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Birmingham City Council

Housing Targets 2011-31

Technical Paper

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CONTENTS

1 INTRODUCTION

1.1 This paper provides the technical justification for key housing policies proposed in the emerging Birmingham Development Plan (BDP). These policies comprise the overall housing provision target over the plan period, the trajectory for delivery of this target and the mix of housing. It sets out the key data used to underpin these policies and the rationale used to establish it.

1.2 The paper addresses:

- The total need for new housing (Section 3)
- The supply of land available for housing development (Section 4)
- The total housing target for the plan period 2011-31 (Section 5)
- The trajectory for delivery of this housing (Section 6)
- The mix of housing in terms of type, size and tenure, including affordable housing (Section 7).
- Cross-boundary provision (Section 8).

1.3 But first, in Section 2 below, we set out the background to the Council's proposals

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2 BACKGROUND

Principles

2.1 In establishing a housing target for the plan period 2011-31, the City Council has aimed to comply with the National Planning Policy Framework. The Framework (at paragraphs 47 and 159) requires that:

- The target be based on the objectively assessed need for housing in the area
- The development plan aim to meet objectively assessed need for housing
- The target be deliverable in the plan period.
- Where housing market areas are larger than individual local authority areas, authorities work together jointly to assess and meet need across those housing market areas.

Evolution of the target

The Core Strategy

2.2 Work on establishing a housing target began in 2005 with the launch of the review of the West Midlands Regional Spatial Strategy (WMRSS) and the trajectory has continued to evolve from that point.

2.3 The City Council consulted extensively on the level of housing growth through the Core Strategy Issues and Options public consultation during September and October 2008. Three scenarios were put forward for growth of between 50,600 and 65,000 dwellings for the plan period 2006-26.

2.4 Subsequently the Core Strategy Consultation Draft, published in December 2010, proposed a housing target of 50,600 dwellings over the period. This figure was consistent with the WMRSS Phase 2 review Preferred Option, which was submitted to the Secretary of State in December 2007.

2.5 It became necessary to revisit the housing target following:

- The government's decisions to abandon the WMRSS review and, in May 2013, to revoke the adopted WMRSS, and the housing targets therein;
- The replacement of existing national planning policy, in particular Planning Policy Statement 3, with the National Planning Policy Framework (NPPF), and
- The publication of new, higher, household projections by CLG (November 2010).

The NPPF

2.6 The NPPF was published in March 2012. It introduced a new approach to planning based on the principle of sustainable development. In relation to planning for housing the NPPF require local planning authorities to:

- Ensure that their Local Plan meets the full, objectively assessed need for housing in the housing market area, insofar as it has the sustainable and deliverable capacity to do so;

- Measure that need through a Strategic Housing Market Assessment (SHMA), which identifies the scale and mix of housing that will meet demand, in line with household and population projections and addressing all types of housing.

The Birmingham Development Plan

2.7 With the Regional Strategy revoked, the NPPF in place and new official projections indicating much higher household growth than previous versions (around 80,000 over 20 years) it became clear that the housing target should be reconsidered.

2.8 Accordingly, in 2012 the City Council commissioned a new Strategic Housing Market Assessment (SHMA) from Roger Tym & Partners (now Peter Brett Associates) and updated its Strategic Housing Land Availability Assessment (SHLAA). These two studies, taken together, confirmed that housing need over the plan period would be far greater than the capacity of the urban area to accommodate it.

2.9 In October 2012 the Council published a new consultation draft of what was previously the Core Strategy, now renamed the Birmingham Development Plan (BDP) and subtitled 'Planning for Birmingham's growing population'. The consultation sought views on increasing housing provision through the creation of a sustainable urban extension on land currently within the adopted Green Belt. It was followed by an assessment of that potential Green Belt supply, also by Peter Brett Associates (formerly Roger Tym & Partners).

2.10 In the rest of this paper, we summarise all this evidence and show how it led to the policy targets proposed in the submitted BDP.

3 OBJECTIVELY ASSESSED HOUSING NEED 2011-31

Method

3.1 As we have seen, the NPPF requires that the objective assessment of housing need be based on demographic projections. As confirmed in the emerging National Planning Practice Guidance (NPPG)[1], this refers to the official household projections published by the Department of Communities and Local Government (CLG).

3.2 But the official projections do not provide the whole answer, as is hinted in the NPPF and explained in more detail in the NPPG. The guidance advises that ‘establishing future need for housing is not an exact science’ and ‘no single approach will provide a definitive answer’. It goes on to say that planners should use the official projections as the starting point in estimating housing need, but adds that the projections are based on rolling forward past trends, and therefore do not capture the impact of factors such as economic circumstances and planning policy – including the possibility that the past trends which the projections roll forward may already have been influenced by restrictive planning policy.

3.3 Accordingly the guidance advises that official projections may be sensitivity-tested and adjusted to reflect factors that they fail to capture. It also suggests that projections may be adjusted when they are based on outdated information about the past: ‘wherever possible, local needs assessments should be informed by the latest available information’. At present this advice is especially important, because the results of the 2011 Census, which have been emerging gradually since mid-2012, often invalidate earlier views of past demographic change.

3.4 Although the Birmingham SHMA 2012[2] pre-dates the National Planning Policy Guidance, it is closely aligned with that guidance. As the guidance advises, in estimating housing need (or demand[3]) the SHMA started from the most recent official projections – which were the 2008-based CLG household projections, published in November 2010 (‘CLG 2008’). To test the CLG 2008 projections and the margin of uncertainty surrounding them, it modelled four alternative projections - of which two were based on more recent data, including early results of the 2011 Census.

3.5 The four alternative projection scenarios tested the impact of four different levels of migration, resulting in four different population numbers. But in relation to household formation – the relationship between population and numbers of households – three of the four scenarios used the same assumptions, taken from CLG 2008. Only one of the projections – that based on early results of the 2011 Census – used alternative assumptions, based on those early results. The SHMA pre-dated CLG’s interim 2011-

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[1] http://planningguidance.planningportal.gov.uk/. The guidance was published ‘in Beta’ in August 2013 to support to the NPPF.

[2] Roger Tym & Partners with HDH Planning & Development for Birmingham City Council, *Birmingham Strategic Housing Market Assessment* 2012, 2013. The study was produced in 2012 and published in final form in January 2013.

[3] The NPPF uses the words ‘demand’ and ‘need’ interchangeably. We prefer ‘demand’ to avoid confusion with affordable housing need, which is a different (though related) concept.

based projections, which made new assumptions on household formation taking account of the new Census results.

Results

3.6 The CLG 2008 household projections showed numbers of households in Birmingham City rising by some 81,500 over the plan period 2011-31. Of the four alternative projections tested in the SHMA, three produced substantially higher estimates of objectively assessed need. The exception was the Low International Migration scenario, which estimated the impact of a change in policy - namely the current Government's commitment to reduce immigration into Britain 'to tens of thousands'. The Low International Migration Scenario assumed that this reduction would be delivered by 2015-16 and sustained to the end of the plan period. On this basis, and assuming that the other assumptions behind CLG 2008 remained valid, the Low International Migration scenario showed 71,900 net new households over the plan period. We do not consider this scenario as a robust indication of future need or demand, partly because it assumes that a short-term policy commitment stays fixed over 20 years, contrary to past long-term trends.

3.7 **Based on the alternative scenarios and other analysis, the SHMA concluded that the CLG 2008 projection was a robust minimum indication of objectively assessed housing need over the plan period 2011-31. As noted earlier this projection shows some 81,500 additional households over the period. Assuming a vacancy rate of 3% (so each hundred homes accommodate 97 households), this translates into minimum objectively assessed need for 84,000 net new homes. The SHMA estimated that 62% of these net new homes would be in the market sector, occupied by households who could afford suitable housing without help. The remaining 38% should be affordable or subsidised housing.** [4]

3.8 The above figures assume that much of Birmingham's natural growth is exported to other areas in the future, as it has been in the past. In the CLG 2008 projection, net out-migration – the excess of people moving out of the city over people moving in – equals 82,000 persons over the plan period.

3.9 Since the SHMA was produced much new demographic material has become available. Over the last 15 months ONS has been gradually releasing results from the 2011 Census. More recently ONS and CLG have published interim demographic projections that take account of these results, though only partially, and only run to 2021. The Greater Birmingham and Solihull Local Enterprise Partnership is about to commission a new Joint Strategic Housing Needs Study, which will use this new information to update the SHMA's findings.

3.10 The new study will also provide a full analysis across the sub-regional housing market area, as the NPPF requires. The 2012 SHMA did look at this wider market but only briefly, since it was commissioned by the City Council on its own.

[4] This and later figures are rounded.

4 THE SUPPLY OF LAND FOR HOUSING

Delivery to date

4.1 With one year of the plan period gone 1,187 dwellings have been delivered since 1st April 2012.

Table 4.1 Delivery to date

Source of Supply	Dwellings
Completions 2011/12	1,187

Source: Birmingham City Council

Supply in the urban area – the 2012 SHLAA

4.2 The 2012 Strategic Housing Land Availability Assessment (SHLAA[5]) identified a potential capacity of 44,898 dwellings within the city's urban area. Of these 35,113 were on identified sites with a further 9,785 being on unidentified sites (comprising windfall sites and long term empty dwellings which will be brought back into use). A summary of this capacity is set out in table 4.2.

Table 4.2 The supply of land for housing – 2012 SHLAA

Source of supply	Dwellings
Under construction	3,389
Detailed planning permission (not started)	6,295
Outline planning permission	4,669
Allocation in plan (adopted and draft)	6,179
Other identified opportunities (uncommitted sites)	14,581
Small windfall sites	1,085
Large windfall sites	7,700
Returning vacant dwellings into use	1,000
Total supply	44,898

Source: Birmingham City Council

4.3 The capacity identified above is that which, in the City Council's judgement, will be delivered during the plan period. For this reason sites, including sites with planning permission, have been discounted or omitted where delivery is unlikely. (For instance, over 4,000 dwellings with planning permission have been excluded, as the best information available suggests that the approved schemes will not be delivered).

4.4 It should be noted that the SHLAA is not a decision making document and it does not allocate land for development. The SHLAA updates were undertaken in accordance with CLG Best Practice Guidance and details of the methodology and assumptions used are set out in the 2012 SHLAA Final Report .The SHLAA is based on the best information available

[5] Birmingham City Council, *Birmingham Strategic Housing Land Availability Assessment (SHLAA) 2012*, 2013

at a given point in time and the Council acknowledges that circumstances regarding particular sites may change over time. The SHLAA will, therefore, be updated annually.

Supply beyond the urban area

4.5 In accordance with its desire to meet as much of the city's housing need as possible within the city's boundary, and given the limited availability of land within the urban area, the City Council undertook a separate assessment of potential supply beyond the urban area. The assessment considered the potential for a large sustainable extension to the urban area and examined suitable locations for this extension.

4.6 A public consultation held in late 2012 put forward a range of options to deliver a sustainable urban extension of between 5,000 and 10,000 dwellings. All areas of land large enough to accommodate such an extension were within the adopted Green Belt.

4.7 The Council's assessment[6] concluded that the Green Belt boundary should be reviewed and identified possible sites for the urban extension. In order to inform the decision making process and help identify a preferred location, the Council appointed Peter Brett Associates (PBA) to assess the amount of housing that could be delivered on these option sites and help select the preferred option. PBA concluded that the number of dwellings which could be delivered would vary across the option sites, but none would exceed 5,000 dwellings by the end of the plan period.

4.8 The BDP proposes that the Green Belt boundary be redrawn to enable the provision of an additional 6,000 dwellings on Option site C1, land to the West of the Sutton Coldfield Bypass. 5,000 of these dwellings are to be delivered in the plan period.

Total capacity

4.9 In total, therefore, the most recent available information indicates that there is a supply of land capable of delivering 51,085 dwellings over the plan period. This total is the sum of 1,187 dwellings already delivered, remaining capacity for 44,898 dwellings in the existing urban area and 5,000 dwellings in an urban extension in the Green Belt.

4.10 Of the total 51,085-dwelling capacity, 15,540 dwellings (30%) have either been completed, are under construction or have planning permission. A further 6,179 dwellings (12% of the total) were allocated in adopted or draft plans at mid-2012 . Outstanding planning commitments and completions therefore equate to 21,719 dwellings (or 43% of total supply).

[6] Birmingham City Council, *Green Belt Options Assessment*, 2013 Birmingham.gov.uk/plan2031

5 THE HOUSING TARGET

5.1 Taking account of the objectively assessed need for housing, the supply of suitable and deliverable land available for housing development within the existing urban area and the amount of housing which could be delivered during the plan period on land released from the Green Belt, the City's housing target has been set at 51,100 dwellings. This figure is based on the sustainable and deliverable capacity identified above (rounded up from 51,085 dwellings).

5.2 The proposed housing target is only 61% of the minimum need as assessed in the SHMA. It is not possible to deliver more than this within the city's boundary.

6 A TRAJECTORY FOR DELIVERY

6.1 In establishing a trajectory for delivery, the Council's main objective is that it should be realistic and achievable. The proposed trajectory is as follows:

Table 6.1 Proposed delivery trajectory

Time period	Years in period	Dwelling delivered in period	Dwellings delivered per annum
2011-2014	3	3,900	1,300
2014-2016	2	3,800	1,900
2016-2021	5	12,500	2,500
2021-2031	10	30,900	3,090
2011- 2031	**20**	**51,100**	**2,555**

Source: Birmingham City Council

6.2 The trajectory takes account of the difficult economic circumstances prevailing at the start of the plan period and assumes that these will improve over time.

6.3 The recession and subsequent economic climate have had a major impact on house building in the city. In the five years up to 2009 almost 13,000 dwellings were built in Birmingham at an average of almost 2,600 per annum. In the four years since then just 4,567 have been built, an average of 1,140. Of particular note is the hiatus in the housing market in the city centre, which had previously been a major source of new housing. The indications are that in the short to medium term house builders are concentrating on building family housing rather than apartments. However, the types of households requiring city centre housing have not gone away and this market will return, although it is likely to take longer to do so than other markets.

6.4 The trajectory increases the level of housing delivery in four step changes over the plan period. Each stepped change increases the rate of provision by 600 dwellings per annum.

6.5 The measures set out below demonstrate how delivery will increase over the duration of the plan. In many cases these measures will continue to apply in subsequent trajectory periods.

- 2011-2014 –The target is for 1,300 dwellings per annum during this pre examination period. The trajectory is based on actual delivery during 2011/12 (1,187 net completions) and 2012/13 (1,462 net completions), and an estimate of net completions during 2013/14 taking account of dwellings under construction, progress on sites under construction and new starts on site.
- 2014-2016 – The target is for 1,900 dwellings per annum over this period. The increase in provision will come about as the BDP is adopted and becomes increasingly influential. It will be supported by the City Council's five year Housing Delivery Plan, which contains a range of measure to increase provision, the Government's HomeBuy initiative (which will run until 2017) and a scaling back of the City Council's demolitions programme.
- 2016-2021 – The target is for 2,500 dwellings per annum over this period. This will see housing delivery taking place on the land removed from the Green Belt in the north east

of the city. The former Green Belt land will account for over half of the additional target during this period.

- 2021-2031 - This final step covers a ten-year period with a challenging target of 3,090 additional homes each year. This period will require some of the highest rates of delivery achieved in the city for many years, and for those rates of delivery to be sustained for the duration of the plan period. By this time the market should be sufficiently confident once again to deliver housing in the city centre in the form of both 'city living' apartments and other high-density urban housing in accordance with the Big City Plan.

7 HOUSING TYPE AND SIZE (INCLUDING AFFORDABLE HOUSING)

Need

7.1 With a target of 51,100 dwellings the BDP is planning to meet 61% of the overall housing need within the city. 38% of these dwellings should be affordable with the remaining 62% being market housing.

7.2 A target of 51,100 dwellings will accommodate 49,567 households allowing for a 3% vacancy rate in the housing stock.

Table 7.1 Desired mix of net new housing, Birmingham City, 2011-31

Tenure	Dwelling Size				
	One Bed	Two Bed	Three Bed	Four Bed	Total
Market	8.1	14.9	17.3	21.9	62.2
Shared ownership	1.1	1.2	2.2	0.3	4.8
Affordable rent	3.7	11.6	5.3	0.9	21.6
Social rented/require subsidy[7]	1.7	3.0	1.6	5.0	11.4
Total affordable	**6.5**	**15.8**	**9.1**	**6.2**	**37.8**
Total affordable and market	14.6	30.8	26.3	28.1	100

Source: SHMA 2012. Figures may not sum due to rounding.

Affordable supply

7.3 The principal means of delivering affordable housing will continue to be direct provision by providers in the social and affordable sector. In particular:

- Birmingham Municipal Housing Trust (BMHT) - From 2013-14 the Council's programme will deliver approximately 200 new affordable homes per year. This figure is likely to increase to 300 new homes per annum post 2018 as the Council pays off an element of its housing debt and the borrowing threshold rises. If the HRA debt cap is reviewed delivery could potentially increase further.
- Registered Social Landlords (RSLs) and Housing Associations (HAs) - The number of affordable homes provided by RSLs and Housing Associations has declined as a result on the Government replacing the NAHP with the ARP scheme. The number of new homes provided by RSLs and HAs is likely to continue at the 2011-12 and 2012-13 levels – i.e. approximately 450 new dwellings per annum.

7.4 The provision of new affordable housing has to be balanced against the loss of existing affordable housing through demolition. The vast majority of housing demolitions in the city have, for many years, been of City Council housing stock which has reached the end of its

[7] The group 'social rented/require subsidy' contains households who could afford to pay a social rent or who will require a subsidy (housing benefit) to pay for suitable housing irrespective of which tenure they occupy. All other groups contain households who can afford suitable housing in the respective form of tenure.

useful life and is no longer fit for purpose. Over recent years 95% of demolitions have been of affordable housing. In the first half of the 2000s there were typically 1,500–2,000 demolitions annually. This included the clearance of numerous tower blocks. From the mid-2000s greater emphasis was placed on the improvement of the existing stock and the number of demolitions declined to around 850 per annum. The last couple of years have seen annual demolitions fall further to just 371 and 236 dwellings (of which 362 / 202 were affordable dwellings) as the programme of large scale demolition projects comes to an end. Demolitions are expected to remain at around 250 per annum for the duration of the plan period.

Table 7.2 Estimated supply of affordable housing, Birmingham City, 2011-31

Time Period	BMHT	RSL / HA	Total gross supply	Demolitions	Net supply
2011-2013 (actual)	228	909	1,137	464	673
2013-2018	1,000	2,250	3,250	1,250	2,000
2018-2031	3,900	5,850	9,750	3,250	6,500
2011-2031	**5,128**	**9,009**	**14,137**	**4,964**	**9,173**

Source: Birmingham City Council

7.5 Affordable housing providers are likely to deliver around 14,137 affordable dwellings during the plan period. At the same time almost 5,000 affordable dwellings will be lost to the housing stock due to demolition. This gives a net increase in affordable dwellings of just over 9,000. Compared to the target of 19,350, it leaves a shortfall in provision of just over 10,000.

Addressing the affordable shortfall

7.6 Potentially some of the shortfall could be met in the private rented sector; however the principal tool for addressing the shortfall is to enter into section 106 Agreements to ensure that an element of affordable housing is provided as part of private sector housing developments. The BDP contains an affordable housing policy which seeks to secure 35% affordable housing on private sector sites of 15 dwellings or more.

7.7 Over the last seven years 60% of dwelling completions have been on private sector sites of 15 dwellings or more. The SHLAA indicates there will be a small increase in the proportion of housing being delivered on sites in this category. The Council estimates that, when existing S106 agreements are taken into account, SHLAA sites together with the urban extension could potentially deliver around 10,500 affordable dwellings over the plan period, viability allowing.

8 PROVISION BEYOND THE CITY'S BOUNDARY

8.1 The City Council has sought to maximise housing provision taking account of land supply and deliverability. It is clear, however, that planning to provide 51,100 dwellings within the city's boundary leaves a large shortfall against the level of provision required to meet demand and need.

8.2 The NPPF requires objectively assessed need to be met in full across housing market areas. It requires local authorities to work together under the duty to cooperate to meet development targets which cannot wholly be met within their own areas, for instance because of a lack of physical capacity

8.3 The City Council are working with neighbouring authorities within the GBSLEP and beyond, within the wider housing market area, to address the issue of the shortfall. A sub regional Strategic Housing Study has been commissioned to look in more detail at the extent of the shortfall and to consider how it could be addressed. It is envisaged that the study will completed and published early in 2014.

8.4 The indications from the work undertaken by, and on behalf of, the City Council, are that the shortfall could be up to 33,000 dwellings which would need to be met in neighbouring authorities in the period 2011-2031[8]. However, the City Council do not wish to pre-empt the outcome of this joint study, which will further refine the level of the shortfall.

[8] Objectively assessed need (84,000 dwellings) less need to be met in Birmingham (51,100 dwellings)