

Urban Capacity Study: Executive Summary

The Need for the Study

This study aims to gain an accurate understanding of the quantity of vacant and underused land and buildings within its defined settlement boundaries (the urban capacity) and how much of this could be suitable for housing over the next 15 years (the urban potential). Its results are a key element of the Council's ongoing work to produce a new development plan that will set out Wrexham's planning policy framework and housing requirements up to 2021.

This requirement sits in the context of national planning policy provided by *Planning Policy Wales (PPW) 2002* and by two relevant Technical Advice Notes (Wales) (TANs), namely *TAN 1 Joint Housing Land Availability Studies* and *TAN 2 Planning and Affordable Housing*. In general terms, these require that the Council:

- Provide a 5-year supply of genuinely available housing land that is, as far as possible, free from planning, physical and ownership constraints;
- Provide evidence that sites can be developed economically, creating and supporting sustainable communities where people want to live; and
- Provide sites suitable for a full range of housing types subject to local needs.

To do this, PPW directs a focus upon established built-up areas. These are considered suitable and 'sustainable' as new development will: take advantage of, and support, existing services and infrastructure; be well located on transport nodes; support regeneration initiatives and take advantage of vacant and underused land. This preferred development of brownfield over greenfield land is a key concern of PPW.

In identifying specific housing sites, the Council should follow a search sequence, starting first with the re-use of previously developed land and buildings within settlements, secondly settlement extensions are considered and then new development around settlements with good public transport links. This study contributes the evaluation of the first stage as well as determining any requirement to consider land falling within the second and third stages. It stressed that the study will inform future plan policy. In the meantime, all applications for housing development will be assessed against the policies of the adopted UDP.

Guidance for the Conduct of the Study

Within the context of PPW, the study has been conducted according to best practice guidance provided by a number of sources published in England. The most recent of these is the DCLG's (formerly ODPM) "*Housing Land Availability Assessments: Identifying appropriate land for housing developments*". This guidance supports the recently (late 2006) issued English national policy statement PPS3 Housing. In common with PPW, PPS3 is concerned that plans have a robust information base drawing upon a 'comprehensive' evaluation of the most sustainable locations as well as making sure that sites are 'readily available' and 'viable'. These latter concerns are informed the establishment of partnerships with developers and other stakeholders as well as the identification of other site specific constraints that will need to be addressed.

Focus of the Study

To engage with stakeholders, Entec UK, on behalf of the Council, consulted on the proposed scope and methodology of the study inviting comments from a range of house-builders, developers and other interested public and private sector bodies.

This process confirmed that the study focus upon those settlements defined within the adopted UDP. However, it also confirmed that certain areas of these settlements be excluded; these include wildlife sites, areas of flood risk and land needed for other clearly defined purposes (shopping, industry and agriculture). Other land such as sports pitches and open space can be considered for housing only where there is a demonstrable surplus of such land to meet the needs of current and expected future populations.

Ensuring a Comprehensive Approach to the Study

The study considered a range of sites suggested under the DCLG guidance and also with the North West Regional Assembly's 2003 Best Practice Guide. The following table sets out these potential sources of housing land and the method used by the study to assess their potential:

Source of Supply	Method Used to Assess Source of Supply
Subdivision of Existing Housing	Establish through past trend data
Flats over Shops	Establish through past trend data
Empty Houses	Establish through discussions with Housing Dept
Previously developed vacant and derelict land and buildings (non housing)	Site specific review and site visits as at 1 April 2006
Intensification of existing housing areas	Review area proposals and site visits
Redevelopment of existing housing	Review area proposals and site visits
Redevelopment of car parks	Site specific review and site visits as at 1 April 2006
Conversion of commercial buildings	Site specific review and site visits as at 1 April 2006
Review of existing housing allocations in plans	Site specific review and site visits as at 1 April 2006
Vacant land - not previously developed	Site specific review and site visits as at 1 April 2006
Land and buildings currently in employment use	Site specific review and site visits as at 1 April 2006
Review of other allocations	Site specific review and site visits as at 1 April 2006
Under used and potentially surplus allotments	Site specific review and site visits as at 1 April 2006
Under used and potentially surplus open spaces	Site specific review and site visits as at 1 April 2006
Under used and potentially surplus sports pitches	Site specific review and site visits as at 1 April 2006
Under used and potentially surplus school playing fields	Site specific review and site visits as at 1 April 2006

Staff of the Council's planning department undertook surveys all defined settlements identifying all sites with an area in excess of 0.1 hectares. Information on attributes and constraints was collected on each site through site visits and the boundaries of each were mapped on a geographical information system (GIS) linked to a computerised database.

An important consideration was to ensure that any assessment of potential housing numbers did not 'double count' sites already identified by the Council as part of their annual return to the Welsh Assembly under TAN 1. This return provides a statement of 124 sites with planning permission for housing or with approval for residential use in the adopted UDP. Where sites identified by this study overlapped with the those within the latest 1st April 2006 TAN 1 return, site boundaries were 'pulled back' to ensure that the potential of land was not counted twice.

Through this process, an urban capacity of some 392 sites comprising roughly 275 hectares was identified. This is a considerable amount and if all were developed at an average density of 30 houses/flats per hectare this could yield 8,237 homes. If this density were raised to 50 per hectare (not exceptional in urban areas over the past 5 years) this would yield 13,728 homes.

Identifying Suitable Housing Sites

The study to date was as inclusive as possible, identifying (within agreed parameters) all sites that may be suitable for housing in policy terms. The next stage identified, in response to the requirements of PPW, those sites that are available, suitable and viable for a residential use. This assessment was undertaken in two ways:

1. A series of baseline studies undertaken to identify:
 - The buoyancy of local housing market. Informed by an analysis of recent Land Registry data and interviews with developers, this study identified the stronger and weaker housing market areas. It indicates the areas and circumstances where economic viability is marginal but also those where planning obligations might reasonably be sought from a developer;
 - The comparative sustainability of settlements. Where access to services is good, new homes could take advantage of these without new provision and without the need to travel;
 - A statement of proposed regeneration measures. This informs an assessment of the potential of sites to support current and planned regeneration initiatives;
 - A statement of constraints to development across the study settlements including environmental assets (e.g. wildlife sites, urban conservation areas), physical conditions (e.g. floodplains, contamination, instability) and environmental management issues (e.g. HSE and radon consultation areas); and
 - A statement of socio-economic characteristics contributing to an overall assessment of deprivation. In general terms this confirms the thrust and location of regeneration activity and identifies the issues and needs of each settlement.
2. These studies then informed a series of officer consultations that considered sites on an individual basis. These were used to evaluate whether a site was: a) suitable for housing? b) if so, what type and of what mix? (houses/ flats etc) and at what density? and c) any locally constraining factors (planning history, access, prescribed distances, contamination etc).

This discounting process suggests 168 sites as suitable for housing sites in planning terms (the urban potential) informed by an acknowledgement of the constraints that affect each site and the measures needed to overcome these. These comprise 102 hectares with an assessed capacity of about 3,954 homes. In addition, a small allowance of 45 homes is assumed to come forward from the subdivision of larger houses to flats over the next 15 years.

Testing Economic Viability

A sample of 47 sites were appraised to ascertain the likelihood of their being viable for housing development within the existing market conditions identified by the housing market baseline study. In each case, a spreadsheet analysis adopts the housing mix agreed through the officer consultations, and compares the likely value of the completed houses against the costs of their construction including allowances for overheads and a 'normal' profit of about 15%. The difference between these two figures derives the site residual value that is, in theory, the amount that is available to 'share around' as a benefit of the development taking place.

The most important element of this benefit is the amount paid to the landowner. Unless this value meets owner expectations (currently about £1.7 million per hectare) then the site is unlikely to be sold.

At these values, housing is a more profitable use of land than employment or agriculture. Where landowner expectations can be met with ease, the exercise identifies the potential to deliver benefit to the planning authority in the form of planning gain such as affordable housing, play-space or a financial contribution to, say, education provision.

This exercise suggests that the greater majority of sites in the County Borough can be developed viably. However, exceptions to this general rule apply:

- Where selling prices are likely to be low. The poorest market locations are currently Cefn Mawr, Rhosllanerchrugog and Caia Park;
- Where development costs are likely to be high. This can arise where a site is brownfield and requires remediation, is unstable or lacks major infrastructure;
- Where sites are small they yield low absolute values. These are high risk as there is little margin for a developer to address, say, unexpected costs.

Where all these factors apply, site viability is questionable. Whilst a more detailed economic appraisal is required in each case (a developer would do this), the study estimates that 18% of the urban potential is constrained in a way that may question its viability. Should the impact of regeneration initiatives or a general increase in selling prices over costs occur over time then the issue may become one of timing.

The Implications of the Findings – Generally

The identified sites, with an assessed capacity of nearly 4,000, broadly doubles that already demonstrated by the Council as being readily available within its 2006 TAN 1 return.

Whilst economic viability across the County Borough is generally good, the prospect of sites of questionable viability in poorer housing market areas coming forward depends upon:

- Landowner expectations and the extent to which they are content to ‘bank’ land into the future to secure higher, but ‘potential’, gains;
- A general and disproportionate increase in house prices over build costs; and
- A lack of realistic site options elsewhere will determine the need for developers to consider more marginal opportunities.

The Implications of the Findings – Urban Extensions

The extent to which the Council is able to unlock urban potential has a direct link to the amount of land for urban extensions needed by 2021. The extent of this need depends upon assumptions concerning the level annual housing provision to 2021 and the extent to which the yield of the study sites can be realised. All the scenarios in the following table assume a requirement to provide a 5 years supply, as required by TAN 1, from 2021.

Assumed Annual Provision	Requirement for Urban Extensions (Dwellings) Based Upon Proportions of Site Yields being Developed before 2021		
	82% Developed	70% Developed	60% Developed
Development at Increased UDP Rate (+10%) – 424 pa	1235	1709	2105
Development at Current UDP Rate (100%) – 385 pa	455	929	1325
Development at Reduced UDP Rate (-10%) – 347 pa	- 305	169	565

This analysis suggests that if the emerging plan sought to restrain development activity by reducing the annual rate of provision by 10% in tandem with strong policies to unlock urban potential, then there could be little requirement for urban extensions. Conversely, a plan that reflects the annual number of completions within the authority that provides a balance between urban potential (releasing 60% of the yield from the study sites) and urban extensions would require land to accommodate 2,100 homes (about 70 hectares at 30 dph).

The Need for a Flexible Policy Approach

In meeting the challenge presented by this analysis, the Council will also have respond to other issues that will influence its future policies and the urban potential of this study.

- This study provides a robust assessment of each site for housing. However, a mix of land uses (employment, open spaces etc) is required to serve the needs of communities. This is a judgement for the Council but clearly not all identified sites will be developed for housing;
- The opportunity to intervene to proactively address poorer market areas through, for instance, the development of larger sites to change market perceptions of an area. Where feasible, a further measure may be the provision of land to re-locate non-conforming uses;
- Linking the release of urban extensions to the achievement of brownfield targets could support weaker market areas. This would need to be treated flexibly to ensure that the lifting of moratoria elsewhere does not adversely affect Wrexham's long term potential;
- The need to provide a sustainable pattern of development implies the prioritisation of development in areas well served by a range of services and facilities. Also implied is the linkage of development to the provision of new facilities and infrastructure;
- A flexible approach to affordable housing and other planning obligations linked to local (market) and site (brownfield) viability issues. Such a policy has the potential to vary with time as circumstances suggest.

Possible Spatial Options

The study findings begin to inform the spatial options that the Council will need to consider as part of the preparation of their forthcoming development plan. Potential options may include:

- A Brownfield Strategy. In addition to TAN 1 sites, such a strategy could take advantage of 73 sites with a potential of about 2 470 dwellings. The viability of some sites, especially where small suggests that this strategy would not be based upon a reliable source of supply;
- An emphasis upon Wrexham Town. In addition to TAN 1 sites, the 40 sites identified in Wrexham have a capacity of about 2 134 (69% would be on brownfield sites). Given the current buoyancy of the towns housing market, its brownfield potential could be greatly eroded over the next ten years. In addition, the development of large landmark sites to alter perceptions of areas such as Caia Park could improve viability on nearby smaller sites;
- Support for the Satellite Villages. In addition to TAN 1 sites, there are a further 81 sites across the main villages with potential for 1 297 dwellings (61% would be on brownfield sites). The differing viability of villages suggest that development pressure will run from the north-east to the south-west and that smaller brownfield sites in areas such as Cefn Mawr and Rhosllanerchrugog are unlikely to be deliverable in the short to medium term;
- Support for the Rural Area. Within settlements that possess a good level of local facilities 24 sites have a capacity of 355 dwellings although just 37% of these would be delivered on brownfield sites. This suggests that greenspace within these centres could be developed without detriment to the character of the settlement concerned. Elsewhere 34 predominantly greenfield sites with a capacity of 183 dwellings relate poorly to local services. In the context of policies to support the health of rural communities, the Council may wish to consider whether even brownfield development is appropriate and whether these settlements warrant a site boundary.