

## **APPENDIX D**

### **Member Briefing Note: Shropshire's Future Housing Supply**

#### **Executive Summary: Portfolio Holder for Planning**

The recent statement by Eric Pickles inferring that local planning authorities need not slavishly pursue top down regional housing targets is good reason to pause for thought in taking the Shropshire development plans forward. Whilst full Council will be asked to consider a report on Shropshire's strategic planning approach in July I want to briefly answer the question that has been put, "why we are continuing with our work?", on the basis that the Housing targets proposed for Shropshire are essentially our own targets designed to meet Shropshire's needs for the future and that they just that – targets.

The pre existing authorities joined together to provide a single clear voice to the Region that we wanted more housing than had hitherto been planned for Shropshire on the basis that 900 new homes each year would not meet our needs and would harm the economic and social balance of the area. We argued for an increase and agreed to a figure of 1,285pa (25,700) to 2026. An additional 1,900 was added to this specifically to help Shropshire deliver its ambitions towards rural affordable housing, taking the total to 1,375 p/a or 27,500 in total.

These figures are comparable with the average of about 1,200 p/a that Shropshire has consistently delivered in past years, especially taking into consideration that the extra dwellings above the historic average will be directed towards Shrewsbury, which has in recent years been under playing its role in meeting housing needs, which is incompatible with the Growth Point status we have sought for it.

Forecasting housing needs is a complex task but I am satisfied that by maintaining the target figure of 27,500, which for Shropshire has been tested already through an extensive public examination, this gives us a robust strategic position on which to develop our more detailed place sensitive plans and for us to respond flexibly to what we learn from our communities over the coming months about their needs and aspirations. To make the situation clear that these figures are an aspirational or guiding target for us to respond to flexibly given the changing circumstances we will face over the life of the plan I have asked for the wording of Policy CS1 of the Core Strategy to be put to full Council to be changed so that it reads "UP TO 27,500 new homes IF REQUIRED"...

#### **Technical response: Head of Strategy and Policy**

##### **Abolition of Regional Spatial Strategies**

The Secretary of State for Communities and Local Government recently announced that the Government intends to rapidly abolish Regional Strategies, with decisions on housing supply to rest with local planning authorities without the framework of regional numbers and plans.

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### 1. The Statutory Development Plan

Under current legislation, the Development Plan for Shropshire is the West Midlands Regional Spatial Strategy (RSS) and the Shropshire Local Development Framework (LDF), including 'saved' policies of the former District/Borough Councils' Local Plans and the County Council's Joint Structure Plan until replaced by policies in the new LDF. Abolition of Regional Spatial Strategies will leave the LDF as the statutory Development Plan and so, in Shropshire, decisions on future housing land supply will be made entirely through the LDF Core Strategy and the Site Allocations and Management of Development Document, implemented by the determination of planning applications.

However, at the present time, the 2008 RSS remains part of the Development Plan, and the RSS Phase 2 Revision and subsequent Examination Panel recommendations are material considerations, alongside the Secretary of State's letter of intent to abolish Regional Strategies.

### 2. LDF Core Strategy Targets

Shropshire Council anticipated the demise of the RSS in preparing the Final Plan (pre-Examination) version of the Core Strategy (February 2010), focussing on levels of housing development which support progress towards the agreed Vision and strategic objectives for Shropshire, having regard to need and demand.

#### Proposed housing target 2006-2026:

27,500 additional dwellings (1,375 dwellings per annum);

Of which, Shrewsbury 6,500 dwellings (325 p.a.);

plus an additional 1,000 dwellings for Defence Households, if required.

#### **How were these targets arrived at?**

Shropshire Council and its predecessors have planned future housing supply through iterations of the County Structure Plan and District/Borough Local Plans, having regard to Regional Planning Guidance, latterly the RSS. Considerations have been factors like population and household formation projections, trends in migration and commuting, labour force forecasts, past rates of development, housing land availability, housing stock and affordability, the roles of Shrewsbury and the market towns and their relationship with neighbouring centres/the major urban areas, and the needs of the rural areas.

#### Recent targets:

Joint Structure Plan 1996-2011: 1,260 dwellings p.a.

Regional Planning Guidance 2004: 1,300 dwellings p.a. up to 2007, then reducing to 900 dwellings p.a. (NB the proposed reduction to 900 dwellings per annum caused considerable concern that needs, particularly for affordable housing, would not be met).

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### Recent rates of development:

1991-2001: 1,2579 additional dwellings (1,258 p.a.)

2001-2009: 9,458 additional dwellings (1,186 p.a.) (NB this included a period when development in Shrewsbury failed to achieve the targets for the town due to an over-reliance on brownfield sites which proved slow to develop, suggesting that rates of about 1,300 p.a. are appropriate and deliverable).

### Development of the currently proposed targets:

The figures proposed in the Core Strategy are those recommended by the Panel which carried out the independent Examination of the Phase 2 Revision of the RSS in 2009. These represent a slight increase on figures published in the 'Preferred Options' document published by the West Midlands Regional Assembly in December 2007 which were 25,700 dwellings (1,285 p.a.) for 2006-2026.

However, the figures for Shropshire are very much what the Shropshire local planning authorities wanted and worked hard to achieve – so, in Shropshire's case, the targets reflect local needs, demands and aspirations for growth and do not represent the imposition of unwelcome or undeliverable levels of development.

Shropshire County Council, as the Section 4(4) Authority, had agreed, on behalf of the Shropshire local planning authorities, the target of 25,700 additional dwellings when responding to consultations by the Regional Assembly in 2006 and 2007. However, as reported to the transitional Implementation Executive in September 2008, local evidence on housing need and demand was pointing to a higher figure (28,000 dwellings – Strategic Housing Market Assessment). Also updated national and regional household formation projections (using a 2006 information base rather than 2004) became available, consultants for the Government Office for the West Midlands put forward scenarios for higher targets across the region to reflect this, and the Regional Assembly also commissioned work (by the Cambridge Centre for Housing and Planning Research) – suggesting figures of 29,500, 27,600 and 28,500 additional households/dwellings in Shropshire between 2006-2026 respectively.

**Table : Estimated growth in households in Shropshire 2006-2026**

District	2006 sub-national household projections	Cambridge Centre for Housing and Planning Research <sup>1</sup>
Oswestry Borough	6,618	6,900
North Shropshire District	6,888	5,800
Shrewsbury & Atcham Borough	6,886	6,900
South Shropshire District	5,399	5,800
Bridgnorth District	3,697	3,100
Total	29,488	28,500

<sup>1</sup> used by WMRA at RSS Phase 2 examination May 2009

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These projections and related issues of strategy and delivery were debated at the Examination of the RSS Phase 2 Revision, leading to the Panel recommendation of a target of 27,500 additional dwellings for Shropshire.

Affordable Housing Needs

### **What does the emerging Shropshire Local Housing Market Assessment 2010 say?**

Based from the 2006 sub-national household projection from the Office of National Statistics of 29,488 additional households set out in the first table, the Council estimates the following newly arising needs, having regard to housing prices and household incomes:

Shropshire	
Social rented need	8,846
<u>Intermediate</u>	<u>5,898</u>
Total affordable housing need	14,744 (737 p.a.)
<u>Market housing need</u>	<u>14,744 (737 p.a.)</u>
Total increase in households	29,488

NB. This does not include backlog need for affordable housing, which was part of the Strategic Housing Market Assessment figure of 1,585 p.a.

These figures can be compared to the forecasts by the Cambridge Centre for Housing and Planning Research, commissioned by the West Midlands Regional Assembly. The Centre's 2009 estimates had regard to the Government's 2006-based projections and the impacts of the economic recession. The estimated total housing demand and need (28,500 dwellings 2006-2026) is further split as follows:

**Table : Need by Sector in Shropshire 2006-2026 (Additional Dwellings)**

District	Market Sector	Intermediate Sector	Social Sector	Total
Oswestry Borough	5,100	500	1,300	6,900
North Shropshire District	3,700	800	1,300	5,800
Shrewsbury & Atcham Borough	3,900	1,400	1,600	6,900
South Shropshire District	3,900	800	1,100	5,800
Bridgnorth District	1,500	900	700	3,100
<b>Total</b>	<b>18,100 (64%)</b>	<b>4,400 (15%)</b>	<b>6,000 (21%)</b>	<b>28,500</b>

Source: Cambridge Centre for Housing and Planning Research 2009

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This gives total Intermediate and Social Sector Need 2006-2026:  
4,400 + 6,000 dwellings = 10,400 dwellings (520 dwellings per annum).

However, the proposed Core Strategy overall affordable housing target is based on the earlier and lower estimate of need derived from Regional Housing Strategy West Housing Market Area (Shropshire and Herefordshire): 700 dwellings per annum in RSS Phase 2 Preferred Options Report, 760 dwellings per annum in Examination Panel recommendations. Apportioning this 760 dwellings figure pro-rata between Shropshire and Herefordshire 60:40 (based on the RSS Examination Panel overall housing targets) gives an annual figure of 456 affordable dwellings, 33% of the proposed overall housing target of 1,375 dwellings p.a. This lower target (33%) has been proposed in the Core Strategy as a more deliverable figure for the provision of affordable housing from all sources, albeit still an extremely demanding one.

The key point is that forecasts of overall need and demand exceed the planned housing provision between 2006-2026, while the affordable housing need is, by any measure, very significant and can not viably be met as a negotiated proportion of open market development.

### Shrewsbury Housing Target

The proposed Shrewsbury housing target has emerged through work on the former SABC LDF Core Strategy and the RSS Phase 2 Revision, linked also to the naming of Shrewsbury as a 'Growth Point' by the Government following an expression of interest by the former Council. The Council had undertaken consultations on a range of options for growth and, in its Submission Core Strategy, was proposing a target figure for Shrewsbury of 285 additional dwellings per annum, which increased to 410 dwellings p.a. (total 6,200 2006-2026) in the RSS Phase 2 Revision Preferred Options and 420 dwellings p.a. (total 6,500 dwellings) in the proposed Core Strategy.

Shrewsbury had an estimated population of 72,000 in 2006 and approximately 31,000 households in 2001. The town has an important sub-regional role and is a major employment and service centre, providing more jobs than it has resident workers. 70% of the resident working population are employed in the town, meaning that employment self-containment is relatively high. The Core Strategy identifies Shrewsbury as Shropshire's Growth Point, and the proposed housing target reflects this.

### **3. Further Change and Risk of Delay**

It has to be recognised that projections of household growth are based on assumptions and trends which can change. Factors in the later, increased, projections included higher population estimates due to increasing longevity, with male longevity increasing relative to female, increased immigration and greater spread of migrants from London to the regions. Potential effects of the economic recession were considered to some extent, including the likelihood of high house prices suppressing the formation of new households, but these may not affect the long term trend. Migration patterns may change for a variety of reasons, not just economic. However, it is considered that the target proposed in the Core Strategy remains reasonable, realistic and appropriate

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to help to address the needs of Shropshire. The increase in the proposed target from 25,700 additional dwellings to 27,500 dwellings is not significant over a 20 year period across the whole of Shropshire, and policies in the Core Strategy relating to the release of land for housing provide the necessary safeguards and flexibility to manage future development appropriately. Policies (particularly Policy CS11) will also address the mix, type and affordability of housing, issues which are as important as quantity and location.

Under-provision of new housing is the greater concern - it risks exacerbating housing shortages, increasing prices/reduced affordability, less balanced, ageing communities and failure to attract and retain labour, with impacts for economic development. Forecasts in 2007 of changes to Shropshire's population by 'natural change' (i.e. without people moving into the County) over the period 2001-2026 showed a decline of 6% (18,200 people), an increase in population of retirement age from 21% to 29%, a 21% reduction in school age population and a 14% reduction in working age population, with implications for the labour force and the health of the local economy. Without in-movement, the labour force was forecast to decline by 9% (13,000). Also, despite the population decline, the number of households in that population was forecast to grow by 4% (4,500 households). Changes in society such as higher divorce rates, greater life expectancy, greater financial independence and fewer couples choosing to marry were all identified as factors which can increase the number of households and reduce average household size. So, despite long-term population decline by natural change in Shropshire, the number of households and consequently the number of dwellings needed to accommodate them will continue to grow.

A further issue is that any change now to the proposed housing targets in the Core Strategy would require a delay in the submission of the Core Strategy for independent examination, with a period of further consultation. Delay to the Core Strategy would, in turn, hold up the preparation of the Site Allocations and Management of Development Document of the LDF. The Council is working hard to engage with local communities to agree the scale and location of future development, with an initial consultation period ending on 25th June. The removal of the Regional Spatial Strategy does not affect this important work to guide development in Shropshire's towns, villages and rural areas - Shropshire Council's approach is very much about responding to the wishes of communities in working with them to identify the role they wish to play in the future development of Shropshire.