2 Revision Preferred Option, housing growth could have an impact on the integrity of European Sites. In a number of cases all of the scenarios have the potential to an impact or the outcome is uncertain. In the majority of these cases there is potential for mitigation to be put in place, however, at the RSS level it is not possible to judge the efficacy of such mitigation and the evaluation of such measures will need to be made at the LDF or individual proposal level. In this report these potential impacts have been flagged so that they can be considered at a later stage. Because a precautionary approach is enshrined in the structure of the Habitats Regulations where an impact is uncertain it is not possible to assume that there will not be an impact upon the site. For the majority of cases the sites that have been identified as having possible impacts are the same sites that were identified in the Phase 2 Preferred Options HRA. Some additional sites have been added (such as the Humber Estuary and the Severn Estuary) and impacts have been identified.
- 9.18 The HRA process has identified a range of impacts that may arise from the RSS and the potential growth scenarios. In most cases direct impacts can be easily avoided by ensuring that the location of developments does not conflict with the European designations. The indirect impacts however are less easily mitigated and the impacts can be realised considerable distances from the source. The major issues relate to air pollution, nutrient loading associated with sewage discharges, water pollution from surface runoff, impacts on water supply, increased impacts arising from tourism and recreation and loss of habitat. Within the Phase 2 Preferred Option HRA many sites have been identified as receiving in excess of critical load for oxides of Nitrogen or acid deposition. In these cases it is clear that any developments that could add to such pollution have the potential to adversely affect the integrity of the site.
- 9.19 In many cases further information is required before a firm assessment can be made of the likely effects upon the integrity of the site. Of key importance for many European sites is the impact of increased demand for water resources. The Environment Agency is currently carrying out a review of consents under the Habitat Regulations to assess the impact of abstraction upon European sites. Most of the ROCs have yet to be completed and were not available to the HRA team. Once they are available the information should be used to inform any further HRA.

Appraising the Nine Options

9.20 The overarching messages emerging from the appraisal are that:

1. Options 1 and 2 with housing growth at the bottom end of the NHPAU Supply Range differ little from the RSS Preferred Option in terms of either scale or overall approach, although clearly Option two (the shortlisted Eco Town locations) would be locally significant for the two authorities in question. For Option one it is of note that in both Birmingham and North Staffordshire there is now every indication that higher levels of growth could be either sought or achieved through Core Strategies;
2. Option 3 (growth in the south east of the region), is most likely to support economic growth objectives, but may be regarded as having too much focus on one part of the region, and not balancing this in market or policy terms with growth in other parts of the region. There are a number of localised infrastructure issues that need to be overcome, but these are not necessarily fundamental with the appropriate mitigation. Provision is also proposed in the rural west of the region. The appraisal suggests there are limited barriers to this development and it could provide welcome, input to addressing the localised affordability issues that the Matthew Taylor report indicates are harming rural regeneration;
3. Option 4 considers delivering additional growth in the form of new settlements. There is every indication that larger freestanding new settlements do have some potential for the region, and that there are a number of locations, along transport corridors, where suitable development could be brought forward. But they also carry higher delivery risks and are unlikely on their own to be the most appropriate way of delivering *all* additional growth. A new settlement option, the development of which might extend beyond the RSS period, is likely to work best where it forms part of a suite of other approaches to new development, and is in a location that can foster sustainable forms of development and capable of accommodating the introduction and creation of a new local market for housing, services, and business;
4. Option 5 and elements of Options 6 and 7 assume additional housing growth being delivered within some of the MUAs, principally in the form of additional 'brownfield' housing development. The appraisal indicates that there is varying degree of local policy support for additional growth – Option two of Birmingham City's recently launched Issues and Options for the Core Strategy, for example, proposes up to 5,000-10,000 additional units above RSS Phase 2 within the urban area, with a third looking at a further 15,000 including potential Green Belt land. Looking at past rates of development, the Metropolitan MUAs have significantly under-delivered against what the RSS Preferred Option now sets out as being required, and there must therefore be a significant market risk attached to the prospect of additional growth solely within the urban areas;
5. Option 6, focuses growth within the north of the region, including major urban extension-based growth to Telford, Black Country, North Staffordshire, Stafford, Burton-upon-Trent and Cannock. Although there are a number of localised issues, not least the impacts in Cannock, the general issue with this Option is the degree to which it focuses growth in parts of the region that are weaker in market terms and would not address the Region's most acute affordability or the housing issues that are believed to be stymieing economic growth in the high technology corridor and other parts of the south east of the region;
6. Option 7, - a hybrid approach - spreads additional growth across a number of locations. The indications are that this could provide a spread of the opportunities for housing-led growth and regeneration across the region, making contributions to supply in areas of acute affordability and economic growth, as well as making use of additional land capacity and regeneration initiatives in some other parts of the region;
7. Options 8 and 9, at the upper end of the NHPAU supply range, are based on a mix of forms of development, including new settlements. In some locations, the indications are the level of growth required could exceed the local market's ability to deliver, and in regional terms, there could be market capacity limitations for this level of growth, especially given the current economic downturn.

9.21 Consistent themes appear:

- Additional rural housing provision sits with the RSS Objectives for rural regeneration, without incurring major impacts, and which the region appears to be capable of delivering without major problems;
- Some parts of the MUAs may be able to accommodate additional growth, and indeed Options 2 and 3 of Birmingham's Core Strategy Issues and Options indicate an increase in the target by 10-15,000, but there are market risks, particularly acute in the Black Country;
- The south east of the region can accommodate additional growth and this will help address economic development objectives of the RSS and RES in terms of supporting labour supply for key economic sectors that are important for the region's economic modernisation.

9.22 Equally, though, there are clearly choices:

- How far is it possible to increase growth in the south east of the region, given local infrastructure investment requirements and local market capacity?
- How far is it possible or indeed desirable to increase supply in the north of the region, where there may be land supply and regeneration benefits flowing from additional housing growth?
- How appropriate is it for there to be a new settlement form of development within the mix of housing scenarios and where might it be located?
- How much additional growth in total is the region able to deliver and accommodate?

Locational Issues

9.23 Looking at each of the broad locations for development and how these relate to each local authority and/or core strategy areas, it becomes clear that there are a number of location specific issues, including:

- The **market capacity** issues. In specific local authority areas, the RSS Phase 2 Preferred Option and/or some of the Options involve levels of housing development that exceed (by some margin) the rates of development that have been achieved in the past (examples including Coventry, the Black Country, Birmingham and Telford). In these locations additional housing growth could raise questions over market delivery. This does not mean it cannot be delivered, but it could mean limiting the scale of additional growth and/or securing evidence on why these delivery risks can be mitigated. In some cases, this mitigation includes funding and public sector support for delivery in the form of Growth Point or other mechanisms, including local asset based vehicles and Infrastructure Funds;
- **Transportation** impacts. In most broad locations, the appraisal indicates that additional housing growth options have localised effects. In some cases, new infrastructure, ranging from enhancements to bus services to extending rail capacity through lengthening of trains/frequency of services could be required. In many cases, these are improvements that are already envisaged. In some locations, highway works will be needed to provide satisfactory access. But generally, this is a matter for Local Development Frameworks to address by finding the most suitable locations for development and putting in place the right infrastructure solutions. In general terms, there are no identified barriers in principle to being able to deliver the necessary improvements;
- **Hydrology** impacts. In some locations floodrisk and water supply and treatment issues will need to be addressed. Some of these challenges, for example, relating to the Wye Valley, are issues to be addressed for the RSS Preferred Option as well as any further growth. There is no evidence to indicate that these issues cannot be addressed;
- **Ecological** issues. These are linked to the outputs of the HRA and relate to where additional growth could increase the risk of potential impact. The theme of the assessment is that mitigation measures can be put in place and that it will be for core strategy work to ensure that this is addressed. In this regard there are a number of ecological issues identified as

part of the HRA for the RSS Phase 2 Preferred Option that need to be addressed. A clear risk concerns additional development impacting on Cannock Chase and, for that reason, it does not appear likely that additional growth around Cannock or as further extensions to the north of the Black Country could be taken forward;

- **Landscape and Green Belt.** Landscape impacts arise from development, but there is no evidence that development in the form of urban extensions or new settlements would by necessity have to take place in locations with a landscape designation or give rise to unacceptable coalescence impacts. A number of broad locations would necessitate alterations to Green Belt boundaries, (as set out in Table 7.2) but the RSS Objectives provide the basis for these issues to be addressed. New Green Belt land could compensate for any alterations in other parts of the region;
- **Utilities and social infrastructure** provision. Whilst a matter that undoubtedly needs to be addressed at a local level (including appropriate provision), does not present issues on such a scale that they will dictate the region's approach to housing provision.

9.24 The options in this study are not exhaustive and during this study, observations have been made, by developers and by local authorities representatives, (often after the production of the nine options) suggesting alternative options, including (inter alia):

1. Increasing provision in Bromsgrove generally beyond that considered in the Options (which considered Bromsgrove in the context of Redditch and a southern extension to Birmingham);
2. Focusing additional growth in Kidderminster – a settlement not identified as an SSD;
3. Promoting growth in Hereford through a number of urban extensions;
4. Further growth in Coventry, which could, it is argued, sustain further greenfield release despite the high levels of additional growth already envisaged by RSS Preferred Option – although the RSS already makes significantly greater provision than either past rates or the CLG Projections of household growth;
5. Rural areas could accommodate additional growth than identified by the Options, including also some rural areas not identified in the Study.

9.25 NLP has not tested these, but it will undoubtedly be the case that there is merit in those putting forward the case for additional growth to set out the rationale in terms of impacts and risks in a way that is consistent with the approach of this study to allow a benchmarked comparison.

Regional Housing Need and Local Impacts

9.26 There is also a regional context for making these choices and whilst it is not within the ambit of this study to make judgements or choices about the weight to attach to various objectives/policy choices, releasing land for new development produces adverse impacts, particularly locally. However, failing to provide sufficient housing to meet need and demand also gives rise to adverse impacts, albeit ones that may not be as visible or locally-based.

9.27 Trade-offs – or balanced judgements – will be required. The decision-maker will need to clearly frame a judgement based on an assessment of the level of housing need and demand. This is because the argument for making provision for increased housing supply (with all its concomitant impacts) is weakened if there is limited evidence that to not do so would mean a shortage of housing. Equally, an argument against making additional provision would be unbalanced if it weighed the adverse impacts of more development, but failed to recognise the impact of supply on affordability pressures in the face of growing need. This is illustrated in very simple terms below:

Developing the approach to housing supply in RSS: Making the Trade-offs

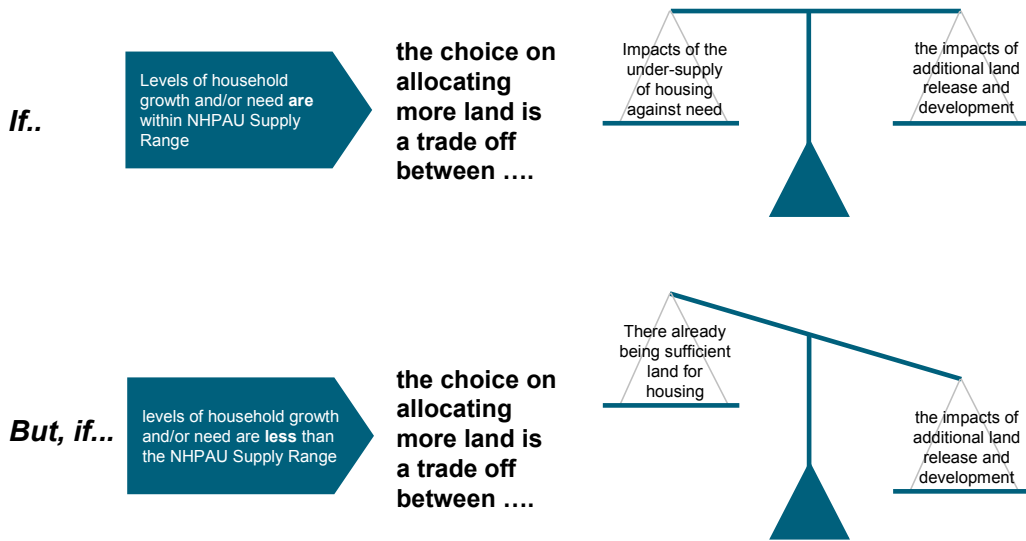


Figure 9.1: Weighing the Trade-offs

Source: NLP

The implications for RSS Housing Distribution

- 9.28 Drawing on the outputs from the appraisal of the Options, consideration of the local authority/core strategy area issues, and assessment of the broader policy and strategic context set out in Section 8.0, and recognising the status of the options as providing a ‘menu’ of potential opportunities to increase housing supply, it is possible to identify a series of ‘hybrid’ potential scenarios for how additional housing growth could be accommodated. These represent NLP’s view on how the nine options might be synthesized to achieve a good fit with policy and to minimise delivery risks. That said, they are subject to limitations described elsewhere in this report. The scenarios provide the basis for evidence that Government Office and others may wish to put forward to the RSS process.
- 9.29 If all or some elements of any of these scenarios are carried through into RSS, it would be for local planning authorities to determine how housing numbers would be delivered through LDFs, and to plan for infrastructure and other mitigation to be delivered as appropriate.
- 9.30 Of the three potential scenarios for delivering additional housing growth, two are broadly at the middle of the NHPAU Supply Range. One is at the upper end. The analysis suggests that bottom end of the supply range is essentially de-minimis in terms of its impacts or policy choices - there are a number of alternative approaches to delivering an additional 12,300 units (including Birmingham’s own proposals, the Eco Town locations, making additional rural provision) - about which there is little real doubt over its impacts or deliverability at a regional level. If household growth is assumed to be at a level towards the middle or upper end of the NHPAU supply range, provision at the bottom end would represent an under-supply against housing need.
- 9.31 The process of refining nine options down to three potential scenarios can be broadly captured below:

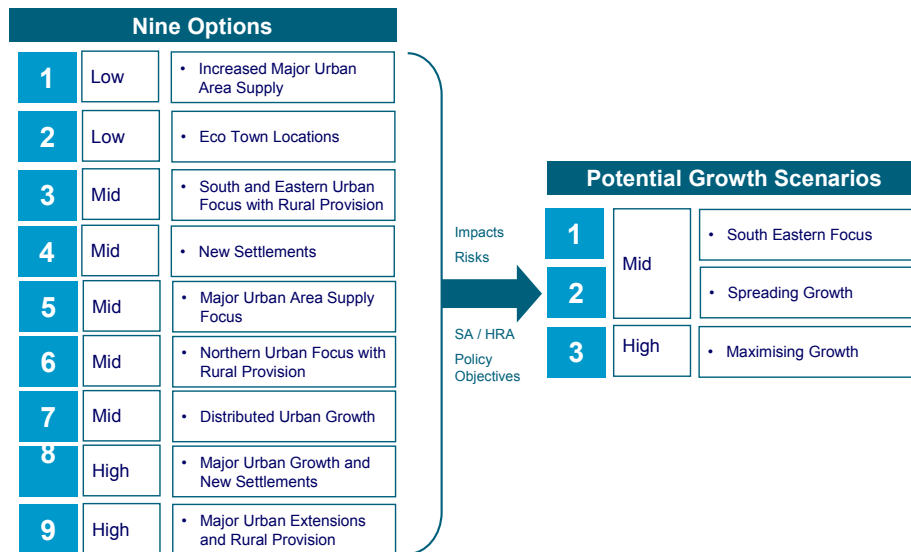


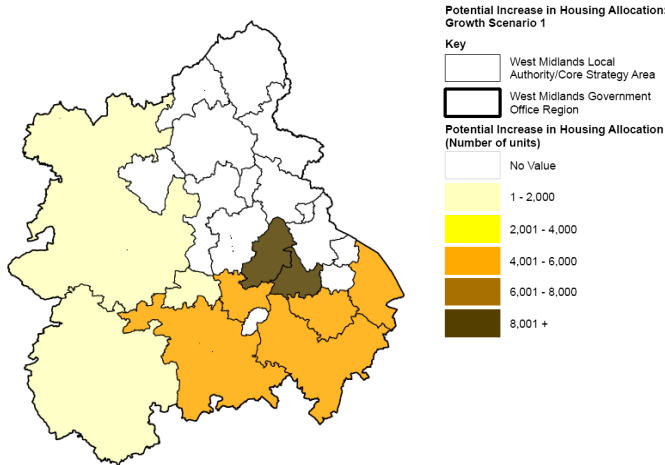
Figure 9.2: Arriving at Potential Scenarios for Housing Growth
Source: NLP

9.32 The influential factors that assist the identification of the three Potential Scenarios are:

1. A general acknowledgement that growth in rural areas can bring about benefits in terms of affordability and rural renaissance and does not have major barriers to delivery;
2. The strong case to be made for additional growth in the south east of the region, in locations where additional growth may be deliverable, to address both affordability and economic growth objectives;
3. Recognising the limitations of certain locations (e.g. Cannock or Redditch) to accommodate additional growth given particular constraints and/or impacts;
4. The limitations in the ability of the market to bring forward major urban-based growth to accommodate the middle or upper end of the NHPAU supply range and, in particular the limited prospect of securing additional growth in the Black Country, where build rates have been significantly lower even than the RSS Preferred Option. (This effectively ruled out Option 5.);
5. Recognising the limitations of New Settlements as a means of delivering the additional units for the NHPAU supply range, which means the potential for Options 4 and 8 to make a real contribution are limited;
6. The differing perceptions on the scale of growth that can be accommodated in different broad locations. The evidence does not point to there being precise 'tipping points' above which additional growth is not possible – it is a matter of judgement, taking account of the scale, impact and deliverability in different broad locations. Analysis and feedback suggests that, with the exception of the areas identified for rural provision:
 - additional growth, if it was deemed appropriate, would be in the form of a major urban extension, which if possible and deliverable within the market, should be of sufficient scale and critical mass to form a sustainable urban extension supporting its own infrastructure provision (Warwick, Solihull and Telford provide good examples of this principle);
 - some additional levels of growth could be accommodated on urban sites, meaning the capacity of 340,000 originally identified in RSS is an under-estimate (Birmingham and North Staffordshire are good examples of this);
 - in the case of Solihull, one of the Potential Scenarios takes forward the concept of a new settlement, recognising the delivery challenges associated with this form of development.

- 9.33 The sample distributions shown in Table 9.3 for the three Potential Scenarios provide an indication of what the RSS distribution might look like, based in the outputs of the appraisal, if the principal aim was to achieve the given level of supply. These are shown below in Figures 9.3-9.5 (in terms of the net increase on RSS Preferred Option) and described in more detail, including with indicative levels of increase, in Table 9.5. The infrastructure and delivery implications associated with these scenarios are also outlined.
- 9.34 However, in terms of the potential strategic choices for the region at the middle to upper end of the NHPAU supply range, this study puts forward three broad scenarios.

Focusing growth in the South East of the Region



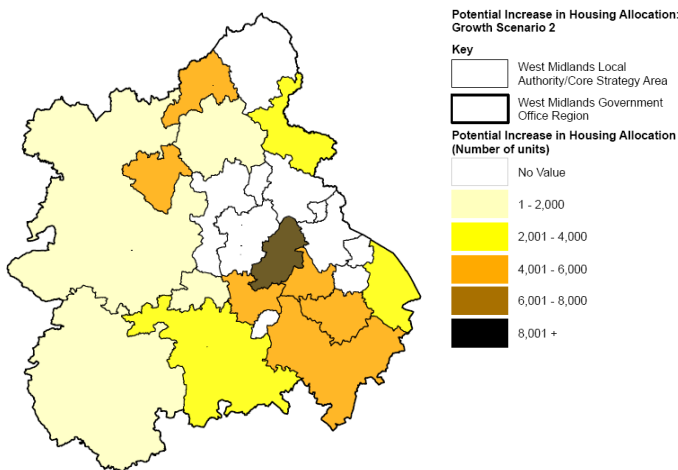
This scenario (similar to Option 3), focuses growth in the South East corner of the region, and with some provision in the rural west, identified scope for some 51,500 additional dwellings (an extra 2,575 per annum), providing a total of 417,100 dwellings by 2026. The ratio of provision between MUAs and non-MUAs as a whole would move from 46:54 to 47:53, with provision focused on parts of the region with some of the greatest levels of unmet need and affordability, with principal increases in the south and central C1 Housing Market Areas. This option would involve a new settlement in Solihull. This scenario would see growth arguably supporting parts of the region where economic growth is potentially being hampered by a lack of housing.

Figure 9.3: Potential Scenario for Achieving Further Housing Growth

Source: NLP

- 9.35 This potential scenario, would effectively concentrate the delivery risks and associated impacts into the south east of the region, and represents an approach that might be regarded as aligning most strongly to the economic pressures of the region.

Spreading growth



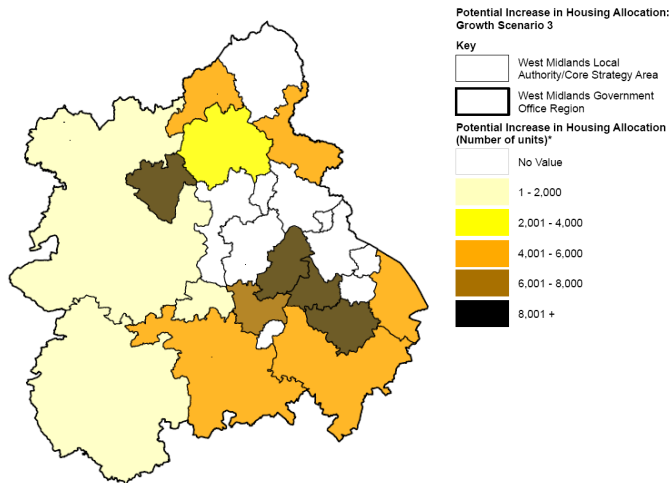
This scenario, delivering circa 54,000 additional dwellings (419,600 in total and an extra 2,700 pa) makes provision in the south east of the region where economic growth is strongest (although less than in the previous scenario), but also includes growth in North Staffordshire, Telford and Wrekin, and East Staffordshire where there is additional capacity for development, and with appropriate phasing, funding and delivery mechanisms (e.g. asset based vehicles) to support delivery. This spreads the development and market risk across a wider area. The ratio of MUA to non-MUA for housing distribution would be 47:53 with focus of growth in both the south east and in part of the north of the region with identified capacity and/or scope for additional growth, supporting affordability, economic and regeneration objectives.

Figure 9.4: Potential Scenario for Achieving Further Housing Growth

Source: NLP

- 9.36 This potential scenario would effectively spread the delivery risk across a wider range of locations and markets across the region, and support growth in locations outside the south east of the region where there is both capacity for additional housing and potential regenerative and economic benefits flowing from this provision.

Maximising Growth



This potential scenario, which delivers circa 80,000 additional dwellings (445,600 in total and 4,000 extra per annum) makes higher levels of provision across a range of locations in the region, including in and around the southern side of the Metropolitan MUA, in Telford and Wrekin, North Staffordshire, East Staffordshire, and Stafford, alongside rural housing provision in the west of the Region.

It is undoubtedly the case that this higher level of provision, whilst not necessarily unachievable provided sufficient available and developable land is released, would be a higher risk given the level of build rates required. The ratio of MUA to non-MUA for housing distribution would be 46:54, with significant levels of growth in the key locations identified in the preceding scenarios, focusing on affordability, economic, regeneration and additional capacity opportunities.

Figure 9.5: Potential Scenarios for Achieving Further Housing Growth

Source: NLP

- 9.37 This potential scenario shows what the distribution might look like with a higher level of provision at the top end of the supply range. Although it undoubtedly spreads this growth (and delivery risk) across the region outside the Black Country, it would represent a marked increase in output from the development industry and might be regarded as ambitious given current uncertainties.
- 9.38 Table 9.2 at the end of this section shows how the three potential Scenarios compare in terms of housing numbers for both the locations identified for additional growth and other local authorities/core strategy areas. Totals are also provided for MUAs/non-MUAs and the Strategic Housing Market Areas.

Delivering the Scenarios

- 9.39 In the event that one of the three scenarios identified is adopted for the purposes of RSS, its successful implementation is subject to the potential impacts of additional development in the locations identified in the preceding section being capable of mitigation, and the delivery risks overcome.
- 9.40 The bulk of these can be overcome by reasonable planning at a local level through Core Strategies, and it would be imprecise and inappropriate to identify specific local solutions in RSS when there are choices still to be worked through. In addition, the broader hydrology and utility issues identified in earlier sections of the report, including those applicable to the RSS Phase 2 Revision Preferred Option, are subject to ongoing work by utility providers and the Environment Agency and will continue to need to be progressed and the effects on phasing defined more accurately. Mitigation works that might be needed to address issues identified by the HRA cannot be identified until precise impacts are known.
- 9.41 In terms of transport, within the context that the HA modelling work indicates no material region-wide impacts of significance in terms of traffic, engagement with stakeholders and, where relevant,

their advisors identified that localised transport impacts could in the bulk of cases be mitigated, through a combination of:

- Local transport improvements (including local access works, improvements to local bus services etc);
- Enhancements to the strategic road and rail network.

9.42 What improvements and enhancements might be and what the optimum transport solutions are will be the subject of detailed analysis and option appraisal. It will also depend on the local identification of potential development sites and forms of development, taking account of wider planning considerations.

9.43 Stakeholders did not always arrive at a consensus about the type of solution that might be required. This reinforces the need for caution in identifying transport solutions in advance of the specific locations of individual developments being resolved at Core Strategy stage and before full consideration is given to alternative options.

9.44 The other component in delivering growth, in addition to the right technical solutions to transportation, infrastructure, and other issues, and the necessary statutory planning framework (e.g. Core Strategies), is the right planning, funding and delivery toolkit. The components of this toolkit, which are not intended to be exhaustive, and will continue to evolve as the SNR and other developments take shape, are set out in Table 9.1 below: A key component of this will be the further strengthening of sub-regional working. The Regional Planning Body will also have an overseeing role.

Toolkit Component	Description	Intended Outcome	Responsibility
Planning and Local Evidence Base			
SHLAAs	SHLAAs, prepared on a robust basis and updated annually are the vehicle for ensuring that the right land is identified and brought forward to meet housing supply.	Identification and release of land suitable and available for development	Local Authorities with developer and other stakeholder input
Employment Land Reviews	ELRs should identify land and premises required to support economic growth. Properly aligned to the SHLAA process it could also identify employment sites more suitable for housing.	Identification of surplus land for employment or where mixed use including housing could support economic development objectives	Local Authorities with developer, business and other stakeholder input.
Environment and Infrastructure Capacity Studies	To translate the RSS to a local level, it will be important for many locations to identify the potential constraints on how their RSS allocation should be delivered and what infrastructure (from transport to culture) might be needed. This will be set out in core strategies.	Identification of potential spatial options for growth taking account of environmental and infrastructure capacity issues. Provides platform for infrastructure investment strategies and delivery plans	Local authorities
Housing Market Assessments	Prepared in line with guidance, to identify specific housing market considerations, including how phasing for new development and affordable housing provision, alongside integration with regeneration/sustainable communities agenda.	Identification of local housing need and market dynamics to inform judgement on location, mix and phasing of development, taking account of viability issues.	Local authorities and Housing stakeholders (e.g. developers, RSLs)
Sustainable Communities Strategies / LAA	Creates a long-term, sustainable vision in an area and sets the agenda for priorities in the local area agreement (LAA)	Clear vision and how it will be delivered, including role of wider partners.	Local authorities, LSPs

Toolkit Component	Description	Intended Outcome	Responsibility
Long Term Delivery Plans	Long term assessment of the infrastructure required to support housing growth alongside how it will be delivered and funded.	Certainty for planning, funding bids, and an investment prospectus for potential development partners	Local Authorities, utilities, infrastructure providers.
Local Transport Plan	Based on assessing transport infrastructure required to support growth. Scope to ensure LTPs are focused on genuine and necessary schemes.	Clear framework for funding and delivering transport investment.	Local authorities, PTE, Railtrack, DfT, GOWM
Funding			
s.106	It will be incumbent on local authorities to put in the right framework for s.106 that is cognisant of the requirements for infrastructure, but also smart to balancing these with viability and the genuine difficulties in making accurate assessments of development value, particularly for large developments, at the planning stage. The approach should be clearly set out.	Capture of development value to fund infrastructure.	Local authorities / developers
Community Infrastructure Levy	Addressing similar issue to s.106, the CIL framework provides a potential mechanism but needs to be carefully structured to respond to uncertainty and variations in residual land values.		
Growth Point Resources	Growth fund and CIF provides resources to deliver infrastructure and other requirements for housing growth	Resources to support development	Local authorities / Stakeholders
Regional Infrastructure Fund (RIF)	RIF initiative being developed by AWM provides the basis for using RDA Single Pot resources to fund infrastructure that supports growth.	Resources to support investment	AWM / Local Authorities
Homes and Commuties Agency Funding	Although the current spending review period is likely to be constrained by existing EP / HC / CLG funding splits, the period following this may provide greater opportunity to structure funding around the housing growth agenda as part of the 'single conversation' process.	Resources to support delivery of housing and provide the necessary environment for development.	Homes Communities Agency
Public Sector land and assets	In some locations, public sector land and other assets can provide the basis for delivery either through direct development and/or as collateral for investment in an asset-backed vehicle (ABV)	Land for development and resources to support growth	Local authorities / HCA / other
Private Sector	The investment by the private sector is the most important in terms of delivering additional housing growth. Local authorities and other bodies will need to be cognisant of the approaches that will need to be put in place to create the right kind of environment for investment.	Strong market for housing development and sales	Developers / Local authorities / other stakeholders
Delivery Vehicles			
Asset Based Vehicles	Mechanisms whereby local authority assets (e.g. land, property, cash) are invested into a vehicle and matched by private sector cash. Currently in place through the RDAs industrial/land portfolio, these are now being promoted for local areas (e.g. Croydon). Whilst having potential, there are complex financial, governance, and legal issues to address	Dedicated vehicle with resources flowing from land assets and a mechanism for long term private sector investment.	Local authorities / HCA / AWM / Private Sector

Toolkit Component	Description	Intended Outcome	Responsibility
Partnerships	Non-incorporate partnership bodies overseeing regeneration, housing development and integrating range of interests.	Coordination over strategy and delivery decisions.	Local authorities / developers / infrastructure providers / other stakeholder providers
UDCs and similar	Statutory bodies with planning and other powers to take forward major development schemes. Could be appropriate if a new settlement was considered appropriate.	Dedicated delivery vehicle with statutory powers	Government, local authorities, other stakeholders

Table 9.1: Delivery Toolkit

Source: NLP Analysis

RSS Location / Core Strategy Area	RSS Phase 2 Revision Preferred Option (Net 2006-2026)	Potential Scenario 1		Potential Scenario 2		Potential Scenario 3		Key Issues and Impacts	Key Infrastructure associated with additional growth	Key Delivery Risks associated with additional growth	Phasing and other Implementation Implications associated with additional growth
		Potential Increase in Housing Allocation	Total Housing Allocation for RSS	Potential Increase in Housing Allocation	Total Housing Allocation for RSS	Potential Increase in Housing Allocation	Total Housing Allocation for RSS				
Birmingham	50,600	10,000	60,600	10,000	60,600	10,000	60,600	Addresses underlying need expressed by CLG projections, but results in significant gap to bridge on build rates. Core Strategy Issues and Options indicate additional growth is possible within or beyond the urban area. Transport and other issues to consider, but not major barriers to further growth.	No major infrastructure challenges identified.	Market build rates and securing appropriate sites for new development, particularly in the short term is a risk that must be considered significant.	Trajectory and market capacity issues means build rates likely towards end of the RSS. Need for careful phasing.
Coventry	33,500	0	33,500	0	33,500	0	33,500	Not identified in Options, due to significant increases above both past build rates and CLG Projections in RSS Phase 2 Preferred Option, although stakeholder feedback indicated urban extensions to Coventry considered preferable to development in adjacent areas.	N/A	N/A	N/A

RSS Location / Core Strategy Area	RSS Phase 2 Revision Preferred Option (Net 2006-2026)	Potential Scenario 1		Potential Scenario 2		Potential Scenario 3		Key Issues and Impacts	Key Infrastructure associated with additional growth	Key Delivery Risks associated with additional growth	Phasing and other Implementation Implications associated with additional growth
		Potential Increase in Housing Allocation	Total Housing Allocation for RSS	Potential Increase in Housing Allocation	Total Housing Allocation for RSS	Potential Increase in Housing Allocation	Total Housing Allocation for RSS				
Black Country	61,200	0	61,200	0	61,200	0	61,200	May be physical capacity for additional housing growth and potential for urban extension, but market challenges mean unlikely that it will be possible to increase rates even further, and indeed some stakeholders suggested that greenfield release may be needed to meet existing RSS Phase 2 Preferred Option allocation on available sites.	N/A	N/A	N/A
Solihull	7,600	13,000	20,600	5,000	12,600	10,000	17,600	RSS under-provides against both past build rates and CLG Projections, so net additional growth could address underlying need and ability to deliver in market terms. Would necessitate Green Belt amendment. A strong market so good platform for market delivery if suitable sites identified. Some landscape issues but can be avoided through appropriate site selection.	Good accessibility but rail capacity issues in some locations that would need to be overcome, alongside highways measures.	No major delivery risks beyond those associated with transportation infrastructure, but these are not considered to be fundamental barriers to development. New settlement option could have clear market capacity and delivery risks although in principle they could be overcome.	If location for development necessitated further transport or investment, the phasing of build rates could be accommodated to reflect necessary lead-in times.
Metropolitan Area Total	152,900	23,000	175,900	15,000	167,900	20,000	172,900				
Shropshire CS	25,700	1,900	27,600	1,900	27,600	1,900	27,600	Additional Rural Provision – to reflect findings of the Taylor Review.	No major issues identified	No major issues identified	No major issues identified

RSS Location / Core Strategy Area	RSS Phase 2 Revision Preferred Option (Net 2006-2026)	Potential Scenario 1		Potential Scenario 2		Potential Scenario 3		Key Issues and Impacts	Key Infrastructure associated with additional growth	Key Delivery Risks associated with additional growth	Phasing and other Implementation Implications associated with additional growth
		Potential Increase in Housing Allocation	Total Housing Allocation for RSS	Potential Increase in Housing Allocation	Total Housing Allocation for RSS	Potential Increase in Housing Allocation	Total Housing Allocation for RSS				
Telford and Wrekin	26,500	0	26,500	5,000	31,500	10,000	36,500	Although the RSS allocates Telford and Wrekin significantly more housing than envisaged by the CLG projections and past build rates, there is underlying potential for additional development both within the settlement and on land owned by EP (to be HCA). Further growth could support further investment in the town's retail and other services.	Need for increased capacity on rail links, and highway investment to address localised congestion. Some water supply and treatment investment required.	No principal infrastructure barriers to delivery of housing. Potential land and market capacity issues (particularly for a 10,000 unit increase) would need to be overcome by coordinated HCA/new asset based vehicle.	Need to control phased release of sites for housing to manage to maximise output with delivery plan. Phasing of development may need to await market recovery to fund infrastructure
Staffordshire (excl North Staffs)	49,200	0	49,200	4,000	53,200	8,000	57,200				
Cannock Chase	5,800	0	5,800	0	5,800	0	5,800	N/A	N/A	N/A	N/A
East Staffordshire	12,900	0	12,900	2,500	15,400	5,000	17,900	Additional capacity identified in Burton-upon-Trent SSD and growth associated with supporting regeneration and economic development activity aligned to Growth Point. Potential flood risk issues need to be managed but no indication that this is a fundamental barrier..	Localised congestion issues, and need to improve public transport accessibility into both East and West Midlands regions.	Higher rates of growth may trigger market capacity issues but ultimately phasing allows for additional growth to be delivered later in the plan period.	Not identified as one of region's strongest market areas, so viability issues need to be carefully considered, particularly given higher rates of growth. Phasing may need to await market recovery to fund infrastructure and reflect potential capacity constraints.

RSS Location / Core Strategy Area	RSS Phase 2 Revision Preferred Option (Net 2006-2026)	Potential Scenario 1		Potential Scenario 2		Potential Scenario 3		Key Issues and Impacts	Key Infrastructure associated with additional growth	Key Delivery Risks associated with additional growth	Phasing and other Implementation Implications associated with additional growth
		Potential Increase in Housing Allocation	Total Housing Allocation for RSS	Potential Increase in Housing Allocation	Total Housing Allocation for RSS	Potential Increase in Housing Allocation	Total Housing Allocation for RSS				
Lichfield	8,000	0	8,000	0	8,000	0	8,000	N/A	N/A	N/A	N/A
North Staffordshire	17,100	0	17,100	6,000	23,100	6,000	23,100	<p>Scope to increase growth to reflect underlying demand and potential link to economic development objectives, focused around the University of Keele. Further growth could also be aligned to wider regeneration of North Staffordshire conurbation.</p> <p>Identified capacity within MUA for additional housing and with appropriate phasing may support regeneration objectives</p>	<p>Localised congestion issues will require investment in bus services in tandem with appropriate location of additional growth.</p> <p>Need for some transportation infrastructure investment, and water supply/ treatment measures.</p>	No identified delivery risks beyond potential market capacity.	Phasing will need to recognise risks of fragile markets, including to latter part of RSS period.
South Staffordshire	3,500	0	3,500	0	3,500	0	3,500	N/A	N/A	N/A	N/A
Stafford	10,100	0	10,100	1,500	11,600	3,000	13,100	Some scope to increase growth in SSD, although location would need to focus more towards south given to minimise any impact on North Staffordshire market.	Some local transport impacts could require mitigation, including scope to lengthen trains to enhance public transport capacity. Hydrology investment will be required.	Although infrastructure investment will be required, no major delivery risks identified.	No major issues identified. Phasing of development may need to await market recovery to fund infrastructure.

RSS Location / Core Strategy Area	RSS Phase 2 Revision Preferred Option (Net 2006-2026)	Potential Scenario 1		Potential Scenario 2		Potential Scenario 3		Key Issues and Impacts	Key Infrastructure associated with additional growth	Key Delivery Risks associated with additional growth	Phasing and other Implementation Implications associated with additional growth
		Potential Increase in Housing Allocation	Total Housing Allocation for RSS	Potential Increase in Housing Allocation	Total Housing Allocation for RSS	Potential Increase in Housing Allocation	Total Housing Allocation for RSS				
Staffordshire Moorlands	6,000	0	6,000	0	6,000	0	6,000	N/A	N/A	N/A	N/A
Tamworth	2,900	0	2,900	0	2,900	0	2,900	N/A	N/A	N/A	N/A
Warwickshire	41,000	14,500	55,500	12,500	53,500	19,500	60,500				
North Warwickshire	3,000	0	3,000	0	3,000	0	3,000	N/A	N/A	N/A	N/A
Nuneaton and Bedworth	10,800	0	10,800	0	10,800	0	10,800	N/A	N/A	N/A	N/A
Rugby	10,800	5,000	15,800	3,000	13,800	5,000	15,800	Capable of accommodating additional growth and identified as SSD. Transport impacts but can be mitigated.	Potential highway and public transport capacity infrastructure works/ investment required. May require significant hydrology investment but not identified as 'fundamental barrier'	Significant investment in infrastructure required. No evidence that this cannot be delivered, although rates of delivery will require market capacity increase at the 5,000 level.	No identified phasing or implementation constraints. Phasing of development may need to await market recovery to fund infrastructure

RSS Location / Core Strategy Area	RSS Phase 2 Revision Preferred Option (Net 2006-2026)	Potential Scenario 1		Potential Scenario 2		Potential Scenario 3		Key Issues and Impacts	Key Infrastructure associated with additional growth	Key Delivery Risks associated with additional growth	Phasing and other Implementation Implications associated with additional growth
		Potential Increase in Housing Allocation	Total Housing Allocation for RSS	Potential Increase in Housing Allocation	Total Housing Allocation for RSS	Potential Increase in Housing Allocation	Total Housing Allocation for RSS				
Stratford-on-Avon	5,600	4,500	10,100	4,500	10,100	4,500	10,100	Eco Town shortlisted in May 2008. High level analysis indicates scheme may have major transport issues to resolve, but if these are capable of being resolved either through the Eco Town or some other form of development, there is a need and scope for additional development in Stratford to address affordability. (Part of Eco Town identified in Wychavon)	Will require range of infrastructure, but key is transport mitigation (guided rail/bus link). Social infrastructure may present timing issues. Water supply may be an issue but no reason to assume it cannot be overcome.	Key challenge is around ability to deliver necessary infrastructure, particularly transport. Alternatives to Eco Town might present alternatives more capable of being served if Eco Town bid not taken forward..	Implementation challenges flow principally from transport infrastructure. Timing of delivery would need to reflect realistic timescales for implementation of this investment.

RSS Location / Core Strategy Area	RSS Phase 2 Revision Preferred Option (Net 2006-2026)	Potential Scenario 1		Potential Scenario 2		Potential Scenario 3		Key Issues and Impacts	Key Infrastructure associated with additional growth	Key Delivery Risks associated with additional growth	Phasing and other Implementation Implications associated with additional growth
		Potential Increase in Housing Allocation	Total Housing Allocation for RSS	Potential Increase in Housing Allocation	Total Housing Allocation for RSS	Potential Increase in Housing Allocation	Total Housing Allocation for RSS				
Warwick	10,800	5,000	15,800	5,000	15,800	10,000	20,800	Additional development to address affordability, under-provision against CLG Projections, and market ability to deliver more than RSS (evidenced by build rates). Transport issues differ between locations.	Transport infrastructure improvements associated with rail required, alongside bus service improvements. Social infrastructure investment required. Water supply and flood risk issues but not identified as insurmountable barrier to further growth.	Delivery risks flows from the necessary costs of infrastructure works, which will depend on location of development. Almost doubling the requirement might have market capacity issues but the underlying strength of the market (outside credit crunch conditions) and positive feedback from the development industry gives confidence on delivery.	Could be required to support further development once more detailed delivery plan in place.

RSS Location / Core Strategy Area	RSS Phase 2 Revision Preferred Option (Net 2006-2026)	Potential Scenario 1		Potential Scenario 2		Potential Scenario 3		Key Issues and Impacts	Key Infrastructure associated with additional growth	Key Delivery Risks associated with additional growth	Phasing and other Implementation Implications associated with additional growth
		Potential Increase in Housing Allocation	Total Housing Allocation for RSS	Potential Increase in Housing Allocation	Total Housing Allocation for RSS	Potential Increase in Housing Allocation	Total Housing Allocation for RSS				
Worcestershire	36,600	9,400	46,000	6,900	43,500	11,900	48,500				
								Combination of proposals in Options for Birmingham South and Redditch, alongside underlying under-provision of RSS Phase 2 against CLG Projections, past build rates, and major affordability threshold indicate potential for further development. It will be for LDF to identify most appropriate location for accommodating growth. Need for review of Green Belt in this location.	Both Redditch and extension to the Metropolitan area provide opportunities for using existing public transport infrastructure, alongside potential investment to upgrade. Investment in water supply/ treatment will be needed, depending on location of development.	Some developer concern at market capacity for development related to Redditch. Investment in infrastructure needed, and risk of non-delivery could hinder development but not considered a major issue. Market delivery could be an issue for higher output.	Phasing would need to be dictated by timescales for transportation (e.g. train lengthening) and water supply /treatment improvements where necessary to support development, this might mean phasing to 2012+
Bromsgrove	2,100	5,000	7,100	5,000	7,100	7,500	9,600				
Redditch	6,600	0	6,600	0	6,600	0	6,600	N/A	N/A	N/A	N/A

RSS Location / Core Strategy Area	RSS Phase 2 Revision Preferred Option (Net 2006-2026)	Potential Scenario 1		Potential Scenario 2		Potential Scenario 3		Key Issues and Impacts	Key Infrastructure associated with additional growth	Key Delivery Risks associated with additional growth	Phasing and other Implementation Implications associated with additional growth
		Potential Increase in Housing Allocation	Total Housing Allocation for RSS	Potential Increase in Housing Allocation	Total Housing Allocation for RSS	Potential Increase in Housing Allocation	Total Housing Allocation for RSS				
South Worcestershire	24,500	5,500	30,000	3,000	27,500	5,500	30,000	South Worcestershire provides the basis for additional provision focused around Worcester, additional rural provision, and the Eco Town location at Middle Quinton (1,500 units). Potential scope to extend Green Belt.	Rail infrastructure capacity required to minimise potential traffic impacts around Worcester. Potential hydrology issues to resolve around water extraction from the Wye Valley, although these also apply to the RSS Phase 2 Revision Preferred Option and should be capable of being resolved.	Highway works costs could be significant, but no evidence that these could not be delivered in tandem with development in a reasonable market. No major delivery risks identified. A strong market was identified in Worcester although some suggestion from developers that the local market might be able to accommodate just 2,500 around Worcester itself.	Phasing of development may need to await market recovery to fund infrastructure. None identified
Wyre Forest	3,400	400	3,800	400	3,800	400	3,800	Additional Rural Provision – to reflect findings of the Taylor Review on rural economy and affordable housing.	None Identified	None Identified	None Identified

RSS Location / Core Strategy Area	RSS Phase 2 Revision Preferred Option (Net 2006-2026)	Potential Scenario 1		Potential Scenario 2		Potential Scenario 3		Key Issues and Impacts	Key Infrastructure associated with additional growth	Key Delivery Risks associated with additional growth	Phasing and other Implementation Implications associated with additional growth
		Potential Increase in Housing Allocation	Total Housing Allocation for RSS	Potential Increase in Housing Allocation	Total Housing Allocation for RSS	Potential Increase in Housing Allocation	Total Housing Allocation for RSS				
Herefordshire	16,600	1,200	17,800	1,200	17,800	1,200	17,800	Additional Rural Provision – to reflect findings of the Taylor Review on rural economy and affordable housing	Could be localised hydrology infrastructure requirements but can be accommodated.	No major delivery risks identified.	None identified.
MUAs	169,100⁹	23,000	193,000	21,000	191,000	26,000	196,000				
Non-MUAs	196,500	28,500	224,100	33,000	228,600	54,000	249,600				
HMA's											
North	46,100	0	46,100	10,000	56,100	14,000	60,100				
South	53,000	20,400	73,400	17,900	70,900	27,900	80,900				
Central C1	69,100	23,000	92,100	15,000	84,100	20,000	89,100				
Central C2	58,100	5,000	63,100	3,000	61,100	5,000	63,100				
Central C3	97,000	0	97,000	5,000	102,000	10,000	107,000				
West	42,300	3,100	45,400	3,100	45,400	3,100	45,400				
West Midlands Region	365,600	51,500	417,100	54,000	419,600	80,000	445,600				

Table 9.2: Summary of Implications for Housing Distribution

Source: WMRA / NLP Analysis

⁹ Figures for MUAs differ between RSS and scenarios due to definition of Newcastle under Lyme urban figure within district total.

Overall Messages of this Study

1. There is scope to identify additional land for housing within the Region

- 9.45 There is potential to increase the supply of land for housing in the region beyond that identified in the RSS Phase 2 Preferred Option.. Releasing land for new development can produce adverse impacts, particularly locally. However failing to provide sufficient housing to meet need and demand also gives rise to adverse impacts, even if not so visible as locally-based ones. The region needs to consider these issues, taking account of the advice of the NHPAU which was not available when RSS Phase 2 Preferred Option was prepared.

2. Additional housing provision need not harm achievement of Urban Renaissance

- 9.46 Many stakeholders contend that for the region to make provision for additional housing supply would necessarily involve development outside the MUAs which, in turn, harms the RSS objective of urban renaissance. This is predicated on an assumption that achieving urban renaissance is a direct function of a particular split of housing supply inside and outside the MUAs, and that:
- Increasing supply of housing outside the MUAs will result in developers “cherry picking” and reducing supply of housing and development within the MUAs;
 - Development outside the MUAs will increase out-migration from the MUAs;
 - Development outside the MUAs (or indeed increased provision within some MUAs) might harm fragile markets, including housing market renewal areas;
 - It is possible to meet the region’s housing needs both qualitatively and quantitatively through the approach of the RSS.
- 9.47 In the absence of ‘measurable’ ‘urban renaissance’, it appears to be used by some as a proxy for how development should be distributed in the region, without necessarily having a strong evidence base for why a pattern of development in the region that is different to the preferred option will automatically result in the challenge of ‘urban renaissance’ not being met. Having considered the options and these assertions, NLP has drawn the following conclusions.

(a) There is no evidence that increased supply outside the MUAs will reduce housing supply within them

- 9.48 There has been an increase in housing supply within the MUAs since 2001, although this peaked in 2005/6. However, there is no evidence that this increase has been as a result of restricting supply outside the MUAs. In fact based on data of the most recent five years, there is a stronger statistical positive correlation between the increase in supply within the MUAs and the increase in supply of flats/apartments (which was partly a function of PPG3 but also a market-driven trend) than there is with the reduction in the number of dwellings outside the MUAs. It is of note that new-build apartments are almost wholly 2 bedrooms or less, and the rate of completions for 3+ bedroom houses has decreased by almost 40% since 1999/00. An approach that restricted supply outside the MUAs could therefore limit the opportunities to broaden the range and choice of housing, or limit the potential to meet the need for family accommodation, which is needed in some locations.
- 9.49 In market terms, developers indicated that it is not scarcity of land supply outside the MUAs that drove increased supply within them. Nor is it more likely that supply will increase if they do not have sites outside the MUAs to develop. Developers assert that the market for apartments has now been saturated and will not return. In their view deliverability is a function of sales values and development costs for any site, and that only if values increase and costs fall within the MUA will rates of development increase beyond what has already been achieved through the apartments market. It is of note that even with the apartments market at its fullest extent over the past five

years, the rates of development in the metropolitan MUAs were well below those envisaged by the RSS Preferred Option.

(b) There is no evidence that increasing housing supply outside the MUAs increases out-migration

- 9.50 In general terms, if the level of household growth within the region is at a level greater than that envisaged by the RSS Phase 2 Preferred Option, this will mean that increased supply up to the level of household growth is not creating a regional surplus of dwellings. The issue is then about balancing supply and demand in individual market areas, recognising the mobility of demand and drivers of housing decisions made by households.
- 9.51 Although restricting housing supply outside the MUAs would limit the potential *charge* of stimulating out-migration, there is no evidence that out-migration of population from the MUAs is a simple function of the level of housing supply outside the MUAs. In fact, analysis of data back to 2001/2 comparing build rates inside and outside the MUAs with net-migration flows into and out of the MUAs shows there is not a strong statistical relationship between the rate of net out-migration from the MUAs and build rates outside the MUAs. The relationship between migration and housing supply is much more complex, and relates not only to the quantum of housing supply, but also to the trade-offs that every household makes in choosing where to live: the range and choice of housing, the location of employment, transport accessibility, and quality of life, including public services. For example, many out-migrants from the MUAs are likely to be making choices relating to quality of education in different locations, rather than quantum of housing.

(c) There may be limits on how far it is possible to increase housing supply within the MUAs

- 9.52 When presenting options for where additional housing could be delivered whilst minimising the impact upon the RSS Strategy, views tended to split between:
- Those directing the additional housing to the MUAs to protect urban renaissance; and
 - Those asserting that additional locations outside the MUAs are required due to insufficient market or physical capacity to meet, let alone exceed, current RSS housing targets for the MUAs.
- 9.53 None of the evidence underpinning the study supported the prospect that additional allocations to the MUAs could achieve additional output in those areas, particularly in the Black Country. In particular:
- Housing output in the MUAs significantly undershoots the existing RSS Phase 2 Revision targets – over the period 2001/2 to 2006/7 that undersupply has totalled almost 17,500 units because the market has not been able to deliver this level of output;
 - The credit crunch is already seeing a reduction in regional build rates overall, with developer feedback indicating the impacts are greatest in the MUA urban apartment market. At a national level CLG Data indicates that new housing starts fell by 24% in the first 3 months of 2008 compared to the same period in the previous year.
- 9.54 To illustrate the difficulties associated with higher build rates in the MUAs Table 9.3 presents a scenario outlining the possible impacts of the credit-crunch within the MUAs. The analysis is based on the assumption that current build rates will be reduced by 50% over the next 5 years.

Assumptions	
a. Build rates over the next 5 years may be 50% of those achieved in 2006, within the MUAs	3,223 p.a (16,113 units 2008-2013)
b. Current RSS requirements over the next 5 years in the MUAs	42,500 (8,500 p.a)
c. What could be the gap between 2008-2013 output and 2008-2013 requirement	26,388 (42,500-16,133)
d. If that gap was spread evenly over the RSS the 2013-2026 period what would be the annual RSS increase required in the MUAs	+2,030 p.a
e. What would the <i>total</i> annual requirement be over the period 2013-2026	10,530 (8,500+2,030)
f. What would be the %age increase in build rates (in the period 2013-2026) to close that gap	327% (10,530 vs 3,223)

Table 9.3: Build Rates in the MUAs

Source: NLP Analysis

- 9.55 Whilst the figures in the table are no more than an indicative scenario based on a 50% reduction in build rates they do highlight the very significant delivery challenges associated with the existing RSS housing requirements for the MUAs. Increasing the MUA requirements further could appear to incur unacceptable delivery risks, in locations where there is no confidence that measures are in place to bridge the delivery gap.

(d) In some locations there are increased risks that additional supply could harm fragile markets and undermine housing renewal, but could be overcome by careful phasing.

- 9.56 The problems of low demand resulting in Housing Market Renewal Pathfinders were, in some locations, associated with an increase in housing supply that was greater than the level of household growth, leading to the least popular stock (social housing and pre-1919 terraces) in the weakest neighbourhoods being increasingly bypassed by first time buyers and those economically active households able to exercise housing choice. This resulted in falling values, increased vacancies and turnover, and lack of investment. Over the past five years the combined effort of HMR investment and a stronger market has addressed some of the low demand symptoms: prices increased, vacancies and turnover fell, and new developments have emerged. There is a clear need, in those locations, to minimise the risk that future increases in housing supply to address an overall increase in households that is region-wide, does not impact on local fragile markets and create such displacement impacts for either household or developer demand.
- 9.57 There is clear evidence (drawn from the research base of the HMR initiative) that the approach to housing supply needs to distinguish between fragile markets where the issue is:
- **low demand** resulting from a weaker local economy and lower levels of household growth within the wider housing market area - this is arguably the case with North Staffordshire. In these circumstances, there is a need to be careful on how housing supply works in tandem with regeneration investment and avoids risk of displacement through phasing and control over the mix and type of housing developed. There is scope for some additional provision, provided it adds to the housing mix and offer that could not be delivered within HMR neighbourhoods, and contributes to the overall vitality of the wider housing market;

- **Housing market failure or dysfunction** in neighbourhoods where the housing mix and quality of life offer in those areas means they do not share in the benefits of economic and demographic growth that are driving the success of the wider housing market. This is arguably the case for the Birmingham Sandwell Pathfinder. Here, there is little evidence that it is housing development elsewhere in the region that is undermining the fragile market. Rather, the solution lies in spatial planning putting in place the diversified housing offer and mix, alongside the economic growth, education, services, and amenities within those neighbourhoods that make them more attractive and allow them to benefit from the proceeds of wider growth. This is ultimately what the plans of the HMR Pathfinder and wider regeneration strategies for both the Black Country and Birmingham represent.
- 9.58 Applying these principles, the appraisal of options suggests that there is scope to increase supply in North Staffordshire with appropriate care over phasing, whilst in Birmingham and the Black Country, there could be increases in output if the market is able to deliver.
- 9.59 New housing will support economic growth through regeneration – a fact recognised in the approach that is being taken as part of the Housing Market Renewal initiatives, and the strategies being adopted in Birmingham, the Black Country and North Staffordshire, alongside other locations such as Solihull and Telford and Wrekin. There is a balance to be struck between increased housing supply, and:
1. the risks that in some locations the market will not be able to deliver the build rates, given the sales values achievable;
 2. the need for housing supply to match the level of household growth capable of being directed to that location, and for appropriate phasing, to minimise the risk of localised over-supply and displacement, leading to problems of low demand;
 3. the importance in terms of wider regeneration of securing improvements to housing mix and the range and choice of housing, not all of which can be delivered within regeneration areas themselves; and
 4. the delicate balance of land uses and need for focused and prioritised regeneration investment, which inherently places a limit on the amount of regeneration-based development that can be achieved within a given timeframe.
- 9.60 In this regard, options (such as 5) that focused very high levels of additional growth into the MUAs would arguably undermine some of these regeneration objectives.

3. Additional housing can assist economic growth

- 9.61 There is evidence to suggest that in certain economic sectors and economic geographies (notably the Coventry, Solihull and Warwickshire high technology corridor, but also rural areas) housing supply in the RSS Preferred Option is not keeping pace with the level required to deliver labour supply to match job growth. And footloose employment is tending to follow those sectors of the economically active population who are able to exercise most choice in the housing market – resulting in those locations with the highest quality of life also becoming increasingly important in economic terms, particularly for growth sectors. In a global economy, it will be important for the UK to support and enhance those key sectors, and the importance of the region in modernising its economy is recognised by the RSS Objectives. Whilst the precise relationship between housing supply, economic growth and regeneration is not simple, additional housing supply will help relieve labour supply blockages in important economic growth sectors
- 9.62 Of the different options those which increase supply in the South East of the region are most likely to support this objective. Although there is undoubtedly scope to recognise the potential for labour mobility (ie by having people live in the MUAs and working elsewhere and indeed to address quality of life and other measures in the MUAs to support economic growth) there are inherent limits to this (particularly as transport costs increase), and it is arguably less sustainable. Tilting the balance slightly to secure a better match of employment and housing may be a better fit against this RSS objective and the RES more broadly.

4. Birmingham needs more good quality housing in the city and its immediate hinterland to support its global role.

- 9.63 Birmingham's role as the economic hub of the region is recognised in the RSS that explicitly seeks to support its role as a *global* city. There is a strong case for arguing that the housing distribution of the RSS Preferred Option under-plays this role in housing supply terms – something acknowledged by the recent Core Strategy Issues and Options Report for Birmingham which increases the target for new housing as a component of the vision set out in the Big City Plan. Certainly, there is a strong case for increasing housing supply to reflect underlying need as represented by the CLG Household Projections, although there will be major delivery challenges (necessitating major increases in build rates above those previously achieved even in the apartments boom). Looking at how other global cities perform within their wider regions, it is clear they benefit from symbiotic relationships with successful and vibrant economic and housing locations outside the conurbation (e.g. London and the M4 corridor). If Birmingham is to perform as a genuine global city, it will act as a hub within a wider economic network that powers the economy of a successful and prosperous region. Restricting housing supply outside the MUAs in a way that undermines economic growth in the high technology corridor and in sectors that are important to the region's future could harm the ability of Birmingham to grow into its global role.

5. Additional housing growth can help address genuine affordability problems and meet housing needs

- 9.64 One role of RSS is to provide a spatial response to the Government's objective to widen the choice of high quality homes for those who cannot afford market housing, "*in particular those who are vulnerable and in need*"¹⁰.
- 9.65 Drawing upon the findings of the NHPAU Affordability Model, the Matthew Taylor Report and housing needs and market assessment work in the region, as well as GIS analysis of housing prices against income levels and migration, the study has drawn a number of evidence based conclusions in relation to improving accessibility to affordable housing:
1. Increasing supply overall offers an opportunity to dampen down house prices and improve affordability;
 2. Relative affordability problems are more acute in the Shire Counties than the MUAs – this is where those in need suffer the greatest affordability challenge;
 3. Whilst the MUAs contain the greatest number of people in need, significant numbers are found in other areas such as Wychavon and Warwick;
 4. During the credit crunch it may be difficult to secure increasing levels of affordable housing, via Section 106 agreements, as a proportion of new market-led housing. This challenge will be greatest in the MUAs where delivery will be most reliant on complex brownfield urban sites.

6. Additional housing growth can support rural renaissance and support RSS Objectives for regeneration

- 9.66 Relating the evidence back to the challenge of defining where additional housing in the region may best widen housing choice and improve affordability leads to the conclusion that there is scope to increase the supply of housing in the more suburban and rural areas. Additional allocations in these areas:
- Offer greatest prospect of identifying viable sites which can deliver a significant proportion of new affordable housing in the short-medium term; and

¹⁰ PPS3 Paragraph 9, Strategic Housing Policy Objectives

- Will provide more affordable housing where those in need face the greatest challenges in gaining access to high quality homes.
- 9.67 The Matthew Taylor Review (Living Working Countryside: The Taylor Review) drew conclusions which mirrored the feedback provided to the study by those stakeholders representing rural interests, namely that:
- The high cost of rural homes compared with the low wages of rural employment opportunities is threatening the sustainability of many rural settlements. In Bridgnorth for instance average house prices in 2007 were in excess of £235,000 in comparison with a regional average of over £175,000. In contrast average annual salaries for employment in the area were, at £17,643, significantly below the regional average of £22,072;
 - There is a flow of mid-lower income households away from rural settlements caused by the inability to secure appropriate housing – this is leading to urban to rural commuting patterns;
 - In rural settlements even relatively small numbers of additional households can have dramatic local positive effects in terms of sustaining facilities such as shops, pubs, post offices, schools and surgeries; and
 - Relatively small increases in rural housing with appropriate levels of affordable housing could have significant effects of sustaining settlements.
- 9.68 In the West Midlands it is the rural areas which, in general terms, are ‘over-performing’ in terms of their current RSS requirements. For example in Stratford upon Avon recent over-performance tends to suggest market demand and market capacity for additional housing. These are also the areas where affordability challenges are greatest. There appears to be scope to allocate more housing in these areas, with confidence that the market will be able to deliver a significant proportion of affordable housing which will help sustain settlements and improve access to housing.

7. Additional housing growth is likely to require the review of Green Belt, but this is consistent with the RSS Objective if it results in sustainable development and regeneration. There are also opportunities to increase coverage of Green Belt.

- 9.69 RSS Objectives already establish the principle for reviewing the Green Belt where this is necessary to meet the needs of sustainable development and regeneration. Implicit in the original work of WMRA that identified a capacity of 340,000 new homes was the possibility that Green Belt would need to be released.
- 9.70 The options which involve urban extensions indicate that this approach can be consistent with sustainability, in terms of meeting economic, social and environmental needs. Indeed, there is a strong case that, if there is a need for additional housing, that releasing land closer to the main centres of economic and other activity (in and around the MUAs and SSDs) can provide more sustainable transport solutions than development ‘leapfrogging’ the Green Belt.
- 9.71 If proposals for additional growth were put forward, this could mean the need for review of Green Belt boundaries and RSS will need to establish the broad locations for these. It will be for Core Strategies to consider any detailed review of Green Belt in light of the housing and other development needs established through RSS. In tandem with this review, there are opportunities to increase Green Belt coverage and to establish boundaries that properly reflect the need to manage the long term development needs around the MUAs and other SSDs in the most sustainable way, taking account of PPG2 considerations, alongside other infrastructure planning requirements. For example, there could be extensions to the Green Belt to provide better protection of openness around the perimeters of Warwick, Stratford and other locations.

8. New Settlements are a potential form of development that could meet housing requirements, in the right locations, and if the delivery capability is put in place.

- 9.72 New Settlements were not identified in the preparation of the RSS Phase 2 Preferred Option. Options two (the Eco Town locations), four and eight considered whether and how this form of development could meet potential future needs. The analysis concluded that there is scope for this form of development, but that this should be divided into:
- Smaller new settlements (under 10,000 units) 'linked' to larger existing settlements, and connected by high quality public transport linkages. The current Eco town bid process indicates that, although there are infrastructure issues to be confronted (in terms of what is needed to meet the needs of those communities for primary and secondary education, day-to-day shopping needs and so on), there is no inherent reason why it cannot be an appropriate form of development, working with the private sector. Ultimately, it will be Core Strategies to determine whether this form of new settlement is an approach that could deliver against RSS housing requirements for that location, as an alternative to urban extensions;
 - Larger, so-called 'freestanding' new settlements, of circa 20,000 units, that would have their own markets, economic development role, a place within the settlement hierarchy of the region, and would likely need to have a development trajectory that extended beyond the current RSS period. Options four and eight considered the potential for this form of development, and although they are undoubtedly controversial and would require major public sector delivery capacity from HCA and new delivery vehicles (perhaps UDCs) they are not something the private sector is capable of leading on), they could have a potential role if situated on transport corridors with capacity and in locations where the introduction of a *new* local market for housing and economic development could be accommodated without destabilising existing markets. It is considered that the south east of the region provides the best opportunity for this.

9. Transport issues are not a fundamental barrier to delivering more housing although investments in public transport alongside highway improvements will be needed in some locations

- 9.73 Additional growth will give rise to a range of localised transport impacts and will necessitate action at the national and local level to manage traffic demand, make best use of existing capacity and involve selective, and in some cases, significant investment in public transport alongside highway improvements, funded by development and Government. Modelling of the transport impacts of growth options shows the overall levels of road traffic – in terms of journey times and delays – to be not markedly different from those forecast in the RSS Phase 2 Preferred Option. There is already extensive investment in infrastructure committed within the region that will contribute to addressing congestion and accommodating growth. Key to mitigating these traffic impacts will be the provision (and use) of attractive viable public transport (and in particular, rail for the major commuting corridors) alternatives on key movement corridors. There should be no region-wide barrier to growth as a result of overall increased levels of traffic or the ability of the transport network to cope. Based on the information available to the study, the analysis has not identified any transport improvements that cannot be delivered and are therefore a barrier to further growth but equally, any improvements that are not currently funded commitments must be regarded as having some risk.
- 9.74 Key to delivering the RSS Phase 2 Preferred Option and additional provision in line with any of the Options in this Study will be a more proactive approach to prioritising, funding and delivering the infrastructure improvements. This will include aligning the local allocation and phasing of sites with transport solutions, identifying where the level of growth will trigger the need for supporting investment. There may be opportunities for focusing distribution of growth either in RSS or at a local level in order to strengthen business cases for investment along key transport corridors and secure s.106 funding contributions. In this regard, the 5,000 unit threshold for Eco Towns provides an illustrative guideline for the scale of development that can be more sustainable and capable of funding the necessary investment in infrastructure.

10. Although there are localised hydrology issues to resolve, there is no evidence to suggest that these cannot be addressed through investment in additional capacity or consideration of specific locations in Core Strategies.

- 9.75 Engagement with the Environment Agency and the water utility providers has provided a good understanding of the key risks associated with any additional growth through both the existing RSS Phase 2 Preferred Option and any further growth. Although there are some region-wide issues as well as specific localised challenges, there is no evidence that hydrology impacts cannot be mitigated or that feasible technical solutions can be found (including the way in which new development can be planned and delivered at the local level). The issue of water extraction from the Wye Valley is an issue that applies to the RSS Preferred Option as well as any additional housing growth and will need to be subject to mitigation.
- 9.76 Flood risk is an issue that needs to be considered in terms of the location and scale of development at a local level. At a regional level it is possible to recognise that additional housing growth can be accommodated, with flood risk capable of mitigation (obviously subject to agreement of the Environment Agency) even in locations identified as being at high risk through works to catchments, and with water attenuation, and with the application of policy to dictate the location of development through Core Strategies. Water supply and treatment also presents some localised issues, but these are issues of timing, and the likely trajectory of supply means that there is sufficient time to make the necessary provision.

11. The market downturn means the trajectory of housing delivery will change from that envisaged by the RSS Phase 2 Preferred Option, but there is no fundamental market barrier to increasing supply provided there is sufficient supply of suitable and available land for development

- 9.77 There are real issues associated with the market downturn, and it is undoubtedly the case that housing supply will be lower than previously envisaged at least in the period to 2011. In order to deliver the overall quantum identified in the NHPAU Supply Range by 2026, it will mean much increased rates in the latter half of the RSS period.
- 9.78 Ultimately, the Calcutt Review and the OFT report indicates there is no fundamental structural reason why it is not possible to increase supply significantly, and indeed, evidence across the regions shows that it is possible to ramp up supply of homes significantly year to year, although the increases required moving forward will be significant. What has not been achieved previously is the consistent supply of land across a wide range of market areas allowing a balanced approach that does not overload individual markets, and, for delivering the major place shaping investment required for housing led regeneration and, possibly, for new settlements, the right delivery vehicles and business models for the public and private sector to work together.
- 9.79 Clearly, this does not mean there is an infinite capability for increased supply, and the fluctuations in output year by year on top of the need to 'backfill' the undersupply during the downturn must mean that the upper end of the NHPAU supply range is a considerable challenge. In general terms, the OFT highlight the challenge of replacing skills lost during the downturn, and this will be something that needs to be addressed potentially as part of the regeneration/economic development agenda.

12. The phased release of land needs to focus on managing the risks for fragile markets, whilst also ensuring that supply increases as quickly as possible out of the downturn.

- 9.80 The trajectory analysis undertaken to explore the impact of the current economic downturn and its implications for housing construction, shows that levels of housing delivery will need to increase markedly out of the downturn, and accelerate to rates of development that have not been seen over

the past thirty years. This applies to both the existing RSS Preferred Option and Options for delivering the NHPAU Supply Range.

- 9.81 There is a focus in policy terms from a number of stakeholders that any phased release of land should follow the broad approach set out in PPG3 (2001), namely for brownfield land to be prioritised over greenfield release. The appraisal of options also indicated that there will be a number of locations where it would be inappropriate to release land in advance of there being the necessary investment in transport and other infrastructure, which may be programmed for delivery in the latter half of the RSS period.
- 9.82 Equally, in line with the guidance on Strategic Housing Land Availability Assessments (SHLAAs) there will be an important need to release land that is suitable and available for development in order to deliver a 5-year housing land supply, and to ensure that housing supply increases to meet recognised need. This will mean releasing sites that are viable and available at any given moment in time in advance of those that are not viable, and with long term certainty so that infrastructure providers can make long term investment decisions. This will mean greenfield sites in more attractive market locations being released before more difficult urban brownfield sites that will not be capable of being developed at that point in time. In many cases, as the market returns to an equilibrium, the phased tandem release of land will be appropriate.
- 9.83 The other phasing dimension is the need to protect fragile markets in the face of regeneration priorities. Again, in most cases, tandem release of greenfield and brownfield/regeneration sites should be possible.
- 9.84 On the basis of the above, the conclusions of this Study are that, if the region is to seek an increase in the levels of housing provision over and above that proposed in RSS Phase 2 Revision Preferred Option, there are a number of opportunities to do so. These do not raise fundamental barriers to delivery, although the overall scale of provision increases the degree of market risk as the level of requirement increases beyond the mid-point of the NHPAU Supply Range.