

# West Midlands Regional Assembly

## **West Midlands Regional Assembly representations on the RSS Phase Two Revision Draft**

**8<sup>th</sup> December 2008**

## Synopsis

*This submission sets out the Assembly's views on the RSS Phase Two Revision in order to assist the Examination in Public process. The submission highlights key elements of the approved Regional Spatial Strategy for the West Midlands and places the Phase Two Revision within this important context. The work of the National Housing and Planning Advice Unit and the Nathaniel Lichfield and Partners (NLP) study are then assessed against this background.*

*Key conclusions from the Assembly's submission are:*

- i. The Assembly's continuing strong support for the overall RSS strategy of Urban and Rural Renaissance for the distinctive and diverse West Midlands Region and the crucial importance of maintaining and promoting the fundamental principles of the strategy;*
- ii. As agreed with Government, the Phase Two Revision is a partial revision of selected elements of the RSS in order to further develop and strengthen the existing overall strategy to 2026 – it is not a full review of fundamental principles of the approved RSS;*
- iii. The Assembly has significant concerns about the narrowness and soundness of the NLP study and its conclusions and its over-reliance on just the NHPAU figures and a largely trend-based, market-led approach. The Assembly is very concerned about the implications for the approved RSS and for the West Midlands Region, if the propositions in the NLP study were to be adopted by the Government;*
- iv. The Assembly fundamentally challenges key assertions and conclusions in the one-dimensional NLP study, and strongly believes that NLP's proposals would seriously undermine the Urban and Rural Renaissance strategy of the Region;*
- v. There are major delivery challenges and risks, especially in the light of current economic circumstances, and it is therefore even more important to avoid tenuous 'quick fix' approaches and apply prudent and robust solutions that meet the Region's needs in a sustainable way, based on the RSS strategy;*
- vi. Any fundamental review of the Region's approach to housing provision that may or may not be required in the medium to long term should be done through a full review of the RSS via its successor, the Single Integrated Regional Strategy;*
- vii. In conclusion, the Assembly therefore strongly believes that the submitted RSS Phase Two Revision Draft is the right strategy for the West Midlands. The Draft demonstrates the willingness of the Assembly and its regional partners to tackle the challenges facing the Region in a holistic and sustainable way. In contrast, the recommendations of the NLP study are not consistent with the key principles of the approved RSS and the underlying sustainable development objectives.*

## 1. Introduction

- 1.1 The West Midlands Regional Assembly (WMRA), in its role as the statutory Regional Planning Body (RPB), submitted the RSS Phase Two Revision Draft to the Secretary of State in December 2007. Following the intervention by Baroness Andrews in early January 2008, the Government Office for the West Midlands (GOWM) commissioned Nathaniel Lichfield and Partners (NLP) to undertake a study to develop options for higher levels of housing growth for the West Midlands RSS. This work was undertaken in response to initial work by the National Housing and Planning Advice Unit (NHPAU) and took into account subsequent formal advice from the NHPAU on housing supply ranges.
- 1.2 The Government also issued brief formal guidance in July 2008 on how the NHPAU advice should inform RSS reviews<sup>1</sup>. In the case of the West Midlands, the then Minister for Housing and Planning, Caroline Flint MP, confirmed in September 2008 that the Assembly was not expected to withdraw its submitted Draft Revision and that the NLP study would be a vehicle to allow the NHPAU advice to be tested and considered at the Examination in Public (EiP)<sup>2</sup>. The Minister also informed the Assembly that she anticipated that the NLP study would enable GOWM to explore in its evidence to the EiP the spatial implications of delivering a level of growth within the NHPAU supply range.
- 1.3 As a result of these events, all of those involved in the RSS Revision process, including the RPB and the Panel, are faced by an unprecedented situation. In the light of this, the Assembly through this submission wishes to provide as much assistance as possible to the EiP process and trusts that the Panel will find this helpful. However, it should be noted that the Assembly has had to prepare these representations without knowing the position GOWM would take in their representations to the Panel and, in particular, GOWM's view on the spatial implications of delivering higher levels of housing growth, as anticipated by the Minister.
- 1.4 The representations set out below are intended to contribute positively to the EiP process. Section 2 sets the scene and briefly summarises the key principles and the main elements of the existing RSS for the West Midlands. Section 3 gives a short overview of the submitted RSS Phase Two Revision Draft and Section 4 reflects on key changes in circumstances since submission of the Draft in December 2007. The separate Section 5 then provides the Assembly's initial assessment of the NHPAU advice and the NLP study and, in particular, highlights a number of important issues and concerns in respect of the potential implications of the NLP study. Finally, Section 6 draws together some brief conclusions.

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<sup>1</sup> Letter from the Minister for Housing and Planning, Caroline Flint MP, to the Chairman of the West Midlands Regional Assembly, Cllr David Smith, 16<sup>th</sup> July 2008.

<sup>2</sup> Letter from the Minister for Housing and Planning, Caroline Flint MP, to the Chairman of the West Midlands Regional Assembly, Cllr David Smith, 5<sup>th</sup> September 2008.

## **2. Background – The existing RSS for the West Midlands**

- 2.1 As agreed with Government, the RSS Phase Two Revision is a partial revision of selected elements of the 2004 RSS, not a full review. It is important, therefore, to place the Phase Two Revision into the context of the approved RSS. This section provides a brief summary of the approved RSS and demonstrates the continuing relevance and appropriateness of the overarching RSS strategy.

### **i) Placing the partial revision into the context of the approved RSS**

- 2.2 The existing RSS was approved by Government in 2004 after extensive consultation with regional partners, an intensive EiP in 2002 and close involvement of Government throughout the whole process. The approved strategy marked a step change in regional policy. At the heart of the RSS strategy was a fundamental change of policy direction that, in particular, aims to tackle decentralisation of development through the combined processes of Urban and Rural Renaissance.
- 2.3 It was widely recognised that, to be successful, this step change will require a holistic, integrated approach to planning and development in the Region. This approach was also closely aligned with the national Sustainable Development Strategy<sup>3</sup> and Government guidance. From early on, the Assembly and its regional partners have therefore ensured close alignment with other regional strategies and programmes, most importantly the Regional Housing Strategy and the West Midlands Economic Strategy (WMES).
- 2.4 When issuing the RSS in 2004, the Secretary of State supported the overall strategy of Urban and Rural Renaissance and identified a number of issues that required further work. These issues have been taken forward in a phased revision process, including the RSS Phase Two Revision. However, it is important to stress that this is a partial revision of selected elements of the RSS which is intended to further develop and strengthen policies to support the existing overall RSS strategy. It is not a full review of the fundamental principles or emphasis of the existing strategy. This approach was enshrined in the Project Plan<sup>4</sup>, which was agreed with Government, and has guided the revision process.

### **ii) Key elements of the approved RSS**

- 2.5 The approved RSS for the West Midlands<sup>5</sup> identifies a number of major challenges facing the Region and sets out a policy framework to address these challenges. The continuing outward movement of people and jobs away from the Region's Major Urban Areas<sup>6</sup> (MUAs) was identified as a

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<sup>3</sup> 'A Better Quality of Life', 1999, subsequently developed further in the national Sustainable Development Strategy 'Securing the Future', 2005.

<sup>4</sup> See West Midlands RSS Phase Two Revision Project Plan, March 2006, particularly page 9.

<sup>5</sup> As in the Regional Spatial Strategy for the West Midlands issued by the Secretary of State in January 2008 which incorporates the completed RSS Phase One Revision.

<sup>6</sup> The Major Urban Areas in the West Midlands are made up of Birmingham, Solihull, Coventry and the Black Country local authorities of Dudley, Sandwell, Walsall and Wolverhampton, as well as

particular challenge. This unsustainable trend was seen as increasing pressures on the environment, leading to development of greenfield sites, increasing the need for car-based travel and creating dangers of abandonment and greater social polarisation within the Region (see e.g. paras 2.7-2.8 and 3.2 of the approved RSS).

- 2.6 In response to these challenges, the RSS promotes a fundamental change of direction and sets out an ambitious strategy to achieve this goal. It aims to reverse the unsustainable decentralisation through the dual approach of Urban and Rural Renaissance so that all parts of this distinct and diverse Region increasingly meet their own needs in a mutually supportive and sustainable manner. In spatial planning terms, this strategy is based on a number of key cornerstones, including:
- a) An integrated approach to Urban and Rural Renaissance, both across policy fields (housing, economic development, transport, environment etc.) and across geographic areas (e.g. recognising and dealing with the interrelationships between MUAs and surrounding areas). The renaissance strategy spatially joins up, and critically depends on, land use policies and wider measures, including improving skills, education, transport and social infrastructure and the natural and built environment;
  - b) A spatially focussed concentration of development and investment to achieve sustainable patterns of development, e.g. through spatial emphasis on Urban and Rural Regeneration Zones, Sub-Regional Foci, Local Regeneration Areas, Town and City Centres, Other Large Settlements and Market Towns – see Policies UR1, UR2, UR3, RR2, RR3, CF1, CF2, PA1, PA2, PA3, PA11, QE1, T1 of the approved RSS<sup>7</sup>;
  - c) A significant redistribution of new development, investment and action, in particular to facilitate and promote development in areas of greatest need;
  - d) Increased rates of development in the MUAs, combined with a comprehensive restructuring and revitalising of the urban areas to counter out-migration;
  - e) Facilitating regeneration in rural areas and the creation of sustainable rural communities with a focus on meeting locally generated needs;
  - f) The critical importance of improving the existing urban fabric, including the existing housing stock (in line with the Government's objective of 'decent homes for all'<sup>8</sup>), whilst ensuring that new development takes place in a sustainable way.

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the urban area of the North Staffordshire conurbation in the Stoke-on-Trent and Newcastle-under-Lyme local authority areas.

<sup>7</sup> The submitted RSS Phase Two Revision proposes a further development of this spatial structure, including the replacement of Sub-Regional Foci with Settlements of Significant Development (see Policy CF2).

<sup>8</sup> As set out in the Government's Housing Green Paper 2007 and PPS3.

### **iii) The continuing relevance and appropriateness of the overall RSS strategy**

- 2.7 The RSS sets out an ambitious and challenging strategy and, when it was adopted in 2004, the then Minister for Housing and Planning, Keith Hill MP, confirmed the need for the significant change of direction and the importance of urban renaissance<sup>9</sup>. Whilst the strategy was only adopted a relatively short time ago, there are already signs of success and progress towards Urban and Rural Renaissance objectives. The monitoring work of the Assembly and the Regional Observatory has shown, for example, a significant increase in housing and employment land development within the MUAs, combined with a slowing down of out-migration from these areas<sup>10</sup>.
- 2.8 However, notwithstanding these encouraging signs, sustained long term commitment and investment are required to tackle the underlying, deep-rooted problems and challenges and to accomplish the fundamental change process. Indeed, the need for concerted, sustained effort was recognised by the Panel of the EiP in 2002 who saw a need for 'a sensible period of policy stability'<sup>11</sup>.
- 2.9 In line with these principles, both the Assembly and Government Ministers have subsequently stressed the urgency of action in relation to the regeneration of the Black Country as a key element of the regeneration of the conurbation at the heart of the Region. The overall approach of the regeneration strategy for the Black Country was also fully supported by the Panel of the RSS Phase One Revision EiP<sup>12</sup>. When approving the Phase One Revision in January 2008, Baroness Andrews again emphasised and supported this approach of a vision-led strategy for the regeneration of the Black Country.
- 2.10 While the key challenges underpinning the approved RSS remain, further changes have taken place since the strategy was developed. Perhaps the most fundamental of these is the increasing concern with regard to Climate Change. However, this issue has in practice further increased the support for the existing RSS, not least the emphasis on improving the existing stock of buildings and reducing the need to travel by limiting social and economic dispersal, which is increasingly important in the face of rising energy costs and carbon emission concerns.
- 2.11 The need for economic restructuring and modernisation in the Region also continues, not least in the context of current economic conditions (see Section 4 below). This requires a coordinated, joined-up approach to facilitate economic development and to improve the Region's competitiveness. Crucially, the current West Midlands Economic Strategy, which is closely aligned with the RSS, shares the objectives of Urban and

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<sup>9</sup> Letter from the Minister for Housing and Planning, Keith Hill MP, to the Chairman of the West Midlands Regional Assembly, Cllr Bransby Thomas, 15<sup>th</sup> June 2004.

<sup>10</sup> See, for example, the Assembly's Annual Monitoring Reports (submitted to the EiP document library) and the State of the Region reports prepared by West Midlands Regional Observatory.

<sup>11</sup> RPG11 for the West Midlands, EiP Panel Report, October 2002, para 11.3.3.

<sup>12</sup> See, for example, West Midlands RSS Phase One Revision EiP Panel Report, March 2007, para O.6.

Rural Renaissance and identifies the same spatial emphasis and priorities for investment and intervention.

### **3. The RSS Phase Two Revision Draft**

3.1 This section introduces key elements of the RSS Phase Two Revision Draft as submitted by the Assembly in December 2007 which are particularly relevant to the overall RSS strategy and which provide a basis for analysing the NLP study.

#### **i) Key principles underpinning the RSS Phase Two Revision**

3.2 A number of key principles have guided the work of the Assembly and its regional partners in developing the RSS Phase Two Revision, including:

- a) It is a partial revision which is intended to support and strengthen the overall strategy of Urban and Rural Renaissance in the period up to 2026;
- b) The need for adopting an integrated, holistic approach to spatial planning in developing new/revised policy for that Renaissance, taking into account all aspects that are relevant to the creation of sustainable communities as set out in PPS1<sup>13</sup>;
- c) Close consideration of both the interconnections between policy fields and, importantly, the alignment of new/revised policy with the overall RSS strategy (including an innovative 'Risk Assessment'<sup>14</sup>);
- d) Taking into account changes in circumstances (e.g. Climate Change issues) and new/revised government policy since the preparation of the existing strategy, including new PPS1 (and the accompanying Climate Change Supplement), new PPS3, the New Growth Points initiative, the Government's Waste Strategy 2007 etc.;
- e) Consideration of the deliverability of the proposals, including a comprehensive assessment of infrastructure implications and requirements, and the preparation and ongoing progression of a RSS Implementation Plan.

#### **ii) Key elements of the RSS Phase Two Revision Draft**

3.3 This section summarises key elements of the Phase Two Revision Draft under a number of cross-cutting 'headings'. It does not intend to summarise all revised policies but focuses on key elements/revisions that are of particular relevance to the overall RSS strategy and to the challenges arising from the NHPAU/NLP work.

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<sup>13</sup> This has been ensured, among other things, through the Sustainability Appraisal process which has drawn heavily on the Regional Sustainable Development Framework for the West Midlands.

<sup>14</sup> An innovative 'Risk Assessment' process was undertaken in 2007 and again in 2008 to assess the impacts on overarching spatial strategy objectives; together with a 'Rural Proofing' in 2007 to ensure that needs of rural areas are taken into account (both where submitted together with the Phase Two Revision Draft).

- a) **Sustainable development:** The Phase Two Revision has been guided by the principle of sustainable development and aims to meet regional needs in a sustainable way. The revision has strengthened the approach in the existing RSS to the promotion of sustainable development and the creation of sustainable communities in urban and rural areas (new Policies SR2 & SR3). Climate change considerations have also been integral in developing new/revised policy (see Draft Revision para 2.21 and new Policy SR1). In addition, the proposed new/revised waste policies promote more sustainable ways of waste management (Policy W1).
- b) **Integrated approach:** The RSS Phase Two Revision has followed the integrated approach which underpins the strategy of the existing RSS, aimed at developing holistic policy responses (see 2.6 above). Within the framework of the overarching RSS strategy, close links have been made between policy areas, including housing, employment, environment and transport. For example, the scale and distribution of housing development has been carefully aligned with provision of employment land and figures for office and retail development. This has also included, where necessary, the identification of priorities for further infrastructure provision and investment. In addition, the Regional Transport Strategy, which is an integral part of the RSS, has been developed further in tandem with other new/revised policies.
- c) **Increasing housing provision:** The RSS Phase Two Revision Draft makes provision for a substantial increase in house building in the Region, including affordable housing, compared to previous regional planning strategies and past delivery rates. This takes full account of the Government's overall housing policy objectives and a regional assessment of housing needs. The proposals include a 'front-loading' and phasing of provision to deliver higher levels of housing development (see Policies CF3 & CF4), while at the same time working within the framework of the overarching RSS strategy and providing an integrated package of housing, employment and infrastructure development. The provision of additional housing, in particular affordable housing, has been a key element of the revision. However, the strategy has not been driven by numbers; rather it has considered and developed housing policies within the context of the approved RSS strategy and wider policy considerations.
- d) **Promoting sustainable economic growth:** Supporting the modernisation and diversification of the regional economy is a cornerstone of the existing RSS. The RSS Phase Two Revision Draft has been developed in parallel with the revision of the West Midlands Economic Strategy (WMES) and, as a result, the two strategies are closely aligned. They share the same spatial focus for development, investment and intervention<sup>15</sup> which has guided, for example, the new/revised policies on housing and employment land provision, retail and office development in the RSS.

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<sup>15</sup> See West Midlands Economic Strategy, December 2007, in particular Chapter 8 ('Focus & Delivery'), which was published alongside the RSS Phase Two Revision Draft (see RSS Phase Two Revision Draft, in particular Chapter 3 and Policies CF1, CF2, PA1, PA6-6B).

- e) **Spatial focus and balanced development:** The RSS Phase Two Revision Draft retains a strong emphasis on overall Urban Renaissance and on promoting development and investment in the MUAs (see e.g. Policies CF1 and PA1). This includes, among other things, an emphasis on improving the existing housing stock to maintain or create urban communities that are economically vibrant, socially balanced and environmentally friendly. Similarly, the RSS policies aim to create sustainable rural communities that are economically vibrant, socially balanced and environmentally friendly, e.g. through concentrating strategic housing development in and adjacent to towns which are capable of balanced and sustainable growth (see Policy CF2). This approach of spatial concentration and balance is also underpinning the RSS employment and centres policies (see Policies PA1, PA6A, PA6B, PA11, PA12A, PA12B, PA13B and PA13B). Moreover, as regards waste management, the concept of each waste planning authority managing an equivalent tonnage of waste to that arising within its area has been adopted, including an indication of broad locations for waste management facilities (but not prescribing the sites or the technologies) (Policies W1 & W3).
- f) **Sub-regional implications of the strategy:** The revision of the RSS has led to the development of more detailed policies, not least through incorporating district level figures for housing and employment land provision. In developing these new policies, including those for housing, employment land, office and retail development, consideration has been given to their sub-regional implications in order to ensure policy integration at sub-regional level. This process has been informed to a large extent through sub-regional advice from the Section 4(4) Authorities from across the Region. This has led to the development of sub-regional sections in the Spatial Strategy (Chapter 3) and the RSS Implementation Plan (see below) which aim to provide more detailed, integrated guidance at sub-regional level. This provides the integrated context for the preparation of LDF Core Strategies by the local planning authorities in the Region.
- g) **Robustness and flexibility of the strategy:** The strategy has been developed to provide long term guidance over the whole RSS plan period to 2026. However, it also recognises that circumstances are likely to change during the plan period. While setting a policy framework that gives robust, strategic long term guidance, the revised RSS also provides for a degree of flexibility to respond to changing circumstances and unforeseen events. This will be achieved in particular through the process of 'plan, monitor and manage' and strategy review (see Chapter 10)<sup>16</sup>. Flexibility has been built particularly into those policies that set figures for the level of development, e.g. in relation to scale and distribution of housing, employment land, retail and office development (see Policies CF4, CF10, PA6A, PA12A, PA13A). As far as housing development is concerned, flexibility is also provided as the figures for the Metropolitan Major Urban Areas are expressed as 'minima' (see Policy CF3); similarly, the employment land figures for the MUAs are also expressed as 'minima' (see Policy PA6A). Thus, should ongoing

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<sup>16</sup> In line with Government policy guidance set out in PPS11 (para 2.1 and Chapter 3), PPS3 (para 52) and the Government's Good Practice Guidance on 'Monitoring Regional Spatial Strategies'.

monitoring indicate the need and capacity to make further strategic allocations, such provision can be made in a planned way in line with spatial strategy principles (see also paras 6.66-6.68, Policy PA6A and Chapter 10 of the Draft Revision).

- h) **Deliverability and implementation:** The consideration of issues around deliverability and implementation has been an integral part of the Phase Two Revision process. The Assembly, together with regional and sub-regional partners, has undertaken a comprehensive assessment of infrastructure implications and requirements across a wide range of topics. This has underpinned the preparation of the Draft Implementation Plan and has also informed the revision of the Priorities for Investment (Policy T12). The revised strategy re-iterates and strengthens the importance of planning and delivering in partnership. In this respect, the delivery of the strategy has been promoted through close alignment with current Regional Housing Strategy and the revised WMES, especially regarding the spatial focus for development, investment and intervention (see Chapter 3).

#### **4. Changes in circumstances since submission in December 2007**

- 4.1 When submitting the Draft Revision in December 2007, the Assembly and its regional partners believed that it was the right policy package for the West Midlands, providing a strategic framework for the long term sustainable development of the Region which is consistent with the principles of the overall RSS strategy. The Assembly strongly believes that this is still the case in December 2008.
- 4.2 However, it is also acknowledged that there have been a number of very significant contextual changes since the Draft Revision was submitted. The following issues are considered to be of particular relevance to the RSS:
- a) The significant reduction in the availability of finance and mortgage lending as a consequence of world wide difficulties in the banking system – the ‘credit crunch’;
  - b) A significant economic downturn which has led to considerable reduction in economic activity and additional strains on public sector spending;
  - c) A major reduction in house building together with the abandonment and ‘mothballing’ of sites by the development industry. The most recent monitoring data shows a reduction in housing completions in the West Midlands to around 15,800 (net) in 2007/08 and it is estimated that completions could be as low as around 8,000 (net) in 2008/09 and 2009/10<sup>17</sup>;
  - d) In the current economic climate, public finance has been used increasingly to support the economy;

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<sup>17</sup> This accords with the estimate made by the NLP in their discussion with developers (see NLP report, Volume 1, para 8.18).

- e) The negative impact on regeneration and development activities due to reductions in land values of assets on which future development funding depends;
  - f) A reduction in the capacity of the building industry, with significant job losses and back-migration of skilled builders, particularly from the UK to Central and Eastern Europe;
  - g) Overall, this is creating a very difficult time for regeneration and development in the Region and nationally.
- 4.3 In addition, there is increasing evidence that inter-regional migration, particularly between the West Midlands and the Greater South East, is moving away from the exceptional patterns seen over the past few years and is returning to its longer term historic relationship. While the West Midlands experienced net gains in migration from the South East and London in the period 2000-2007, the latest data indicates a return to the longer term pattern of net out migration from the West Midlands to the Greater South East seen during the 1980s and 1990s. These significant changes to the pattern of migration also mean that the period taken to generate migration trends for any population projections is very critical and casts some doubt over the 2004 based population projections and considerable doubt over the 2006 based projections.
- 4.4 These are significant changes and challenges that affect the RSS and development in the Region in general. Some of these factors may have short term impacts but there are also some more fundamental issues at play. In the light of this, it seems important to bear in mind a number of key issues:
- a) The fundamental challenges facing the West Midlands Region remain, especially the need for Urban and Rural Renaissance;
  - b) Many of the recent changes in circumstances reinforce to a large extent the existing challenges, e.g. the need for sustained concerted effort to support regeneration, including public sector investment, especially in times of weak markets;
  - c) It is generally accepted that the downturn in the housing market will continue for some time and this will affect housing delivery at least in the short term. There will be a need to consider how any potential short term 'shortfall' will impact on medium to longer term housing requirements and what level of development can be realistically achieved in a sustainable way in the later stages of the plan period;
  - d) The current 'credit crunch' is seen to be much more than just a temporary phenomenon and could lead to a fundamental restructuring of financial markets. It seems unlikely that the credit markets will be offering as much credit in the medium term and perhaps even in the long term. Clearly, this will have a significant impact on effective demand for housing and the level and type of private sector house building that can be expected in the medium and longer term;
  - e) The economic and financial situation also raises issues in relation to the funding and delivery of the infrastructure. Whilst in many cases infrastructure provision would need to be 'front-loaded' (i.e. as a

precondition for housing and other development), there are serious concerns that this will not be provided by the private sector development industry. At the same time, public sector resources are already scarce and it seems unlikely that sufficient Government funding will be available to secure the provision of all necessary infrastructure upfront;

- f) These are very complex and fundamental issues and changes which are also subject to major uncertainties. There are great dangers in adopting short term measures that appear to offer 'quick fixes', while neglecting wider underlying challenges and strategic policy considerations which are set out in the RSS strategy;
- g) The emphasis, at least in the short to medium term, will clearly need to be on delivering the housing figures set out in the Draft Revision which, in the light of past rates of development and current market and economic conditions, already represent a major challenge;
- h) There seems to be no urgency to increase housing land provision over and above the significant additional provision already made in the RSS Phase Two Draft Revision at this point in time. Indeed, there are significant strategic risks of providing even more land in the RSS at this stage, as demonstrated by the Risk Assessment undertaken for the Assembly<sup>18</sup> and the recent report of the House of Commons Environmental Audit Committee<sup>19</sup>;
- i) Any fundamental review of the Region's approach to housing provision that may or may not be required in the medium to long run should be done through a full review of the Regional Spatial Strategy via its successor, the Single Integrated Regional Strategy as proposed under the Government's Sub-National Review<sup>20</sup>. This would provide the opportunity to adopt a holistic 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.

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<sup>18</sup> Alan Wenban-Smith/Urban & Regional Policy: Risk Assessment of RSS Phase Two Revision - update following publication of the NLP study, December 2008.

<sup>19</sup> House of Commons Environmental Audit Committee: 'Greener homes for the future?', November 2008.

<sup>20</sup> See Department for Communities and Local Government and Department for Business, Enterprise and Regulatory Reform: 'Prosperous Places: Taking forward the review of sub-national economic development and regeneration', November 2008.

## 5. Response to NHPAU advice and NLP study

- 5.1 The Assembly would also like to take the opportunity to provide its initial views on the work of A) the NHPAU and B) the NLP housing study, which the Panel may find useful. The NLP study was published on 7 October 2008, so any assessment can only be a preliminary one at this stage. The Assembly is aware that these issues may be discussed at a seminar following the first Preliminary Meeting and the Assembly will be pleased to offer further advice and an input at that seminar.

### **A) Comments on the NHPAU advice**

- 5.2 This section provides a short overall assessment of the NHPAU advice<sup>21</sup> and then briefly highlights key issues and potential implications for the West Midlands RSS. It should also be noted that the English Regions Network (ERN) is writing to the Minister about the use of the NHPAU work across all English regions, in particular, in RSS processes<sup>22</sup>. Above all, the ERN emphasises the need for the NHPAU work to be set into a proper planning and wider policy context when being used in the production of RSSs.

### **i) Overall approach and scope of the NHPAU advice**

- 5.3 The Assembly considers that, while the NHPAU's technical calculations on housing supply provide an interesting analytical tool, a considerable degree of caution is required when using this work in the RSS process. There are a number of significant limitations, implications and wider considerations that need to be taken into account, including<sup>23</sup>:
- a) The narrowness of the NHPAU approach which is based on high level arithmetic and mechanistic modelling work at national level;
  - b) Concerns about key assumptions that underlie the NHPAU approach, for example, the degree to which housing affordability is determined by the supply of land as opposed to fiscal policies and the availability of finance/mortgages;
  - c) An overemphasis on (land) supply side issues in addressing housing affordability as opposed to demand side factors such as the effective demand for housing. This also includes inadequate distinction between effective demand for private sector housing and the needs of households requiring social housing;
  - d) The mechanistic approach underlying the housing 'trajectories' used by the NHPAU which does not appropriately consider effective demand and deliverability issues;

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<sup>21</sup> NHPAU, 'Meeting the housing requirements of an aspiring and growing nation: taking the medium and long-term view. Advice to the Minister about the housing supply range to be tested by Regional Planning Authorities', June 2008.

<sup>22</sup> The letter will be forwarded to the EiP Panel as soon as it becomes available.

<sup>23</sup> A short critique of the NHPAU work is also included in the 'Risk Assessment' undertaken for the Assembly and published in December 2008 (see in particular Chapter 4).

- e) The sensitivities of the NHPAU modelling work; for example, as the outputs are highly sensitive to the input assumptions, particularly those on nominal income growth and mortgage interest rates;
- f) The great uncertainties inherent in the input data and the assumptions that underlie the NHPAU work, including those relating to household, migration, income and mortgage rate projections. For example, the NHPAU's approach to regard a projected increase in net households as synonymous with new households or the needs of new households with the need for new dwellings appears to be flawed<sup>24</sup>;
- g) The emphasis on market housing and the lack of consideration of the role of affordable/subsidised housing and the rented market, especially social rented accommodation;
- h) The focus on 'new build' housing, whilst neglecting the crucial role the existing stock has to play in achieving the Government's objectives of 'decent homes for all';
- i) The trend-based nature of the NHPAU approach which is subject to major uncertainties and, very importantly, largely ignores the impact of current and future policy across a wide range of relevant policy fields;
- j) The NHPAU tends to understate the impact of the 'credit crunch' which could be much more than just a temporary phenomenon and could lead to a fundamental restructuring of financial markets. In this respect, the NHPAU seems to be out of line with current Government macro economic analysis and policy. This casts significant doubts, for example, as to whether sufficient money will be available to support the exceptionally high house building figures suggested by the NHPAU;
- k) The lack of consideration of the practicalities and deliverability of the housing building rates suggested by the NHPAU which are the result of an arithmetic exercise with very little consideration of their deliverability (e.g. unprecedented levels of private sector housing completions); and
- l) Crucially, the absence of the NHPAU taking into account the much wider set of policy considerations and implications that needs to be considered in developing integrated, holistic policy in an RSS, particularly sustainable development, in line with the planning principles set out in PPS1. The narrowness of this platform is recognised by the NHPAU but not always acknowledged when others deploy their analysis.

## **ii) Assessment of the NHPAU advice for the West Midlands**

- 5.4 In the context of the overall assessment set out above, a few further issues are highlighted regarding the NHPAU housing supply range figures for the West Midlands. The Assembly is aware that this may be the subject of discussion at the proposed seminar in January 2009 and further advice can be provided at the appropriate time, should the Panel find this helpful. At this stage, the Assembly would therefore like to provide pointers to issues that seem to be particularly relevant, including:

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<sup>24</sup> See Risk Assessment undertaken for the Assembly and published in December 2008, in particular para 7.8.

- a) The NHPAU housing supply figures are derived from modelling work at national level but there has been very little consideration of the specific circumstances of the distinctive West Midlands;
  - b) There is no recognition that the situation in the West Midlands is markedly different from that in the southern and northern regions. In addition, the assumptions made by the NHPAU in respect of inter-regional migration between the West Midlands and the rest of England, particularly the South East, do not reflect the longer term trend (see 4.3 above);
  - c) No consideration has been given to the bespoke policy context in the West Midlands and the impacts of current and future regional strategies; for example, on housing supply and demand, economic activity and incomes, migration etc.;
  - d) There is no consideration in the NHPAU work of the wider implications of the proposed levels of housing development, including the impact on the Urban and Rural Renaissance strategy. Technical work undertaken for the Assembly<sup>25</sup> has highlighted some key risks for the West Midlands RSS arising from the NHPAU approach;
  - e) There has been no assessment of the deliverability of the NHPAU housing figures in the West Midlands context. Indeed, the NHPAU supply ranges are substantially higher than the levels of housing development achieved in the Region over a long period of time<sup>26</sup>;
  - f) There are also questions in relation to the specific housing supply range proposed for the West Midlands. For example, as regards the lower end figure, it is noted that the NHPAU figure is higher than what would be required to stabilise housing affordability in the Region. The upper end of the NHPAU range for the West Midlands is considerably higher than the outputs from the latest official household projections and the Assembly has significant reservations about the NHPAU's approach to 'backlog of demand' which, in turn, is a key contributory factor to the high figure.
- 5.5 In the light of this, the NHPAU housing supply range work provides an interesting technical, though fairly narrow, perspective. Clearly, in progressing the RSS Phase Two Revision, consideration will need to be given to the findings and limitations of the NHPAU work, together with a much wider range of considerations, particularly policy objectives and spatial implications in the distinctive West Midlands context.

### **B) Comments on the NLP housing study**

- 5.6 The NLP housing study is a significant piece of work, above all, because the then Minister for Housing and Planning, Caroline Flint MP, confirmed that the study would be a vehicle to allow the NHPAU advice to be tested and considered at the EiP (see para 1.2 above). The Minister also anticipated

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<sup>25</sup> See Risk Assessment, December 2008, in particular Chapter 4.

<sup>26</sup> See, for example, para 4.2 above and the RSS Annual Monitoring Report (AMR) of February 2008. Please note that the next AMR is due in February 2009 which will be made available to the EiP Panel and the EiP document library as soon as practical.

that the NLP study would enable GOWM to explore in its evidence to the EiP the spatial implications of delivering a level of growth within the NHPAU supply range. As already explained, the Assembly had to prepare these representations without knowing the position GOWM would take in their representations to the Panel and in advance of GOWM's view on the spatial implications of delivering higher levels of housing growth, as anticipated by the Minister.

- 5.7 Against this complex background, this section provides an initial assessment of the NLP housing study based on the detailed knowledge and expertise of regional partners and local planning authorities across the West Midlands. It covers the approach, methodology and evidence base of the NLP study and highlights a number of key concerns in relation to the findings of the study. Finally, numerous questions are identified which provide pointers to potential implications for the RSS and the West Midlands Region, if the NLP proposals were to be adopted by Government. As set out below, there are significant concerns about the potential severe impacts of the NLP proposals on the spatial strategy for the West Midlands, in particular on Urban and Rural Renaissance objectives.

#### **i) Overall approach and scope of the NLP study**

- 5.8 While the study brief issued by GOWM<sup>27</sup> already set a narrow remit, it is important to highlight the narrowness of the NLP study, especially when compared to the RSS and the Phase Two Revision. This is in clear contrast to the much more holistic approach set out in PPS1, PPS3 and PPS11. The narrowness of the NLP study is exemplified by, in particular:
- a) A clear lack of understanding of a) the established RSS strategy, particularly Urban and Rural Renaissance, b) the integrated policy approaches and delivery mechanisms required to achieve that strategy, and c) the risks for the RSS strategy arising from NLP's propositions;
  - b) Overarching policy objectives (such as Urban and Rural Renaissance, climate change, sustainable development) have not been the starting point of the study but have rather been 'bolted on' in the analysis and the derivation of findings and conclusions of the study;
  - c) No consideration of what is required to meet housing and wider needs in the West Midlands in a sustainable manner (i.e. a 'needs based' approach), but focus on how arithmetically derived housing supply numbers could be physically accommodated in the Region;
  - d) Similarly, a narrow focus on housing numbers is adopted which pays little regard to interrelationships with, and implications for, other policy fields in the RSS (e.g. employment land, transport, environment);
  - e) A simple arithmetic adding of housing numbers on top of the RSS Phase Two Revision Draft without consideration of the interrelationships between the two or their cumulative impacts;

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<sup>27</sup> The Planning Inspectorate/Government Office for the West Midlands: 'Development of Options for the West Midlands RSS in response to the initial NHPAU report – Statement of Requirements', February 2008.

- f) The analysis and derivation of findings in the study is to a large extent based on past trends and market oriented, whilst little consideration is given to wider policy objectives and strategy led approaches. Consequently, for example, the NLP study seems to condemn great swathes of housing as 'low demand' (private) or 'difficult to let' (social) on the basis of their physical and locational characteristics<sup>28</sup>;
- g) The study focuses on net additional housing development and neglects the importance of the existing stock in meeting housing objectives ('decent home for all'), wider spatial strategy objectives (such as Urban and Rural Renaissance) and Government policy in PPS1 and PPS3. It does not consider the close interrelationships between these issues and in particular ignores the potential dangers of drawing investment away from the existing urban stock arising from an oversupply of land in surrounding areas.

### **ii) Issues concerning the methodology of the NLP study**

5.9 There are also a number of concerns about methodological shortfalls and limitations of the NLP study, including:

- a) The process of how NLP have moved from their evidence base review to the generation of options and scenarios is not clear and the links between these two elements seem to be missing (e.g. it is not clear how the nine options in Chapter 6<sup>29</sup> derive from the evidence base review in Chapter 4);
- b) Similarly, the process of how the options and scenarios have been generated remains a 'black box'. For example, there is no explanation or justification of how the figures of 51,500 and 54,000 additional dwellings in scenarios one and two respectively<sup>30</sup> were derived;
- c) The generation of options/scenarios and the assessment of risks and impacts has been carried out in a linear way and not via an interactive, iterative and holistic process;
- d) The study applies a narrow definition of risks and impacts; for example, focusing on what are called 'showstoppers' and 'fundamental barriers' to delivery, with a tendency to disregard significant risks and impacts below such excessively high and simplistic thresholds;
- e) The selective and rather simplistic way in which the study deals with 'trade offs' between policy objectives (see paras 1.25 and 4.8);
- f) The tendency to analyse and assess impacts in isolation from each other and a lack of consideration of cumulative and synergistic impacts (see e.g. NLP's assessment of the impact of the nine options, Table 7.1 and para 7.20);

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<sup>28</sup> See Risk Assessment undertaken for the Assembly and published in December 2008, para 7.10.

<sup>29</sup> Unless stated otherwise, references in this Section of the submission refer to NLP's main report, i.e. Volume 1 of the NLP study.

<sup>30</sup> For example, the 'mid' range for the options was around 46,500 additional dwellings and was, as NLP explained, simply the arithmetic mid-point in the NHPAU range. However, there is no explanation of how the level of housing growth in the two scenarios has been arrived at.

- g) The uncritical use of probably tenuous correlations, e.g. the correlation of net-migration and net build rates (see para 8.52). This is even more concerning as, on the one hand, NLP acknowledge the 'spurious accuracy' of such numeric calculations and modelling (para 6.15) but, on the other hand, the analysis and conclusions of the study draw heavily on such work.

### **iii) Evidence base of the NLP study**

- 5.10 There are also serious concerns about the narrowness and selectiveness of the evidence base that is used in the NLP study, including:
- a) The narrowness of the evidence based used by NLP to inform the appraisal of options and scenarios (see paras 3.26 and 7.1);
  - b) The selectiveness of the evidence base review undertaken by NLP which seems to be biased towards information that supports the case for higher housing figures, whilst evidence that would go against this is underrepresented (see Chapter 4);
  - c) The soundness of some of the evidence used and the conclusions that are derived from it. For example, the case for the new settlements proposed by NLP seems to be based solely on 'a high-level desktop analysis' (para 6.18);
  - d) In a number of important cases, the assertions and conclusions in NLP's main report are not supported by evidence and, indeed, contradict the findings of the detailed Sustainability Appraisal (SA) and Habitat Regulations Assessment (HRA) undertaken by NLP. For example, the assertion in the main report that there is no evidence that increased housing supply outside the MUAs increases out-migration from the MUAs is not supported by the findings of NLP's own SA (see NLP Volume 5, page 64);
  - e) The selective, uncritical and partial 'evidence' obtained through selective stakeholder involvement, with an apparent dominance of the views of the development industry;
  - f) The lack of critical appraisal of evidence, especially the absence of a critical assessment of 'stakeholder' views which tend to be taken at face value (see e.g. Table 8.1, paras 8.30 and 8.60);
  - g) It should also be noted that there has been very little direct engagement by NLP with the Assembly, especially at the options/scenario generation and assessment stages, despite repeated requests for such engagement from the Assembly to the Government at the highest level.

### **iv) Issues concerning the findings of the NLP study**

- 5.11 There are a number of considerable concerns about key findings and conclusions which NLP reach in their study. Overall, the Assembly strongly believes that the propositions in the NLP study would seriously undermine the approved RSS strategy. If adopted, this would go far beyond a 'partial revision' and would represent a fundamental review of the approved strategy. The Assembly's main concerns include the following:

- a) Neither the options nor the scenarios are based on established and approved spatial strategy principles, e.g. all three scenarios are heavily biased towards the south east of the Region. In fact, the NLP study explicitly acknowledges that its options 'are not always closely aligned to elements of existing RSS policy' (Table 3.1, page 18). It should also be remembered that there is no basis in the RSS or the RSS Phase Two Revision Draft for new settlements or substantial Green Belt releases outside the MUAs, as proposed by NLP;
- b) The assessment of the potential impact of the housing options does not reflect the key principles and objectives of the West Midlands RSS (see e.g. para 8.14). NLP has also ignored the Risk Assessment undertaken by the Assembly in 2007 (see paras 7.13 and 8.13);
- c) There are significant concerns that the detailed SA and HRA work undertaken as part of the NLP study has not been fully considered or, in some instances, has even been ignored in drawing conclusions (e.g. the SA/HRA findings in relation to climate change, noise and light pollution and pressures on employment land);
- d) There are considerable concerns about the inconclusiveness and uncertainties in the analysis and conclusions of the NLP study ('*there is no evidence that...*', '*need not...*', '*no insurmountable barrier...*', '*could in principle...*' etc.) and the absence of any precautionary principle;
- e) NLP's conclusion that '*there are no options which need represent a fundamental barrier to achieving the RSS objectives*' (para 9.7) is diametrically opposite from the independent Risk Assessment undertaken for the Assembly<sup>31</sup>;
- f) NLP's assertion that there are no links between development within and outside the MUAs and between development outside the MUAs and Urban Renaissance (see paras 8.51-8.55) is not backed by any substantial evidence and runs fundamentally against the existing RSS strategy (see Section 2 above). This assertion by NLP can be highly questioned and rebutted in the light of:
  - i. Longer term monitoring information which demonstrates, for example, selective migration of population and jobs from the MUAs to the surrounding areas, particularly to 'close-in' locations;
  - ii. The warning expressed by the then Planning Minister, when approving the strategy in 2004, of significant land allocations, particularly of greenfield sites, which could undermine the overall RSS strategy<sup>32</sup>;

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<sup>31</sup> Risk Assessment, December 2008, in particular Chapter 6.

<sup>32</sup> See letter from the Minister for Housing and Planning, Keith Hill MP, to the Chairman of the West Midlands Regional Assembly, Cllr Bransby Thomas, of 15<sup>th</sup> June 2004 which accompanied the approved RPG11.

- iii. The conclusions of the EiP Panel during the RSS Phase One Revision as regards the risks of greenfield urban extensions for the redevelopment of urban sites and the regeneration strategy<sup>33</sup>;
  - iv. Several recent appeal decisions by the Secretary of State rejecting large scale housing developments in South Staffordshire district on the grounds that significant peripheral housing development could attract out-migration from the MUAs that would undermine urban regeneration<sup>34</sup>; and
  - v. The recent report of the House of Commons Environmental Audit Committee<sup>35</sup>.
- g) In the light of this, the Assembly strongly asserts that it is important to emphasise the close inter-relationships between development in the MUAs and the surrounding areas which are at the heart of the approved RSS strategy of Urban and Rural Renaissance (see Section 2 above). The Assembly is severely concerned that excessive development beyond the MUAs, as set out in the NLP proposals, will undermine the regeneration in the MUAs by diverting developer interest and public investment away from the MUAs, undermining fragile housing markets and increasing the potential for continued selective out-migration, abandonment and social polarisation;
- h) NLP also fail to understand what constitutes the MUAs and do not recognise the difference between MUAs and administrative boundaries. The net result of this is that the MUA/ex-MUA ratio in the NLP study is biased so as to imply that the shift in balance away from the MUAs is less than it would be. For example, the NLP proposals for Solihull must involve substantial development outside the MUA but NLP include all of the provision in the MUA figure as an arithmetic makeweight;
- i) The NLP report also shows a lack of understanding of Rural Renaissance objectives and of what is required to maintain and create sustainable rural communities. NLP's proposals, including the reliance on market housing, are likely to have very little effect on housing affordability in rural areas and risk running counter to rural sustainability objectives, such as travel patterns and meeting locally generated needs;
- j) NLP's assertion that increased land supply in the most attractive areas will not lead to 'cherry picking' by developers (see paras 8.56-8.60) has not been substantiated by credible evidence and goes against NLP's own assertions elsewhere in their report (e.g. para 8.30 vii) and the findings of the Environmental Audit Committee report. 'Cherry picking' is likely to happen and would be damaging to Urban Renaissance objectives without achieving any substantial increase in housing supply<sup>36</sup>. In fact, at the presentation of the final NLP report on 9 October

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<sup>33</sup> West Midlands RSS Phase One Revision EiP Panel Report, March 2007, para 1.17.

<sup>34</sup> These relate to the dismissal of three planning appeals by the Secretary of State on 30th October 2008 in respect of residential development in South Staffordshire district.

<sup>35</sup> See para 4.4 h above and para 5.11 j below.

<sup>36</sup> See e.g. Risk Assessment, December 2008, paras 5.23 and 5.25.

2008 a representative of the Home Builders Federation explicitly confirmed that housebuilders would 'cherry pick' and that they would adopt a selective, market-led approach towards developing sites;

- k) There are significant concerns about the way in which 'trade offs', risks and impacts are downplayed and abdicated to the local level in the NLP report (see e.g. Tables 7.2 and 9.2);
- l) Similarly, there is also serious concern about the extent to which strategic impacts and risks are downplayed or indeed ignored. In fact, infrastructure implications and requirements are largely left to be resolved at the local level and there is no strategic overview or assessment of infrastructure needs and funding. The constant relegation of responsibility for infrastructure planning to the local level falls well short of the principles of sound and robust strategic planning;
- m) There is very little consideration of Climate Change issues. Indeed, the higher levels of housing growth and the spatial emphasis in the NLP proposals on greenfield locations rather than the restructuring of the MUAs are likely to result in greater overall levels of carbon dioxide emissions, both from the housing sector and from transport<sup>37</sup>;
- n) The explanation and justification provided by NLP for regarding the bottom end of the NHPAU housing supply range as 'de-minimis' in terms of its impacts (see para 9.30) is very weak and can be strongly questioned. Indeed, the SA and HRA that accompany the NLP work (Volumes 5 and 7 of the NLP report) highlight a number of significant impacts which are not reflected in NLP's main report and contradict NLP's conclusion that the bottom end can be regarded as 'de-minimis';
- o) There is a significant difference between increasing the supply of land for housing development and effective demand for additional housing development. NLP focus on the former and fail to recognise the strategic risks arising from a mismatch between land supply and effective demand<sup>38</sup>;
- p) The NLP study focuses on the question whether additional housing growth in the West Midlands is in theory physically 'possible' but it tends to neglect whether such growth is 'desirable' (in RSS strategy terms) and whether it is realistically 'deliverable' (in light of past rates of development, the 'credit crunch' and restructuring of financial markets, 'cherry picking' by developers etc.);
- q) Issues around deliverability tend to be 'glossed over' by NLP, not only in relation to delivery of higher housing numbers but also as regards the provision of infrastructure and mitigation measures. NLP ignores that infrastructure funding and resources are already stretched, that implementing the proposals in the Draft Revision already pose a major challenge and that the higher levels proposed by NLP create even

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<sup>37</sup> See forthcoming West Midlands Carbon Dioxide Emissions Study undertaken by AEA Energy & Environment on behalf of the Assembly, December 2008.

<sup>38</sup> The relationship between land supply and effective demand and the risks arising from an oversupply of land are discussed in detail in the Risk Assessment undertaken for the Assembly in 2007 and 2008.

greater delivery risks. The NLP report over-estimates considerably the amount of funding that is likely to come forward through the private sector (Section 106 contributions, Community Infrastructure Levy, Regional Funding Allocations etc.) and neglects the impact of the economic and financial situation in this respect.

#### **v) Implications of the NLP study proposals for the RSS**

5.12 Finally, this section raises a series of questions about the NLP work and highlights potential implications for the West Midlands RSS and the Region, if NLP's conclusions were to be adopted by Government. This section may also provide pointers to issues that could be considered at the EiP. These include:

- a) The risks of carrying out a fundamental review of the RSS strategy based on the one-dimensional NLP work, when all regional players, including GOWM, had signed up to the partial but integrated revision of selected elements to strengthen the approved overall strategy for the distinctive West Midlands Region;
- b) The implications for the overall RSS strategy, especially Urban Renaissance, associated with the higher levels of development suggested by NHPAU/NLP and the distribution of development proposed by NLP;
- c) The implications for sustainable development in the West Midlands, given that NLP's own Sustainability Appraisal shows that the positive impacts of their proposals are heavily outnumbered by the negative impacts;
- d) The implications of NLP's approach which is largely based on past trends and market preferences as opposed to the vision-led strategy in the approved RSS that focuses on areas of greatest need;
- e) The strategic risks of over-provision of land for housing, especially in the light of diminishing effective demand for housing, including:
  - i. The potential diversion of development and investment away from the MUAs as a result of higher levels of development outside these areas;
  - ii. The impact on the existing urban fabric, community cohesion, the existing housing stock and the Government's objective of 'decent homes for all';
  - iii. The socio-economic structure of the MUAs and processes of spatial and social polarisation in the Region;
- f) The spatial implications of delivering the higher levels of housing development proposed by NLP, including the implications for:
  - i. All other policy areas in the RSS (employment land, centres, transport, environment, waste etc.); for example, the implications for the availability of employment land or the impact on the overarching sustainable region policies;

- ii. The impact of additional growth as proposed by NLP on the Region's current infrastructure (transport, water, social and green infrastructure etc.), including the impact on infrastructure that serves key regional assets (Birmingham International Airport, the NEC etc.) and the extent to which NLP's proposals could prejudice their continuing viability and future success;
- iii. The scale of infrastructure requirements (including transport, water, social and community and green infrastructure) and the likelihood of securing the right type and level of infrastructure at the right time to facilitate higher levels of higher growth and create sustainable communities;
- iv. The potential impact of increased competition for infrastructure resources (which are already considerably stretched) and the dangers that scarce public resources are diverted from regeneration areas to facilitate development on greenfield sites;
- v. The scale of development on greenfield land as opposed to the reuse of previously developed land and the achievement of brownfield recycling targets;
- vi. The loss of Green Belt and the extent to which the NLP proposals undermine the strategic functions of Green Belt as set out in PPG2 (including restricting urban sprawl, preventing coalescence of settlements, safeguarding countryside from encroachment and assisting urban regeneration);
- vii. The environment, including environmentally sensitive areas, air quality, water supply and treatment and flooding issues. The SA and HRA carried out by the Assembly and indeed NLP's own assessments raise a number of serious concerns in this respect;
- viii. The Region's approach to tackling Climate Change and the need to reduce carbon dioxide emissions (contributing to the national target of 80% reduction by 2050), including whether the measures required to offset higher emissions from housing and transport sectors can be realistically implemented (e.g. the feasibility of 'zero carbon' developments in the light of the credit crunch)<sup>39</sup>;
- ix. The impact of the more dispersed patterns of development arising from the NLP scenarios on travel behaviour, especially by private car, congestion levels and public transport usage and viability;
- x. Potential constraints to higher levels of development, particularly infrastructure and environmental constraints, including the availability of construction aggregates that would be required to achieve the higher levels of development proposed by NLP;

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<sup>39</sup> Indeed, technical work undertaken for the Assembly shows that the NLP housing scenarios will make it more difficult for the region to meet national greenhouse gas and carbon dioxide emission targets (see forthcoming West Midlands Carbon Dioxide Emissions Study undertaken by AEA Energy & Environment on behalf of the Assembly, December 2008).

- xi. The impact on the regional economy (e.g. in terms of agglomeration advantages of the MUAs) and on initiatives to promote those parts of the Region which are economically under-performing (e.g. in terms of GVA per resident, employment levels);
  - xii. The deliverability of the NLP proposals, e.g. as the housing trajectory suggested by NLP (Fig. 8.1) indicates build rates for the second half of the plan period which would have to be at a level unprecedented in this Region;
  - xiii. Phasing and housing trajectories, especially as NLP's proposals appear to lead to a 'back-loading' of provision in the later parts of the plan period;
- g) The implications of the lack of locational priorities and spatial guidance in the NLP work (which largely follows market preferences) which is likely to inhibit coordinated infrastructure planning and provision;
- h) The ability to deliver both the RSS Phase Two Revision Draft and the higher NLP proposals, given the likely medium and long term effects of the credit crunch and economic recession, as well as the implications this could have for Urban and Rural Renaissance. This could include issues associated with:
- i. The need to phase back housing trajectories for up to 8 years (as suggested by NLP<sup>40</sup>) and the likelihood that it will not be possible to make up any shortfall by 2026;
  - ii. The risks associated with identifying excessive greenfield land, especially early in the plan period, and the impact on the reuse of brownfield land and urban regeneration;
  - iii. The potential shortage of public finance to support infrastructure provision and land assembly to open up new sites and maintain and create sustainable communities;
  - iv. The extent to which the strategic risks arising from higher housing figures (including the provision of affordable housing) will be magnified if the approach set out in PPS3 is followed, whereby the five year supply of land at the local level is continually increased to meet an ever increasing trajectory target towards the end of the plan period.

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<sup>40</sup> See NLP report, Volume 1, pages 88-89.

## **6. Conclusions**

- 6.1 This submission demonstrates the significant threat to the Government's own Urban and Rural Renaissance strategy for the West Midlands that is posed by the NHPAU/NLP's higher housing ranges. Our conclusions are reached, not on trend based projections or theoretical economic modelling, but on the detailed knowledge and expertise of regional partners and an analysis underpinned by close monitoring over a long period of time. The approved RSS is recognised as being ambitious because it seeks to reverse unsustainable historic patterns of out-migration from the MUAs in order to achieve Urban and Rural Renaissance. There are already clear indications that the focus of development has begun to shift back to the MUAs where it is most needed. The Assembly concludes that it is critical to the sustainable development of the West Midlands that this strategy is supported and not undermined by higher levels of dispersed greenfield housing development that are unsustainable in either environmental, social or economic terms.
- 6.2 The Assembly trusts that these representations are of assistance to the Panel, and the Assembly is looking forward to engaging fully in and providing further inputs to the Examination process. The Assembly will respond positively and promptly to any requests from the Panel in the run-in period and at the EIP itself.