

**SOUTH EAST ENGLAND
REGIONAL HOUSING BOARD**

Date: 28 June 2006

Subject: **Regional Economic Strategy**

Report of: Head of Urban Renaissance and Housing, SEEDA

Recommendations:

The Board is invited to:

1. Comment on the proposed text for the housing element of the Regional Economic Strategy;
2. Agree or suggest amendments to the proposed actions and lead partners set out in the action plan associated with the Regional Economic Strategy;
3. Comment specifically on the proposal to develop and implement a private sector housing renewal action plan for the region.

Purpose of Report:

The purpose of this paper is to seek approval for the text (or suggest amendments to it), and to gain RHB agreement to the action which has been assigned to it.

1. Background

- 1.1 The draft Regional Economic Strategy was published on 7 June, with the consultation period closing on 30 June. The attached document is an extract of the key content on housing in the consultation document and shows some proposed changes.

2. Content

- 2.1 Extracts from the draft Regional Economic Strategy are reproduced as Annexes 1 and 2. These include the proposed actions associated with the relevant sections of the draft RES. Although the majority of the actions are not specifically targeted at the Regional Housing Board they provide additional context for the Board's discussion.

- 2.2 The draft RES strategy contains three paragraphs which specifically addresses housing and has three housing actions:

Action 49: Encourage close collaboration between local authorities to develop local and sub-regional housing market assessments.

This action is currently assigned to the Regional Assembly and Local Authorities.

Action 50: Encourage innovative approaches to housing delivery across all sectors.

This action is currently assigned to EP, HC and the HBF.

Action 51 Develop and implement a private sector housing renewal strategy for the region.

This action is currently assigned to the RHB and LAs.

- 2.3 The Board may also wish to note the target on sustainable construction, under the Sustainable Prosperity section, which will also impact on housing:

Action 83 Ensure all building development in the South East achieves the EcoHomes/BREEAM "excellent" standard by 2016.

- 2.4 The Regional Housing Board is invited to comment on the content of the draft Regional Economic Strategy. It should be noted that the final content of the RES is subject to change following consideration of the consultation responses.

Pat Tempny
Head of Urban Renaissance and Housing
SEEDA

13 June 2006

Extract From Draft Regional Economic Strategy

OBJECTIVE 2: SMART GROWTH

TARGET 5: INFRASTRUCTURE

INFRASTRUCTURE – CONTEXT

An effective transport system is one of the fundamental requirements for the continuing competitiveness of the region. The major challenges lie in addressing congestion and the disparities between economically successful parts and those with untapped economic potential.

To address congestion we need to focus on solving bottlenecks in the infrastructure system and on developing mechanisms such as congestion charging and access monitoring to improve demand management on the existing transport system. Developing a clear and coherent view of regional transport priorities is essential, and the role of the Regional Transport Board is vital in this regard. A more responsive planning system will enable regional stakeholders to consolidate development needs with transport capacity.

The region is part of the Greater South East, with its complexity of passenger, commuter and freight movements around London as well as through it. This means that a number of locations in the region operate as major transport hubs. Some of these, such as Reading Station, require improvements in order to increase capacity. The Thames Valley in particular suffers from high levels of congestion, hindering international access to London Heathrow Airport and the ports.

In addition, the region needs to improve accessibility from relatively remote and from rural areas to service infrastructure, employment opportunities and above all to the primary transport network. Innovative transport solutions and funding approaches need to be developed in order to enable rural and remote communities to play an active part in the regional economy and to enable agricultural and other businesses in rural areas to access people and markets as efficient.

Housing is an essential part of the infrastructure needed to support the region's economy as well as a critical component delivering the Government's Sustainable Communities agenda. The relationships between housing supply, population growth, labour supply, productivity and GVA are complex. However, it is vital to ensure that housing provision (in terms of numbers, location and quality) meets the needs of the region's economy and labour force, whilst maintaining adequate levels of land to provide current and future employment opportunities.

Affordability continues to be a key issue for the region, and is reflected in the number of people joining the housing market for the first time. The proportion of house purchases accounted for by first time buyers in the South East has fallen from 48% in 1993 to 18% in 2003. If left unchecked, this will have a damaging impact on the ability of employers to attract and

retain staff. Whilst Government funding can contribute to the supply of affordable housing, the role of the private sector is increasingly significant in delivering the range of affordable housing options that are required to meet the needs of those on lower incomes unable to access homes at market prices, including options for rent and shared ownership.

New homes should meet the highest standards of design and sustainability, including efficient use of energy and water, and technical infrastructure such as Broadband. The current target of 60% of housing to be built on previously used land is being achieved, and needs to continue to be the focus of future development, along with better use of empty buildings, which are a wasted resource and often blight local environments. Nevertheless, new housing development accounts for only 1% of homes in the region, and therefore increasing investment in private sector housing renewal has a crucial role to play in achieving sustainable resource consumption. For example, the existing stock will need to be redesigned to accommodate growing trends towards home-based working and to accommodate more energy and water efficient systems and products.

Creating places where people choose to live and invest is essential for sustainable development in the South East. We need to be thinking about how we build places. Changing the way we design, build and operate buildings and the spaces between them to become more environmentally responsive and to take account of the real cost of using natural and man made resources, will probably be the greatest challenge facing the built environment sector in the next five to 10 years. Creating new places and renewing, regenerating and conserving existing places requires teamwork. The scale of this task demands not just professional architects, designers, construction workers and planners, but also informed clients and communities.

An appropriate level and range of industrial and commercial space is also vital. This must include flexible workspace for enterprise, as well the preservation of working waterfronts for use by the region's marine sector.

One of the region's major capital assets is the high quality of its environment. There is considerable scope to develop the environmental economy further and maximise its value to the region by maintaining and enhancing the region's biodiversity, and by investing in its heritage assets and green infrastructure⁵. New developments should strive to include these amenities wherever possible, maintaining the network of green spaces in urban areas, the countryside in and around towns, and the wider countryside. In rural areas, re-use of redundant buildings offer a valuable resource for supporting the growth of rural businesses.

5. INFRASTRUCTURE – ACTIONS

ACTION	RATIONALE	LEAD
a) SECURE INVESTMENT IN A SUSTAINABLE TRANSPORT NETWORK TO IMPROVE CONNECTIVITY, REFLECTING REGIONAL ECONOMIC PRIORITIES		
45. Invest in transport to support strategic economic corridors.	Specific priorities are the South Coast (including at Arundel and Worthing, and radially the A21), the A3 at Hindhead, fully capitalising on CTRL domestic services in the Thames Gateway, the Brighton-Gatwick-Croydon Corridor, the Solent-Midlands A34 and rail multi-modal corridor, Thames Valley Artery, Oxford to Cambridge Arc connection and Milton Keynes – Aylesbury Growth Area supported by East West Rail Link, cross London regional connections (CrossRail and Thameslink) and in the longer term a lower Thames crossing.	Network Rail Highways Agency
46. Invest in integrated, intermodal transport hubs of national and international economic significance.	Specific priorities are Ashford, Ebbsfleet, Reading, Oxford, Milton Keynes, Gatwick, Heathrow, Thames and Medway Ports, Dover Port and Southampton.	Local Authorities Network Rail SEEDA

⁵ Defined as outdoor recreational and sports facilities, parks, gardens and allotments, tracks and pathways, natural and historic sites, canals and water spaces, as well as accessible countryside

47. Foster innovative schemes that improve the transport chain at all levels.	Better connectivity is required from rural and more remote areas to the primary network. Behavioural change needs to be encouraged and innovative pilot projects developed.	Local Authorities Transport Operators
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<p>48. Develop deliverable and pragmatic solutions for regional road, rail and light rail schemes of national and regional significance.</p>	<p>Partnership working among stakeholders will need to be supported by innovative funding packages.</p>	<p>Local Authorities Transport Operators</p>
<p>b) ENSURE SUFFICIENT (NUMBER, TYPE, SIZE) AND AFFORDABLE HOUSING TO MEET THE NEEDS OF THE REGION'S LABOUR FORCE</p>		
<p>49. Encourage close collaboration between local authorities to develop local and sub regional housing market assessments.</p>	<p>Collaboration will be necessary to ensure an adequate supply of housing of the right type, tenure and size to enhance regional and sub-regional competitiveness.</p>	<p>South East England Regional Assembly Local Authorities</p>
<p>50. Encourage innovative approaches to housing delivery across all sectors.</p>	<p>Initiatives such as development forums will be valuable to identify and share good practice.</p>	<p>English Partnerships Housing Corporation National Home Builders Federation</p>
<p>51. Develop and implement a private sector housing renewal Action Plan for the region.</p>	<p>This is needed in order to improve non-decent existing housing as well as to improve energy efficiency and identify actions which will have the greatest impact.</p>	<p>Regional Housing Board Local Authorities</p>
<p>c) CREATE THE CLIMATE FOR LONG TERM INVESTMENT THROUGH THE EFFICIENT USE OF LAND RESOURCES</p>		
<p>52. Ensure that physical development supports enterprise and innovation, alongside reinforcing established programmes in the Growth Areas.</p>	<p>The main projects will be in urban centres in the Thames Gateway, Ashford, Milton Keynes, Aylesbury Vale, Urban South Hampshire and coastal towns.</p>	<p>SEEDA English Partnerships</p>
<p>53. Ensure the best use of land assets surplus to public agency</p>	<p>The South East contains 16% of all brownfield land in the UK. Making the best use of</p>	<p>English Partnerships</p>

requirements.	previously developed land is critical to sustainable development. The public sector is in a strong position to set standards and lead by example on its own sites.	SEEDA Ministry of Defence Health sector
54. Build the capacity of local authorities to deliver brownfield development.	A significant proportion of the development industry's output is driven by the public sector. In addition to its regulatory role the public sector is a major investor in the built environment.	SEEDA English Partnerships
55. Ensure a wider understanding and adoption of quality standards and best practice.	Procurement of construction projects should seek to optimise the combination of whole life costs and quality to meet users' requirements.	Office of Government Commerce Sector Consortia
56. Identify opportunities where investment in the environment can provide the greatest returns to quality of life and economic success.	Analysis of the continuing development of the environmental economy will enable targeting of initiatives to maximise impact.	Environment Agency Natural England
57. Ensure all developments include provision of an appropriate level of green infrastructure.	Access to green space forms an essential feature of sustainable communities.	South East England Regional Assembly Local Authorities

<p>58. Create cities and towns where people choose to live by investing in an urban renaissance.</p>	<p>To be achieved through:</p> <ul style="list-style-type: none"> • Promoting town and city centre development strategies which emphasise quality, individuality and diversity • Raising awareness of good design and celebrating excellence through the spread of good practice • Developing the skills, knowledge and behaviour to build successful places • Supporting small rural towns to become service centres to their hinterlands. 	<p>South East Excellence Local Authorities South East Rural Towns Partnership</p>
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Extract From Draft Regional Economic Strategy

Sustainable Prosperity

The sustainable prosperity objective which follows sets out five clear areas for action: reducing the carbon dioxide emissions attributable to the South East by 20% by 2016, which is the region's approximate proportional obligation under the Kyoto agreements; increasing the contribution of renewable energy to overall energy supply in the South East, to meet national targets of 10% of electricity demand by 2010 and 20% by 2020; reducing per capita water consumption in the South East by 2016; achieving a 30% increase over the 2003 baseline in GVA generated per tonne of materials entering the waste stream by 2016; and ensuring that all new housing development achieves the Ecohomes 'excellent' standard by 2016.

OBJECTIVE 3: SUSTAINABLE PROSPERITY

WHAT'S THE GOAL?

Reduce the rate of increase in the region's ecological footprint, stabilise it and seek to reduce it by 2016

TARGETS

1. **Environmental pollution and climate change.** Reduce CO2 emissions attributable to the South East by 20% from the 2003 baseline by 2016
2. **Renewable energy.** Increase the contribution of renewable energy to overall energy supply in the South East to 8% of generation capacity (895 MW) by 2016
3. **Water consumption.** Reduce per capita water consumption in the South East by 20% from 169 litres per day in 2003-2004 to 135 litres per day by 2016
4. **Resource efficiency.** Achieve a 30% increase over the 2003 baseline in GVA generated per tonne of materials entering the waste stream by 2016
5. **Sustainable construction.** Ensure all building development in the South East achieves the Ecohomes / BREEAM 'excellent' standard by 2016

CONTEXT

The UK Strategy for Sustainable Development revised in 2005 proposes that sustainable development should be pursued through a '*sustainable, innovative and productive economy that delivers high levels of employment, and a just society that promotes social inclusion, sustainable communities and personal wellbeing*', in ways that protect and enhance the physical and natural environment and use resources and energy as efficiently as possible.

There is a growing realisation that economic development policies can no longer regard environmental and social impacts as 'externalities', to be

addressed simply as policy effects. The scale and cumulative impact of human economic activity is such that finite resource and environmental limits are fast approaching and, in some cases, have already been breached.

Economic growth is measured in terms of Gross Value Added (GVA). This measures economic activity, but does not measure the type or nature of that activity; they cannot therefore offer any indication of the sustainability of the region. A range of broader measures have been proposed to complement GVA, many giving more emphasis to quality of life and levels of individual satisfaction. A new Index of Sustainable Economic Wellbeing (ISEW) offers the prospect of valuable insights into the sustainability of the region. An ISEW index for the South East has been prepared; while it will initially be an input to the Sustainability Appraisal of this Strategy, ultimately **SEEDA intends to adopt the ISEW as an additional regional indicator of progress towards sustainability.**

The recent 'Ecobudget UK' report provides a comparative analysis which shows the South East to have the highest Ecological Footprint in the UK at around 6.3 global hectares per person. One study has estimated that the South East's Ecological Footprint is growing at around 1.7% per annum, exacerbating what are already unsustainable levels of resource use and emissions.

Accepting that this is a somewhat simplistic analysis, it nevertheless underscores the importance of reducing resource consumption and improving resource efficiency, to embark on a path towards 'one planet living'. Others have called it 'Factor Four', characterised as halving resource consumption, while doubling resource efficiency.

The need to stabilise and in time reduce the South East's ecological footprint should not be viewed as a constraint – instead, it issues a challenge to innovation and an opportunity to secure major business benefits, both through producing more with less and through offering massive opportunities for the region's environmental technology sector. In terms of its research base and expertise, its capacity for innovation, and the quality of its environmental technology sector companies, the South East is extremely well placed to secure major advantage from these opportunities.

ACTIONS

ACTION	RATIONALE	LEAD
REDUCE CARBON DIOXIDE EMISSIONS ATTRIBUTABLE TO THE SOUTH EAST BY 20% FROM BY 2016		
68. Raise awareness of the links between adaptation to 'legacy' climate change and mitigation of avoidable change in the future, and support initiatives to engage	Some climate change – the legacy of past use of fossils fuels – is unavoidable. The effects are already beginning to emerge, and will worsen over the next 30-40 years. We will need to adapt to these changes, and we must	South East Climate Change Partnership

business.	ensure that we take full advantage of the opportunity to plan for adaptation.	
69. Promote the direct inclusion of climate risks and costs into public policy and business decision making.	Proper forward planning will generate cost savings, reduce exposure to risk and losses, enhance business reputation and investor confidence, improve regulatory relationships and increase market opportunities.	South East Climate Change Partnership
70. Promote and contribute to the delivery of local, regional and national infrastructure that is resilient to climate change.	Planning and investment for this resilience should take account of the projected mean and extremes conditions that are projected for at least the next 50 years.	SEEDA South East England Regional Assembly Local Authorities
71. Promote and support innovation for new markets, products and services, to meet changing consumer and customer requirements.	Adaptation to climate change and climate change mitigation will both offer challenges to innovation and offer a wide range of business opportunities for new products, markets and services.	Innovation Advisory Service Farming and Rural Industries Group
INCREASE THE CONTRIBUTION OF RENEWABLE ENERGY TO OVERALL ENERGY SUPPLY IN THE SOUTH EAST, TO MEET NATIONAL TARGETS OF 10% OF ELECTRICITY DEMAND BY 2010 AND 20% BY 2020		
72. Assist national efforts to maintain security of energy supplies at regional level by supporting the deployment of essential infrastructure and developing energy sector skills.	This will include maximising the energy supply contribution from existing assets, for example Dungeness nuclear power station, promoting and developing small-scale, localised renewable energy sources, and wider	Energy Research Partnership South East Sustainable Energy Partnership

	deployment of Combined Heat and Power.	
73. Maximise opportunities for South East businesses arising from energy policy.	This will include cluster and supply chain support for renewable and other low carbon energy technologies, and support for energy management in businesses as part of the wider resource productivity agenda.	South East Sustainable Energy Partnership
74. Promote and support the development of sustainable low carbon energy technologies.	This will include energy efficiency, electricity generation capacity and the provision of heat.	South East Sustainable Energy Partnership
75. Support sourcing energy from land-based resources in the South East.	The decisions to be made on the mix of woody biomass, fuel and energy crops and agricultural by-products should have regard to local community needs and local resource.	SEEDA Farming and Rural Industries Group
REDUCE PER CAPITA WATER CONSUMPTION IN THE SOUTH EAST BY 20% BY 2016		
76. SEEDA will ensure that its own direct developments and those with which it is associated will incorporate water-saving and water-efficient technology, including trials of new technologies.	New developments offer significant opportunities to achieve significant savings in water use and improvements in water efficiency, including grey water systems.	SEEDA Local Authorities Water companies
77. Promote opportunities for businesses in the environmental technology sector, through the design and manufacture of water-efficient components, water treatment and recycling systems.	The critical need for water-saving and improved water efficiency in the region offers major opportunities to the region's Environmental Technology sector. The land-based sector can also contribute through management of water	Envirobusiness South East Farming and Rural Industries Group

	catchment areas.	
ACHIEVE A 30% INCREASE OVER THE 2003 BASELINE IN GVA GENERATED PER TONNE OF MATERIALS ENTERING THE WASTE STREAM BY 2016		
78. Promote the concept of Sustainable Consumption and Production among South East businesses, and improve support to businesses on resource efficiency.	This will include agreeing an integrated Resource Efficiency for South East businesses, providing a single gateway into the resource efficiency support network, supporting regional strategic exemplar projects in waste minimisation, re-use or resource swapping, assisting R&D in the resource efficiency sector, and assisting the land-based sector to develop bio-degradable products. This will put the region on a path towards achieving Factor Four gains.	SEEDA
79. Work with public sector partners to produce a South East Plan for Sustainable Public Procurement.	The Government's Sustainable Public Procurement Task Force will deliver a national Action Plan for Sustainable Public Procurement in 2006, providing the basis for developing a regional Action Plan for the South East.	Local Authorities Food Partnerships
80. Support and facilitate the creation of demonstrator Resource Recovery Parks.	The aim will be to achieve a 'materials loop' that conserves energy and resources through reuse, remanufacture and recycling minimising waste and the need for virgin materials.	WRAP Local Authorities
81. Establish regional standards and guidelines for resource efficiency in business sectors.	A sector-based approach offers the best opportunity to achieve meaningful and deliverable standards for business resource efficiency.	Envirowise

<p>ENSURE ALL BUILDING DEVELOPMENT IN THE SOUTH EAST ACHIEVES THE ECOHOMES / BREEAM 'EXCELLENT' STANDARD BY 2016.</p>		
<p>82. Further develop and promote the SEEDA's Sustainability Checklist as a regional sustainability tool for delivering mixed-use sustainable developments.</p>	<p>SEEDA's pioneering checklist has been widely adopted. Integrated with Ecohomes/BREEAM, it offers a valuable tool for raising standards of sustainable construction.</p>	<p>SEEDA BRE Local Authorities</p>
<p>83. Ensure that all SEEDA-funded developments achieve Ecohomes / BREEAM 'excellent' standard as a minimum, aspiring to higher standards of sustainability where possible.</p>	<p>SEEDA has a major opportunity to influence the sustainability of all construction activity taking place across the region, both through its procurement and specification and in demonstrating the achievement of the highest standards of sustainable construction in exemplar developments.</p>	<p>SEEDA CABE</p>