

Report of the Director of City Strategy

Regional Spatial Strategy (RSS) 2009 Update - Response to Spatial Options Consultation

Summary

1. This report sets out a proposed response to the Spatial Options consultation carried out by the Regional Assembly as part of Partial Review of the Regional Spatial Strategy. The Partial Review process commenced in May 2008 to address the challenges coming out of the Housing Green Paper. The report seeks approval of a proposed response to the Spatial Options consultation. It also sets out the next steps in the review process.

Background

2. The Yorkshire and Humber Plan (the Regional Spatial Strategy or RSS) was published in May 2008. The RSS sets out the broad development strategy for the Region to 2026 and covers topics such as housing, economic development, transport, the environment and regeneration. It forms part of the statutory Development Plan for York and our Local Development Framework (LDF) will need to be in 'general conformity' with it.
3. The Assembly have now started work on a Partial Review of the adopted RSS. It will look at how the region can accommodate housing growth coming from the Government's Housing Green Paper, published in summer 2007. The review, entitled 'The Housing Challenge, Yorkshire and Humber Plan - Update 2009' will test the scale of growth and explore locations for and infrastructure needed to accommodate this growth.
4. To start the process the Regional Assembly issued a Call for Evidence document in May 2008 asking for strategic ideas on how we can best accommodate growth in different parts of the Region. The consultation ran from the 30th May until the 11th July 2008. Officers submitted a response based on comments previously agreed by the Executive as part of the recently adopted RSS consultation process. This was endorsed by Executive at its meeting on the 7th October 2008. The response submitted to the Call for Evidence is attached as Annex A to this report.

5. The Regional Assembly issued its next document - Spatial Options – in November and is consulting on it until the end of January 2009.

The Spatial Options document

6. The Spatial Options document considers three important questions:
 - (1) How much housing should we be planning to provide in the future ?
 - (2) How should it be distributed ?
 - (3) What spatial options are there for accommodating this growth in each of the seven 'sub areas' ?
7. The Assembly have been keen to emphasise that the Spatial Options document is for consultation only, that the ideas and options it contains are not proposals, and that the responses they receive will help them to shape the 2009 Update to the Regional Spatial Strategy.
8. A copy of the Spatial Options document is available to view in the Members library and can be viewed through the following web-site link:
[http://www.yhassembly.gov.uk/Our%20Work/Regional%20Planning/Regional%20Spatial%20Strategy%20Partial%20Review/Spatial%20Options%20\(Sept%20-%20Dec%202008\)/](http://www.yhassembly.gov.uk/Our%20Work/Regional%20Planning/Regional%20Spatial%20Strategy%20Partial%20Review/Spatial%20Options%20(Sept%20-%20Dec%202008)/)

The Key questions

(1) How much housing should we be planning to provide in the future ?

9. The Draft RSS published in May 2005 had a regional requirement to build 16,000 new homes per year. This increased to 22,260 (a 39% increase) by the time the plan was adopted in May 2008. The Spatial Options consultation document acknowledges that the scale of house building provided for in the adopted plan is a significant step up from in previous plans and is proving a challenge to deliver. For York the step up went from 675 units per year in the Structure Plan and Draft Local Plan to 850 units per year after 2008 in the adopted RSS (a 26% increase).
10. The Regional Assembly have been asked by the Secretary of State to 'test' a number of different levels of housing growth. These are shown in Table 1 below. The National Housing and Planning Advice Unit (NHPAU) projections are meant to stabilise the affordability of market housing. The Trend Based Household projection is based on the latest 2006 population projections (rather than the 2004 based projections that informed the adopted RSS).

Table 1 Testing the Regional Housing Requirement

Level of Growth	New dwellings per year	Comment
Current RSS	22,260	
NHPAU Lower	25,100	13% increase on current RSS
NHPAU Higher	28,300	27% increase on current RSS
Trend Based Household	30,000	35% increase on current RSS

Officer comment

11. Very simply we see no justification to increase the housing targets above those set through the recently adopted RSS. Fundamentally we would question whether now is the right time to be carrying out a Partial Review of the RSS whose main aim is to seek to increase rates of house building. There are a number of key reasons for our conclusion:

The need for planning certainty

12. The RSS has only just been adopted (May 2008) and gives a long term and clear planning framework for planning in the region to 2026. This certainty is essential for developing LDF's. Introducing a Partial Review just brings unnecessary uncertainty into the system. Given the stage we are at in the York LDF it is essential that we know what figures we are working to.

The 2006 based population projections are flawed

13. The 2004 based projections (on which adopted RSS was based) assumed the region would grow by 539,000 people between 2006-2026. The 2006 based population projections assume the region will increase by 959,000 people in the period 2006-2026 (a massive 78% increase compared to the 2004 based projections). A key element of this increase is due to assumptions about international migration into the region.
14. The 2006 based projections were based on past five year trends which saw a period of very high inward migration due to incorporation of the Eastern European countries into the EU coinciding with a period of unprecedented economic growth in the region. With the severe downturn in the economy it is highly questionable whether this level of externally generated population growth will continue. This is particularly pertinent in York where a significant percentage of population growth is due to inward migration rather than natural change due births and deaths.
15. The housing requirements for York set out in the adopted RSS showed a reasonable match with the 2004 based population projections and the economic growth assumptions we are using in the LDF (1000 additional jobs per anum). We therefore see no reason to increase the requirements further.

16. From attendance at a number of regional events about the RSS Review this is one of the biggest issues being raised by local authorities and key stakeholders.

Using housing supply to address affordability is questionable

17. The premise of the NHPAU work is that increasing the supply of new homes will help to address house price/income differentials in the market housing sector. This is not borne out by reality. During the period 2002-2007 York saw an unprecedented rate of house building reflecting the buoyant market conditions at the time. 845 dwellings were completed on average each year (well above the Local Plan requirement of 670 dwellings). This did not lead to a reduction in house price/income differentials. Quite the opposite occurred with the differential markedly increasing during this period.
18. This is not surprising given that increasing the supply of new housing only has a marginal impact on the overall housing market in the area. New homes built represent less than 1% of the total stock in an area in any given year. There are wider factors (such as income and access to finance) that have a far greater impact on affordability than the crude supply based approach advocated by the NHPAU.

The economic projections are questionable

19. The council objected to the economic growth projections included in adopted RSS which assumed York would grow by over 2000 new jobs per year. This is way above what York has achieved in the past. Past trends are closer to the 1000 per annum job projections we are using in the LDF. The RSS Review is seeking to link economic growth to housing growth so we need to ensure that over inflated assumptions are not used.
20. This is even more pertinent given the pace and scale of the recent economic downturn. Although studies have shown that York is relatively resilient to the downturn because of its broader economic base it is certain that the down-turn will have an impact on job growth in the short to medium term. If the down turn is similar to an early 1990's type recession then, rather than a scenario of continuing job growth, the reality may be that job numbers in the York economy may not get back to previous levels until 4-5 years after the recession peaks. When we apply this scenario to the wider region the point is even stronger with some areas likely to be significantly adversely affected by the down-turn.

The ability to deliver higher levels of house-building is not there

21. The Regional Assembly acknowledge that even during the boom years the levels of annual housing completions across the region did not match the requirement set out in adopted RSS. Since then completions have dropped off considerably across the region as the house-building sector has significantly contracted.
22. This is reflected in York where in the boom years the completions averaged 845 per year, peaking at over 1200 in one year, but were down to 523 in 2007/08, even before the full impact of the credit crunch was felt. We would therefore fundamentally question the need to plan for even higher levels of

house building at this point in time when the market's ability to deliver these is severely compromised and is likely to be so for some time to come.

The system of RSS's is being replaced by a single Regional Strategy

23. The Sub National Review of economic development and regeneration recommended that RSS's be replaced by a single Regional Strategy which will replace the RSS, RES and RHS. The Regional Assemblies are being abolished and the responsibility for preparation will rest jointly with the Local authorities and the Regional Development Agency – in our case Yorkshire Forward. 2009/10 is a transitional year. The process of preparing a Regional Strategy will take about 2 years.
24. Given the fundamental change in the system it is highly questionable why a Partial review of RSS should be taking place. It would make more sense to use the recently adopted RSS as the basis for this round of LDF's in the region and then start work on the Single Regional Strategy at a later date when the impact of the recession is better understood and some more accurate projections can be made of future population, economic and household growth.

Conclusion

25. The reasons given above provide a compelling case for why the RSS should not be reviewed at this point in time. The uncertainties around the key projections which fundamentally influence the levels of houses projected is a key weakness. The ability to deliver higher levels of housing in the current economic climate is another. The moved to a single Regional Strategy adds further weight to the case. In the light of the above the Regional Assembly should be recommended to postpone the Partial Review. The North West Regional assembly made a similar decision recently.

(2) How should housing growth be distributed ?

26. Although our fundamental point is that the RSS Review process should be postponed we still need to respond to the questions about where future growth should go, in the event that the Partial Review continues.
27. The consultation asks whether the RSS should continue to use the current level of distribution used in the recently adopted RSS. This was by sub-region with North Yorkshire (including York) taking 14% of the new homes. This equated to a policy of relative restraint to reflect the need to focus new housing and economic growth in the key cities to the west and south of Yorkshire and to reflect the capacity issues surrounding the future growth of York.
28. The consultation asks how much weight should be given to a range of factors such as economic growth, affordability, household growth, reflecting market demand or other factors.

Officer comment

29. In the case of York a key additional factor should be the need to protect the historic character and setting of York. This means a policy of relative restraint

should be continued, as it would not be possible to fully meet housing demand without compromising the character and setting of the city. This is particularly the case now that windfalls cannot be counted when planning your short to medium term housing supply.

(3) What spatial options are there for accommodating this growth in the 'sub areas' ?

30. The Spatial Options for the 'York sub area' set out in the document are:
- Option 1 - Maintain the Core Approach – including urban extensions to York and Malton
 - Option 2 - Stronger focus on Cities and larger towns – Urban expansion of York and to the north and south of Malton
 - Option 3 – Corridors - focus development at key nodes along the following corridors:
 - York to Malton rail corridor
 - York to Selby road corridor (A19)
 - York to Leeds rail corridor
 - Selby to Leeds rail corridor
31. The consultation document asks a number of questions for the York sub area:
- To what extent can the current strategy deliver current house building rates in this sub area ?
 - To what extent can the current strategy deliver higher rates of house building in the sub area ?
 - Which spatial options or combination of spatial options provide sufficient guidance for local authorities to determine broad locations for further house building ?

Officer comment

32. The Council's response to the previous Call for Evidence consultation (see Annex A) is still pertinent. It is clear from work to date on the York LDF that it is a challenge just to meet current RSS housing targets. Any uplift above current levels would push the strategy away from Option 1 (Maintaining the Core Approach) towards Option 2 (stronger Focus on Towns and Cities). Option 1 refers to urban extensions (which are smaller scale than urban expansions). Option 2 refers to the urban expansion of York. In the previous Call for Evidence document the Assembly described urban expansions as "This approach involves significantly growing some existing settlements - well beyond their current boundaries - in a very concentrated way. This would result in a 'sharper urban focus'. Rather than accommodating development through a range of urban extensions, this approach would mean that a smaller number of very large expansions at a more limited number of towns and cities would form the focus of growth." The main example they give is Cambridge East a 10,000 home expansion to the urban area of Cambridge.

33. Significant urban expansion of York (along the Cambridge scale) would not be a suitable option given known constraints. In this situation it would be better to look at opportunities at key nodes along the rail and public transport corridors within the York sub area (Option 3 above), or at the possibility of a new settlement beyond the York Green Belt, or maybe through a stronger role for Selby and Malton, which are well connected to York in public transport terms.
34. Any approach would need to be backed up by significantly more investment in key transport infrastructure as many parts of the York sub area are already at capacity.

RSS Review – Next Steps

35. The RSS Review process includes the following key stages:
 - End of consultation on Spatial Options January 2009
 - Prepare draft RSS Review document Feb-March 2009
 - Regional Planning Board Approve April 2009
 - Assembly consider the draft RSS Review June 2009
 - Submit to Government July 2009
 - Public consultation on draft RSS Review September 2009
 - Examination in Public Feb 2010
 - Panel report published May 2010
 - Consultation on Proposed Changes September 2010
 - Adoption of Revised RSS December 2010

Consultation

36. This report presents a proposed formal response to the public consultation by the Assembly on their Strategic Options document. The Assembly have advertised the consultation widely and have held a local meeting for York and North Yorkshire in the Early Learning Centre in November which a wide range of stakeholders attended. This has given the opportunity for the Council and other key stakeholders in the city to respond to the emerging ideas on how additional growth can be accommodated.

Options

37. Members have the following options to consider in relation to the proposed response to the 'Spatial Options' consultation.

Option 1: To approve the proposed response set out in this report and summarised in Annex B.

Option 2: To seek amendments to the response which can then be forwarded on to the Regional Assembly.

Analysis

38. The proposed response set out in this report and summarised at Annex B challenge the need to consider higher housing targets at this point in time and gives a clear recommendation that the Partial Review of RSS should be postponed. Should members want to take different view then this can be reported back to the Regional Assembly.

Corporate Priorities

39. The recently adopted RSS and its Partial Review are important in the context of many of the corporate objectives of this council, and in particular in relation to the Corporate Strategy 2007/11: Corporate Priorities for Improvement :

- Decrease the tonnage of biodegradable waste and recyclable products going to landfill
- Increase the use of public and other environmentally friendly modes of transport
- Improve the actual and perceived condition and appearance of city's streets, housing estates and publicly accessible spaces
- Improve the quality and availability of decent affordable homes in the city
- Improve the economic prosperity of the people of York with a focus on minimising income differentials

Implications

40. The following implications have been assessed:

- **Financial** - None

- **Human Resources (HR)** - None
- **Equalities** - None
- **Legal** - None
- **Crime and Disorder** - None
- **Information Technology (IT)** - None
- **Property** – None
- **Other** – None

Risk Management

41. In compliance with the Council's risk management strategy, there are no risks associated with the recommendations of this report.

Recommendations

42. That the Executive:

- i) Approve the proposed response to the Spatial Options consultation as set out in this report and summarised in Annex B, subject to any changes recommended by the Executive.

Reason: So that the response can be submitted by the end of January consultation period.

- ii) That any amendments or further comments be forwarded to the Regional Assembly

Reason: So that any changes recommended as a result of discussions at the meeting can be fed into the RSS Partial Review process.

Contact Details

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Report Approved Date

Specialist Implications Officer(s):

N/A

Wards Affected:

All

For further information please contact the author of the report

Background Papers

- Partial review of RSS - Spatial Options consultation document - (November 2008)
- Adopted RSS and Partial Review – response to Call for Evidence – Executive (7th October 2008)
- Partial Review of RSS - Call for Evidence – (May 2008)
- Adopted RSS (May 2008)
- RSS Proposed Changes (October 2007)
- Examination in Public – Report of the Panel (March 2007)
- Draft RSS for consultation (Dec 2005)

Annexes

Annex A: CYC response to the Call for Evidence as part of the Partial Review of the RSS (approved by Executive October 2008).

Annex B: Proposed CYC response to the Spatial Options consultation document as part of the Partial Review of RSS (January 2009)