

Chapter 2: Context for Spatial Strategy

Matter 2; 2/1, 2/2, 2/3, 2/4

Introduction

2.1 Section 2 of the draft RSS, although not directly addressing any specific policies, contributes significantly to setting the scene and developing the big picture for the strategy approach, policies and their implementation. These matters will be covered in more detail later in this Report. However, in this Chapter we consider the issues raised by the consideration of socio-economic deliberations in Section 2 of the draft RSS. The main issues to be considered relate to the linkages between the level of economic change, the regional population, the overall level of housing and the implications for the housing markets.

Background

- 2.2 Paragraph 1.3 of PPS 11 indicates that the RSS should provide a broad development strategy for the region for a fifteen to twenty year period. The RSS is founded on projections over a 20 year period. The RSS acknowledges that forecasting over such a long period is not an exact science, but it points out that it is necessary to make estimates of economic and population change so that the best way of managing consequential development can be found.
- 2.3 Paragraph 2.8 of PPS11 indicates that an RPB should have regard to the *Regional Economic Strategy*¹ (RES) in the preparation of a revision of the RSS. Paragraph 2.11 also indicates that it is essential that the RSS both shapes and is shaped by other regional strategies. We note that the RES is given specific emphasis since it is the only strategy other than the RSS to have a statutory basis.
- 2.4 At the time the RPB approved the draft RSS, the Government published updated household projections. Although the formal draft RSS could not be modified to take these new projections into account, the RPB and all the other participants were able to give consideration to the implications prior to the EiP.

Issues

- 2.5 The Panel identified the following groups of issues for discussion at the EiP:
- level of economic change;
 - regional population implications;
 - overall level of housing; and
 - housing market implications.
- 2.6 We deal with the first three headings in this chapter and consider the housing market implications in the introduction to Chapter 4.

¹ *Regional Economic Strategy*, South West Regional Development Agency, February 2006.

Level of Economic Change

- 2.7 The RES accepts that no-one can predict with certainty how the South West will develop over the next 20 years but states that recent experience suggests that growth is likely to continue broadly in line with current trends. It concludes that the region needs to plan for growth rates of between 2.8% and 3.2%. We note in this context that the South West Regional Development Agency (RDA) acknowledged that the Regional Assembly had worked closely with the RDA to better understand the economic prospects of the region and had jointly commissioned Cambridge Econometrics to produce economic projections. Some participants suggested that there is a difference in approach between the RES and the draft RSS based on the fact that the RES includes a vision for an economy where *'prosperity is measured by well-being as well as economic growth'*. We note that paragraph 2.3.4 of the draft RSS *'supports sustainable economic growth (in line with the Vision of the RES set out in Section 1)'* and conclude from the EiP discussions and the submitted material that the two documents are consistent in terms of strategic approach.

Robustness

- 2.8 Paragraph 2.3.1 of the draft RSS notes that national and international factors as diverse as the price of fuel, the effect of new technology and the growth of far eastern economies will be important 'shapers' of the region. It highlights the fact that such factors will have largely unpredictable effects into the longer term. Some participants argued that the RES/draft RSS assumptions are not robust in the face of such uncertainty. In our view the Regional Assembly and the RDA have taken adequate steps to ensure that the two documents are based on the best evidence available. Both the Regional Assembly and the RDA stressed that their approach had been to view the employment projections in a wider context rather than to mechanically project forward trends. Our attention was drawn to the monitoring and review process as the systematic way to deal with uncertainty and we conclude that the growth assumptions are sufficiently robust in that wider context.

Alignment

- 2.9 The main economic assumptions underpinning the draft RSS are set out on page 26. The key assumption is *'the need to plan for economic growth at or above the current rate, equating with an annual growth in Gross Value Added (GVA) of 2.8%'*. The draft RSS indicates that provision should be made for between 365,000 and 465,000 growth in jobs between 2006 and 2026, which equates to an increase of 2.8% to 3.2%. The statement from the Panel of Economists² states that the projections are *'consistent with recent historical experience'* and notes that levels of uncertainty clearly increase with the length of forward projection. We note that the RES only deals with a 10 year period and accept that it is wholly appropriate for the RDA to set a more ambitious shorter term agenda for economic growth. In our view a growth rate of 2.8% over the longer 20 year period can be regarded as sufficiently aligned with the RES.
- 2.10 It was drawn to our attention that the employment growth indications for sub-regional areas are at or very close to + 3.2%. The SSA states³ that *'Since the draft RSS is providing for*

² Appendix 2 of the RDA Statement for Matter 2/1.

³ *Strategic Sustainability Assessment of the Draft South West Regional Spatial Strategy*, Land use Consultants, Collingwood Environmental Planning & Levett-Therivel Sustainability Consultants, March 2006, para 10.46, page 142.

employment growth forecasts, but growth in dwelling numbers in line with a lower level of GVA growth scenario, there is a danger that the jobs will be delivered at a faster rate than the homes putting further pressure on house prices and commuting'. While we accept that there might be a technical inconsistency in this approach, we regard it as an effort to ensure economic development within the sub-regions is not inhibited in the shorter term. We conclude therefore that in this respect the draft RSS is reasonably aligned with the RES.

- 2.11 Our attention was drawn to the relationship between the growth in population, households and workers by Development Land and Planning in the Statement on Matter 2/2⁴. Barton Willmore in the Statement on Matter 2/2⁵ also indicated that, as the draft RSS projections are controlled to a total of 23,000 dpa, the application of the most up-to-date Household Representative Rates demonstrates that the population growth implied would be 486,910 and the increase in the number of economic participants would only be +149,000. When compared with the draft RSS economic forecast of a growth of 365,000 to 465,000 jobs the mismatch is very significant. We note in this context that the draft RSS acknowledges⁶ that *“technical forecasts indicate that the level of housing provision will need to be consistent with the potential household and job growth i.e. at levels higher than RPG 10, and predict that around 25,000 new dwellings a year will be needed to meet the scale of need arising from improved economic prosperity”*. We deal with the appropriate level of housing provision later, but we conclude that, in setting aside these technical forecasts, the Regional Assembly has made certain that the draft RSS could not provide sufficient housing to support the scale of economic growth set out in the RES.

Productivity (Smart Growth)

- 2.12 It was put to us that this mismatch between people and jobs could be overcome by the achievement of higher levels of productivity. The RDA pointed out⁷ that the economic projections already assumed high levels of productivity growth and that the balance of risk lies with the assumptions on overall growth being exceeded or the aspirations for productivity led, as opposed to employment led, growth not being met. Our attention was drawn to a statement⁸ in which the Panel of Economists recognizes the difficulty of achieving the assumed step change in productivity within the RES/draft RSS projections. On this basis we do not consider it appropriate to rely on the achievement of even higher levels of productivity.

Growth Distribution

- 2.13 There was no dispute over the forecast that 80% of the job growth is expected to be in the TTWAs of the 21 SSCTs. It was acknowledged however that this was a regional outcome and that there would be different outcomes on a sub-regional or TTWA basis. It was suggested that the draft RSS does not adequately reflect and respond to the economic prospects of the rural areas. It was put to us that the evidence available indicated that there was no planning constraint on appropriate economic development in rural areas and while percentage growth rates in rural areas may be high the absolute numbers are small. On this

⁴ *Supplementary Statement for Mater 2/2*, Development Land and Planning on behalf of Hallam Land Management Ltd, 2007.

⁵ *Supplementary Statement for Mater 2/2*, Barton Willmore Planning Partnership, February 2007.

⁶ *Draft Regional Spatial Strategy*, South West Regional Assembly, June 2006, 6th bullet point page 26.

⁷ Paragraph 3.4 of the Statement for Matter 2/1.

⁸ Appendix 2 of the RDA Statement on Matter 2/1.

basis we conclude that the draft RSS adequately reflects the prospects for the rural areas and the expectation that a high proportion of employment growth will be concentrated in and around the SSCTs.

Regional Population Implications

- 2.14 In strict population terms the draft RSS projections share a common base with that of the 2003 based DCLG household projections⁹ i.e. the 2003 ONS population projections. Following the publication of the 2004 based household projections, the Panel requested advice on any significant differences between the 2003 and 2004 based projections. We were advised by DCLG that there is very little difference between the 2003 and 2004 based population projections (0.2%) at regional level.
- 2.15 Our attention was drawn by Barton Willmore in the Statement on Matter 2/2¹⁰ to Tables 2 and 3 of the Regional Assembly's paper to the RSPTG meeting in October 2006. The tables¹¹ show that the application of the revised household formation rates to the draft RSS level of housing provision of 23,000 dwellings per annum would result in the population growth implied by the draft RSS projections declining from 659,606 to 486,910. We note that the draft RSS refers to¹² population growth of 750,000 aligning with job growth of 365,000 to 465,000. It is clear from the Table 2 that even the original household formation rate assumptions would not have generated this level of population growth. We conclude that the draft RSS does not adequately reflect the likely level of population growth of the region.

Migration

- 2.16 In-migration to the South West has been maintained over a considerable period.¹³ Typical migration gains have been around 30,000 per annum plus the effects of international migration gains projected at up to 4,000 per annum. ONS sees a small increase to around 35,000 migrants persisting over the period to 2026¹⁴.
- 2.17 The 2003 and 2004 based household projections are trend based and should therefore reflect past trends in migration. A comparison of these projections with the draft RSS highlights significant differences which would appear to be based on a differential treatment of migration streams. The draft RSS level of housing provision in the more rural housing market areas is consistently much lower than that implied by the DCLG projections. We note in this context paragraphs B5 and 6 in a Regional Assembly's statement¹⁵. Paragraph B5 indicates that the net gain of the elderly in the region has been noted for a long time and that rural and coastal areas have a particular attraction for retired people. Paragraph B6 states that *'this component of growth is to be welcomed but clearly not to absolute excess'* and goes on to describe how the draft RSS process attempted to make a broad allowance for

⁹ Information Note 3 – Housing numbers and distribution, South West Regional Assembly, January 2007, para 3.6.

¹⁰ Supplementary Statement for Mater 2/2, Barton Willmore Planning Partnership, January 2007.

¹¹ The Revised 2003 Based DCLG Household Projections and the Draft Regional Spatial Strategy, Paper C, Appendix 3 para 6.5, to the Regional Spatial Planning and Transport Group of the Assembly (RSPTG) Meeting Papers, 5th October 2006.

¹² Draft Regional Spatial Strategy, South West Regional Assembly, June 2006, 1st bullet point page 26.

¹³ Information Note 3 – Housing numbers and distribution, South West Regional Assembly, January 2007, Appendix 1.

¹⁴ Paragraph A2 of the Regional Assembly's Statement for Matter 2/2.

¹⁵ Paragraphs B5 and B6 Regional Assembly's Statement for Matter 2/2.

the non-economically active in determining the required number of houses across the region. We conclude that the process did not adequately reflect the migration pressures on the rural south-west of the region. In effect it would appear that the draft RSS process inadvertently re-allocated demand away from the rural south west of the region to the more urbanized north and east due to the strong emphasis on the linkage between housing provision and employment growth.

- 2.18 New housing on average only comprises about 1% of the total housing stock of the region and around 10% of housing available for purchase at any one time¹⁶. We conclude from this evidence that a restriction of the level of housing provision over a significant proportion of the region is unlikely to constrain migration and will only serve to generate stress in the housing market for the local population. We accept that economic-led migration should be focused on the SSCTs and that commuting-led pressures from the SSCTs should be discouraged, but we find it difficult to accept that past dispersal trends from the SSCTs can wholly explain the 2003/2004 based population projections. We conclude that there is a need to make a greater allowance for non-economic based migration and that the 2003/2004 based projections provide a reasonable guide to demand within the parts of the region affected.
- 2.19 It is clear that the achievement of the 3.2% level of economic growth would require higher levels of economic-led migration. These higher levels of net in-migration would also be consistent with the higher levels of provision proposed by certain participants. These higher levels would be well above past trends and therefore we take the view that the draft RSS should not adopt such assumptions.

Overall Level of Housing

- 2.20 Household projections produced by the Chelmer Model applied to the migration assumptions used in the ONS 2003-based sub-national population projections indicated that the longer-term trend rate of household formation, augmented by continuing migration would require about 23,000 houses to be built annually across the South West¹⁷. In addition, an analysis of economic growth requirements, reflected in the revised Economic Strategy, published in 2006, and acknowledged in the case put forward by the Barker Review of Housing Supply, have been taken into account to arrive at the 'technical' requirement for 25,000 dpa. This figure is repeated in the draft RSS and described as the outcome of 'technical forecasts'¹⁸. At the EiP we sought to establish what the equivalent of the 25,000 dpa would be in the light of the new rates of household formation. As the draft RSS projections share the same population base, we conclude that the equivalent of the 23,000 dpa should be 28,000 dpa as suggested by the 2003/2004-based projections. It is concluded that the equivalent of the 25,000 dpa should be 30,000 dpa. This level of development would however be equivalent to the 3.2% growth rate, which, we have concluded in paragraph 2.18 above, should not be taken as the basis for housing provision in the draft RSS.

¹⁶ Paragraph A3 of the Regional Assembly's Statement for Matter 2/1.

¹⁷ *Information Note 3 – Housing numbers and distribution*, South West Regional Assembly, January 2007, para 3.3.

¹⁸ *Draft Regional Spatial Strategy*, South West Regional Assembly, June 2006, 6th bullet point page 26.

The 2003-based DCLG Projections

2.21 On 23 June 2006, the Secretary of State wrote requesting that the Regional Assembly examine the implications for the South West of the revised DCLG household projections published on 14 March 2006¹⁹. We note²⁰ that technical discussions had been held with other RPBs on the process by which DCLG produced the new household projections. The reported outcome of those discussions was that there were no grounds for significant criticism that would affect the general outcome of the projections. A Briefing Note to the RSPTG²¹ in February 2007 advised the Group that *'short of some major economic or other catastrophe, it seems likely that household formation rates will increase and therefore household size will continue to decline at around the rate projected by the DCLG for the next twenty years and beyond'*. We take this as a very strong endorsement of the 2003-based DCLG projections.

The Scenarios

2.22 The RSPTG considered the issues related to the new household forecasts on a number of occasions including Paper C on 5th October 2006, Paper E on 12th, December 2006 and Paper C on 8th February 2007. The RSPTG were advised that for the same future population growth the application of the new household data would imply a requirement of 28,000 houses annually. It was explained to the RSPTG that 55% of the increase from 23,000 to 28,000 would come from additional households in the population already and that the growth was mainly generated by the growth of one-person households. In order to test the implications of the DCLG projections the Regional Assembly decided to test four scenarios based on the distribution of an additional 5,000 houses per annum. The scenarios considered are set out below:

- Scenario 1: Pro rata with draft RSS distribution;
- Scenario 2: Concentration of all additional at SSCTs;
- Scenario 3: Disperse all additional outside SSCTs; and
- Scenario 4: Combined additional local and strategic components.

2.23 The Papers involved indicate that Scenarios 2 and 3 were set out to explore the extremes and were not intended to be realistic alternatives and that Scenario 4 emerged from discussion at a stakeholder workshop as a "more realistic" distribution. Scenario 4 was described at the EiP as the "best-fit scenario". Additional SSA testing of the scenarios was carried out although it was pointed out that the original SSA work considered higher levels of housing provision and that the revised DCLG projections were within the scale of the options appraised. It was clear from the material provided and the discussions at the EiP that the Strategic Authorities (4/4) were invited to respond to the scenarios rather than the actual output of the DCLG projections. We note that the scenarios were compared with the draft RSS as a baseline rather than the DCLG 2003 projections. In our view the draft RSS and the scenarios should have been benchmarked against the Housing Market Area implications of the DCLG 2003 projections.

¹⁹ Letter from Secretary of State for Communities and Local Government to SWRA, dated 23 June 2006.

²⁰ *RSS Matters Revised Household Numbers*, Paper E para 3.4 to the Regional Spatial Planning and Transport Group of the Assembly (RSPTG) Meeting Papers on 12 December 2006.

²¹ *Factors Affecting Future Household Formulation Rates*, Additional Paper Tabled at the Meeting of the Regional Spatial Planning and Transport Group of the Assembly (RSPTG) Meeting Papers 8th February 2007.

- 2.24 It is clear from the material available and from the EiP discussions that the only purpose served by Scenarios 2 and 3 was to generate unnecessary debate and prompt the need for a best fit scenario - Scenario 4. Both Scenario 1 and 4 inherently retain the policy thrust of the draft RSS and therefore cannot usefully identify one of the major spatial issues raised by the DCLG 2003-based projections. It is clear from Appendix A (i) that the new projections imply higher levels of development in the south and west of the region than the draft RSS. To some extent Scenarios 1 and 4 exaggerated the difference.
- 2.25 The Regional Assembly and GOSW emphasised that the DCLG projections were based on past trends and did not reflect established policy to achieve greater urban concentration. Other participants drew our attention to the fact that the new projections were based on short term trends which have been subject to the policies to ensure concentration of development and resist dispersal. While we can see how a reflection of past trends could distort the projections for rural districts around the SSCTs due to commuting pressures in such districts, it is more difficult to explain the differences at housing market level. It is accepted that the definition of Housing Market Areas by whole district areas will never fully reflect the working of housing markets within the region, but we did not identify any significant strategic discrepancies that would explain the differences between the draft RSS and the DCLG projections.
- 2.26 Appendix A (i) shows that the total dwelling requirement for the Polycentric Devon and Cornwall Housing Market Area (HMA) is 20,500 in the draft RSS whereas the equivalent figure from the DCLG 2003-based projection is 35,090. Given the relative isolation of this housing market area it is difficult to explain this difference in terms of dispersal from any SSCT outside the HMA. The equivalent figures for the West Cornwall HMA are 31,600 dwellings in the draft RSS and 48,807 in the 2003-based DCLG projections. As Caradon District is included in the Plymouth HMA it is difficult to explain this scale of difference by any dispersal trends from adjoining HMAs. Both of these HMAs contain areas which are known to be attractive for retirement and therefore we conclude that insufficient emphasis in the draft RSS housing distribution process has been placed on accommodating the non-economically led elements of migration and the local product of the new household formation rates.
- 2.27 It was put to us by GOSW that the difference in growth between the draft RSS and the 2003-based DCLG projections in HMAs such as these should be allocated to places consistent with the strategy. This advice would appear to be contrary to the concept that HMAs are relatively self-contained and that while demand may be distributed within a HMA, it should not normally be re-distributed across HMA boundaries. We also reject this advice on the grounds of the consequences for the HMAs from which the demand would be re-allocated. The HMAs concerned tend to have high affordability ratios e.g. Dorchester and Weymouth HMA and therefore the re-allocation of housing provision without any matching ability to divert demand could only lead to increased housing affordability problems for the local residents. The development plan system does not provide any powers to constrain demand and furthermore Government policy would seem to support the meeting of demand where it arises. We note in this respect that our attention was drawn to a “*housing time-bomb*” particularly in the rural areas and that a number of rural district councils sought higher levels of provision to deal with local affordability problems.

2004-based DCLG Household Projections

- 2.28 These projections were published on 16 March 2007 just before the EiP commenced. We were advised in a Note²² for the Panel by DCLG that the household projections were updated to a 2004 base to be consistent with latest ONS Sub-national population projections. The Note indicated that there is very little difference in projected population of the South West in 2026 (5,775,400 compared with 5,764,000 in 2003), but that this concealed larger population changes at a local level. It was explained in the Note that some of the differences at sub-national level were caused by the use of a revised method for the distribution of international migration. While this methodology is regarded by ONS as an improvement we were informed that there will be revised 2004 based sub-national projections later this year.
- 2.29 Other participants drew our attention to another feature of the ONS projections that could generate relatively short-term changes. It was explained that the projections are based on short-term migration trends and that this approach is less useful at ‘smoothing’ peaks and troughs of development. A number of participants highlighted the fact that a particular decline in house building in Swindon, which was due to a land availability problem, was almost certainly the reason for the lower projections for Swindon.
- 2.30 The DCLG Note also provided information on the 2004 based household projections. It informed us that at a regional level there was only a very slight increase, but drew particular attention to higher and lower household growth in certain districts. This comparison is set out in Appendix A (i) with a 16% decline in the Gloucester/Cheltenham HMA and an increase of 25% in the Plymouth HMA. Without further information on the detailed reasons for the differences it is difficult to come to a conclusion on the significance of these findings. Given the uncertainty over the 2004 changes we are of the opinion that the 2003 based projections provide a more stable basis for decisions on housing provision at the HMA level.

Affordability

- 2.31 It was put to us that the overall level of housing provision should be increased due to the considerable evidence on housing needs within the region, particularly the shortage of affordable housing. The evidence provided of some of the housing assessments already carried out indicate much higher levels of provision for the areas concerned than justified by the DCLG projections. As a result we are not convinced that the assessments are credible. We have no doubt that there is a need for more affordable/social housing in the region, but we are not convinced that an overall increase in the level of housing provision for the region is justified beyond that indicated in the latest DCLG projections.
- 2.32 Our attention was also drawn to the fact that the South West is the only region with above average house prices but below average income levels. Map 6.1 of the draft RSS illustrates the scale of the difference²³ and shows that the greatest intensity of this problem is in the attractive rural areas. To some extent this can be said to be caused by a mismatch between supply and demand supplemented by immigration from areas with higher property values

²² DCLG response to Panel Information Note A Revised (2004 based) Household Projections and Table dated 3 April 2007.

²³ *Draft Regional Spatial Strategy*, South West Regional Assembly, June 2006, Map 6.1 House Price to Income Ratio, page 128.

such as London and the South East. This places an emphasis on ensuring that proper consideration is given to affordable/social housing elements of demand, but it does not justify a higher level of provision than that suggested by the DCLG projections.

Predict and Provide?

- 2.33 The Regional Assembly indicates that *“The intention of the new planning system is to turn away from a ‘predict and provide’ approach with forecasts dictating the strategy from the outset and towards Plan, Monitor and Manage where projections are taken into account, but implementation is managed and adapted on the basis of constant monitoring of both needs and of the delivery response to those needs”*²⁴. The Regional Assembly also states²⁵ that *“We should not destabilize the planning environment by changing the content of the strategy every time new projections are produced”*. We do not see a conflict between Plan, Monitor and Manage and taking projections into account as part of the plan making stage. As the draft RSS states *‘the experience of the recent past and of long established trends does give some reasonable clues about what might happen in future’*²⁶.
- 2.34 The question of the revised household formation rates demonstrates an inconsistency in the Regional Assembly’s approach to predictions. From the technical evidence available it is clear that the Regional Assembly were content to apply the previous household formation rates to establish the basis for the guidance to the Strategic Authorities. Information Note 3 confirms²⁷ that the projections indicated that 23,000 houses would be required annually across the South West. We have already established above that the Regional Assembly was advised that the revised household formation rates are technically sound and imply the need to increase the level of provision to around 28,000 houses per annum. The lack of a response to this prediction by the Regional Assembly and the Strategic Authorities seems inconsistent in the light of the acceptance of the earlier prediction of 23,000 dpa. The rejection of the soundly based evidence on this topic, however inconvenient, is not a good approach to plan making.
- 2.35 The Plan, Monitor and Manage (PMM) process can make a valuable contribution to certain planning circumstances, but it would be all too easy to assume that any move away from ‘predict and provide’ to PMM means simply ensuring that there is an adequate level of housing provision in the short term and then monitoring the results and releasing more land when necessary. It is most important in our view to guard against this form of short termism and disjointed incrementalism. PMM should not be used as a way of avoiding or putting off difficult but inevitable decisions.
- 2.36 We have grave doubts on how the Regional Assembly would continuously monitor needs and find it difficult to understand what further evidence would be required to justify an adjustment to provision. The Review process is the part of the statutory process which allows the RSS to respond to major changes of circumstance. As the draft RSS represents a review of RSS10, this is the formal opportunity to respond to new evidence. Given the strength of evidence available in the form of both the 2003 based and the 2004 based DCLG household projections, which are broadly consistent with each other, it appears appropriate

²⁴ Paragraph D6 of the Regional Assembly’s Statement on Matter 2/3.

²⁵ Paragraph D7 of the Regional Assembly’s Statement on Matter 2/3.

²⁶ *Draft Regional Spatial Strategy*, South West Regional Assembly, June 2006, para. 2.3.1.

²⁷ *Information Note 3 – Housing numbers and distribution*, South West Regional Assembly, January 2007, para. 3.3.

to respond now rather than rely on the incremental approach that the Regional Assembly seems to be advocating.

- 2.37 We note that²⁸ the Regional Assembly's Statement talks about the possible need to speed up rates of development to reflect the message of the DCLG projections. In our view this approach could at best be described as a short term "patch", which would divert attention from the need to deal with the longer-term issues. This "patch and mend" approach is also evident²⁹ in Regional Assembly's Statement which suggests some additional allocation to rural areas, but elects to ignore the significant differences between the draft RSS and the DCLG projections for the more rural HMAs. In our view the main purpose of the RSS is to set the long-term strategy for the region rather than acting as a development control mechanism.
- 2.38 In our view the new projections do not threaten the broad strategies of the draft RSS. The Sustainability Policies set out in SD 1-4 should apply whatever the level of growth and there is no reason why the Development Policies A-C should not adequately deal with higher levels of growth. In some HMAs judgments may have to be taken on the extent to which development provision should be constrained by environmental limits, but on the evidence available we believe that there is considerable scope to accommodate further development.
- 2.39 In conclusion, increased planned provision for housing should be predicated on the number of dwellings implied by the 2003-based DCLG Household Projections (28,192 dpa). Only then can the sufficiency of housing land be appropriately monitored and managed without recourse to urgent short term RSS review. We accordingly recommend provision for at least 28,000 dwellings per annum at the regional level to reflect the projections and consider distributional issues in the ensuing Chapter 4 of this Report. (See Table 4.1 Appendix C (v) for final outcomes).

Recommendation 2.1

- That the draft RSS should be predicated on the number of dwellings implied by the DCLG 2003 Household Projections and be based on provision for at least 28,000 dwellings per annum at the regional level.

²⁸ Paragraph D2 (1) of the Regional Assembly's Statement on Matter 2/3.

²⁹ Paragraph D2 (3) of the Regional Assembly's Statement on Matter 2/3.