

**SOUTH EAST WALES STRATEGIC PLANNING GROUP
MEMBER MEETING: 22 MAY 2006**

REPORT OF OFFICER GROUP

APPORTIONMENT OF REGIONAL HOUSEHOLD PROJECTIONS

Background

1. A Draft Ministerial Interim Planning Policy Statement issued for consultation by the Welsh Assembly Government (WAG) in July 2005 states, in relation to 'Development Plans and new housing provision':

9.2.2 The latest Assembly Government regional household projections should form the starting point for assessing housing requirements. Within each region local planning authorities should work together collaboratively to apportion to each authority the Assembly Government regional household projections, or agree their own regional policy-based projections. Where local planning authorities seek to deviate from the Assembly Government projections, by using their own policy-based projections, they must justify the reasons for so doing and explain the rationale behind their own preferred projections

2. The Project Initiation Document for the Wales Spatial Plan South East Wales Strategic Development Project proposes that this collaborative apportionment be undertaken as part of the project, through the South East Wales Strategic Planning Group.
3. In principle, it would be good if all ten authorities within this Group can agree an apportionment of regional household growth to form the basis for local development plan (LDP) preparation. Embedding the apportionment within the Strategic Development project would give it status by tying it into the WSP Area strategy and reduce the scope for challenge at examination of LDPs. The Strategic Development document will not itself be subject to public examination, but it is intended that it will be subject to strategic environmental assessment (SEA) and public consultation.
4. A meeting of officers representing each of the 10 authorities was held on 11 May to discuss the issues relating to apportionment and formulate a way forward to recommend to this Members' meeting. Representatives of the WAG's planning and statistical divisions also attended.

The Issues

5. There are two main issues for this Group to address in seeking to apportion regional household projections as proposed by the DMIPPS:
 - (i). whether to accept and apportion the WAG's projection or agree and apportion its own policy-based projection; and
 - (ii). how to apportion the projected requirement - whether the WAG's or the Group's own.

6. There are advantages, in principle, in accepting the WAG's projection. If the Group decides to prepare its own projection this could prove timely and costly and it would need to be justified. Inquiry Inspectors tend to give weight to official Government projections and may be sceptical about an independently produced projection. Accepting the WAG's projection would, therefore, facilitate early progress on LDP preparation.
7. However, the Group should consider whether the WAG's projection is acceptable in policy terms and achievable.
8. The WAG's projection indicates the number of households in South East Wales increasing by 108,900 (18.6%) from 583,700 in 2003 to 692,600 in 2021. By contrast, a straight-line projection of the 1981-2003 trend for household growth in the region indicates a more modest increase of 79,400 households (13.6%) over the same period.
9. At the meeting on 11 May, the WAG indicated that its projection reflects:
 - projected population growth influenced in equal measure by past 5-year trends of natural change (projected rates of births and deaths) and the net effect of international and interregional migration;
 - projected continuing increasing rate of household formation.
10. The main concern about accepting the WAG's projection is the potential implications if it proves to be 'over-optimistic'. In recent decades, in broad terms, South East Wales has continued to experience growth in population and household numbers in the coastal zone and decline in many of the northern Valleys' communities. The Wales Spatial Plan identifies the need to sustain and regenerate the Valleys communities and to avoid overheating in the coastal zone. This generally meets the aspirations of local authorities. If the WAG's regional household projection proves over-optimistic and authorities make unnecessarily high allocations of housing land in their LDPs to accommodate it, particularly in the coastal zone, this is likely to continue to fuel household growth in areas of high market demand at the expense of many Valley communities. This would need to be guarded against if the WAG's projection is accepted.
11. In terms of achievability, the appendix to this report indicates an apportionment of the WAG's regional household projection agreed by officers of each authority for recommendation to this Members' Group meeting. It identifies:
 - The average annual dwelling completions that each authority considers that it can accommodate in its LDP between 2006 and 2021 (Column 1);
 - For comparison purposes, the average annual dwelling completions in each authority between 1991 and 2003 (Column 2);
 - The share of the WAGs projected increase in households in the region between 2003 and 2021 that each authority could accommodate on the basis of Column 1 (using the basic 'Chelmer' methodology) (Column 3);

- For comparison purposes, each authority's portion of the total households within the region in 2003 (Column 4);
 - Whether each authority would be taking an increased or reduced share of households in the region (Column 5).
12. The appendix indicates that, in the opinion of officers' of the 10 authorities, the WAG's regional household projection is capable of being accommodated within the region if those authorities who have indicated a 'capacity range', achieve their higher figure. On that basis, it can be apportioned in a manner that:
- meets the capacity and policy ambitions of the 10 authorities; and
 - broadly meets the Wales Spatial Plan aspirations of sustaining and regenerating the Valleys communities and achieving a better balance of development to avoid overheating in the coastal zone..
13. If this apportionment is to be achieved, it will require to be supported by:
- a regional strategy (embodied within the Spatial Plan SEW Strategic Development project) comprising a policy framework and investment programme aimed at reversing decline where this has historically occurred and controlling growth in the coastal zone;
 - LDPs containing policy frameworks aimed at delivering the apportioned rate of household growth.

Recommendations

14. It is the recommendation of officers that:
- (i). The apportionment of households indicated in the Appendix to this report be agreed as the basis for local authority participation in on-going discussions on the SEW Strategic Development project and progressing preparation of individual local development plans;
 - (ii). Officers continue to assess the achievability of the proposed apportionment having regard to:
 - housing market considerations;
 - infrastructure requirements;
 - assumptions about the contribution of brownfield sites and the requirement for new greenfield land allocations for housing in local development plans: and
 - mechanisms for phasing housing allocations to avoid 15-year allocations being developed prematurely.

George Ashworth (Chairman)
South East Wales Strategic Planning Officers' Group

AUTHORITY	Assumed average annual housing completions 2006-21 ¹	Average annual rate of completions 1991-2005 ²	Portion of WAG projected regional household growth 2003-21 (No. + %)	Portion of total households in region in 2003 (%)	Increased or reduced 'share' of household growth in the region
Blaenau Gwent	130-150 (2.5%)	130 (2.6%)	3,573 (3.3%)	4.9%	Reduced share
Bridgend	506 (8.5%)	520 (10.5%)	10,347 (9.5%)	9.3%	Maintained share
Caerphilly	667-767 (12.9%)	561 (11.4%)	13,133 (12.1%)	12.0%	Maintained share
Cardiff	1300 (21.8%)	1352 (27.4%)	24,236 (22.3%)	22.3%	Maintained share
Merthyr Tydfil	230-260 (4.4%)	135 (2.7%)	5,021 (4.6%)	3.9%	Increased share
Monmouth	300 (5.0%)	395 (8.0%)	5,417 (5.0%)	6.1%	Reduced share
Newport	800-900 (15.1%)	419 (8.5%)	13,547 (12.4%)	9.9%	Increased share
Rhondda Cynon Taff	990 (16.6%)	702 (14.2%)	17,627 (16.2%)	16.5%	Maintained share
Torfaen	286 (4.8%)	216 (4.4%)	4,952 (4.5%)	6.5%	Reduced share
Vale of Glamorgan	506 (8.5%)	499 (10.1%)	11,045 (10.1%)	8.5%	Increased share
SEW TOTAL	5965 (100%)	4929 (100%)	108,900 (100%)	100%	

¹ SEW Total and percentages based on high figure where a range is given

² Including average completions for last one or two years for some authorities

NEW DWELLING REQUIREMENT BY L.A. IN S.E. WALES 2001-2021 (20 years) BASED ON WAG REGIONAL HOUSEHOLD PROJECTION SHARED BY LAs													
Chelmer Ref	Topic/Factor	Note/Source	Blaenau Gwent	Bridgend	Caerphilly	Cardiff	Merthyr Tydfil	Monmouth shire	Newport	RCT	Torfaen	The Vale of Glamorgan	S.E. Wales
	Option a): 2001 Dwellings (Council Tax)	ONS	31,462	56,391	72,386	130,819	25,297	36,480	58,393	101,393	39,212	51,739	603,572
H	Households at 2021	NAW Reg Projection Shared by LAs	32,060	64,460	83,040	154,690	28,030	41,230	71,620	113,860	42,790	60,820	692,600
p/100	Sharing Rate (% of households sharing accomm)	2001 Census (SO490122/S0490001*100)	0.01	0.09	0.02	0.20	0.10	0.17	0.15	0.14	0.02	0.07	0.12
S	Sharing Factor (Households per shared dwelling)	2001 Census (SO490122/(SO49a0001-SO490012)	2.96	2.96	2.96	2.96	2.96	2.96	2.96	2.96	2.96	2.96	2.96
V	Vacancy Rate	2001 Census (SO48) ((0003+0004)/0001)*100	5.74	3.51	3.72	3.06	5.86	4.35	3.56	4.79	2.98	4.42	3.97
D	2021 Implied Dwelling Requirement	Basic Chelmer formula applied namely: $D = H [1-p/100(1-1/s)] / (1-v/100)$	34,011	66,764	86,238	159,354	29,755	43,058	74,191	119,475	44,100	63,602	720,548
	Option A: Additional Dwelling Requirement 2001-2021	2021 less 2001	2,549	10,373	13,852	28,535	4,458	6,578	15,798	18,082	4,888	11,863	116,976
	Option A: Additional Dwelling Requirement 2001-2021per year	Requirement divided by 20 years	127	519	693	1,427	223	329	790	904	244	593	5,849

Note: > Because the calculation gives some spurious results (anonymising techniques problem?) for a number of LAs (e.g. Monmouthshire 5.45, RCT 5.07, Bridgend 4.0, the regional sharing factor has been used for the 10LAs
> Does not take account of demolitions (need to replace old stock), change of use losses, residential to residential conversions, or change of use gains expected over the period.

COMPLETIONS & CALCULATIONS (Last Col to be bottom row of table above) Note Italics = Estimates

COMPLETIONS ITALICS = Estimate

Local Authority	2001-2	2002-3	2003-4	2004-5	2005-6	1991-2003 average	Assumed completions 2001-6. (Average for known years x 5)	Agreed 06-21 share (15 years) [High end of ranges]	Hence dwellings 2001-21 (total)	Hence dwellings 2001-21 (p.a.)
Gwent	35	115	26	59	59	140	293	2,250	2,543	127
Bridgend	678	573	396	460	680	513	2,787	7,590	10,377	519
Caerphilly	656	489	376	362	471	583	2,354	11,505	13,859	693
Cardiff	1,406	1,667	1,913	2,209	1,862	1,247	9,057	19,490	28,547	1,427
Merthyr Tydfil	117	60	126	137	110	129	550	3,900	4,450	223
shire	522	353	344	448	417	390	2,084	4,500	6,584	329
Newport	622	501	340	425	416	419	2,304	13,500	15,804	790
RCT	542	614	781	646	646	711	3,228	14,850	18,078	904
Torfaen	99	145	157	69	118	235	588	4,290	4,878	244
Vale of Glam	700	713	509	641	641	492	4,271	7,590	11,861	593
S.E. Wales	4,869	4,956	4,926	5,455	5,418	4,858	27,516	89,465	116,981	5,849