

AN INTERIM WMRA POSITION STATEMENT

Responding to the NLP Report by 8th December 2008

(3rd draft – 12th November 2008)

1. OVERVIEW

- 1.1 The Housing study by Nathaniel Lichfield and Partners (NLP) proposes three potential 'growth scenarios' for the West Midlands. The study and its recommendations raise some fundamental questions and issues for the Region.
- 1.2 If adopted, a number of the NLP Options and each of the three 'scenarios' identified could seriously undermine the current RSS Strategy: above all by increasing the scale of development beyond the Major Urban Areas (particularly increased green field land releases which will be more attractive to the market) and, as a result, changing the spatial balance of development opportunities in favour of these areas. The suggested changing balance of development will be the subject of further analysis before the WMRA response is submitted.
- 1.3 In practice, therefore, such suggested changes cannot be regarded as acceptable partial 'revisions' to the RSS strategy but, in effect, would most probably represent a form of strategy 'review'.
- 1.4 However, if the NLP study is seen in this way (i.e. as implying a strategy review) it has clearly reached its conclusions through what is a tenuous process as it is based on nationally based housing projections and a one dimensional review of the RSS Strategy leading to suggested development proposals, which have not properly and explicitly considered and addressed the many fundamental challenges facing the region.

2. THE FUNDAMENTAL CHALLENGES FACING THE REGION

- 2.1 The fundamental challenges facing the Region were fully examined in the process of developing the strategy in the original RPG11 exercise in the early 2000s and these challenges still continue to exist.
- 2.2 At the heart of preparing the strategy was a clear acknowledgement that the current change processes occurring in the Region (where population and investment are moving away from the Major Urban Areas (MUAs) with

increased pressure for development in surrounding areas) were unsustainable trends.

- 2.3 In particular, it was acknowledged that, if these trends were allowed to continue, it would lead to a potential 'hollowing out' of the MUAs (already evident in some areas) with very serious long term economic, social and environmental consequences; equally, the objective of Rural Renaissance was to be achieved through reducing unsustainable development pressures in the Shires while meeting the needs of the Region's rural areas.
- 2.4 The RSS strategy therefore adopted by the Region (and supported subsequently by the EiP Panel and the Secretary of State in 2004) was, in effect, a 'needs-based' strategy aimed at promoting a 'step change' in urban renaissance (e.g. taking up the opportunity for economic and physical restructuring through the re-use of redundant employment land); it was NOT a strategy aimed at maximising growth in areas of opportunity which was rejected at the 'choices' stage of the RSS process.
- 2.5 The Phase One RSS Revision, which was approved by the Government in January 2008, reiterated and emphasised this approach by developing a vision-led strategy for the regeneration of the Black Country.
- 2.6 Similarly, the current 2007 West Midlands Economic Strategy, which is closely aligned with the RSS, shares the objectives of Urban and Rural Renaissance and identifies the same spatial emphasis and priorities.

3. THE CONTINUED NEED TO SUPPORT THE STRATEGY

- 3.1 It is acknowledged that, since the RSS strategy was developed, there have been a number of significant contextual changes which, in theory, could potentially warrant a re-examination of these principles, particularly climate change and housing issues.
- 3.2 Perhaps the most fundamental of these is the increasing concern with regard to Climate Change. However, it is evident that consideration of this issue has in practice further increased support for the existing RSS, not least the emphasis on reducing the need to travel by limiting social and economic dispersal, increasingly important given the energy costs and concerns. This issue is not fully considered in the NLP report.
- 3.3 Community cohesion issues also remain high on the agenda but again it can be seen that, in this context, the existing RSS should be supported given the important roles that Urban and Rural Renaissance can play in reducing social polarisation and divisions in society. This issue does not seem to be explicitly considered in the NLP report.

- 3.4 This, therefore, leaves the housing issue which has already been fully addressed in the RSS Revision process and where, on the basis of current evidence with regard to the impact of the 'credit crunch' it would appear that, in the short and medium term, the proposals in the submitted Preferred Option are both realistic and desirable.

4. THE HOUSING ISSUE

- 4.1 Sitting within this overarching policy framework, the housing policies in the Preferred Option provide a challenging but realistic strategy for the Region which also aims to ensure that Greenfield Sites are not released excessively which could hamper the development of urban sites, especially in the Major Urban Areas. This has been tested and demonstrated by the Risk Assessment exercise that was undertaken as part of developing the Preferred Option. In addition, the strategy identifies a need to substantially increase provision of affordable/subsidised housing as a means of directly addressing housing affordability issues.
- 4.2 It is generally accepted that the downturn in the housing market will continue for some time which will affect housing delivery at least in the short term. All regional stakeholders need to take account of this factor which will require some reprofiling of housing delivery. In particular, there will be a need to consider how any potential short term shortfall will impact on mid to longer term housing requirements and what the level of development can be realistically achieved in the later stages of the plan period. NLP recognise this in their work but their proposals seem to involve some significant risks and pitfalls which merit for further analysis by WMRA and its partners. Moreover, such reprofiling, if applied to a much higher regional housing target would lead to the need to set unrealistic and undeliverable annual targets towards the end of the plan period.
- 4.3 However, these are fundamental issues and strategic decisions which are subject to major uncertainties. In this situation the key question for the Region, and indeed Government, is whether such choices and any review of the RSS strategy should be based on the rather narrow and one-dimensional approach adopted by NLP. The emphasis, at least in the short to medium term, will clearly need to be on delivering the housing figures set out in the Preferred Option which in the light of past rates of development and current market and economic conditions already represent a major challenge. As a consequence, there is no urgency to increase housing land provision over and above the significant provision already made in the Preferred Option at this point in time, and there are significant strategic risks of providing even more land in the RSS at this stage as suggested by NLP.
- 4.4 Against this backdrop, it is concluded that any fundamental review of the Region's approach to housing provision that may or may not be required in

the medium to long run is better done by a proper review of the Regional Spatial Strategy's successor, the Single Integrated Regional Strategy proposed under the Government's Sub-National Review. This would provide the opportunity to adopt an integrated approach which takes into account the latest information on housing need and demand, together with the full range of considerations and implications for all policy fields.

5. THE WAY FORWARD

5.1 The NLP report potentially represents a major challenge to the Assembly and its partners and indeed to the sustainable development of this Region. In developing a response to this challenge, the Assembly's approach will be based on the following key principles:-

- i) The Assembly's continued emphasis is on the importance of the overall RSS Strategy of Urban and Rural Renaissance for which there is wide spread support rather than the narrow focus on housing numbers by the Government;
- ii) The RSS Phase Two Revision already provides for a degree of flexibility which allows to react to changing circumstances in a robust and planned manner, particularly through making the housing figures for the Metropolitan urban area 'minima' and through the continuous process of monitoring and regular strategy review;
- iii) The basis for the Assembly's response to the EiP Panel will therefore be to explain and justify the existing overall RSS strategy and the submitted RSS Phase Two Revision;
- iv) There is a need to challenge the NLP study in a comprehensive and professional manner by highlighting in particular:-
 - a. The very narrow approach of the study which is largely based on past economic and house building trends and neglects wider policy principles in the current strategy particularly, housing need and the importance of co-locating new housing with employment land allocations,
 - b. The limitations of the projections and assumptions on which the study and its findings are based, including the housing figures developed by the NHPAU;
 - c. The strategic risks arising from the proposals in the study to wider policy objectives, in particular in respect of Urban and Rural Renaissance;

- d. The local implications and impacts of NLP's proposals which seem to be downplayed or, at least to some extent, disregarded in the study, including in respect of environmental impacts;
- e. The challenges and risks involved in delivering NLP's proposals, including in respect of funding and investment as well as provision of transport and wider social and community infrastructure, including Green Infrastructure.

5.2 WMRA will be working with all regional stakeholders in developing its response to the Panel by 8 December 2008. In preparation for this the WMRA is co-coordinating technical work across the West Midlands Region. This includes vital technical advice from local authorities and particularly the Section 4(4) Authorities.

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