

meeting **JOINT COMMITTEE ON STRATEGIC PLANNING & TRANSPORT**

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from: **JOINT OFFICER STEERING GROUP**

## **Report**

### **DRAFT EAST MIDLANDS REGIONAL SPATIAL STRATEGY – EXAMINATION IN PUBLIC – URBAN CAPACITY OF NOTTINGHAM PUA**

#### **Purpose of Report**

- 1 To inform Members of a statement submitted to the Examination in Public (EiP) Panel Secretariat on the Strategic Housing Land Availability (SHLAA) study for the Nottingham Core HMA.

#### **Introduction**

- 2 The EiP into the draft Regional Spatial Strategy started on the 22<sup>nd</sup> May and will sit until the 18<sup>th</sup> July. As reported at the last meeting, the views of the Joint Committee on the Draft Regional Spatial Strategy were included in the joint and separate statements submitted by the two Councils to the Panel Secretariat.
- 3 An important matter under discussion at the EiP is the level of housing proposed in the Nottingham Core Housing Market Area (which includes Broxtowe, Gedling, Rushcliffe and Erewash in Derbyshire). In particular the amount of capacity in the 'Principal Urban Area' (PUA) will be addressed by the Panel. The housing figures for the District Council areas making up the Nottingham Core Housing Market Area in the Three Cities Sub Regional Spatial Strategy element of RSS are divided into two parts; that to be provided in and adjoining the PUA, and that to be provided elsewhere. (The City's figure is wholly within the PUA).
- 4 As reported at the last meeting, work on a Strategic Housing Land Availability

Assessment (SHLAA) was commissioned to assess the potential housing capacity of the PUA and this has now reported<sup>1</sup>. This work was part of the work to deliver the New Growth Point for which DCLG awarded funding (see Item 5, January Joint Committee). In assessing the capacity of the PUA, the work also assists in determining the extent of new sustainable urban extensions.

- 5 The findings of the SHLAA indicate a mixed picture of potential capacity across the PUA. When comparing the SHLAA findings of PUA capacity with RSS provision figures, Nottingham and Erewash and Gedling have more potential than implied by the RSS, and Broxtowe and Rushcliffe less. (For Rushcliffe in particular, this result is expected, as RSS implies a large proportion of their housing would be by way of SUEs, and therefore additional to PUA capacity).
- 6 Depending on how windfalls are treated<sup>2</sup>, the study finds a small shortfall of 1,010 homes, or an oversupply of 1,720 units, based on a number of assumptions:-
  - The work has been undertaken at a strategic level.
  - A significant proportion of the supply is in Nottingham City, and its delivery depends on the continued buoyancy of the city centre market.
  - Windfall is based on past trends, which may not be replicated.
- 7 A joint statement has been prepared by the County, City and 5 District councils in the HMA. This is included at Appendix 1 and summarised below. It will be submit to the Panel as the view of all the local authorities on how the RSS should interpret the findings of the SHLAA. It proposes revisions to the RSS housing figures for each district within the PUA that reflect not only the study, but also planning officer's views in the light of the caveats of the study.

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<sup>1</sup> A SHLAA was commissioned for all of the 3 Principal Urban Areas (PUAs) in the Three Cities to assess housing land supply in the context of employment land needs, the social, cultural and environmental aspirations of the area and the necessary sustainable transport infrastructure. Consultants were commissioned to undertake these studies to provide an independently verified and appropriate measure of potential housing land availability within the 3 PUAs.

<sup>2</sup> The higher figure includes a 'small sites' windfall allowance for the first ten years (2006-2016) and a 'large' and 'small' sites windfall allowance for the final ten years (2016-2026). The lower figure has no windfall allowance for the first ten years, but the same 'small' and 'large' site allowance for the second ten years.

- 8 The SHLAA identifies an increased capacity overall within the PUA and the statement accordingly identifies a reduced total of 218 dwellings per year (5,450 in total) that require land still to be identified, i.e. in Sustainable Urban Extensions as described in the Plan. The statement also makes it clear that the total housing provision for the HMA is considered appropriate, and any changes to the PUA figures imply a redistribution of dwellings within the existing RSS HMA total.
- 9 It should be noted that the statement does not address either the location of the SUE(s), or the impact of the increased capacity within the PUA upon individual districts total provision (ie including that to be provided outside of the PUA).
- 10 The City and Council's view is that the increased capacity does not reduce any provision outside the PUA, nor does it affect the total amount the HMA should be providing. Consequently some district totals would have to change in the light of this, and how the RSS deals with these matters will be the subject of discussion at the EiP.

#### **Next steps**

- 11 The Joint Statement has been submitted, and the Panel will consider the matter with all authorities and other participants on June 26<sup>th</sup>.

#### **RECOMMENDATION**

- 12 It is RECOMMENDED that
  - a) Members of the Committee note the contents of the report; and
  - b) note the comments set out in the Appendix submitted to the Panel Secretariat by the two Councils and other districts.

#### **Background Papers**

Draft Regional Spatial Strategy (RSS 8), September 2006.  
Nottingham Principal Urban Area Strategic Housing Land Availability Assessment, Ekos/Arup, April 2007.

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## **APPENDIX**

### **NOTTINGHAM PRINCIPAL URBAN AREA STRATEGIC HOUSING LAND AVAILABILITY ASSESSMENT**

#### **JOINT POSITION STATEMENT 24<sup>th</sup> MAY 2007**

The following statement has been prepared jointly by all the local authorities constituting Nottingham Principal Urban Area (PUA):-

Broxtowe Borough Council  
Erewash Borough Council  
Gedling Borough Council  
Nottinghamshire County Council  
Nottingham City Council  
Rushcliffe Borough Council

#### **1 THE STRATEGIC HOUSING LAND AVAILABILITY ASSESSMENT**

- 1.1 A Strategic Housing Land Availability Assessment (SHLAA) has been undertaken for the Nottingham PUA. This was commissioned in order to inform this Examination-in-Public about the broad scale of potential housing capacity in the Nottingham PUA and the consequent need for Sustainable Urban Extensions (SUEs). (Core Document RES86).
- 1.2 The Study report makes it clear that the Study cannot directly determine local authority or HMA levels of provision, because it was undertaken as a technical exercise, and therefore contains several caveats and assumptions that require further testing. These include market assessment, likelihood of long-term delivery of sites, and consistency of data between local authority areas.
- 1.3 It is also important to note that the Study looks at the capacity of the PUA alone; the SHLAA does not indicate that the RSS housing provision figure for the HMA as a whole should change, it is simply the distribution of the amount of housing apportioned to the PUA which is under consideration.
- 1.4 In addition, the findings of the study need to be set in the context of the Regional Plan objectives and policies. Not least of these considerations is the

relationship between the delivery of urban capacity and SUEs.

## **2 SHLAA FINDINGS**

- 2.1 The findings of the SHLAA indicate a mixed picture of potential capacity across the PUA. When comparing the SHLAA findings of PUA capacity with RSS provision figures, Nottingham and Erewash and Gedling have more potential than implied by the RSS, and Broxtowe and Rushcliffe less. (For Rushcliffe in particular, this result is expected, as RSS implies a large proportion of their housing would be by way of SUEs, and therefore additional to PUA capacity).
- 2.2 Depending on how windfalls are treated<sup>3</sup>, the study finds a small shortfall of 1,010 homes, or an oversupply of 1,720 units, based on a number of assumptions:-
- The work has been undertaken at a strategic level.
  - A significant proportion of the supply is in Nottingham City, and its delivery depends on the continued buoyancy of the city centre market.
  - Windfall is based on past trends, which may not be replicated.
- 2.3 The table below shows (on an annualised basis) the SHLAA findings and compares them to the figures remaining to be delivered to meet RSS provision (over 20 years, 2006-2026). It shows the most optimistic outcome of the study.

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<sup>3</sup> The higher figure includes a 'small sites' windfall allowance for the first ten years (2006-2016) and a 'large' and 'small' sites windfall allowance for the final ten years (2016-2026). The lower figure has no windfall allowance for the first ten years, but the same 'small' and 'large' site allowance for the second ten years.

**Table 1. SHLAA Findings 2006- 2026**

	<b>Residual RSS Annual Provision 2006-2026</b>	<b>SHLAA Annualised Potential Supply 2006-2026*</b>
<b>Nottingham</b>	930	1279
<b>Broxtowe</b>	180	108
<b>Erewash</b>	39	143
<b>Gedling</b>	227	322
<b>Rushcliffe</b>	525	134
<b>PUA</b>	<b>1901</b>	<b>1987</b>

\* Includes 'small sites' windfall allowance for first ten years.

### **3 TOWARDS A NEW DISTRIBUTION**

- 3.1 The SHLAA indicates further housing potential within the PUA which is not currently reflected in the RSS.
- 3.2 However, as indicated in paragraph 2.2 above, it is not possible to simply include the SHLAA figures in the RSS. Consequently, in reflecting the findings of the SHLAA in the RSS, some adjustment to the SHLAA results is necessary. In making this adjustment it is important to recognise the need to minimise unnecessary use of greenfield land, support regeneration objectives, and also reflect factors such as the market which will impact on the scale and rate of housing delivery (ie those factors that are missing from the SHLAA).
- 3.3 Furthermore housing development needs to be monitored to ensure that the outcome can be managed in relation to policy decisions of the RSS.
- 3.4 The reasoning behind the PUA capacity elements recommended for the RSS provision for the City and each district are set out below. The table that follows indicates the results.

#### **(a) Nottingham City**

- 3.5 It is accepted that there is additional housing potential within the City,

however the level suggested by the Study is considered to be an over statement<sup>4</sup>. The current completion levels in the City are at a 20 year high. The SHLAA implies an acceleration of housing development, particularly in the City centre (approx 40% of all completions between April 2002 and Sept 2006 were City centre flats). It is widely acknowledged that there are doubts over the sustainability of the current market for City centre flats, which can be regarded as fragile (Knight Frank City Centre Housing Market Report – forthcoming). Whilst further development is anticipated, it is not realistic to suggest that this segment of the market can deliver at rates significantly and consistently above those achieved at present for the next 20 years.

- 3.6 Consequently, a figure of 1000 dwellings per year (representing a continuation of the already very high level of completions) is considered challenging but achievable 2006-2026, resulting in a RSS figure of 1,001 dwellings per annum.

**(b) Broxtowe**

- 3.7 The SHLAA would appear to indicate a lower capacity for Broxtowe than the RSS provision. Representations on the RSS submitted by Broxtowe Borough Council request a reduction of 10 dwellings per year from its overall district allocation, from 270 to 260. In the light of the SHLAA findings, it is logical that the Broxtowe PUA annual provision figure (2001-2026) should be reduced from 170 to 160, accordingly a completion rate of 168 dwellings 2006-2026 is appropriate, representing a RSS figure of 160 dwellings per annum.

**(c) Erewash**

- 3.8 A significantly higher capacity was identified in the PUA in Erewash than its Regional Plan figure, although this is at a higher level than recent rates of completions and permissions in the area. The Borough Council have significant concerns over the suitability of some sites assessed by the SHLAA for residential development and the relationship to regeneration policies. In addition there is a significant element (54%) of windfall in the SHLAA total, and the sites assessed have a low average score for policy and sustainability.

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<sup>4</sup> The Study also includes a small factual error, overstating site capacity by approx 300 dwellings.



It is therefore considered a figure close to those recent completion and permission rates of approximately 100 dwellings per year 2006-2026 is appropriate, representing a RSS figure of 104 dwellings per annum.

**(d) Gedling**

3.9 A higher capacity was identified in the PUA in Gedling than its RSS figure. The capacity identified is well above the level of rates of completions in the area, although close to the rates of permissions granted.

3.10 The estimate of identifiable sites is partly based on the district's assessment of sites within the urban area, which links to urban capacity estimates provided for the local plan in 2003. The identifiable sites figure includes sites that have been assessed as having significant policy and sustainability constraints, as shown by their low 'scores' in the site appraisal table, that will restrict their development potential. For instance, one large site to particularly note is Mapperley Golf Course, which could potentially accommodate 1400 houses. It is also owned by Gedling Borough Council and the Council has resolved not to allow the development of the site because of local community concerns about its future, which is the reason for its safeguarding. Consequently, there must be serious questions over including this site in any estimates of capacity for policy purposes.

3.11 Importantly, there is a significant element of windfall (36%) in the SHLAA total for Gedling and there are concerns about the estimation of this figure<sup>5</sup>. It is based on past windfall rates that are expected to over-estimate the future situation. Because of these factors no change to the RSS figure is put forward.

**(e) Rushcliffe**

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<sup>5</sup> It is based on past windfall rates that are expected to over-estimate the future situation. The main reason for this is that the period for determining past windfall rates covers that time when sites had been identified in the early stages of Gedling's local plan process as suitable for development but had not become formal allocations. Several of these sites subsequently came forward as windfalls in advance of the Plan's adoption. Thus, sites that would in the pre-adoption period have come forward as windfalls are now included by the study as identified sites, meaning that the Gedling's high windfall trend figures cannot be seen as firm indicators of future trend.

3.12 In line with the small area of Rushcliffe Borough which forms part of the PUA, the SHLAA results are considered to be a fair reflection of housing potential available within the PUA.

3.13 Table 2 below illustrates by local authority the revised housing provision figures for *within* the PUA (not including any allowance for SUEs) proposed by this paper, for the period 2006-2026.

**Table 2: Calculation of PUA distribution based on 2006-2026 SHLAA Supply**

	<b>Residual RSS</b>		
	<b>Annual Provision (2006-2026)</b>	<b>SHLAA Annualised Potential Supply</b>	<b>Proposed Distribution of Potential Supply (2006-2026)</b>
<b>Nottingham</b>	930	1279	1000
<b>Broxtowe</b>	180	108	168
<b>Erewash</b>	39	143	100
<b>Gedling</b>	227	322	227
<b>Rushcliffe</b>	525	134	134
<b>PUA</b>	<b>1901</b>	<b>1986</b>	<b>1629</b>

3.14 Table 3 illustrates the figures in table 3 on a comparable basis with the figures in the published RSS, ie for the period 2001-2026.

**Table 3: Calculation of PUA distribution based on whole RSS period (2001-2026)**

	<b>Proposed Distribution 2006-2026 (from table 2)</b>	<b>Completions* 2001-2006</b>	<b>Original RSS Annual Provision (2001-2026)</b>	<b>Proposed New RSS Annual Provision (2001-2006)</b>
<b>Nottingham</b>	1000	5032	945	1001
<b>Broxtowe</b>	168	646	170	160
<b>Erewash</b>	100	598	55	104
<b>Gedling</b>	227	1090	225	225
<b>Rushcliffe</b>	134	620	445	132
<b>Remainder</b>	n/a	n/a	n/a	218
<b>PUA</b>	<b>1641</b>	<b>7986</b>	<b>1840</b>	<b>1840</b>

\*See table 5.3 of Nottingham Principal Urban Area SHLAA, 2007. In some instances the totals vary slightly from completions rates listed in tables 5.7 to 5.14.

3.15 The figures in Table 3 (above) are those that the authorities wish to submit to the Panel for consideration as the capacity element of the Nottingham HMA PUA provision of housing, ie that proportion of housing which should be provided *within* the PUA.

3.16 This leaves a residual of 218 dwellings per year, or a total of 5,450<sup>6</sup> dwellings 2001-2026, which need to be provided *adjoining* the PUA, by way of SUE(s), to meet the RSS provision set out in Three Cities SRS Policy 4 of 1,840 dwellings per annum to be in or adjoining the Nottingham PUA. How the RSS should deal with this residual will be the subject of RSS EiP Matter 9B(iv).

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<sup>6</sup> This residual figure is based on including a 'small sites' allowance for the first 10 years of the SHLAA period, see footnote 1.