

## **New Government Household Projections: Implications for the South West**

### **Summary**

This paper sets out the implications for Torbay of the most recent (2003 based) Government Household Projections. Broadly, **these would entail a rise in annual house building in Torbay from 500 to 600 dwellings per year (2000 in total) to 2026.**

The Regional Assembly have requested advice from former Structure Plan Authorities ("4(4) Authorities") by 8<sup>th</sup> January 2007. This will influence the emerging Regional Spatial Strategy (RSS), particularly the Examination in Public which will commence in April 2007. Once adopted, the RSS will set a binding level of growth for Torbay.

The decision will therefore be a very important one for the longer term development of Torbay.

### **Background**

The Draft Regional Spatial Strategy (RSS), published in June 2006, is based on 1996 and 2002 household projections, and proposes 23,000 dwellings per year (the demographically implied provision is 25,000 but this was constrained for policy reasons).

The 2003 based population projections were published by Government in March 2006. They suggest an additional increase in population of the South West by 666,000, leading to 26,800 additional households per year in the South West Region: 20% more households than in the 1996 and 2002 projections.

Around 70% of the increased household formation comes from factors internal to the region such as people living longer and greater rate of separation amongst non-married households. Around 30% is due to greater in-migration to the Region.

The effect of these figures is likely to mean a requirement for 28,000 additional dwellings per year in the South West Region, i.e. an increase of around 5,000 per year on the draft RSS.

The Regional Assembly has consulted on the best way to meet this provision. The options set out include:

- **Retaining the scale of housing in the draft RSS.** This would lead to high level of housing demand and have adverse social and economic consequences.
- **A pro-rata increase in housing numbers according to the existing RSS strategy.** This is the current preferred option by the Regional Assembly, pending further advice from 4(4) Authorities.
- **Maximum concentration scenario** where all development is located within the 21 SSCTs (strategically significant cities and towns).
- **Maximum dispersion scenario** where all development is distributed outside SSCTs.
- **Strategic Best Fit scenario** taking account of draft RSS strategy for different parts of the Region.

Retaining the current level of regional growth does not appear to be a sustainable option as it would have serious economic and social consequences. The maximum concentration option could lead to town cramming and overloading of existing SSCTs.

Conversely the maximum dispersal option would run counter to the strategy in the draft RSS and could result in unsustainable, car reliant, development patterns. Therefore the maximum dispersion and concentration options are not seen as sustainable growth strategies.

On this basis the Regional Assembly suggest that distributing additional dwellings pro-rata on the basis of existing RSS is the most reasonable option, pending more detailed advice from 4(4) authorities.

For Torbay the Regional Assembly's preferred approach would translate to a rise in the yearly housing target from 500 dwellings per year to 608. (The report is slightly unclear as it refers to Torbay Council and Housing Market Area, whereas the figure appears to refer to Torbay Unitary Authority).

By way of comparison, Teignbridge's total rises from 510 to 621 per year to 2016 (and from 410 to 499 between 2016 and 2026). The total for the whole of South Hams rises from 565 per year to 688 per year 2006-2026. Exeter Housing Market Area rises from 1950 per year to 2373 per year 2006 – 2026.

The Regional Assembly has asked former Structure Plan Authorities ("4(4) Authorities") to comment on these proposals by **8 January 2007**.

**Planning Policy Statement 3: Housing (November 2006)** requires local planning authorities to provide for 15 year supply housing land, including a continuous five year supply of available, suitable and achievable land. Specific sites should be identified for years 6-10 and where possible also for years 11-15 (paragraphs 55-56). Allowance cannot be made for windfalls, unless justified by a strategic housing land availability assessment (paragraph 59).

PPS3 is a major shift from PPG3 (2000) and represents the Government's intention to increase housing land supply in response to the Barker Review of housing supply.

### **Implications of Increasing Housing Land Supply in Torbay**

Torbay Council has promoted a growth rate of 500 dwellings per year through the Torbay and South Devon Joint Sub-Regional Study (June 2005) and technical advice on RSS (September 2005). This is slightly above the average completion rate for the last decade (around 480 dwellings per year 1995-2011). However it is significantly more than the RPG10/ Adopted Devon Structure Plan 2001-2016 total figure 4300 dwellings 2001-2016 (i.e. 287 per year). Moreover 2364 dwellings have been built 2001-2006, leaving only 1936 to go 2006-2016 (around 194 per year) to meet the Structure Plan target.

A significant proportion of these are anticipated to come from brownfield sites rather than allocated land. A full housing land availability assessment will be essential to clarify the soundness of this approach.

The Council has been awarded New Growth Points (NGP) Status by the Government (October 2006). NGP is a Government Infrastructure fund aimed at helping areas with significant housing growth to meet the needs of sustainable communities. An initial grant of £730,000 has been awarded to cover projects in 2007/08, the bulk of which is for Brixham regeneration projects. However, a more ambitious long term programme has also been set out by the Council and Torbay Development Agency, including the

possibility of a planned sustainable settlement, subject to a housing land availability assessment. This would need to be pursued through the Local Development Framework. Although NGP is dependent on providing 500 dwellings per year, it is not dependent on any specific urban extension.

The New Growth Points Further Submission document (September 2006) contains a desktop assessment of likely housing potential from brown and greenfield land. This complements the Torbay Urban Capacity Study carried out by Scott Wilson (2005). The Scott Wilson report suggests a likely supply of 364 brownfield dwellings per year, but is heavily reliant on trend data. Unlike the Urban Capacity Study, the work done for NGP focuses more on known sites and may under-play the potential windfall housing supply.

The NGP Housing Land Availability Assessment to 2016 is as follows (dwellings per year):

	<b>Low Forecast</b>	<b>Medium Forecast</b>	<b>High Forecast</b>
Brownfield (70% completion rate)	320	350	390
Greenfield (75% completion rate)	110	170	370
<b>Total</b>	<b>430</b>	<b>520</b>	<b>760</b>

(Source: Torbay Council, 2006).

The New Growth Points document assumes an annual rate of housing development of 500 dwellings per year.

Appendix 1 assesses when new greenfield land is likely to be needed, based on growth rates of 500 and 600 dwellings per year.

### **Social Implications: The Need for New Homes**

There is a national housing crisis. Average house prices in the UK have risen by 676% since 1980. There are 431 dwellings per 1000 population in England compared to 448 in Europe.

Torbay has very serious housing affordability problems. House prices are over ten times average earnings. A better indication of affordability is the relationship between lower quartile property prices and incomes, which shows how difficult it is for lower earners to get a foot on the housing ladder. In Torbay, lower quartile house prices are 14 times lower quartile earnings. Ratios of house prices to income of over 3.5 times suggest affordability problems. The Joseph Rowntree Foundation found in 2004 that Torbay is the 13<sup>th</sup> least affordable area in the country for young first-time buyers. Torbay's Housing Needs Survey (2003), indicates a need for 1,816 new affordable homes per year.

Torbay's population is growing and it is set to rise by 28,000 over the next 20 years. The biggest growth will be in the 75% age range, who are likely to constitute 1 in 4 people by the mid-2020s. The ageing population and increased separation rate means more people living alone and a greater need for homes.

Torbay would need to build around 700 dwellings a year to keep up with projected population increase and fall in household size.

A Sub Regional Housing Market Assessment is due to be completed in early 2007.

### **Environmental Constraints**

Although Torbay is about 50% urban, almost all of the open countryside is protected by landscape or wildlife designations. In particular, South Devon Area of Outstanding Natural Beauty, Area of Great Landscape Value (AGLV), Coastal Preservation Areas, Special Area of Conservation (Berry Head), Sites of Special Scientific Interest, County or Local Wildlife Sites. In addition, an extensive Countryside Zone policy is in place to prevent urban sprawl and the coalescence of settlements. There is also a need to limit development in areas prone to flooding.

This policy framework means that the scope for urban expansion is severely constrained.

Nevertheless, a number of sites with development potential do exist (as set out above). Development can, if cautiously managed, be used to bring about environmental improvements such as AONB management.

### **Economic Issues**

The Mayor's Vision and emerging Community Plan make economic prosperity the main priority for Torbay. Torbay has serious economic problems including the second lowest Gross Value Added in England.

One argument is that housing should be constrained in order to prevent housing and the economy getting out of balance. This view is opposed strongly by the TDA since it would lead to house price inflation and crowding out of key workers and young people to in-migrants from the south east. Therefore, constraining housing supply is likely to harm the local economy.

Moreover, increasing housing supply will benefit the economy in several ways:

- It generates economic activity in the construction and real estate sectors and the associated multiplier effects.
- Housing wealth generates further local expenditure.
- It provides housing for key workers.
- Housing can be used to pump-prime employment development either through mixed use developments or S106 contributions.

It is clearly essential to regenerate the local economy. The emerging RSS sets a target for nearly 600 new jobs per year in Torbay to 2026. The Council have a number of major economic studies setting out regeneration proposals. (Torbay Employment Land Review – UPE 2006, Torbay Economic Development Framework, GHK 2006). The Employment Land Review contains a core forecast for the potential to create 545 new jobs per year in Torbay. However, it is accepted that the area needs to improve its economic performance in order to ensure that growth is sustainable.

### **Infrastructure Constraints**

There is a pressing need for the South Devon Link Road/ Kingskerswell Bypass and planning permission has been granted for this scheme (P/2004/1926/MPA). The scheme has been identified in the Council's New Growth Points bid. However at an estimated cost of £96.5 million, the link road would be expensive.

In addition, there are severe capacity constraints along the Western Corridor / Torbay Ring Road. Unless addressed, this will impede development of housing and employment along the Ring Road, including Great Parks Phase 2. The NGP bid and Local Transport Plan identify a number of demand management measures aimed at reducing car use. However, given the level of traffic likely to be generated by development and to ensure the accessibility of Brixham, it is possible that stage 3 of the Torbay Ring Road would need to be re-introduced into the LDF. The NGP bid submission identifies this as an infrastructure requirement.

### **Key Decisions**

The Council needs to decide whether it can accommodate 600 dwellings a year, or whether 500 dwellings per year is the maximum it has capacity for.

The 500 dwellings per year growth level has been tested through an independent Strategic Sustainability Assessment (Enfusion 2005) and was found to be broadly sustainable, so long as sufficient employment could be provided. This formed the basis of the Council's formal 4(4) advice to the Regional Assembly (June 2005, September 2005).

It is not clear, without further research, whether the impacts of 600 dwellings per year could be mitigated satisfactorily.

There would be economic and social benefits of seeking to build 600 dwellings per year. However, there would be severe infrastructure constraints that would need investment to unlock. There would also be environmental impacts.

Moreover, going for a rate of 600 dwellings per year would significantly reduce the leeway to delete controversial housing schemes. (Conversely a 500 dwelling per year target would require tough decisions, but would appear, from the NGP work, to be manageable without an urban extension).

### **Procedures**

The Regional Assembly has sought views on house numbers. These will need to feed into the RSS examination in public in April 2007. A response has been requested by 8<sup>th</sup> January 2007.

The Local Development Framework Council Preferred Options (Reg. 26) of the Core Strategy is being prepared for publication in early 2007. These issues will need to be consulted on through the Core Strategy.

## Appendix 1 Torbay's Housing Land Supply: When will new greenfield sites be needed?

### Draft RSS – 500 dwellings per year

A detailed assessment of available and likely future housing land is contained in Appendix 3 of Torbay's New Growth Points Further Submission (September 2006). This gives an assessment of known brownfield and greenfield sites and a low, medium and high estimate of their yield. Table 1 summarises these known sources of housing land.

These estimates will need to be tested through the forthcoming Housing Land Availability Assessment.

	Low	Medium	High	Total capacity assuming no non-completion
(1) Known brownfield sites	4550	4960	5620	5620
(2) Assuming 70% completion	3190	3470	3930	
(3) Greenfield sites – allocated and with planning permission	950	1290	1650	1650
(4) Assuming 90% completion	860	1160	1490	
(5) Potential from known sources of housing land (2+5)	4050	4630	5420	7270

Source: Torbay Council 2002: 2006 Housing Land Monitor, New Growth Points Further Submission.

If Torbay grows at 500 dwellings per year, this represents:

- 8 years land supply on the low forecast.
- 9 years land supply on the Medium core forecast;
- 11 years housing supply on the basis of the high forecast;
- 14 years land supply on the basis of all sites being developed.

The above does not take into account unforeseen brownfield windfall sites that are highly likely to occur in the next few years.

A **trend based** assessment of likely brownfield capacity is from the Torbay Urban Capacity Study (Scott Wilson 2005). This estimated a yearly urban capacity of 364 dwellings per year from brownfield sites (excluding employment sites).

The core forecast indicates that around 360 dwellings per year are likely to arise on brownfield sites. Table 2 above indicates that the stock of allocated greenfield land is as follows :

	Low Yield	Medium Yield	High Yield
Committed sites and allocated H1 sites	950	1290	1650
Assume 90% completion	860	1160	1490

The Scott Wilson (trend based) figures are lower than the known site assessment. This suggests that there is a significant stock of un-tapped brownfield potential.

Assuming 360 brownfield completions per year, the allocated greenfield sites represent:

- 6 years housing supply on the low (pessimistic forecast)
- 8 year housing land supply on the core forecast
- 10 years housing land supply on the high forecast.

A total stock capable of supplying nearly 12 years ignoring certainty of completion factors.

On the basis of the two assessments above based on known sites and historic completion rates, we can safely say that at 500 dwellings per year :

- There is 5-7 years land supply in the Adopted Local Plan on even the most pessimistic forecast. There is unlikely to be a need for new housing land before 2014.
- The most likely scenario is that new greenfield sites would need to be found around 2015-16.
- There would not be a need to develop new greenfield sites until as late as 2021, if the best use is made of existing allocations and windfall opportunities. This could entail town cramming.

**The implications of the Regional Assembly’s consultation on increasing housing numbers to 600 dwellings per year**

Using known capacity set out in Table 1, 600 dwellings per year, would require new greenfield housing land to be found as follows:

	<b>Low Forecast</b>	<b>Medium Forecast</b>	<b>High Forecast</b>	<b>Total capacity assuming no non-completion</b>
Potential from known sites	4050	4630	5420	7270
Represents years of housing land at 600 dwellings per year	6.75 years	7.7 years	9 years	12 years

Using the Scott Wilson Urban Capacity Study assumptions (360 dwellings per year, based on trend rates rather than known sites) the assessment is as follows:

	<b>Low Forecast</b>	<b>Medium Forecast</b>	<b>High Forecast</b>	<b>Total capacity assuming no non-completion</b>
Urban capacity	360	360	360	360
Greenfield balance to be found	240	240	240	240
Stock of Greenfield land at 90% completion	860	1160	1490	1650 (100%completion)

Represents years of housing land supply      3.5 years      4.8 years      6.2 years      6.9

As noted above, the Scott Wilson (trend based) figures are lower than the known site assessment. This suggests that there is a significant stock of un-tapped brownfield potential.

On this basis, at 600 dwellings per year, we can say that :

- On a pessimistic forecast there would be a need to identify new housing land around 2012
- The 'core' forecast suggests that new housing land would be needed around 2013
- At the latest, new greenfield sites would be needed by 2017.

The graphs below show how long housing land supply will last on the basis of 500 and 600 dwellings per year.



