



Medway Core Strategy Examination 2012

Background Paper

The Basis for Housing and Employment Growth Targets



THE BASIS FOR HOUSING AND EMPLOYMENT GROWTH TARGETS

1. Introduction

- 1.1 This is one of a short series of background papers prepared by Medway Council to inform the independent examination into the Medway Core Strategy 2012.
- 1.2 The papers simply draw together elements of the 'evidence base' so that information about a topic can be seen in one place. They do not contain any new information but it is hoped that they will assist all participants during the examination. Where appropriate, links are provided to source documents.
- 1.2 The series of papers cover the following topics:
 - Conformity
 - Cross Boundary Issues
 - The Thames Gateway
 - Spatial Strategy
 - The Plan Preparation Process
 - The Basis for Housing and Employment Growth Targets
 - Deliverability
 - Land Allocations and Development Management DPD.
- 1.3 This paper explains how the proposed growth targets for housing and employment were arrived at and why there were considered to be no 'reasonable alternatives' to them. As such it explains the basis for paragraphs 3.12 – 3.20 in the Core Strategy. It does so in relation to both the South East Plan and the guidance set out in PPS3.

2. Background

- 2.1 The Core Strategy must be in conformity with national and regional planning policy. Although the Secretary of State for Communities and Local Government has made clear his intention to revoke regional policy (contained in regional spatial strategies) and provision has been made in the Localism Act 2011, regional strategies remain in force for the time being.
- 2.2 Much of the preparatory work on the Core Strategy was completed before the intention to do away with regional spatial strategies (the South East Plan in Medway's case) was known. Moreover, as a 'principal authority' as defined in the Planning and Compulsory Purchase Act 2004, Medway Council contributed to the preparation of the South East Plan and was an active participant at its examination.

- 2.3 Following the initial announcement of the intention to revoke regional strategies, the Council gave careful consideration as to whether alternative growth targets should be developed or other changes made. In the event it decided to proceed in full conformity with the South East Plan as it had no issue with the Panel's report and the contents of the adopted plan, as far as the Medway area was concerned.
- 2.4 Otherwise PPS12 states that core strategies must be justifiable, in that they must be founded on a credible evidence base and must be the most appropriate strategy when considered against "reasonable alternatives".
- 2.5 A full range of alternative spatial options was considered at the Issues and Options stage, as part of the sustainability assessment process, in the Issues & Options report and in Chapter 3 of the Pre-Publication Draft Core Strategy. These are not considered further in this paper but it is important to note that they have been considered elsewhere.
- 2.6 Given this background, this paper considers the case for higher or lower targets and explains the basis for those in the South East Plan. It also considers the guidance in PPS3 in relation to housing targets.

3. Housing Target

South East Plan

- 3.1 The Core Strategy proposes an annual target of 815 completions over the period 2006 – 2028, giving a total for the period of 17,930. A base date of 2006 was chosen as this corresponds to that for the South East Plan and it allowed recent trends to be fully taken into account (see Core Strategy paragraphs 1.23-1.25). The end date of 2028 is two years later than that for the South East Plan but will ensure that the Core Strategy has a full 15 years to run after adoption.
- 3.2 The housing target is identical to that in the South East Plan, other than being rolled over for a further two years to 2028. It follows that the Core Strategy is in conformity with the South East Plan.
- 3.3 When considering targets set in the regional plan it should be remembered policy was being formulated at a time of increasing economic activity. For example the plan has an annual GVA growth target of 3% that must now be regarded as optimistic. Moreover regional forecasts predicted an aging population and a sharply reducing workforce. In response provision was made for substantial in migration to foster economic growth.

- 3.4 Across the region this implied that one third of new households would result from natural change (births over deaths) and two-thirds from net in migration¹.
- 3.5 However, in setting housing targets for specific areas, the plan needed to balance the results of the projections with local circumstances, including the deliverability of a given level of growth. The results were tested at the subsequent examination.
- 3.6 In relation to the Kent Thames Gateway sub-region² housing provision, the Panel³ was largely supportive as:
- i) It incorporates the effects of the Thames Gateway growth area,
 - ii) Allows for notional change with a small allowance for unmet need and inward migration
 - iii) It matches the Government's 2004 based household projections,
 - iv) Gives adequate weight to the economy with a broad balance between the growth in new jobs (policy-led forecast) and the number of new dwellings
 - v) Gives considerable weight to urban potential in order to maximise the use of previously developed land
 - vi) Recognises the importance of the River Thames Estuary including Ramsar sites,
- 3.7 The Panel concluded that increased housing figures could upset a balanced strategy.
- 3.8 The Panel also assessed a call for higher housing targets for Medway with 'demographics' indicating a possible need for greater provision. However it concluded that as Kent Thames Gateway is a single housing market and with the key aim being the use of previously developed land, part of Medway's local needs should be met within the adjoining areas of Dartford and Gravesham⁴. Consequently the target for Medway remained the same as in the draft plan, although adjustments were made between districts elsewhere in the sub-region.

PPS3

- 3.9 PPS3 'Housing' otherwise sets out the process or methodology that should be followed to determine housing numbers. This is set out at paragraphs 33 and 38⁵ of the PPS. These are reproduced at Appendix 1 of this paper for ease of reference.

¹ SE Plan technical note 5 – Demography, updated 2006 table 7.1

² Kent Thames Gateway comprises Dartford, Gravesham, Medway (excluding Cuxton and Halling) and two thirds of Swale. Cuxton and Halling fall within the 'Rest of Kent' sub region

³ Draft South East Plan Panel Report: August 2007 paras 7.75 and 7.76.

⁴ See paras 19.69-19.71

⁵ <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1918430.pdf>

3.10 If this guidance is broken down as a series of tests the position in relation to Medway and the Core Strategy can be summarised as shown in the following table. A deliberately short style has been used.

'Test'	Medway Position
Paragraph 33	
Evidence of need set out in SHMA and long term house prices	Up to date sub-regional SHMA. House prices monitored and reported in AMR. The North Kent SHMA 2009 highlights a requirement for specialised market housing particularly for frail elderly ⁶ .
Advice from NHPAU	Not available. Unit disbanded by Coalition Government
Latest household projections and economic growth forecasts	The 2008 based household projections show forecast growth of just under 16,000 (942 pa) households between 2011 and 2028. This is substantially less than the predicted growth level for Medway of +25,000 (2006 to 2026 at 1,250 p.a) households in the 2003 based figures used in the South East Plan but published in 2004. Latest economic forecasts included in the Medway Economic Development Strategy
Use of SLAA assessments, NLUD database and Register of Surplus Public Sector Land	Full Medway SLAA that has been undated twice since it was first produced. Council maintains NLUD database.
Improving affordability and housing supply	Property prices in Medway are considerably lower than those regionally, nationally and in surrounding areas in Kent ⁷ . This makes Medway an attractive area for people to relocate to, which is evidenced by the turn around in recent years towards inward migration ⁸ .
Sustainability Appraisal	Submitted with Core Strategy
Paragraph 38	
Strategy contributing to sustainable development	See SEA/SA and Pre-Publication draft Core Strategy (chapter3). Most sustainable option compared to spatial alternatives
Spatial vision to have regard to Sustainable Community Strategy and Regional	Both key influences on the proposed strategy. See Chapters 2 and 3 of Submission Draft Core Strategy

⁶ <http://www.medway.gov.uk/pdf/North%20Kent%20SHMA%202009.pdf>

⁷ <http://www.medway.gov.uk/pdf/Property%20Price%20July%202011.pdf>

⁸ <http://www.medway.gov.uk/pdf/Population%20July%202011.pdf>

'Test'	Medway Position
Spatial Strategy	
Evidence of current and future levels of need and demand and the availability of suitable and viable sites	See, in particular the SHMA and SLAA
Contribution to be made to cutting emissions through locations accessible to public transport and potential for decentralised energy supplies	All urban sites well located in relation to public transport. Lodge Hill to have high quality bus provision and a local heating grid
Due regard to site constraints	All sites assessed through SLAA process
Appraisal of spatial options	See response to 'Strategy contributing to sustainable development' above
Accessibility to services and facilities	See SLAA and SEA/SA
Need to provide housing in rural areas	See policies CS14 and CS33
Need to develop mixed, sustainable communities	See SLAA and SEA/SA

3.11 Having regard to all the evidence it is considered that the target chosen is in full conformity with both the South East Plan and the approach set out in PPS3.

Alternative Targets

3.12 PPS3 does not require a numerical target range to be considered but nevertheless the Council has considered the implications of both higher and lower housing targets to the 815 per annum proposed.

3.13 As indicated previously, any target needs to balance 'need' with 'deliverability'.

3.14 As far as need is concerned the Government's latest household projections show a significantly lower level of household growth than previous forecasts, including those underpinning the South East Plan. Although this is only one measure of need it is significant and suggests that 815 per annum now represents a better balance than when it was endorsed by the South East Plan Panel.

3.15 As detailed in the Strategic Land Availability Assessment, January 2012, the identified pipeline of sites is greater than the target (20,918 [19,276 up to 2028] v 17,930). As such there is scope for the target to be exceeded should market demand allow. The proposed strategy does not seek to 'cap' or artificially phase development. On the other hand some key regeneration sites present delivery challenges and 815

will anyway require a sustained level of delivery well above the historic trend.

- 3.16 Taking all of these factors into account, a higher target is not considered to be realistic on delivery grounds alone, particularly given current economic conditions. Nor does the demographic evidence suggest that it is necessary.
- 3.17 For similar reasons a lower target is also considered unrealistic. Apart from the sheer size of the pipeline of sites available, a high proportion of this capacity already has planning permission or an adopted development brief is in place. The only practical option for reducing it would be to remove Lodge Hill but this is of such a scale that it would, by itself result in a reduction of around a third and it is central to the overall strategy. This is not considered reasonable given Government exhortations to increase house building and the fact that Lodge Hill has been endorsed in every plan since 1995. It would also be contrary to the objectives for the Thames Gateway.
- 3.18 Accordingly it is considered that the proposed target is the most realistic available and is fully justified by the evidence.

4. Employment Target

- 4.1 Neither the South East Plan, nor Government Guidance, proposes a specific job or employment floorspace target for Medway. Indeed, at the examination into the South East Plan, the Council took issue with the lack of such a target and the paucity of direction and leadership in the economic development strategy set out in the plan.
- 4.2 It is therefore for the Council to determine a target based on local evidence and the approach taken is set out in paragraphs 3.16 – 3.20 of the Core Strategy. Four scenarios are considered, based around forecast 'natural demographic change', a high and low 'improved employment rate' and a high and low 'reduction in out-commuting'. These show a range of between 8,000 and 20,000 extra jobs being required by 2028.
- 4.3 Medway's baseline population projection shows a relatively static working age population through to 2028. Indigenous population growth is largely going to be seen in the retirement age population. A Job target should take this into account but if improved economic performance is achieved the area can be expected to attract people of employment age from elsewhere.
- 4.4 Medway currently has a below average employment rate. That is, it has a higher proportion of persons of working age who are not economically active. This can be due to a number of factors, including long-term illness and lack of access to employment opportunities such as part-time work. Amongst other things this suppresses the area's

GVA per head. It is important to seek an improvement in the rate, to at least the national average and preferably the regional figure to improve competitiveness and reduce deprivation.

- 4.5 Medway has a long tradition of workers commuting to London, generally because of the higher wage levels available there. This 'London pull' will always be a factor locally, as it is for settlements all around London. However Medway also 'exports' workers to other areas as well and as a result there are many fewer local jobs than the resident workforce.
- 4.6 This acts as a significant brake on the local economy and is a key factor in Medway's relatively low economic performance.
- 4.7 The only practical way to address this is to grow or attract higher value activities to the area, in order that local opportunities can compete with those further afield. Anecdotal evidence strongly suggests that many commuters want to take up local job opportunities, were they available at a competitive wage level.
- 4.8 Net out commuting from Medway stands at just over 29,000 workers, and the proposed target range is between either a 10% (low) reduction or a 25% (high) reduction.
- 4.8 Taking each of these factors into account the Core Strategy proposes a jobs target of 21,500⁹. This is openly acknowledged as being ambitious (see paragraph 3.20) but is essential if Medway is to achieve a comparable economic performance to the regional average. It also reflects the very generous land supply position.
- 4.9 Achieving the target will require a concerted effort well beyond that that can be achieved through the planning system alone. However it has the support of the Medway Economic Board (part of the LSP) and a range of initiatives is being pursued, some of which are listed in the Deliverability background paper.

5. Conclusions

- 5.1 The Council is determined that spatial policy for the area should be founded on strong evidence but also that it does not understate the undoubted potential of the area. The proposed housing target has already been subject to external scrutiny via the South East Plan process and more up to date evidence confirms that it represents a good balance between 'need' and 'deliverability'.
- 5.2 The employment target is fully acknowledged as ambitious but is essential if long-term imbalances in the local economy are to be

⁹ This is a higher job target identified in the ELS linked to the employment land requirement to 2026, this higher figure has been retained as the headline target in the Core Strategy.

addressed. Sufficient land and floorspace has already been identified to accommodate the target and without in any way restricting the development requirements of other major land uses. As such it must be regarded as realistic, given due regard to local circumstances.

APPENDIX 1

Paragraphs 33 and 38 of PPS3

33. In determining the local, sub-regional and regional level of housing provision, Local Planning Authorities and Regional Planning Bodies, working together, should take into account:
- Evidence of current and future levels of need and demand for housing and affordability levels based upon:
 - Local and sub-regional evidence of need and demand, set out in Strategic Housing Market Assessments and other relevant market information such as long term house prices.
 - Advice from the National Housing and Planning Advice Unit (NHPAU)²¹ on the impact of the proposals for affordability in the region.
 - The Government's latest published household projections and the needs of the regional economy, having regard to economic growth forecasts.
 - Local and sub-regional evidence of the availability of suitable land for housing using Strategic Housing Land Availability Assessments and drawing on other relevant information such as the National Land Use Database and the Register of Surplus Public Sector Land.
 - The Government's overall ambitions for affordability across the housing market, including the need to improve affordability and increase housing supply.
 - A Sustainability Appraisal of the environmental, social and economic implications, including costs, benefits and risks of development. This will include considering the most sustainable pattern of housing, including in urban and rural areas.
 - An assessment of the impact of development upon existing or planned infrastructure and of any new infrastructure required.
38. At the local level, Local Development Documents should set out a strategy for the planned location of new housing which contributes to the achievement of sustainable development. Local Planning Authorities should, working with stakeholders, set out the criteria to be used for identifying broad locations and specific sites taking into account:
- The spatial vision for the local area (having regard to relevant documents such as the Sustainable Community Strategy) and objectives set out in the relevant Regional Spatial Strategy.
 - Evidence of current and future levels of need and demand for housing as well as the availability of suitable, viable sites for housing development.
 - The contribution to be made to cutting carbon emissions from focusing new development in locations with good public transport accessibility and/or by means other than the private car and where it can readily and viably draw its energy supply from decentralised energy supply

systems based on renewable and low-carbon forms of energy supply, or where there is clear potential for this to be realised.

- Any physical, environmental, land ownership, land-use, investment constraints or risks associated with broad locations or specific sites, such as physical access restrictions, contamination, stability, flood risk, the need to protect natural resources eg water and biodiversity and complex land ownership issues.
- Options for accommodating new housing growth (or renewal of existing housing stock), taking into account opportunities for, and constraints on, development. Options may include, for example, re-use of vacant and derelict sites or industrial and commercial sites for providing housing as part of mixed-use town centre development, additional housing in established residential areas, large scale redevelopment and re-design of existing areas, expansion of existing settlements through urban extensions and creation of new freestanding settlements.
- Accessibility of proposed development to existing local community facilities, infrastructure and services, including public transport. The location of housing should facilitate the creation of communities of sufficient size and mix to justify the development of, and sustain, community facilities, infrastructure and services.
- The need to provide housing in rural areas, not only in market towns and local service centres but also in villages in order to enhance or maintain their sustainability. This should include, particularly in small rural settlements, considering the relationship between settlements so as to ensure that growth is distributed in a way that supports informal social support networks, assists people to live near their work and benefit from key services, minimise environmental impact and, where possible, encourage environmental benefits.
- The need to develop mixed, sustainable communities across the wider local authority area as well as at neighbourhood level.