Rhondda Cynon Taf
Revised Local Development Plan
2022 – 2037

Growth Options Paper

RHONDDA CYNON TAF

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1. Introduction

This Growth Options Paper builds on and complements the *Demographic Evidence* report which was prepared by Edge Analytics on behalf of RCT, to provide evidence to inform the Revised LDP 2022 – 2037. This Growth Options Paper seeks to provide the necessary further contextual analysis. The paper firstly outlines the general background of relevant national, regional and local planning policy, guidance and strategies. It then analyses each growth option set out in the *Demographic Evidence* report, assessing the appropriateness of their impacts on the County Borough. The report concludes with final considerations as to which growth option may be considered the most appropriate and reasonable for the County Borough.

This paper has been prepared to ensure compliance with national planning policy, as contained within Planning Policy Wales (Edition 11) and Future Wales: The National Plan, and also national guidance in the Development Plans Manual (Edition 3), as appropriate.

2. Background to Growth Options

2.1 Future Wales: The National Plan 2040

Policy 7 of Welsh Governments Future Wales states that *the national and regional estimates of (housing) need do not reflect future policies or events and are not a Housing Requirement for Wales or the regions*. However, they do provide evidence on which housing requirements can be based, including for Local and Strategic Development Plans.

Future Wales sets out the four regions of Wales (North, Mid, South West and South East), and identifies RCT within the South East Wales region alongside Blaenau Gwent, Bridgend, Caerphilly, Cardiff, Merthyr Tydfil, Monmouthshire, Newport, Torfaen, and the Vale of Glamorgan. RCT is also identified as part of the *Cardiff, Newport and the Valleys* National Growth Area, where growth in employment, housing and infrastructure is prioritised.

Policy 33 further states that approximately 66,400 additional homes are needed in the South East Wales region between 2019 to 2039, meanwhile during the initial 5 year years (2019-2024), 48% of the additional homes in the region are needed to be affordable homes.

2.2 Planning Policy Wales (Edition 11)

Paragraph 4.2.6 of Planning Policy Wales (PPW) requires that consideration of the most up-to-date Welsh Government local authority level Household Projections for Wales must form a fundamental part of the evidence base for development plans, alongside the most recent Local Housing market Assessment (LHMA) and Well-being Plan for the County Borough. The paragraph continues, "*These should be considered together with other key evidence in relation to issues such as what the plan is seeking to achieve, links between homes and jobs, the need for affordable housing, Welsh language considerations and the deliverability of the plan, in order to identify an appropriate strategy for the delivery of housing in the plan area. Appropriate consideration must also be given to the wider social, economic, environmental and cultural factors in a plan area in order to ensure the creation of sustainable places and cohesive communities*".

Paragraph 4.2.7 sets out the relationship between household and population projections, explaining that household projections are based on population projections and assumptions about household composition and characteristics. While certain elements of change may remain relatively constant throughout a plan period, such as birth and death rates, other elements such as migration can influence household projection outcomes significantly. PPW states that planning authorities have to assess the appropriateness of such elements of the projections, and undertake evidence-based modelling to identify alternative options if the elements of the projections are considered inappropriate.

2.3 Development Plans Manual (edition 3, March 2020)

The Development Plans Manual (DPM) states that the Welsh Government population and housing projections are a “fundamental part of the evidence base” in terms of considering the level of housing provision for a plan, including the principal projections, higher and lower variants, and the ten-year migration and zero migration variants. A summary analysis of each variant projection and the implications they have on population, households and job growth for an area needs to be included in the evidence base.

Paragraph 5.49 concedes that there is no direct mathematical relationship between economic and housing growth, and that employment forecasts should not be considered in isolation. However, consideration should be given to the relationship between economic and demographic/population projections. “*Demographic and population projections will be a key consideration in understanding the potential of a future population to accommodate economic growth options (and vice versa)”.*

2.4 RCT Local Housing Market Assessment – Draft Findings 2024

A Local Housing Market Assessment (LHMA) has been conducted by Rhondda Cynon Taf County Borough Council in order to analyse current unmet need for affordable housing in addition to future need created by projected population growth.

The report found that, based on Welsh Government’s household principal projections, 67.1% of the total need of 8,450 dwellings is for affordable housing, or an average of 378 affordable dwellings per year. This would provide for both the current unmet needs and future needs of affordable housing, however any losses to the current affordable housing stock (such as demolition) would increase the number of affordable dwellings needed by a corresponding amount. Inversely, vacant affordable properties which return to use, or homes which are already part of the pipeline of new development, will reduce the need.

2.5 Welsh Government 2018 Household and Population Projections

In August 2020, Welsh Government published the most recent population and household projections covering all 22 local authorities in Wales. These projections cover the 25-year period from 2018 to 2043 and includes a principal projection, lower and a higher variants, ten-year and fifteen-year average migration variants, and a variant based on zero migration.

The population projections are formulated from assumptions on births, deaths and internal and international migration, meanwhile the household projections consider the size of the private household population and the average household sizes. These projections are notably not predictions of what future populations will become, but plausible scenarios based on historic trends.

2.6 Demographic Evidence Report

Edge Analytics has been commissioned by Rhondda Cynon Taf County Borough Council to prepare a Demographic Evidence report. The report uses POPGROUP technology to configure a range of growth scenarios for the County Borough, incorporating the above mentioned Welsh Government population and household projections, in addition to demographic and economic statistics from the Office for National Statistics (ONS) and StatsWales. Past housing build rates are also set out as another forward looking scenario.

The analysis outlines the population and household change outcomes for each growth scenario from 2022 to 2037, including the average net migration, new dwellings and employment growth per year within this period. The Demographic Evidence report is to be read alongside this paper and forms the baseline for further comparisons and analysis for this paper to develop.

2.7 Employment Land Review

An Employment Land Review (ELR) has been prepared on behalf of RCTCBC by BE Group and Per Consulting. The ELR forms part of the wider evidence base for the preparation of the revised LDP. The ELR provides a forecast for the supply and demand for employment land across the County Borough, considering all existing employment sites and allocations.

The Review provides a forecast for the period of 2022-2037, and uses two methods to draw recommendations for the required employment land supply of the County Borough. Method One considers historic take up of employment land to forecast future requirements, meanwhile Method Two considers employment forecasts for all sections, both growing and declining. Method One was ultimately recommended as the approach to adopt, resulting in a requirement of 49.0ha.

2.8 Empty Homes Strategy 2022-2025

The Empty Homes Strategy provides a framework for bringing empty homes back into use in RCT. A bespoke strategy for RCT was felt to be necessary due to the high numbers of empty homes across the Borough, particularly in the North, and the continuing pressure to deliver affordable housing. The strategy identifies five strategic aims:

1. *To develop partnerships and vehicles that will enable an increase in the scale of empty homes being brought back into use*
2. *To maximise the use of current funding and identify further funding models to increase the number of empty homes that are brought back into use*
3. *To continue to use a range of interventions to ensure all types of empty homes are targeted and enabled to be brought back into use and monitor the outcomes related to these closely*

4. *To undertake further research in communities and evaluation of existing schemes to understand why there are a high number of empty homes and identify possible solutions that could prevent homes from becoming empty*
5. *To identify possible solutions that could prevent homes from becoming empty and also develop interventions for different market areas and types.*

However, it should be noted that these dwellings cannot be considered in the same manner as 'new' dwellings in terms of contributing to the overall housing need identified in the RLDP.

2.9 Housing Supply Paper

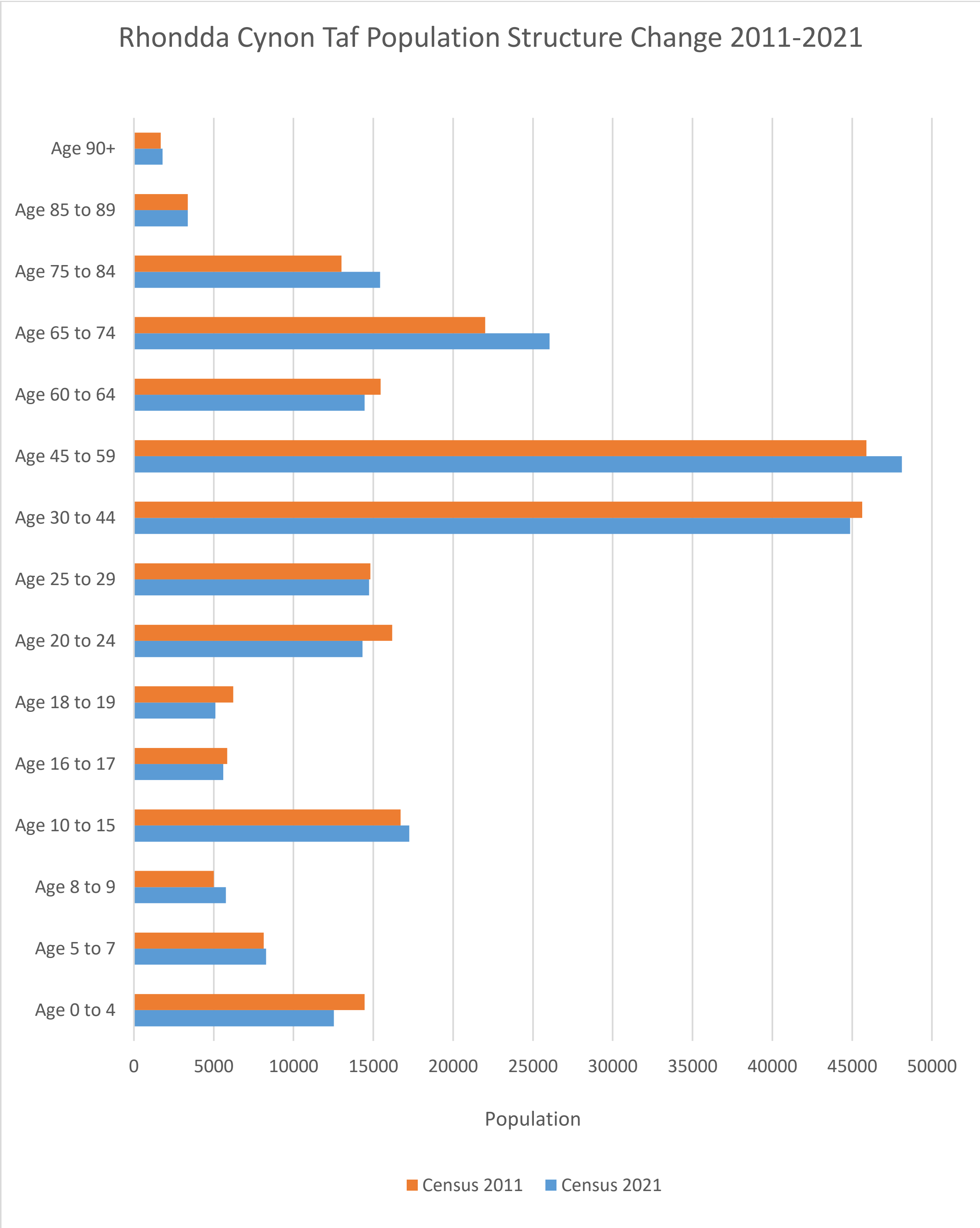
The Housing Supply paper (2023) is also connected to this paper but can in many ways be seen as the next step in the process of identifying necessary and appropriate housing requirements and what the Revised LDP needs to provide for. It evidences and calculates the number of dwellings that are expected to be built from the current housing landbank (sites currently with permission or under construction), and also the estimated number of windfall house builds (on currently unknown/ unforeseen sites) that could reasonably be expected to come forward by 2037. The paper concludes with an identified number of dwellings that need to be provided for from new RLDP allocations, considering the most appropriate overall housing requirement that this Growth Options Paper puts forward.

2.10 Census 2011 vs Census 2021

RCT, like most local authorities in the SE Wales region, has experienced an ageing population over the course of the last decade. Census data indicates a 1.1% decline in the population aged 0-15 (44,294 to 43,808), led by a decline in the population aged 0-4 in particular. Further to this, there has been a 16.4% increase in the population aged 65+ (40,073 to 46,626).

According to the 2021 census, RCT's working age population (16-64) fell by approximately 2800 people, or 1.88%. RCT recorded the second smallest shrink in SE Wales in terms of working age population size, while only Bridgend, Cardiff and Newport were recorded to have increased the size of their working age populations since 2011 in SE Wales.

Figure 1: Comparison of RCT's Population Structure between Census 2011 and Census 2021



3. Introduction to Analysis

3.1 Introduction

In accordance with Development Plans Manual (2020, paragraph 5.34) the "most up-to-date suite of Welsh Government Population and Household Projections are a fundamental part of the evidence base" and a summary analysis of each variant must be included in the evidence base. This section will begin by explaining the impact of the 2021 Census on the projections, followed by an overview of proposed LDP housing requirements of other LPAs within the South East Wales region. The report then provides an analysis of the growth options set out in Edge Analytics' Demographic Evidence report, outlining the main benefits and weaknesses each variant could pose for the County Borough for the duration of the plan period.

3.2 South East Wales Regional Analysis

Looking at a regional approach to LDP requirements, Future Wales estimates that 66,400 additional homes are needed in the South East Wales region until 2039. This is an identified need for a 20-year period (2019-2039), which generally aligns with the 2018 Welsh Government principal projections. The higher variant of the projections indicate a need for 85,561 dwellings for the same 20-year period.

RCT's Demographic Evidence report (commissioned by Edge Analytics, 2023) found that neighbouring authorities, particularly Cardiff, Bridgend and Caerphilly, have influences on net migration flows with RCT. As per Figures 11 and 12 in the Demographic Evidence report by Edge Analytics, RCT has taken a net gain of 273 residents from Cardiff per year on average between 2001-2020, while also taking a net loss of 197 residents per year from Bridgend. Levels of migration between RCT and Caerphilly fluctuates yearly, however on average RCT takes a net gain of 13 residents per year.

Caerphilly, Bridgend and Cardiff all propose likely LDP housing requirements greater than their higher variant, which will undoubtedly change the dynamics of migration between RCT and these local authorities in the future. We have analysed the migration patterns of recent years in the Edge report, which have tended to be in periods of time where there has been significantly lower build rates. For example, Caerphilly have averaged fewer than 300 dwelling completions per year over the past 10 years. They have indicated in their Preferred Strategy that they intend to build as many as 450 per year. Equivalent figures for Bridgend are averaging 440 dwellings per year, with their draft Revised LDP proposing over 500 per year. Cardiff's 10-year past build rate has been 900 per year, whereby they indicate a build rate of approximately 1,300 up to the current LDP requirement of 2,000 per year.

Such high levels of housing delivery proposals at neighbouring LPAs and South East Wales in general, creates an additional consideration that RCT must take account of.

4. Growth Scenarios Analysis

4.1 Mid-ranged Growth Scenarios: WG-2018 Principal Projections and Dwelling-led 5Y 2017 - 2021

The first set of the growth scenarios (set out in Edge's Demographic Evidence report) to be considered and analysed are the WG-2018 Principal Projections and Dwelling-led 5Y options. The WG-2018 Principal Projections option is considered to be the main (or 'central') projection, and is based on assumptions such as mortality, migration, household composition, and future fertility, which are considered most reflective of demographic patterns at the time of publication. The Dwelling-led 5Y option creates population projections utilising RCT's average annual housing completion rate of 509 dwellings per annum from 2016/17 to 2020/21. The WG-2018 Principal Projection and Dwelling-led 5Y scenarios result in housing requirements of 8,450 and 7,635 across the plan period, or 564 and 509 dwellings built per annum respectively.

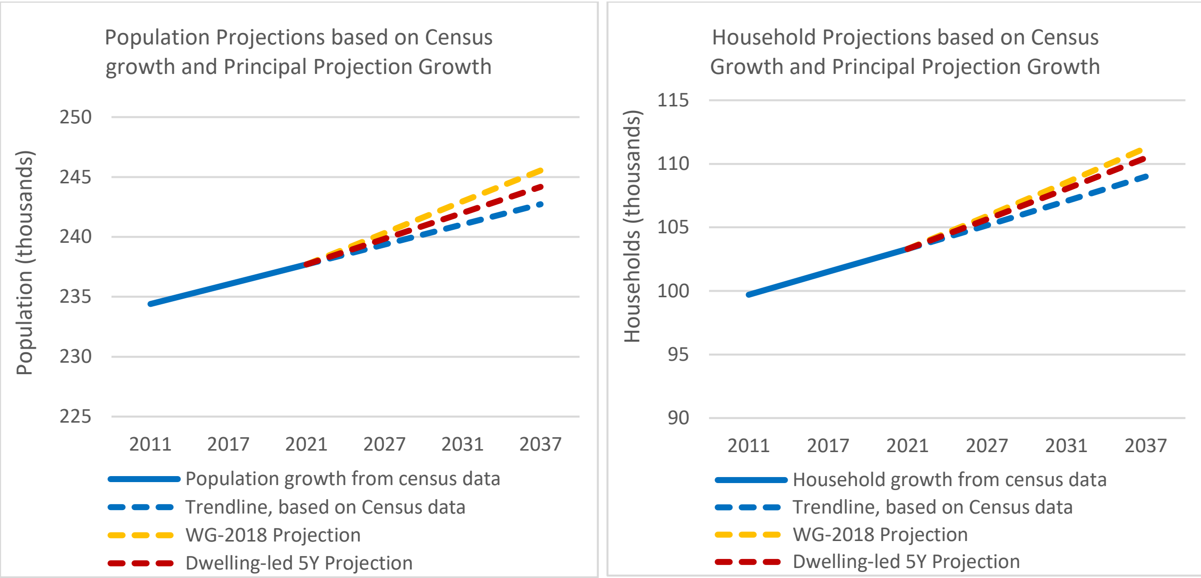
Table 2: Summary of the mid-ranged growth scenarios

Name of Projection	Summary	Total population change 2022-37 (% change)	Total households change 2022-37 (% change)	Total Dwellings (Dwellings per year)	Employment Growth per year
WG-2018	Principal Population Projections based on fertility, mortality, migration and household composition assumptions most reflective of demographic patterns at that time.	8,020 (3.3%)	8,009 (7.5%)	8,450 (564)	266
Dwelling-led 5Y	Models the population impact of an average annual dwelling growth equal to RCT's average annual housing completion rate 2016/17 – 2020/21.	6,406 (2.7%)	7,234 (6.8%)	7,635 (509)	187

In respect of Welsh Government's National Plan 'Future Wales', RCT's chosen growth option must reflect its position within the 'Cardiff, Newport and the Valleys' National Growth Area. Future Wales also identifies a need for 66,400 new homes from 2019-2039. It is worth considering the mid-ranged projections at a regional level. If all LPAs within the South East Wales region were to follow the principal projections (i.e. WG-2018), approximately 65,800 dwellings would be built. This is a very marginal shortfall of approximately 28 dwellings per annum in the region. In light of this, it can be argued that the WG-2018 projection is reflective of RCT's contribution to the regional housing need identified in Future Wales.

As highlighted in Edge Analytics' Demographic Evidence report, the Principal Projections point towards a 3.3% growth in population and 7.5% growth in households during the plan period 2022-2037. As a comparison, Census data indicates that the population of RCT grew by 1.4% from 2011-2021 and 2.5% from 2001 to 2021, meanwhile households increased by 3.6% from 2011-2021 and 9.3% from 2001-2021. Figures 2 and 3 below compares the trend line for growth witnessed in RCT from the census data against the level of growth anticipated from the WG-2018 and Dwelling-led 5Y projections. The 2011 and 2021 points are the Census 2011 and 2021 respective data with a straight, non-representative line between them. Both projection scenarios appear aspirational and ambitious for RCT, particularly the WG-2018 Principal Projections.

Figure 2 & 3: Comparing Census levels of growth to the mid-ranged projections

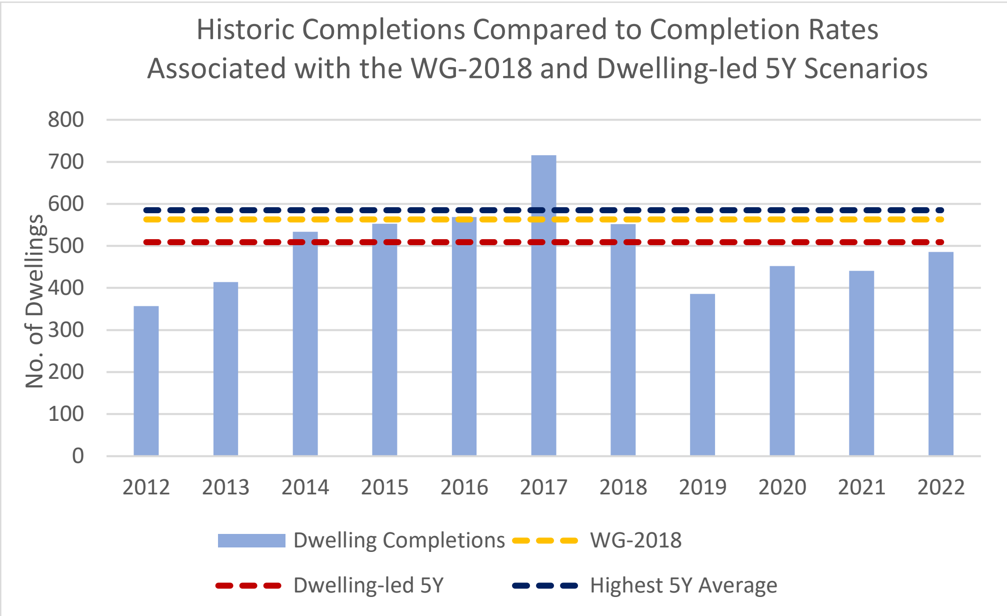


This growth would be delivered by an average annual dwelling completion requirement of 564 dwellings per year with the WG-2018 projection, or 509 dwellings per year with the dwelling-led projection. As shown in Figure 4 below, RCT has failed to meet the WG-2018 projection scenario in 9 out of 11 monitoring years since 2011. Only in 2016 (569 completions) and 2017 (716 completions) has this 564 figure been successfully met.

The dwelling-led 5Y variant is based on the average number of dwellings built during the 5 year period of 2017-2021. Although indicated below, the analysis undertaken by Edge took place prior to establishing annual completion data later in 2022, whilst 2021 figures indicated the official end date of the current LDP plan period. RCT has historically delivered on 494 dwellings per year over the longer term average period; from adoption of the LDP in 2011 up to 2021. RCT would need to increase its longer term average dwelling completions of 494 completions a year (2011-2021) by approximately 14% in order to meet the WG-2018 projection, or 3% to achieve the past 5 year average completion, dwelling-led variant.

It should however be noted that in the initial years after adoption, we were still heavily affected by the global recession. Similarly, 2021 and 2022 completions have been affected by Covid. It is also noted that there has been a significant reduction since 2017 in general, which may be associated with availability of suitable allocations. What figure 4 also shows is that this specific dwelling led scenario, and its 5-year average, is one of the lower averages RCT has experienced since the adoption of the current LDP. All equivalent 5 year periods between 2013 and 2020 have seen higher averages of completion. The highest 5-year average observed in RCT has been 585 dwellings per year during 2014-2018.

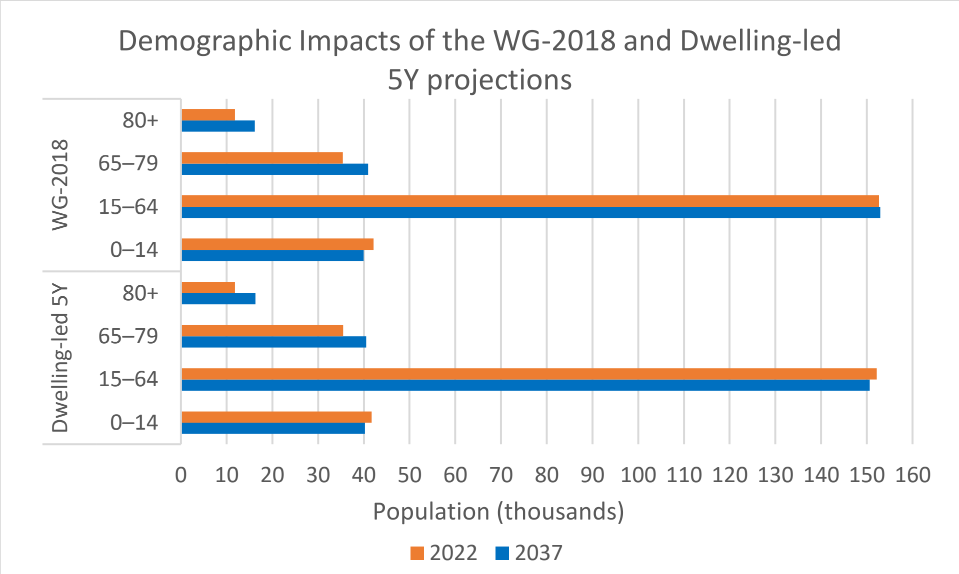
Figure 4: Past housing completion trends compared to the mid-range projections



The mid-range projections have varying impacts on the demographic structure of the County Borough. Regarding the impact on the 0-14 age group, both the WG-2018 Principal Projections and Dwelling-led 5Y variants would result in a decline in the population of this age group, though the former may lead to a slightly greater decline (5.14% decline) than the latter (3.62% decline). On the other hand, the age groups 65-79 and 80+ increase in each of these variants at similar levels. The Principal Projections points towards an increase in the 65+ aged population of 52.26%, meanwhile the Dwelling-led 5Y projection would lead to an increase of 52.09%.

The key demographic separating these two variants is the impact on the working age population. The Principal Projections anticipates a small increase of 0.2% in the working age population in RCT, whereas the Dwelling-led 5Y projection is marked to have a decline of 1.04% to the working age population. Given that RCT's working age population was found to have declined between the 2011 and 2021 censuses, a growth strategy that would likely lead to further decline in this age category may not present an attractive aspiration economically for the County Borough.

Figure 5: Summary of the estimated demographic changes according to the mid-ranged growth options



As per the Council's LHMA Draft Findings 2024, 378 affordable dwellings are needed per year in RCT across the Plan Period. In order to reach this need, 67.1% of new dwellings from the WG-2018 Principal Projections in RCT would need to be affordable. With regard to the Dwelling-led 5Y projection, this percentage would rise to 74.3%. RCT has historically delivered approximately 25% of the overall annual dwelling completions as affordable since the adoption of the current LDP. Based on this average rate, RCT would need to develop 1,512 dwellings per year in order to meet the 378 affordable dwellings need; a figure that is well beyond that which RCT can realistically hope to achieve. It is therefore acknowledged that neither of these projections would successfully deliver enough affordable housing to meet the level of need identified in the LHMA Draft Findings 2024, though it should also be noted that RCT would not be able to achieve this by any other variant worthy of consideration.

<u>Scenario Conclusion</u>

The WG-2018 Principal Projections and Dwelling-led 5Y projections each present realistically achievable growth scenarios. The key difference between these projections is the contribution towards the housing need identified in Future Wales and the impact on the working age population in RCT, both of which lean in favour of the WG-2018 variant, rather than the Dwelling-led 5Y variant. The WG-2018 projection appears to reflect RCT's position within the National Growth Area and help the region to meet its estimated level of housing need. Furthermore, the WG-2018 Principal Projections anticipates an increase in working age population of 0.2%, whereas the Dwelling-led 5Y variant anticipates a decline by 1.04%. Both variants are likely to be realistically achievable in terms of dwelling completions, particularly the Dwelling-led 5Y variant. Neither variant is likely to be able to successfully deliver enough affordable housing to meet the need identified in the LHMA Draft Findings, however the WG-2018 Principal Projections provides a better opportunity of providing more affordable housing than the Dwelling-led 5Y variant does. Ultimately, both of these scenarios remain positive and aspirational targets that could resolve multiple requirements of the Revised LDP, particularly the WG-2018 projection.

4.2 Higher Growth Scenarios: WG-2018-HIGHPOP and PG-5Y

The next set of the growth scenarios (set out in Edge's Demographic Evidence report) to be analysed for their level of appropriateness for RCT's future growth are the WG-2018-HIGHPOP and PG-5Y scenarios for household and population projections. The WG-2018-HIGHPOP projection follows the Welsh Government's Higher Variant projections and is based on high assumptions of fertility, mortality and migration compared to the Principal Projection, while the PG-5Y variant calibrates population/household projections based on migration patterns of the last 5 years.

Table 3: Summary of the higher growth scenarios

Name of Projection	Summary	Total population change 2022-37 (% change)	Total households change 2022-37 (% change)	Dwellings Total (Dwellings per year)	Employment Growth per year
WG 2018 Higher Variant	Based on higher assumptions of fertility, life expectancy and migration compared to the Principal Population Projections.	13,490 (5.6%)	10,238 (9.5%)	10,815 (721)	343
PG-5Y	Calibrates migration assumptions using ONS data for Mid-year Population Estimates over the last 5 years (2015/16 – 2019/20)	12,135 (5.0%)	9,686 (9.0%)	10,230 (682)	355

These growth scenarios are the most ambitious projections available in terms of growth. Under the higher variant (WG-2018-HIGHPOP), RCT is projected to deliver 721 dwellings per year, while PG-5Y points towards 682 dwellings per year. Policies

1 and 33 of *Future Wales: The National Plan 2040* identify the Valleys, including Rhondda Cynon Taf among other neighbouring authorities, as a National Growth Area. Future Wales continues further to outline the Welsh Government's central estimate of 66,400 additional homes are needed in the South East Wales region until 2039. If RCT were able to deliver an average figure of 721 or 682 dwellings built per year for the duration of the plan period (2022-2037), each would result in a significant contribution of over 10,000 dwellings towards Welsh Government's estimated housing need for the region, subsequently emphasizing RCT's position within the Valleys Growth Area.

Future Wales and national planning policy strongly encourages that development is sustainably located following a town centre's first approach, with good access to public transport and services.

RCT's Principal Towns (Pontypridd, Aberdare, and Llantrisant/Talbot Green) and Key Settlements (Ferndale, Hirwaun, Llanharan, Mountain Ash, Porth Tonypandy, Tonyrefail, and Treorchy) are considered to be the most appropriate locations for accommodating residential development. An Urban Capacity Study has been conducted by RCTCBC to search for land suitable for residential development within retail centres and the surrounding areas. This primarily desk-based search identified very few and limited opportunities for such development within retail centres, though it is acknowledged that the search focused on empty and under-used land and subsequently could not identify specific locations for residential conversions to upper floors of retail units. It may therefore be concluded that, while residential development in town centres is supported both in RCT and in national planning policy, such locations generally cannot be relied upon heavily with any great confidence to attract significant numbers of new dwellings in RCT.

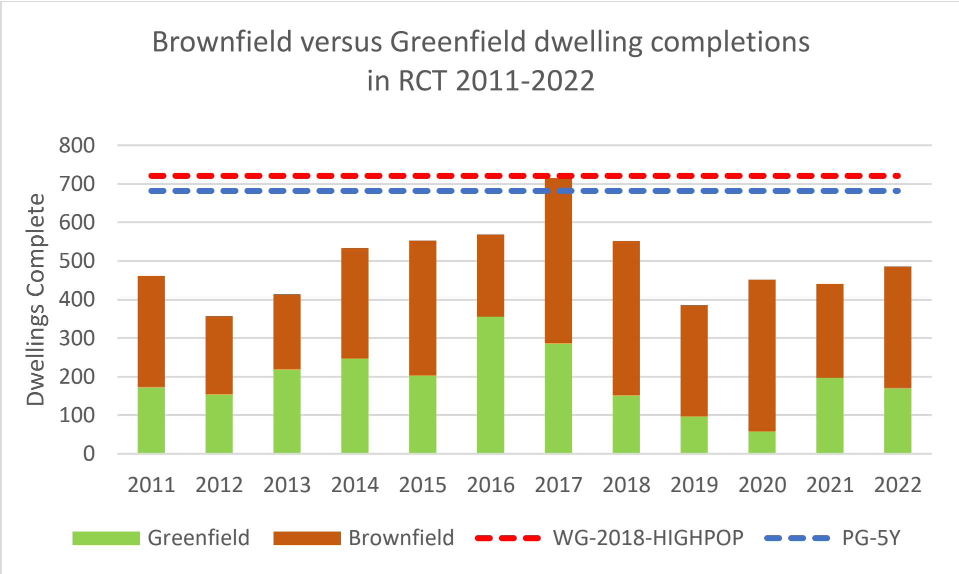
Futhermore, since the adoption of the current LDP, 219 new dwellings have been recorded to be completed across RCT's Principal Town and Key Settlement retail centres. It should, however, be noted that proposals for one flat above a shop falls within permitted development rights, meaning there are likely more unrecorded dwellings within retail centres.

In looking for sites in town centre locations, this would follow a sequential approach to the nearby urban area which would also be sustainably located. Such sites are most often brownfield in nature, though it is acknowledged that there is minor potential for greenfield sites in these areas also. RCT has historically performed well with regard to brownfield development. Since the current Local Development Plan was adopted, approximately 61% of all dwellings developed in RCT have occurred on brownfield sites.

On the other hand, there is uncertainty as to whether the yield of dwellings built on brownfield land can increase at such a rate to meet the requirement of 721 or 682 dwellings, especially with very few candidate sites received on brownfield land. Of the candidate sites proposing 10+ dwellings which have been received by the Council, only 9.35% are on brownfield land and 16.82% are on mixed greenfield and brownfield land (the vast majority of which include more greenfield than brownfield land), while the remaining almost 75% of sites are on greenfield land.

These projections would likely require substantial expansion on to greenfield land on the periphery of settlements where there are usually fewer local services and facilities in order to meet the average annual housing completion rates. Therefore, if RCT aimed to deliver an average in the region of 682 or 721 dwellings per annum in order to accord with these higher variants, this would likely be at the expense of large greenfield sites that are less in accordance with national policy.

Figure 6: Breakdown of brownfield and greenfield development since the adoption of the current LDP



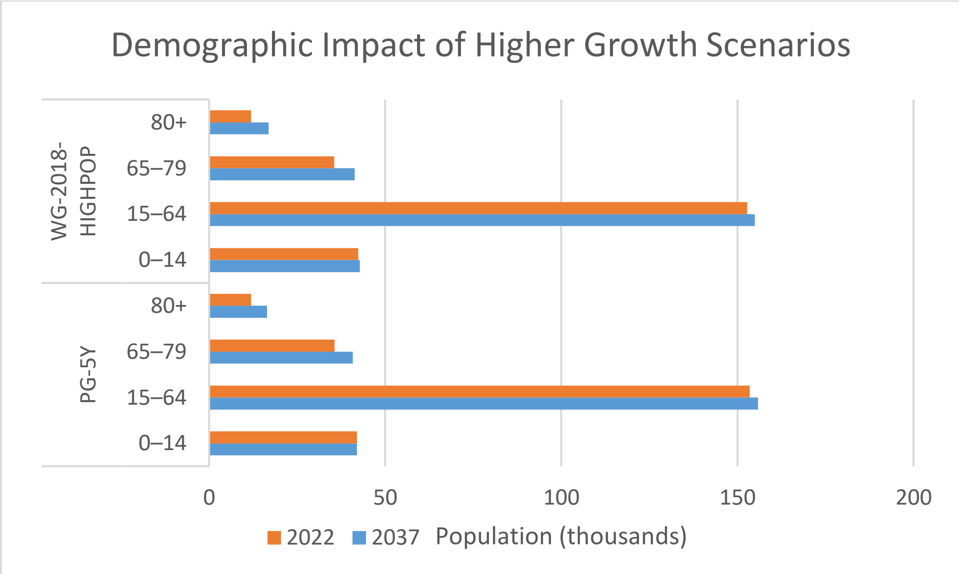
It is important to analyse the impact that the higher variant is projected to have on the demographics of RCT. One of the key points that stands out is the change in the working age population. Census data indicates that there has been a 1.88% decline in the size of the working age population in RCT between 2011 and 2021. Figure 7 below demonstrates the changes in demographic structure of RCT that are anticipated with these growth options. It is noted that RCT's 2021 census figure for the following age categories differs significantly to the starting point of these projections, however the level of growth for this variant can still be applied.

Considering the WG-2018-HIGHPOP variant, this is the only variant analysed where the population of the 0-14 age category increases, rather than declines, experiencing a 0.93% growth. This age category generally stays level under the PG-5Y variant, which projects a minor decline of 0.06% over the course of the plan period. Like all other variants, the vast majority of growth expected with these variants comes from the population aged 65+.

The working age population of RCT is projected to increase with both scenarios, though more so with the PG-5Y variant (1.53% increase) than the WG-2018-HIGHPOP variant (1.45%). The PG-5Y option holds the greatest projected increase to RCT's working age population of all variants analysed. This is a clear benefit of the higher growth options, helping to tackle the socioeconomic challenges associated with an ageing population by increasing the local labour market and boosting economic growth, for example.

Similarly, these higher growth scenarios may also contribute more greatly towards housing objectives of the RLDP, such as increasing the amount of housing for all types of tenure in addition to providing housing for the housing needs of an aging population.

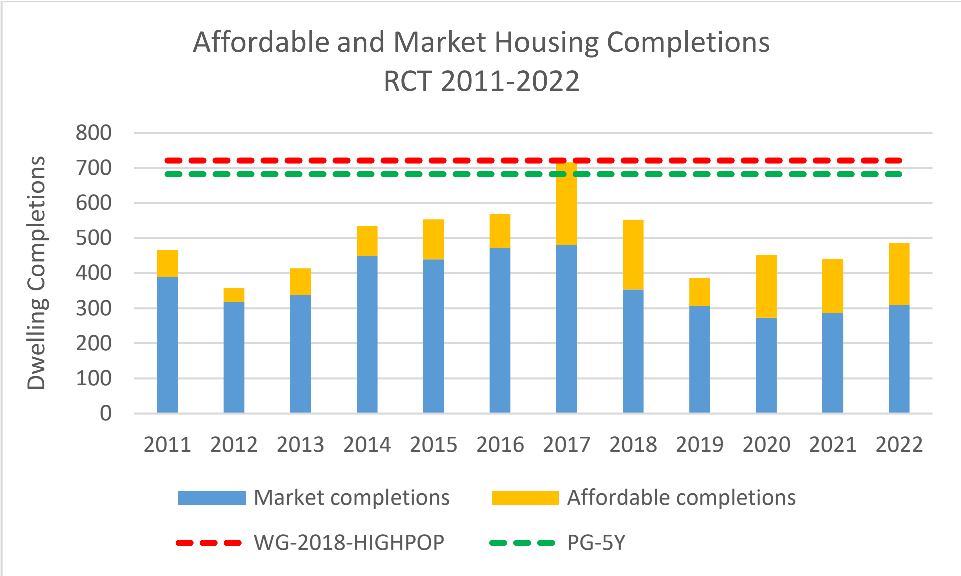
Figure 7: Summary of the estimated demographic impacts according to the Higher growth options



Furthermore, the Council’s recently undertaken Local Housing Market Assessment (LHMA) Draft Findings 2024 has identified a need for an average of 433 affordable dwellings per annum, based on the Higher Variant household projections. Rates of affordable housing delivery over the last decade vary, peaking in 2017 when 278 affordable dwellings were recorded to be built. Approximately 25.53% of all dwellings built in RCT since 2011 have been affordable dwellings, or an average of 126 affordable dwellings per annum - a significant shortfall compared to the latest annual figure for affordable housing need of 433 that is associated with the Higher Variant projections.

If RCT were to continue to build affordable dwellings at its average rate since 2011 of 25.53% per annum, the WG-2018-HIGHPOP variant would yield approximately 184 affordable dwellings per annum, while the PG-5Y variant would yield 174. Alternatively, across the last five years, RCT has managed to deliver 157 affordable dwellings on average, or 33.41% of all dwellings built per year on average. Applying the five-year average rate of 33.41% to the higher variant would yield approximately 241 or 227 affordable dwellings per annum for the WG-2018-HIGHPOP and PG-5Y variants respectively. While these figures are still short of the LHMA’s identified affordable housing need, these higher growth options may evidently provide RCT with a stronger chance of meeting such need.

Figure 8: Affordable and market housing completions compared to the Higher growth scenarios



While there are merits to following the higher variant, there is concern that an average completion number of 721 dwellings per annum is overly ambitious and unachievable in RCT. As previously stated, the highest recorded number of dwellings during any given year was observed during the 2016-17 monitoring period where 716 dwellings were completed. Aside from that year, no other year surpassed 600 dwelling completions (let alone 700). To confirm, RCT has recorded an average number of dwellings built per annum of 494 since 2011.

It is appreciated that RCT's existing housing allocations and strategic sites have generally not been successful in bringing forward housing development, with only 11 of 39 housing allocations and 1 of 7 strategic sites being developed. New, deliverable allocations should help to increase housing completions, however there is concern at lack of sufficient, and more importantly, suitable sites for such a considerable growth aspiration. RCT could continue its reliance on windfall sites, which have come forward in great numbers over recent years, though it should be noted that this carries levels of uncertainty and risk.

Another area of uncertainty associated with this higher variant is the aspirations of neighbouring Local Authorities in terms of their very high proposed Revised LDP housing requirements. This has been set out in more detail in section 3.3, however from the point of view of this growth option the consideration of delivery and need at this scale is most relevant.

A consideration in favour of these variants is that higher growth could aid RCT in competing with neighbouring authorities and help to prevent depopulation. Welsh Government's Mid-year Population Estimates between 2011-2020 have indicated that depopulation may have occurred in several settlements in RCT, the majority of which are within the Rhondda Fach and Rhondda Fawr valleys. However, it is important to note that if these higher growth options were considered the most favourable, this extra growth would almost certainly have to be accommodated in the south of the borough in greenfield areas closer to the M4, and not in areas that may have experienced depopulation across the past decade.

Scenario Conclusion

The higher growth options would result in 10,815 (WG-2018-HIGHPOP) or 10,230 dwellings (PG-5Y) across the plan period, equal to 721 or 682 per annum. It is noted that such high figures would accord with general aspirations of the National Growth Areas set out in Future Wales, and indeed present a healthy increase in the working age population of the County Borough; while also allowing for a greater contribution towards delivering the identified affordable housing needs.

However, there is ultimately notable uncertainty as to whether such a figure could be realistically achievable given that the highest recorded housing completion figure over the last decade has been 716 dwellings, in addition to the average dwelling completions per annum of 494 since 2011. In order to reach such record-breaking numbers of houses being built in RCT, this would likely require substantial intervention from significant and possibly unsuitable greenfield sites.

This would be greatly challenging and may cause environmental pressures, particularly in the South of the County Borough. It may therefore be considered a high-risk strategy to target the record-high dwelling completion figures set out by the higher variant projections.

4.3 Low Growth Scenarios: WG-2018-LOWPOP and PG Long Term

The third set of growth scenarios (set out in Edge's Demographic Evidence report) to assess are the Lower Variant (WG-2018-LOWPOP) and the PG-Long Term variant for household and population projections. Inversely to the 'higher' variant, the Lower Variant is based on low assumptions of fertility, mortality and migration compared to the Principal Projection. The PG-Long Term variant calibrates population and household growth based on migration assumptions reflective of ONS Mid-year Population Estimates from 2001-2020. As noted in Edge Analytics' Demographic Evidence report, the WG 2018 Lower Variant results in a population increase of 0.1% and a 4.7% increase in households, resulting in 5,295 new dwellings during the plan period up to 2037, or an equivalent of 353 dwellings built per year. Meanwhile, PG-Long Term results in 0.8% growth in population, 5.1% growth in households, and a need for 5,730 new dwellings during the plan period, or 382 dwellings per year.

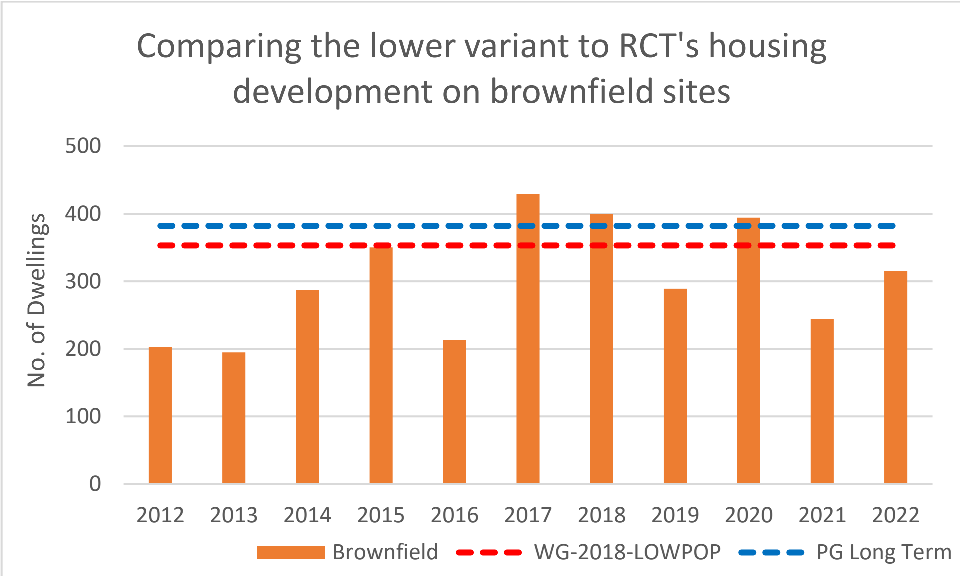
Table 4: Summary of the Low growth options

Name of Projection	Summary	Total population change 2022-37 (% change)	Total households change 2022-37 (% change)	Dwellings Total (dwellings per year)	Employment Growth per year
WG-2018-LOWPOP	Based on lower assumptions of fertility, life expectancy and migration compared to the Principal Population Projections.	129 (0.1%)	5,013 (4.7%)	5,295 (353)	182
PG-Long Term	Calibrates migration assumptions using ONS data for Mid-year Population Estimates (2001/02 – 2019/20)	1,867 (0.8%)	5,429 (5.1%)	5,730 (382)	92

The general strategy set out in *Future Wales: The National Plan 2040* is to develop compact, urban neighbourhoods with homes, local facilities and public transport within walkable distances of each other. RCT's annual dwelling completion rate since the adoption of the current LDP (2011) has the lowest recorded figure at 357 during 2011-2012 (coming out of the global recession), meanwhile the average number of dwellings built per annum since LDP adoption stands at 496.

Figure 9 below compares the lower variant to annual numbers of dwellings built on brownfield sites in RCT per year, the vast majority of which are within settlement boundaries. The graph shows that RCT has exceeded the lower variant purely with brownfield completions on three occasions, in 2017, 2018 and 2020. Output on brownfield sites has improved in recent years compared to the first five years of the adopted LDP. Indeed, the average number of brownfield sites built per year since 2017 is 345 – just 8 and 37 dwellings short of the average annual need in the WG-2018-LOWPOP Lower Variant and PG Long-Term scenarios respectively. RCT would therefore likely be capable of achieving the demands of these growth scenarios with minimal strain on greenfield resources (albeit there are existing allocations and landbank sites at greenfield locations).

Figure 9: Comparing the low growth options against housing development on brownfield sites only



However, it should be noted that RCT is identified in Future Wales as a part of the National Growth Area of 'Cardiff, Newport and the Valleys'. Future Wales states that 66,300 new homes are needed in South East Wales from 2019-2039, primarily focused within the 'Cardiff, Newport and the Valleys' National Growth Area. If all authorities within South East Wales followed the lower variant, there would be a shortfall of over 20,000 dwellings. It would appear inappropriate and contrary to national policy for the County Borough to pursue these low-growth aspirations in terms of population growth and housebuilding rates, given its status as part of a National Growth Area in Future Wales and in terms of our responsibility in RCT to meet our housing needs.

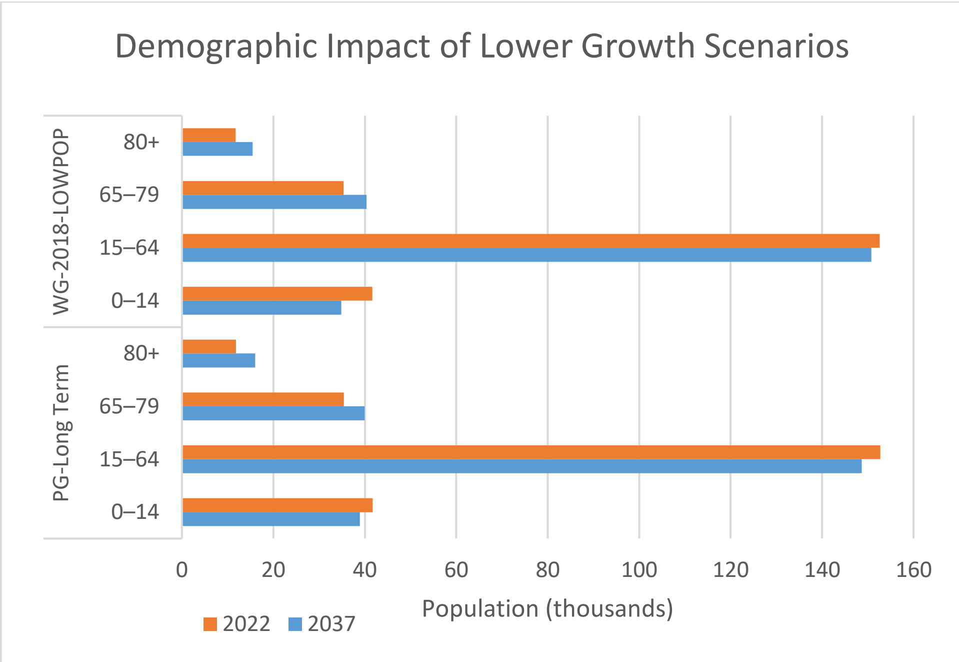
The WG-2018-LOWPOP Lower Variant scenario poses several impacts on the demographic structure of the County Borough. While the total population of RCT is projected to grow, this is by just 0.1% (0.05% rounded to the first decimal) - the smallest growth margin of any of the variants included in the Demographic Evidence report. The low fertility assumptions taken in formulating the lower variant means that the population aged 0-14 is projected to decline by 16.25% during the plan period 2022-2037. No other variant projects 0-14 to decline by over 10%. Additionally, the size of the working age population is also projected to decrease under these projections by 1.20%, the second largest decrease in the size of this demographic compared to the other variants. On the other hand, the age categories 65-79 and 80+ both increase substantially, by 14.18% and 31.58% respectively. These are, however, slightly lower increases in these age categories than many of the other variants, likely due to the lower life expectancy assumptions associated with this variant.

The PG-Long Term scenario projects similar outcomes. The projected population growth of 0.8% is slightly greater than the WG-2018-LOLPOP scenario, meanwhile the decline in population aged 0-14 is far less in comparison to the WG-2018-

LOWPOP scenario, at 6.76%. However, the decline in the working age population declines by 2.67%, the highest level of decline in this age category of all growth scenarios. This is notably due to the low migration assumptions used in calibrating this growth scenario, with fewer working-age adults migrating to RCT.

The modest levels of growth in these scenarios are a result of the falling numbers of population aged 0-64 almost cancelling out the increase in those aged 65+. In light of the 2021 census, which showed that the working age population of the County Borough has fallen by 1.88%, these growth scenarios would further establish a negative trend for RCT.

Figure 10: The estimated demographic impacts according to the Lower growth options



The Council's LHMA Draft Findings 2024 has identified a need for an average of 305 affordable dwellings per annum over 15 years associated with the Lower Variant projections. Rates of affordable housing delivery over the last decade vary, peaking in 2017 when 278 affordable dwellings were recorded to be built (although against a total of 716 dwellings built in total that year). Since 2011, approximately 25.53% of all dwellings built in RCT have been affordable dwellings, an average of 126 affordable dwellings per annum. This is a shortfall of 179 affordable dwellings per year on average compared to the recently identified need.

If RCT were to continue to build affordable dwellings at its average rate of 25.53% per annum, the Lower Variant would yield roughly 90 affordable dwellings per annum, 70.5% lower than the identified affordable housing need associated with this variant. In order to achieve the affordable housing need figure of 305, 86.40% and 79.84% of the WG-2018-LOWPOP and PG-Long Term housing requirements respectively would have to be affordable. These growth scenarios are therefore unrealistic options for appropriately addressing the affordable housing needs of the County Borough, and would significantly lack the opportunities to reduce the backlog of affordable housing need.

Scenario Conclusion

The housing requirements of WG-2018-LOWPOP Lower Variant (5,295 total, 353 per year) and PG-Long Term (5,730 total, 382 per year) are easily achievable, and this is close to being achieved via RCT's existing housing supply (as set out in further detail in the associated 'Housing Supply Paper' evidence base paper). The WG-2018-LOWPOP option leaves very little requirement for new housing allocations, meanwhile the PG-Long Term option would need fewer than 500 dwellings through new allocations.

However, such low growth aspirations would be contrary to the National Growth Area policies set out in Future Wales and could risk the South East Wales region building fewer houses than that which Future Wales states is needed.

There is further concern for RCT regarding significant risk that this is not the most likely and appropriate forecast of population growth available for us to choose. By identifying such a low target of growth, it may be more likely that the necessary housing need would not be met. This is in both the private market and affordable housing markets, throughout (but particularly towards the second half of) the plan period.

Lastly, the overall population growth would be minimal, driven by increasing population aged 65+ slightly outweighing the decline in population aged 0-64. Considering the latest census figures indicate that the working age population in RCT has decreased since 2011, these low growth options would further continue this negative trend.

Given all these concerns, it is considered that such low growth aspirations would clearly not be appropriate for RCT in many ways.

4.4 Employment-Led Scenarios – Oxford Economics (OE) and Policy-On

The final set of growth scenarios to be assessed for their appropriateness are the 'Employment-led Oxford Economics' (OE) and 'Employment-led Policy-on'.

The OE scenario models the population growth based on the Oxford Economics Forecast which was prepared as part of the evidence base for the Employment Land Review. This scenario considers what the impact would be of a 'policy-off' approach where population growth is driven by the forecast employment growth trends, without any policy intervention. On the other hand, the Employment-led Policy-on scenario considers the impact to population growth driven by employment trends based on BE Group's adjustments to the Oxford Economics forecast, assuming specific economic policy interventions to support growth primarily in the industrial B2/B8 land use classes.

The OE scenario is expected to result in an overall increase to the population of 3,725 and a need for 447 new dwellings per annum. Meanwhile the Policy-on scenario would result in an increase of 8,416 to the population of RCT, and a need for 588 new dwellings per annum. Note that these growth scenarios cannot identically compared to the previously discussed growth scenarios as these Employment-led scenarios apply to the entirety of the RCT unitary authority, i.e. including the section of Brecon Beacons National Park. However, there is very little difference in the figures in principle and reality.

Table 5: Summary of the Employment-led growth scenarios

Name of Projection	Summary	Total population change 2022-37 (% change)	Total households change 2022-37 (% change)	Dwellings Total (Dwellings per year)	Employment growth per year
Employment-led OE	Models the population growth based on the Oxford Economics forecast for employment growth of +32 per year.	3,725 (1.5%)	6,348 (5.8%)	6,705 (447)	32
Employment-led Policy-on	Models the population growth based on the adjusted average annual employment growth of +168 per year for RCT, assuming growth primarily in the industrial land use classes.	8,416 (3.4%)	8,357 (7.6%)	8,820 (588)	168

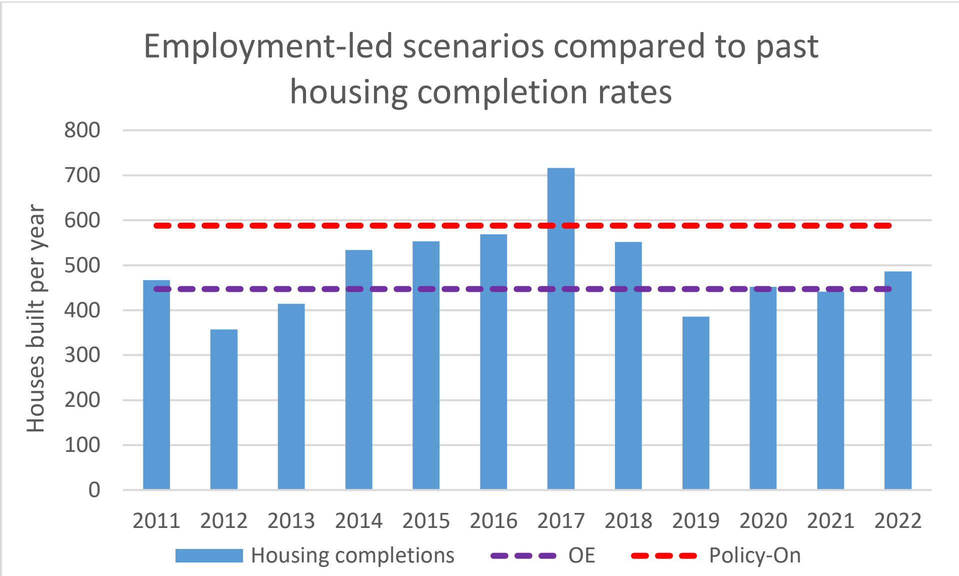
As previously stated, RCT is within a National Growth Area as per policy 1 of Future Wales: The National Plan 2040. Both of these growth scenarios reflect net growth in jobs across the RLDP plan period, either by 480 jobs without any policy intervention, or 2,520 jobs with policy intervention focusing on growth in industrial use classes. In turn, the job growth creates population and household growth and subsequently a need for new housing. Therefore, 447 (OE) or 588 (Policy-on) dwellings respectively are required in order to support the jobs forecasts.

It is worth considering the mid-ranged projections at a regional level. Future Wales identifies a need for 66,400 new homes in South East Wales from 2019-2039. The OE has no other similar variants to compare against, however the Policy-On scenario (588 dwellings per year) has comparable dwelling requirements to the WG-2018 (564 dwellings per year) variant previously discussed. Taking a hypothetical assumption that the local authorities in SE Wales each follow their principal projections while RCT follows the Policy-On scenario, the regional housing need of 66,400 identified in Future Wales would likely be met. On the other hand, the OE scenario would likely provide too small a level of growth to help ensure that regional housing need is met.

It is also important to consider the projections against the evidence of past housing completion trends to gauge the achievability of these growth scenarios. The annual dwelling requirement of 447 to support the economic forecast of the OE scenario is 9.5% lower (or 47 dwellings) than the average number of dwellings (494) built in RCT since the adoption of the current LDP in 2011. On the other hand, the Policy-On scenario requirement of 588 dwellings per year exceeds this average by 19.0%, or 94 dwellings per year. Additionally, the policy-on scenario also marginally exceeds the highest 5-year average of houses built annually in RCT; 585 dwellings during 2013-14 to 2017-18. Only during 2017-18 did RCT witness housing completions of 588 dwellings or more.

The outcome of 447 dwellings per year to support the OE jobs forecast is evidently achievable for RCT, with little need for any new allocations. Meanwhile, achieving 588 dwellings per year to support the jobs forecast in the Policy On scenario is more ambitious and challenging, requiring an increase to past housebuilding trends in RCT.

Figure 11: Comparison of the employment-led scenarios against past housing completion rates

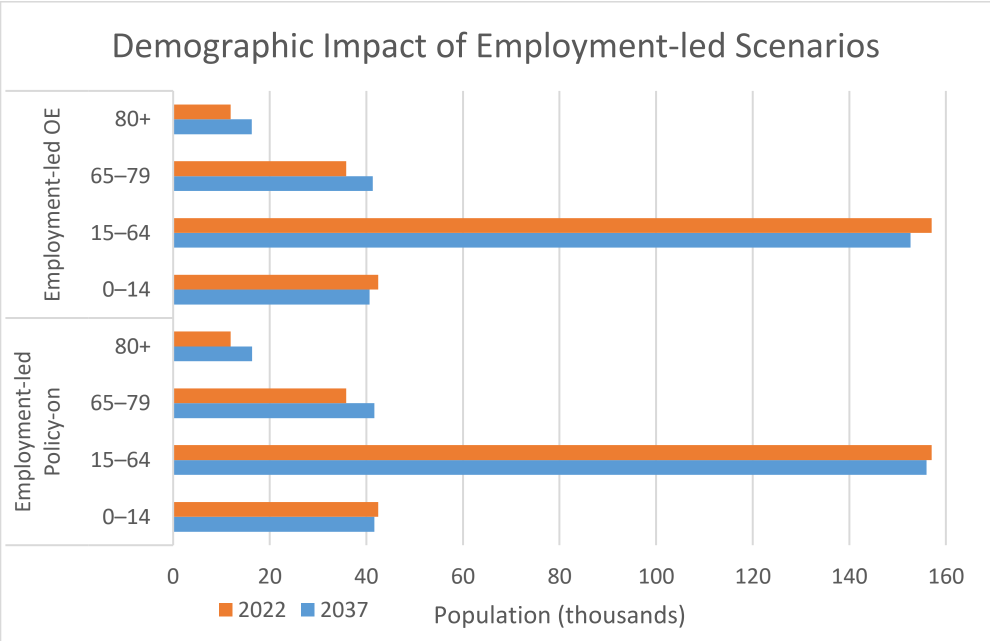


With regard to the impact of these growth options on the demographics of RCT, each scenario has highly differing outcomes. The OE scenario considers the impact to the population if the net increase of 32 new jobs per annum, as projected by the Oxford Economic forecast, drove population change without policy intervention. While the overall population is projected to increase by 1.5% with the OE scenario, the working age population (15-64) is projected to decrease by 2.75%. This is the largest decrease in this age category of all growth scenarios discussed. The overall population change is driven by growth in the population aged 65+ of approximately 9,800 meanwhile the population aged 64 and under is projected to decline by approximately 6,000, resulting in a 1.5% increase in the size of the overall population.

On the other hand, the Policy-On scenario considers the impact to the population if growth were driven by a net increase of 168 new jobs created through policy intervention focused on growth primarily in the industrial land use classes. Under this scenario, population is anticipated to grow by 3.4% overall. This is driven primarily by the growth of population aged 65+, set to increase by approximately 10,000 people, whereas the population of those aged 64 and under is projected to decline by approximately 1,800. This includes a marginal decline of 0.65% to the working age population. This is despite the Policy-On scenario resulting in greater numbers of new dwellings per year (588) than the WG-2018 scenario (564). However, this is likely due to the natures of the two scenarios being fundamentally different, whereby the Policy-On scenario considers the outcome for population growth as a result of employment-led policies whereas the WG-2018 scenario is a dwelling-led approach. Out of the growth options that could lead to a decline in the working age population, this scenario has the lowest level of decline.

It is noted that the working age population declined from 2011-2021 according to national census data. With both of the Employment-led scenarios potentially resulting in a decline in working age population, though to differing degrees, it may not be considered attractive to follow a growth scenario that could continue this trend. It is appreciated that such a marginal decline to the working age population in the Policy-On option is subject to a degree of error and could indeed result in a marginal growth in working age population, rather than decline. However, the likeliest outcome is a 0.65% working age population decline as highlighted by Edge's Demographic Evidence report.

Figure 12: Estimated demographic impacts according to the Employment-led growth options



The Council's LHMA Draft Findings 2024 has identified a need for an average of 378 affordable dwellings per annum across the 15-year plan period 2022-2037, based on Principal Household Projections. Historically, RCT has built 126 affordable dwellings per year on average (at a rate of average rate of 25% of all dwellings built per year); equal to approximately 33.3% of the LHMA's identified need.

That being said, RCT would have to complete an average of approximately 1,616 dwellings per year in order to deliver the LHMA's identified need of affordable housing; a figure which is highly unachievable.

At the current average rate (25% affordable dwellings), the OE scenario would delivery 112 affordable dwellings per year while the Policy-On scenario would delivery a projected 147 affordable dwellings per year. In order for these scenarios to meet the identified need, 68.2% and 51.87% of dwellings built in the OE and Policy-On scenarios respectively would need to be affordable; a highly unrealistic outcome to be able to depend on. Therefore, despite the Policy-On scenario's capability of increase the average affordable housing delivery rate from past average rates, both of the Employment-led scenarios would likely provide insufficient levels of affordable housing without major market intervention.

<u>Scenario Conclusion</u>

The Employment-led Scenarios each present realistically achievable growth scenarios when considered against historic housing completions, landbank sites, and scope for future development on new allocations. However, the OE scenario is not likely to provide a suitable amount of employment growth and subsequent housing growth to be considered compliant with RCT's position within the National Growth Area of Cardiff, Newport and the Valleys.

Both of the Employment-led scenarios are projected to lead to a decrease in working age population by the end of the Plan period in 2037, though the Policy-On scenario is only projected a marginal decrease of 0.65% whereas the OE scenario sees working age population decrease by 2.75%; the largest decrease to working age population of all scenarios discussed.

Each of the Employment-led scenarios are very unlikely to be able to successfully deliver enough affordable housing to meet the identified need in the Draft LHMA, however the Policy-On projection gives a better chance of providing more affordable housing than the OE variant does. Notwithstanding this, the Policy-On scenario is projected to provide an average 147 affordable dwellings per year based on past trends, 231 short of the LHMA's identified need.

<u>Sections associated with Housing Supply paper results</u>

A detailed Housing Supply Paper has been prepared for the Preferred Strategy of the Revised LDP. It sits alongside this paper and several others in the evidence base. The Housing Supply data sets out in details what the housing requirements and housing provision should be, and how this is to be achieved.

Accordingly, this section will give a short summary of considerations of that paper against the above grouping of growth options.

An existing housing supply of just under 6,000 dwellings has been identified, consisting of approximately 3,300 dwellings on landbank sites (sites that have started or with a level of planning permission) and a further 2,600 estimated to come forward on currently unknown 'windfall sites'.

It is therefore anticipated that approximately 395 dwellings per year on average could be provided by 2037 from this existing housing supply. That would be if they came forward in such a longterm spread of time. However, it should be noted that this delivery is very much likely to be in the first half of the Revised LDP plan period.

In order to meet the housing requirements of the first group of mid-ranged growth options, new RLDP site allocations for 3,529 (WG-2018 Principal Projections) and 2,453 (Dwelling-led 5Year 2017 - 2021) new dwellings will need to be sought (once a 10% flexibility allowance has been included to the dwelling requirements). Considering the results of the first stage assessment for Candidate Sites, these options are considered to be both achievable and aspirational for the Council.

With regards to the higher range group of projections, there would be a need to allocate new sites for around 5,968 (Higher Variant) and 5,324 (PG-5Y) dwellings in order to meet the respective housing requirements, (once the 10% flexibility requirement for housing provision is factored in). In view of the results of the first stage assessment for Candidate Sites, finding sites suitable to develop this many dwellings is considered highly challenging and would likely cause significant environmental pressures particularly in the South of the County Borough.

Even once a 10% flexibility allowance has been added to the housing requirements, the lower range projections of firstly the PG-Long Term would require new site allocations for just 374 new dwellings. Meanwhile the WG-2018-LOWPOP Lower Variant would not need any new allocated sites at all.

Finally, again with a 10% flexibility allowance on the Employment Led scenarios, new site allocations of a total of 1,447 (OE scenario) and 3,773 (Policy-On scenario) dwellings would be needed. At present, it is felt that both scenarios could reasonably be achieved with new deliverable allocations, though the Policy-On scenario presents a more ambitious and perhaps challenging housing target.

5. Overall Conclusions

Overall, the two mid-ranged growth scenarios are supported by the most substantial evidence. These scenarios each present realistically achievable growth scenarios, and the dwelling and job growth projected by these scenarios are reflective of RCT's position within the National Growth Area of Cardiff, Newport and The Valleys. The mid-ranged growth options have the benefit of providing a balance to delivering an ambitious but achievable amount of housing in sustainable locations while minimising potential environmental impacts. Both of these scenarios are positive and aspirational targets that could resolve multiple requirements of the revised LDP.

There are several reasons not to support the other scenarios over these.

Regarding the higher growth options, it is appreciated that these higher growth options would further accord with the aspirations of the National Growth Areas, increase the working age population and also delivering greater numbers of affordable housing and jobs. However, there remains notable uncertainty and limited evidence that the dwelling requirements could realistically be achievable within the Plan Period to 2037. Further, when considering that it is the current landbank of housing permissions that are expected to be built during the front end of the plan period; aspiring for a far higher level of development, at a far higher rate from new allocations in the mid to end of the plan period would not seem achievable. This would require far greater than average past build rates and expected market demand (indeed, the current LDP was perhaps too aspirational in this respect) whilst availability of greater amounts of suitable new land for allocation would prove a challenge. Overall, the higher growth options are considered a high-risk strategy with perhaps unrealistic requirements and aspirations.

Meanwhile, the lower growth options are perhaps more easily achievable mainly through existing landbank sites, windfall sites and fewer allocations. However, these growth options are unambitious and would be contrary to the aspirations of the National Growth Area set out in Future Wales. There is also recognised concern that these growth options would not meet the housing needs of the County Borough, both in terms of affordable housing and market housing. The impact to population growth would also cause further decline in the working age population.

Finally, the employment-led scenarios provide realistically achievable options though each with largely differing outcomes. Both of the scenarios are projected to lead to a decrease in the working age population by the end of the Plan Period, though this is far more significant in the OE scenario (2.75% decline) than the Policy-On scenario (0.65% decline). Similar to the mid-ranged scenarios, these growth options would be unlikely to achieve the identified need of affordable housing, as set out in the Local Housing Market Assessment (Draft 2024). The OE scenario in particular is considered unlikely to be appropriate for RCT due to low aspirations of employment and housing growth. On the other hand, the Policy-On scenario is projected to deliver fewer new jobs than the mid-ranged scenarios, and also have a negative impact on the working age population. For these reasons, the mid-ranged scenarios are preferred to the employment-led on balance.

From the two mid-ranged growth scenarios, the WG-2018 option is considered to produce preferential outcomes for the County Borough compared to the Dwelling-led 5Y variant. The greater housing requirement associated with the WG-2018 option will lead to a greater number of affordable housing built, a more aspirational housing target in keeping with the National Growth Area, and over 1000 more new jobs than the Dwelling-led 5Y growth option. The WG-2018 option is also projected to see an increase in the working age population of RCT, in contrast to the Dwelling-led 5Y option which would see a decline in this section of the population. Furthermore, it is recognised that delivering the identified affordable housing need is extremely challenging, however the WG-2018 option provides the better opportunity to deliver a more affordable housing.

It is necessary to note that there are high levels of housing delivery proposed in neighbouring LPAs and South East Wales in general, and this has created an additional consideration that RCT must take account of. Much of this growth is greater than the WG Higher Growth projections for the respective Authorities. Regional analysis and reports also indicate proposals for growth significantly above the Future Wales levels. Our evidence base analysis indicates interdependency between our housing markets and our neighbours'. All this has been fully considered by RCT. However, it remains that there will always be matters ongoing and proposals in neighbouring authorities that remain outside our control. Alongside this is a level of uncertainty as to the likelihood of these levels of growth being agreed and subsequently fully achieved and delivered in their own respective Plan periods. We have a duty to ensure that we are fully understanding of our own housing, economic and demographic needs in RCT, whilst considering our role in the region. The RLDP should ensure that we then address and meet these specific needs, fulfil aspirations for appropriate growth for RCT, alongside the consideration of the Future Wales National Growth Areas.

It is felt that to aspire to lower growth levels than these would not be appropriate; although this would be subject to ensuring that the RCT RLDP can fully evidence certainty over its delivery throughout the plan preparation. The Housing Supply Paper further sets out this initial stage evidence to indicate that this could be achieved.