

**Matter 3C**

**Statement on behalf of  
West Midlands Planning & Transportation Sub-Committee**

**How does the proposed provision of additional housing relate to rates of delivery a) at current and recent levels and b) over the medium to longer term?**

**In the light of current economic indications and other available evidence, what is the likelihood of the region being able to deliver additional housing at the rates envisaged in the Phase 2 revision, or at a higher or lower level?**

- 1 The Preferred Option housing requirement for the Metropolitan Area is 158,000 net additional dwellings over the RSS period; this is to be phased 8,000 per annum over the period to 2016 and 7800 2016-26.
- 2 The graphs in *Urban Renaissance in the West Midlands: Origins, Progress and Future Prospects* (core document to be added to the library) shows that these levels of growth are challenging in the light of recent rates of development. However, there is no evidence to suggest that a shortfall in land supply is responsible as land committed for development has increased (see graph in response to matter 3A).
- 3 The contribution that the MUA has been making to achieving regional targets has increased in both net and gross terms over the last five years. In terms of gross completions, the MUA accounts for approximately half of the Region's total, this is indicative of regeneration and renewal in the MUAs in accordance with urban renaissance principles.
- 4 This pattern is consistent with the trajectories included in Policy CF4 which indicate that frontloading of development in the Metropolitan Area is a clear policy principle to accelerate delivery of the urban renaissance.
- 5 At a regional level, WMRA's response shows that the net rates of development specified in the Preferred Option (18,200) are very challenging when compared with completions over the last 20 years. Moreover, given the current recession, completions could fall to as low as 8,000 in 2008/9. Inevitably this will lead to back loading, with delivery at unprecedented rates in the latter part of the RSS period.
- 6 Whilst there are myriad commentators suggesting when the industry will recover, there is no certainty whatsoever and the risks of over allocating in such uncertain times are set out in our response to Matter 2B.

7 In the response to this matter we focus on the capacity of the development industry to deliver at these unprecedented rates and refer the panel to the below sources:

- *The Homebuilders Federation's Director of Economic Affairs (443/3)*
- *The Royal Institute of Chartered Surveyors (West Midlands) (Respondent ID 544)*

8 The HBF's Director of Economic Affairs (443/3) suggests that the trajectory required to meet Housing Green Paper targets is 'implausible', following the collapse in house building in 2008 and 2009.

9 The article continues to suggest that lost capacity in the industry, both in terms of finance and personnel will take many years to rebuild. At a regional level, RICS (Respondent ID 544), which represents approximately 8000 property professionals, conclude that:

*'it is essentially academic in terms of physical delivery...with forecast numbers to be built far in excess of those delivered even in the most productive years of house building, it is difficult to see how even with the increased public sector stimulus, the desired levels of development will be reached'* and

*'We are of the view that both skills and infrastructure are highly likely to present substantial barriers to the delivery of the higher numbers proposed, not least because they will also present significant difficulties in achieving the lower numbers too'.*

10 The NLP Study (CD178) provides an alternative trajectory which suggests that if recovery gets back to the Preferred Option Trajectory by 2013, rates of delivery will need to increase to approximately 28,000 per annum later in the RSS period, a rate that has not been delivered in the Region since there was vast building of council housing.

11 Whilst this may paint a pessimistic picture, Metropolitan Authorities are keen to expedite economic recovery. In the light of the above, however, and given the risks associated with oversupply and subsequent displacement (see matter 3B and Urban Renaissance in the West Midlands: Origins, Progress and Future Prospects (core document to be added to the library); delivery at such unprecedented rates is unrealistic.

12 To oversupply land in inappropriate locations whilst effective demand is low and industry capacity limited will undermine the spatial strategy on the basis that housing will not be delivered in priority locations. Any short term measures to kick start regional recovery through unanticipated large scale green field releases in inappropriate locations will be detrimental, if not fatal to urban renaissance in the longer term.

- 13 The capacity of the industry to deliver the level of housing required has been a longstanding concern and the links between delivery and land supply have been an ongoing debate. Again, the graph highlighted in our response to Matter 3A shows that whilst commitments in the Metropolitan Area have increased, the rate of delivery has increased by a lower amount.
- 14 Following on from the Barker Review of Housing, CLG commissioned the Calcutt Review, which examined matters from the perspective of the development industry; this was published in November 2007. It concluded that *'the house building industry and its supply chain have the potential to deliver 240,000 new good quality homes a year by 2016 and to achieve the zero carbon targets. However, the industry is answerable only to its investors and shareholders and not to the public interest'* (443/2 p. 9).
- 15 Since this upbeat proclamation, however, we have entered into a recession which has seen a collapse in house prices, cutbacks and falling profits in the development industry.
- 16 Moreover, the NLP study (CD178, Para 8.16) concedes that:

*Clearly since the Calcutt Review there have been significant changes that have affected the volume house building industry in particular. It is difficult to have the same degree of confidence now in the industry's ability to increase housing supply within this time frame when output is falling and there is reduced capacity in terms of labour.*

**What strategic assessment has been made of the impacts of additional housing on existing and planned infrastructure of all kinds? What additional infrastructure would need to be provided with additional housing development?**

- 17 A number of assessments have been made on the impacts of additional development (not just housing) on existing and planned infrastructure of all kinds. At a strategic level these are as follows:
- The Infrastructure Implications of Housing Options – January 2007 (CD13)
  - The Infrastructure Review Report – November 2007 (CD14)
  - The Draft Implementation Plan – December 2007 (CD3)
- 18 Within these reports, critical elements of infrastructure examined have included Transport, Water and Drainage, Other Utilities, Education, Health, Land Reclamation and Green Infrastructure.
- 19 These documents have now been updated through the preparation of the Draft Implementation Plan Supplement, which sets out a more detailed

assessment of the infrastructure needs for sub - regions based on the best information currently available.

**Can any assessment be made of the likely cost and resource availability for such infrastructure? At a strategic level, what influence should judgements about infrastructure requirements have on the levels of additional housing proposed?**

- 20 Where possible, WMRA's analysis includes costs and this is linked to likely resources from myriad sources although clearly there is an element of uncertainty in the current economic climate.
- 21 We are unaware of any similar analysis used to justify alternative levels of growth.
- 22 Regional Funding Advice (RFA) submitted to the Regional Minister in February 2009 (CD241) sets out the Region's priorities from 2009 – 19. This identifies 20 Impact Investment Locations where resources can yield maximum benefits, 15 of these are within or directly support the Metropolitan Area. It is estimated that across the Region as a whole, Impact Investment Areas will contribute towards the delivery of over 45,000 new homes. This is indicative to the commitment of key regional stakeholders to accelerating the delivery of urban renaissance.
- 23 If the Panel was minded to increase levels of growth over and above that in the Preferred Option; the availability of existing infrastructure must be considered, this is consistent with PPS3 Para. 33.
- 24 Moreover, if any additional unanticipated growth is to be advocated in close proximity to MUAs then the Metropolitan Authorities consider that, inter alia, the following matters should be taken into account:
  - Impact on existing and planned transport infrastructure e.g. highway capacity, public transport services etc.
  - Displacement of future public and private infrastructure investment e.g. see response to Matter 3B and the potential need for Eco Towns to be underpinned by public investment.
  - The impact on existing social infrastructure in MUAs e.g. what will the impacts be on local facilities such as schools, shops and services if selective migration is not stemmed; cumulatively the effects could be significant.
- 25 Recommendation 13 of the NLP Study (CD178) considers that infrastructure is not a barrier to delivery:

*Transport issues are not a fundamental barrier to delivering more housing although investment will be needed.....At a local level there*

*will be a need to mitigate impacts caused by significant amounts of new housing. None of the nine options appear to result in mitigation requirements that are technically not possible. Any infrastructure improvement to facilitate housing growth which is not already a priority carries delivery risks. A key task will be to align the phasing of additional housing with the funding and timing of new infrastructure. Development of 5000 units and above, in a particular location, may offer the greatest prospect of securing private sector funding of major infrastructure improvements.*

26 It is considered that this conclusion is:

- Indicative of issues not been fully addressed
- Unacceptable, in that whilst there is an engineering solution to most problems, financial resources are finite and should be spent in accordance with achieving not undermining strategic policy objectives e.g. urban renaissance
- Contrary to Government policy which seeks to take account of existing infrastructure when determining levels of housing (PPS 3 para 33).

**Is the phasing of development set out in Policy CF4 and supporting paragraphs necessary, and does it represent a realistic approach to the delivery of housing across the region? Would a more precise “trajectory” be possible, and would it be helpful as guidance for LDDs?**

27 The purpose of policy CF4 is to provide a strategic policy management tool to guide the future provision of housing land across the region and provide supporting infrastructure. The frontloading of development in the Metropolitan Area is consistent with the RFA advice submitted to Government as referred to elsewhere in this response.

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