

North East Regional Spatial Strategy: Revised additional housing provision (2004 to 2021)

Endorsed by North East Assembly 16 July 2007

Introduction

1. The Secretary of State's proposed changes to the submission draft Regional Spatial Strategy (RSS) (May 2007) asked the North East Assembly to comment on:
 - the additional housing provision in three local authorities (Blyth Valley, Sedgefield and Easington) following concerns raised in the Panel Report (2006) and its subsequent addendum;
 - the Office of National Statistics (ONS) 2004-based population projections and the Communities and Local Government (CLG) 2004-based household projections; and
 - the Panel Report's (2006) suggestion that the Assembly review its forecasts for additional housing provision.
2. This report sets out the North East Assembly's revised assessment of additional housing provision within the region for the period 2004 to 2021. A supporting technical annex has been prepared which contains more detailed information and analysis.

Recent changes in the North East

3. Since the North East Assembly submitted the draft RSS to the Secretary of State in June 2005 the region's population and economy has grown more substantially than predicted.
4. The population grew by 19,000 from 2,539,000 in 2003 to 2,558,000 in 2005. This has been influenced by:
 - a major increase in net migration due to fewer people leaving and more people arriving in the region; and
 - more births and fewer deaths.
5. The North East population grew by 13,300 people in one year (2004-05) according to ONS figures. This is over half of the 21,300 population growth over the 17 year plan period implied by the 112,000 net additions (2004-21) set out in the proposed changes.
6. The ONS 2004-based population projections reflect this growth. However, these are projections of past trends and are not linked to future economic growth. The RSS plans for a better future for the region which links economic growth with housing provision. Therefore the ONS projections are not an appropriate basis upon which to plan for future regional and local authority additional housing provision.
7. The North East economy has recently experienced a period of rapid real economic growth. In 2004, the annual gross value added (GVA) was 3.0 percent, just below the 3.2 percent average rate achieved in the UK as a whole. This has been due to:

- increased population and employment;
 - a 7 percent rise in economic activity rates 1999-2004;
 - a shift towards higher value added sectors like finance and business services (15.2 percent of total employment in 2004 compared with 12.7 percent in 1998); and
 - increased productivity with a 3.4 percent increase in GVA per employee (1998-2004).
8. The North East population and economy are in a much more positive position than predicted in June 2005. This higher base has led to more confidence about the successful delivery of all regional strategies. There is agreement across the region that this evidence justifies an increased level of additional housing between 2004 and 2021 for the RSS.

Regional level of dwelling provision between 2004 and 2021

9. The North East Assembly has been reassessing the level of additional housing in close cooperation with local authorities. There is consensus that the additional housing provision should increase but there is not full agreement about the level and distribution of the increase. The NEA and many of the region's local authorities support an additional housing provision of 128,900 (2004-21). The Tyne and Wear districts do not endorse this latest proposal, on the basis that *"the proposed increase in the control total and the sub-regional apportionment would continue the trend of high levels of development beyond the Tyne and Wear sub-region, which is not sustainable"*. This stance is one that the Tyne & Wear districts have taken throughout the RSS process. The RSS panel identified the need for future reviews to recognise local housing market areas that extend beyond administrative boundaries. Pending a review of the regional housing requirement to take full and proper account of this, the sub-region has jointly agreed that as an interim position it would support a control total of 118,000 net additional houses over the plan period, with some 48 percent being apportioned to the Tyne & Wear sub-region, reflecting the *'current scale of its contribution to the regional economy'*. This position in the view of the Tyne & Wear districts accords with the overall RSS strategy. The Tyne and Wear authorities are preparing a report which they intend to submit to the Government in response to the RSS proposed changes.
10. The NEA's reassessment of housing provision has considered the most recent information on demographics, land availability, building industry capacity and anticipated development. It also recognises that the RSS and other regional strategies, plan for continued regional growth in the future.
11. The North East Assembly proposes that the regional level of additional housing provision in proposed changes policy 30 be increased to 128,900 net additions (2004-21). This level of regional provision would imply population growth of just over 63,000 people and a net migration of just under 50,000 people (2004-21). This better reflects that there are now more people in the region and the needs of the region to accommodate a growing economy.
12. Sufficient land has already been identified in recent urban capacity studies to accommodate the scale of development required for 128,900 net dwellings

(2004-21). The urban capacity studies show that 98,000 dwellings (76 percent) could be accommodated on previously developed land and no new major greenfield allocations would be required with this level of growth.

13. The RSS and the Regional Housing Strategy plan for more and better quality housing in the region. This will be provided by both new provision and market renewal (refurbishments and replacement for demolitions). The house building industry is estimated to have sufficient regional capacity to deliver both the 128,900 new units and the 28,000 replacements for demolitions (2004-21).
14. A regional level of 128,900 new dwellings (2004-21) supports continued regional growth and fulfils RSS objectives of renewal and reusing previously developed land.

Sub-regional distribution of net dwelling provision (2004-21)

15. The reassessment considers how best to distribute and phase 128,900 additional dwellings to sub-regions within period 2004-21 in order to deliver RSS objectives.
16. The RSS concentrates development in defined settlements to ensure the delivery of sustainable communities and minimise our impact on climate change. The majority of housing development is focussed in the conurbations and main settlements, which are the largest concentrations of population and socio-economic activity. Therefore 70 percent of the regional total has been accommodated in the 'conurbations' and 'main towns' of the Tees Valley and Tyne & Wear sub-regions. The remaining provision will be focussed on the 'main settlements', 'regeneration towns' and 'rural service centres' in County Durham and Northumberland (table 1).
17. Sufficient land has been identified in each sub-region to accommodate this level of development. The majority in each sub-region can be accommodated on previously developed land. In each sub-region the previously developed land targets in proposed modifications policy 30 could be met or exceeded.
18. This level of development implies population growth and positive net migration in each sub-region. The majority of population growth in Tees Valley is due to natural change, it has experienced consistently more births than deaths, rather than inward migration. In the other three sub-regions there is expected to be a continuation of more deaths than births and so inward migration results in a more modest population growth.
19. The majority of population growth is concentrated in the two urban sub-regions, Tyne & Wear and Tees Valley.
20. The distribution to sub-regional level set out in table 1, below, is consistent with delivering RSS objectives.

Table 1: Sub-regional distribution of 128,900 (2004-21)

	Net Migration	Population Change	Net Provision
Tees Valley	10,800	36,200	35,700
County Durham	5,400	4,500	23,500
Northumberland	12,900	5,200	15,000
Tyne & Wear	20,300	17,200	54,700
North East England	49,500	63,000	128,900

21. The phasing of development over time shows the transition as the RSS is implemented (Table 2). Fewer people will leave and more people will come to live and work in the major urban areas due to more jobs and better quality housing and neighbourhoods. As this happens less housing will be needed elsewhere in the region. At present the market will determine when sites with planning permission are completed. The first RSS period (2004-11) is therefore a transitional period when the majority of outstanding planning permissions will be built out. Thereafter the RSS strategy will have more influence.
22. The ONS 2004-based population projections and the CLG 2004-based household projections reflect a continuation of past trends in the region. These projections would reinforce a situation that the RSS seeks to redress. The phasing arrangements for the provision of 128,900 dwellings reflect RSS objectives and the practical reality of anticipated developments. After the majority of planning permissions are built out between 2004 and 2011 the majority of development is concentrated in the urban areas - the dwelling provision reduces in County Durham and Northumberland and rises in Tyne & Wear. A number of major regeneration schemes in Tees Valley will occur during the next few years. The key challenge for successful delivery of RSS is for the urban areas to provide the better quality homes and neighbourhoods that people aspire to.

Table 2: Sub-regional phasing of 128,900 (2004-21)

Total	2004-11	%	2011-16	%	2016-21	%	2004-21
Tees Valley	15,960	30.7	10,600	27.4	9,100	23.8	35,700
County Durham	11,690	22.5	6,650	17.2	5,175	13.5	23,500
Northumberland	6,300	12.1	4,475	11.6	4,250	11.1	15,000
Tyne & Wear	18,025	34.7	16,900	43.8	19,775	51.6	54,700
NORTH EAST	51,975		38,625		38,300		128,900
Per Annum	2004-11		2011-16		2016-21		2004-21
Tees Valley	2,280		2,120		1,820		2,100
County Durham	1,670		1,330		1,035		1,385
Northumberland	900		895		850		885
Tyne & Wear	2,575		3,380		3,955		3,220
NORTH EAST	7,425		7,725		7,660		7,580

Figures rounded to nearest 5

Local authority level distribution & phasing (2004-21)

23. The implications of the sub-regional distribution and phasing set out in tables 1 and 2 have been discussed at meetings with the local authorities from each sub-region. The resulting proposals for additional housing in each individual

local authority are contained in annex A. The proposals at a local authority level take account of key factors including:

- the RSS locational strategy and other policy objectives;
- existing planning permissions;
- phasing of anticipated development;
- land availability; and
- availability of previously developed land

Conclusion

- 24.** Since the draft RSS was submitted in June 2005 the region has experienced higher population and economic growth than predicted. There is now more confidence and increased optimism about the successful delivery of all regional strategies.
- 25.** The ONS 2004-based population projections reflect the recent growth in North East population. However, they, and the CLG 2004-based household projections, are a trend-based projection and do not deliver the RSS locational strategy. Nor do they offer a local authority distribution and phasing which delivers RSS objectives.
- 26.** The recent growth justifies a regional total of 128,900 additional dwellings over the period 2004 -21. This is higher than the 112,000 additional dwellings in the Proposed Changes policy 30.
- 27.** The North East Assembly has reassessed the level of housing development in close cooperation with local authorities. This concluded that the dwelling stock should increase by 128,900 units between 2004 and 2021. This level of provision should be distributed and phased at local authority level as set out in annex A. This includes revised figures for Easington, Blyth Valley and Sedgefield which take account of the concerns raised in the Panel Report (2006).
- 28.** The North East Assembly recommends that policy 30 of the Regional Spatial Strategy should be revised to include the level of additional housing, its distribution and phasing as set out in annex A.

Annex A

Local authority distribution and phasing of 128,900 net dwelling (2004-21)

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	2004-11		2011-16		2016-21		2004-21	
	Total	Per Annum	Total	Per Annum	Total	Per Annum	Total	Per Annum
Hartlepool	2,730	390	2,000	400	2,000	400	6,730	395
Redcar & C'land	2,275	325	1,825	365	1,650	330	5,750	340
Middlesbrough	3,080	440	2,425	485	1,500	300	7,000	410
Stockton	4,200	600	2,650	530	2,625	525	9,475	555
Darlington	3,675	525	1,700	340	1,325	265	6,700	395
Chester-le-street	700	100	650	130	650	130	2,000	120
Derwentside	2,240	320	1,350	270	1,000	200	4,590	270
Durham	1,750	250	1,100	220	950	190	3,800	225
Easington	2,590	370	1,075	215	350	70	4,015	235
Sedgefield	1,960	280	1,300	260	1,125	225	4,385	260
Teesdale	490	70	400	80	375	75	1,265	75
Wear Valley	1,960	280	800	160	725	145	3,485	205
Alnwick	735	105	475	95	425	85	1,635	95
Berwick	595	85	425	85	375	75	1,395	80
Blyth Valley	1,750	250	1,450	290	1,450	290	4,650	275
Castle Morpeth	980	140	650	130	600	120	2,230	130
Tynedale	980	140	575	115	500	100	2,055	120
Wansbeck	1,260	180	900	180	900	180	3,060	180
Gateshead	3,045	435	2,925	585	3,875	775	9,850	580
Newcastle	4,900	700	4,700	940	5,350	1,070	14,950	880
North Tyneside	2,800	400	2,500	500	2,500	500	7,800	460
South Tyneside	2,380	340	2,075	415	2,700	540	7,150	420
Sunderland	4,900	700	4,700	940	5,350	1,070	14,950	880
Tees Valley	15,960	2,280	10,600	2,120	9,100	1,820	35,700	2,100
County Durham	11,690	1,670	6,650	1,330	5,175	1,035	23,500	1,385
Northumberland	6,300	900	4,475	895	4,250	850	15,000	885
Tyne and Wear	18,025	2,575	16,900	3,380	19,775	3,955	54,700	3,220
North East	51,975	7,425	38,625	7,725	38,300	7,660	128,900	7,580

Rounded to nearest 5