

BIRMINGHAM DEVELOPMENT PLAN EXAMINATION

**MATTER A: INSPECTOR'S CLARIFICATION QUESTIONS
TO BIRMINGHAM CITY COUNCIL**

**RESPONSE ON BEHALF OF BIRMINGHAM CITY
COUNCIL**

STRATEGIC HOUSING MARKET ASSESSMENT

1. Have the Council prepared a Strategic Housing Market Assessment in accordance with the policy at paragraph 159 of the NPPF and the guidance at sections 2a-014-20140306 to 2a-029-20140306 of the *Planning Practice Guidance* [PPG]?

- 1.1 The SHMA, undertaken by Peter Brett Associates (PBA – then known as Roger Tym and Partners) and HDH Planning and Development (HDH), published in October 2012 and revised in January 2013 (H2) was undertaken in accordance with the NPPF. The assessment was completed and published prior to the publication of the PPG in March 2014 and (necessarily) could not be informed by it. Even so, the SHMA is generally consistent with the PPG in that it uses official projections as its starting point and it addresses the need for all types, sizes and tenures of housing.
- 1.2 The SHMA is consistent with the NPPF and the PPG. However the PPG at Paragraph 014 effectively acknowledges that it is not prescriptive by stating that establishing future need for housing is not an exact science and that no single approach will provide a definitive answer.
- 1.3 The SHMA (H2) has two components. The first is to establish the overall requirement for housing and the second to provide detail as to how that overall requirement is made up. The extant Guidance when the SHMA was prepared was the SHMA Practice Guidance V2 (August 2007). The 2007 Guidance concentrated on the need for affordable housing and the PPG puts greater emphasis on the overall need for housing. The 2007 Guidance provided more (largely descriptive) detail and is more prescriptive than the current PPG. However the methodologies in both are essentially the same.

2. Please explain how each requirement of that policy and guidance has been met in the evidence submitted to the examination.

- 2.1 The requirements are referred to throughout the SHMA. Where references are given below they are not exhaustive but refer to the principal areas which demonstrate that the requirements have been met.

NPPF Paragraph 159

Paragraph 159 includes the following in relation to SHMAs:

“Local planning authorities should have a clear understanding of housing needs in their area. They should prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:

- meets household and population projections, taking account of migration and demographic change;
- addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and

- caters for housing demand and the scale of housing supply necessary to meet this demand;”
- 2.2 The Council have prepared a SHMA which assesses the city’s full housing needs. The consultants (PBA) make clear that the SHMA was undertaken in accordance with paragraph 159. There are numerous references to this in the SHMA including Paragraphs 1.4, 1.10 & 10.2.
- 2.3 With regards to meeting the specific requirements of paragraph 159, the SHMA:
- Establishes the objectively assessed need for housing required in order to meet the latest household projections (CLG 2008 based). It also models several alternative projection scenarios, to take account of the latest data available at the time (including early results of the 2011 Census) and factors that are not captured by the projections. All scenarios take account of migration and demographic change.
 - Identifies the level of household growth over the plan period. For simplicity it uses this as the objective measure of housing need, assuming that each household needs one dwelling. The update note prepared for this examination provides a more detailed translation of households into dwellings, adding 3% to allow for vacancy in the housing stock.
 - Addresses the need for all sizes and tenures of housing, including a range of affordable tenures. It considers the needs of different household types. However, the SHMA does not assess the needs of service families as there are no military bases in the city (although as the information is trend based the needs of this group are picked up within the needs of other groups), or the number of people wishing to build their own homes. Paragraph 159 includes service families and self builders as examples of the different groups in the community but does not explicitly require an assessment to be undertaken.
 - Considers neighbouring authorities the wider sub region (Section 12).

More detail on these points is set out below.

PPG Sections 2a-014-20140306 to 2a-029-20140306

- 2.4 These paragraphs cover a wide range of issues, but the key points can be summarised as follows.
- The methodical approach which should be used (paragraph 014)
 - Using household projections as the starting point (paragraphs 015 - 16)
 - Adjusting household projection-based estimates of housing need (paragraph 017)
 - Taking account of employment trends (paragraph 018)
 - Taking account of and responding to market signals, specifically land prices, house prices, rents, affordability, rates of development and overcrowding. (paragraphs 019 – 020)
 - Addressing the needs for all types of housing, specifically the private rented sector, people wishing to build their own homes, family housing, housing for older people and households with specific needs. (paragraph 021)
 - Calculating affordable housing need, specifically determining which households are in affordable housing need, calculating current unmet gross need, calculating the number of newly arising households, calculating the current supply, determining the likely level of future supply of social re-lets (net) and intermediate affordable housing (excluding transfers) and determining the total need for affordable housing. (paragraphs 022 to 029)

What methodological approach should be used? (paragraph 014)

- 2.5 This paragraph is not prescriptive and recognises that there is no single approach. In line with its advice the SHMA uses a range of secondary data rather than primary research.

The starting point – official household projections (paragraph 015)

- 2.6 The SHMA was undertaken using the 2008 CLG based household projection. This projection was the most up to date official household projection available at the time. (See paragraph 11.7 to 11.23 and 14.5 to 14.25). It also considered the 2010-based ONS population projection. (see paragraph 11.24 – 11.31 and 14.26 to 14.29).

Since the SHMA was produced inevitably more up to date official projections have become available and the Council has recognised that these should be used in addition to the official projections available at the time the SHMA was produced.

Adjusting household projection-based estimates of housing need (paragraph 017)

- 2.7 While taking the official projections as a starting point, the SHMA also models several alternative projection scenarios, to take account of the latest data available at the time it was produced, (including early results of the 2011 Census) and factors that are not captured by the projections
- 2.8 International migration is a significant factor in Birmingham. Therefore among other alternative scenarios the SHMA modelled two scenarios to estimate the potential impact of reduced levels of international migration. See paragraphs 14.30 to 14.32 and 14.33 to 14.34.

Taking account of employment trends (paragraph 018)

- 2.9 The economy, employment trends and earnings are considered in section 4 of the SHMA, from paragraphs 4.9 to 4.17. They are treated as background information.
- 2.10 The SHMA did not test any employment-led scenarios, because the plan does not set a job growth target independent of demographic growth. On the contrary, it says (at paragraph 7.2) that future job growth should respond to population change (which in turn will depend on the amount of housing development). This reflects Birmingham's circumstances in which levels of unemployment and worklessness are high, and there is a young population producing a growing working age population. The Plan's employment policies are aimed at addressing these existing challenges and are not expected to generate employment levels in excess of the local labour supply.

Taking market signals into account (paragraphs 019 – 020)

- 2.11 These issues are addressed in the SHMA.
- 2.12 House prices together with information on property sales are considered in paragraphs 5.4 to 5.14. Rents including entry level rents, social rents, affordable rents, private sector rents and shared ownership rents are considered in paragraphs 5.15 to 5.32. Affordability and housing costs are considered in paragraphs 5.9 onwards. Financial information including household income, financial resources and the affordability of market housing are considered in section 6. Overcrowding, which is the biggest cause of existing households being in need in Birmingham is addressed section 7 (including paragraphs 7.6, 7.8, 7.12 and in 14.10).

- 2.13 The SHMA did not go quite as far as the PPG recommends. However on the basis of the information provided in the SHMA and the further analysis carried out in Annex 2 of the Birmingham Sub-regional Housing Study attached as an appendix to Barton Wilmore's Statement on Matter A, the Council does not consider that there is clear evidence to support additional provision on affordability grounds of past under-performance or affordability issues. The only indicator in relation to which Birmingham performs significantly worse than nationally is in relation to overcrowding. where the current position is likely still to be affected by the outcome of the recession - which resulted in a substantial downturn in housing completions, reduced potential for outward migration and difficulties in securing mortgage finance. There is no reason to think that this is a long-term phenomenon. In addition to this Birmingham has an unusually high representation of large family households, so an element of overcrowding is likely to be due to a shortage of four-bedroom plus homes. 43% of the requirement for affordable dwellings in Birmingham is for homes with four-bedrooms and above (see table 7.21 of the SHMA).

Addressing the needs for all types of housing (paragraph 021)

- 2.14 The need for housing is analysed by tenure (market / shared ownership / affordable rent / social rent and with subsidy) and bedroom size and set out in Chapter 14 of the SHMA. The private rented sector is analysed as part of market housing (in the later parts of Chapter 5).
- 2.15 The SHMA does not specifically assess the number of people wishing to build their own homes as there is no data to draw on . The City Council recognise that self- builders and smaller developers building just one or two units can contribute to supply . The Strategic Housing Land Availability Assessment identifies 228 sites suitable for a single dwelling and a further 132 sites suitable for two dwellings. The NPPF includes people wishing to build their own home as an example of the different groups in the community, but does not explicitly require an assessment to be undertaken.
- 2.16 The SHMA addresses the need for family housing (See Table 7.3 and figure 14.3).
- 2.17 The SHMA has been supplemented by further assessments with regard to the housing needs of older people, the City Council has a purchased a toolkit (in accordance with the approach suggested by the PPG) specifically for determining the future housing needs and related housing services needs of the city's older population. The toolkit models a range of data to provide estimates of future need for age related, sheltered, very sheltered and extra care housing.

Calculating affordable housing need (paragraphs 022 to 029).

- 2.18 The detailed calculation of the need for affordable housing is carried out strictly in line with the 2007 SHMA Practice Guidance in in Chapter 7 of the SHMA. This is a 16 step process and is wholly consistent with the new PPG.
- 2.19 The overall need is analysed too in terms of types of household in need, the size of units required and which affordable products may be suitable in meeting the need. In addition sensitivity analysis is undertaken.
- 2.20 The Council's housing waiting list is also analysed to provide more detail.

OBJECTIVELY-ASSESSED HOUSING NEED

3. Do the Council consider that it is a legal requirement to prepare a full objective assessment of housing needs in the housing market area, before deciding whether or not the Plan should provide for less than the objectively-assessed needs? [See the judgment in *Gallagher Homes Ltd & Lioncourt Homes Ltd v Solihull MBC* [2014] EWHC 1283 (Admin).]

- 3.1 Preparation of a full objective assessment of housing needs in the housing market area is not a legal requirement. The OAHN concept – and its use in plan-making - arises from the NPPF (rather than statute), which is “mere policy – and a plan-maker, including an inspector may therefore depart from it, if there is good reason to do so...”: per Hickinbottom J in *Gallagher Homes Ltd & Lioncourt homes Ltd v Solihull MBC* [2014] EWHC 1283 (Admin), at para.79. This flexibility would not be available if preparation of an OAHN assessment were a “legal requirement”.
- 3.2 However, in preparing the BDP, the City Council *has* sought to assess objectively Birmingham’s housing needs, in reliance on a detailed and comprehensive SHMA, prepared in accordance with the NPPF - albeit against a backdrop of continually changing data sets. In contrast to the position reported in *Gallagher Homes* [ibid], it is transparently clear that the City Council’s assessment of OAHN has been “policy off”, i.e. not adjusted by reference to actual or perceived constraints on supply. It is truly an objective assessment of housing needs and thus a proper starting point from which to go on to consider the extent to which the Plan can provide for those objectively assessed needs.

4. Do the Council still place any reliance on the range of 81,500 to 105,200, derived from the SHMA 2012 (revised January 2013) (doc.H2), as representing the objective assessment of overall household growth in the city over the Plan period? If so, should those figures be adjusted by adding 3% to give the overall housing need?

- 4.1 While these provided the best assessment of household growth at the time the SHMA was undertaken the City Council acknowledges that more up to date information is now available in the form of more recent data and projections. The Council recognises that the more recent figures should now be used. However, the Council considers the SHMA 2012 to be a robust assessment of the distribution of total need between different types, sizes and tenures of housing.

5. Is the Council’s position now that the range from 89,000 to 115,900 set out in the *Objectively assessed housing need Update note* (September 2014) by Peter Brett Associates (Appendix to the Council’s Matter A hearing statement) now represents the most accurate and up-to-date objective assessment of overall housing need in the city over the Plan period?

- 5.1 The Council agrees that this is now the most accurate and up-to-date assessment of household growth. These figures already incorporate the 3% vacant dwellings adjustment.

6. Is it the case that the PBA assessment which produced this range did not take into account employment trends and/or market signals, as recommended in the PPG, Ref ID 2a-018 to 20-20140306? If so, should those factors have been taken into account, and what effect are they likely to have had?

- 6.1 These factors were not taken into account in stages 1 and 2 of the Study.

- 6.2 The Stage 3 work will provide an opportunity to review this and to consider the issue of market signals across the LEP study area.
- 6.3 For the reasons set out above in relation to previous questions, the Council does not consider that this will result in different conclusions so far as overall housing need in Birmingham is concerned.

THE GBSLEP HOUSING NEEDS STUDY

7. Please explain more fully how the HRRs used in the PBA Trends models - described in paragraph 2.12, first bullet point, of the *Objectively assessed housing need Update note (September 2014)* – were derived. A table showing the annual average HRRs actually used in the models may be of assistance in clarifying this point.

Overview

- 7.1 The conversion to households uses the household representative rates (HRRs) and other assumptions of the CLG Interim 2011 projections to 2021. After 2021 the household representative rates from the CLG 2008 projection are used with gender/age/relationship adjustments based on the comparison of rates with the CLG 2011 projection at 2021. This is effectively the 'indexing' method preferred by the Inspector at the South Worcestershire EiP.

Data

- 7.2 The model uses Stage 1 rates from the CLG 2008 and 2011 Interim projections. These rates are specific to gender, relationship status (ie in a cohabiting relationship, formerly in such a relationship or single) and five-year age groups (15-19, 20-24, ... 80-84, 85+). For females the rates are zero for those currently in a relationship as the representative is deemed to be the male partner. This means that there are 75 household representative rates used in the model.
- 7.3 The rates are specific to all households (ie not by type of household). In the CLG modelling the Stage 1 rates set the total number of households in the projection while the Stage 2 rates are used to convert the total to households by type.
- 7.4 The PBA modelling differs from those using other software - notably PopGroup – which uses the CLG Stage 2 rates without first having set the total number of households using Stage 1. The Stage 2 rates are less detailed than Stage 1 rates as they are mainly specific to ten-year age groups and, with the exception of one-person household rates, are not specific to gender. However, they do discriminate 17 types of households.

Approach

- 7.5 **Step1** – convert the total population (by gender and five-year age groups) to relationship status using the proportions used in the CLG 2011 Interim projection (2011-2021) and the CLG 2008 projection (2022-31).

7.5 **Step 2** – convert the population by gender, age and relationship status to those resident in private households using the assumptions of CLG 2011 Interim projection. The assumptions relate to the communal establishment population that must be removed from the total population. At ages below 75 constant numbers are assumed in each gender, age, relationship group. Above age 75 constant proportions of the population are assumed in each such group. The resulting communal establishment populations are then subtracted from the total populations to get the private household populations by gender, five-year age groups and relationship status.

7.6 **Step 3** – apply the household representative rates. For years 2011 to 2021 this step uses the CLG 2011 Interim projection Stage 1 rates as available in the detailed tabulations. For all years after 2021 the HRRs must first be manufactured using the CLG 2008 as well as the CLG 2011 Interim projection. The process effectively says that rates after 2021 will vary in the same way that the CLG 2008 rates did – but starting at a revised level. This is effectively the ‘Indexing’ approach favoured by the Inspector at the South Worcestershire EIP. The simplified mathematics are:

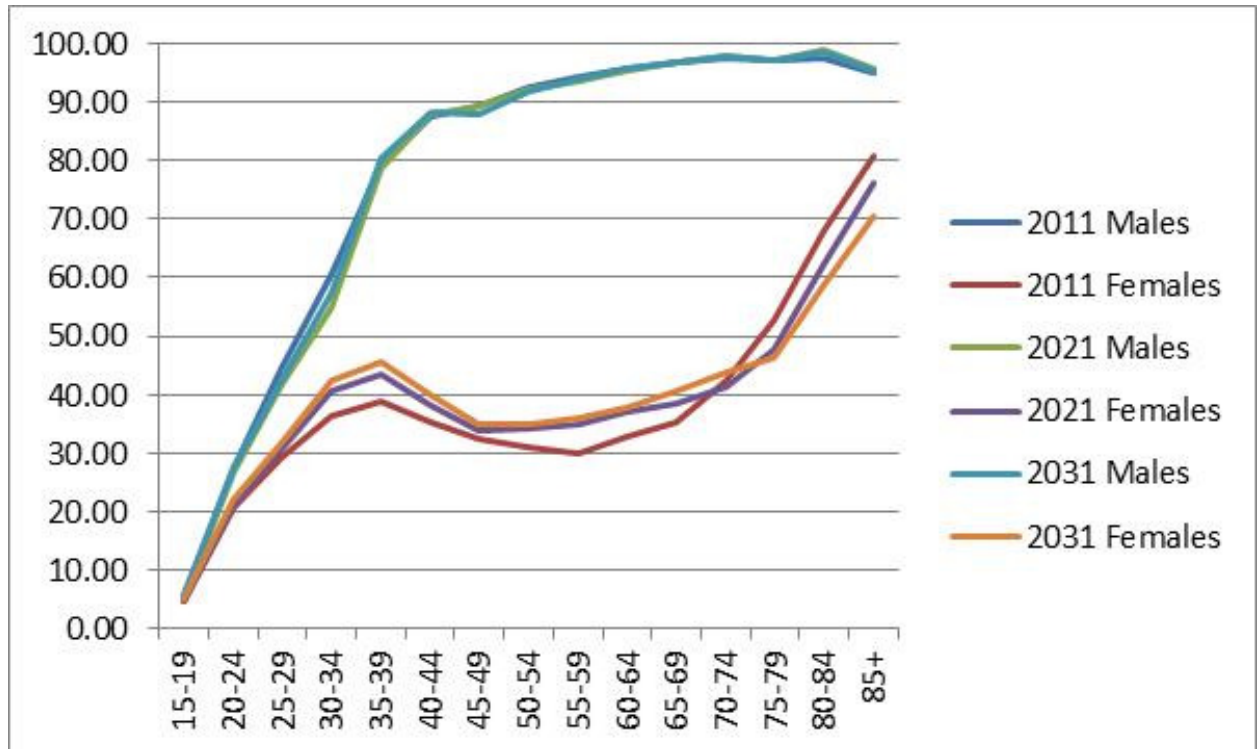
$$R(\text{Proj}, 2021+n) = (R(\text{CLG2011}, 2021) * R(\text{CLG2008}, 2021+n))/R(\text{CLG2008}, 2021)$$

7.7 Where R is a specific HRR, n varies between 1 and 10 and (2021+n) is the year being projected.

The projected rates are then applied to the appropriate populations as above.

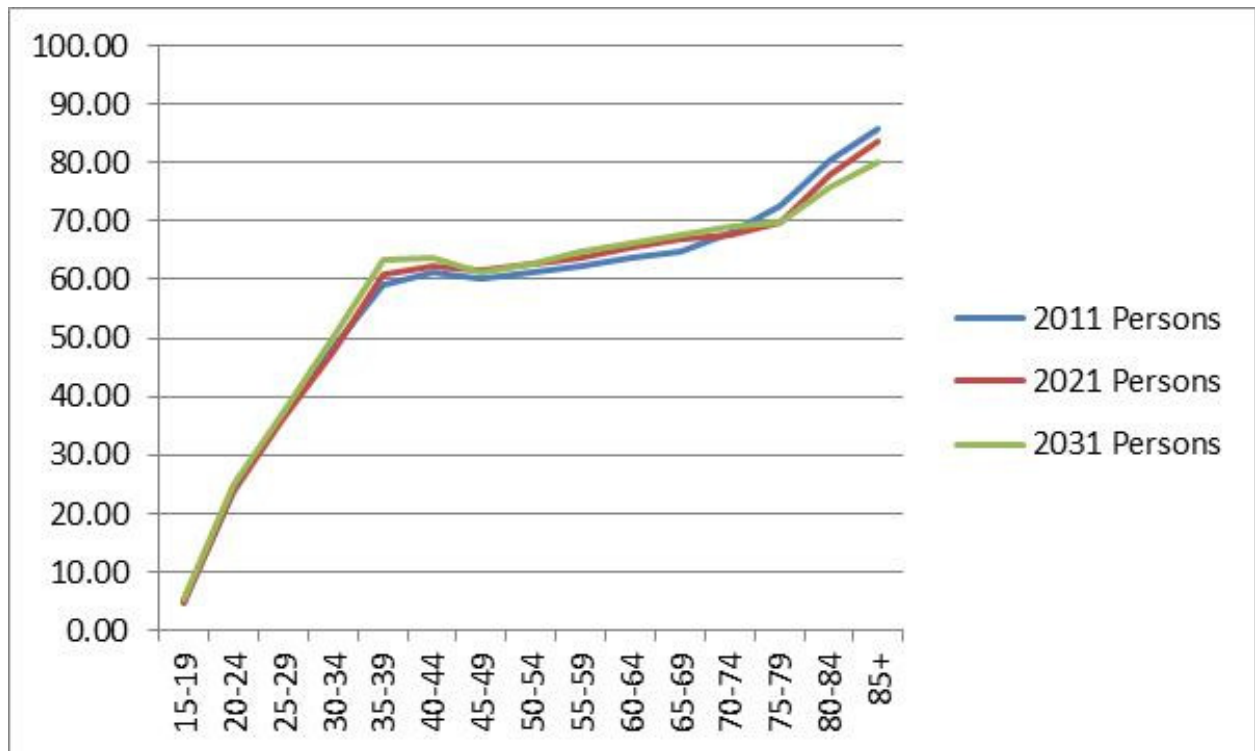
	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85+
2011 Males	5.26	27.39	44.69	60.69	79.41	87.73	89.27	92.48	94.28	95.67	96.63	97.36	97.22	97.67	95.14
2011 Females	4.65	20.66	29.32	36.21	38.72	35.34	32.36	31.18	29.97	32.84	35.11	42.41	52.63	68.13	80.77
2021 Males	5.15	26.78	41.77	54.94	78.50	87.80	89.22	92.22	93.62	95.48	96.67	97.74	97.32	98.94	95.88
2021 Females	4.55	20.94	30.78	40.61	43.41	38.01	34.01	34.17	34.90	37.02	38.32	41.19	47.61	62.22	76.19
2031 Males	5.59	27.48	42.48	57.16	80.35	88.13	88.00	91.78	93.85	95.67	96.76	97.76	97.23	98.45	95.41
2031 Females	5.14	22.17	31.89	42.41	45.51	39.96	34.99	35.08	36.15	37.88	40.62	43.66	46.25	58.69	70.49
	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85+
2011 Persons	4.96	23.94	36.98	48.28	59.13	61.19	60.21	61.29	62.22	63.56	64.70	67.87	72.67	80.57	85.72
2021 Persons	4.86	23.87	36.36	47.82	60.95	62.23	61.43	62.76	63.64	65.65	66.91	67.60	69.92	77.80	83.51
2031 Persons	5.38	24.88	37.35	50.04	63.22	63.88	61.21	62.63	64.95	66.37	67.59	69.16	69.75	75.91	79.96

Chart 1: Birmingham: Household Representative Rates by gender and age (Percentages)



7.8 There is very little alteration to male rates over the projection, except for declines amongst younger ages between 2011 and 2021. Female rates rise throughout the projection at ages up to 70 but at higher ages show declines due to better male longevity and therefore reduced proportions of widows in the population.

Chart 2: Birmingham: Household Representative Rates by age (Percentages)



7.9 As male rates at younger ages decline while female rates rise there is little difference in the rates for persons up to age 34. Again the improving male longevity tends to reduce rates for persons at higher ages.

8. When will the report on stage 1 and 2 of the GBSLEP Housing Needs Study be published (para 1.1 of the PBA Update note refers)?

8.1 This is expected to be published very shortly.

9. Has stage 3 of the Study been commissioned and if so, when will the report on it be published?

9.1 The Brief for stage 3 of the Study has been agreed. There is a requirement for additional funding to cover the costs of undertaking this stage. This funding has now been secured through the GBSLEP and stage 3 will be formally commissioned shortly. The work programme covers a period of three months, which gives an expected completion date of mid to late January 2015. The timing of publication will be a matter for the GBSLEP, but there would clearly be a need for the report to be discussed and formally agreed by the LEP before the report is published.

THE HOUSING REQUIREMENT

10. If the Inspector considers it necessary to set a precise housing requirement figure in the Plan rather than a range, what should that figure be, and why?

10.1 The Council considers that it should be at the bottom of the range for the reasons given in paragraph 2.6 of the Council's statement on Matter A. A further reason for this is that this scenario is based on the assumptions used in the latest ONS population projections and is therefore likely most closely to equate to the outcome of the forthcoming DCLG household projections - which are expected shortly.

THE HOUSING TRAJECTORY

11. Please explain the relationship between the housing trajectory in policy TP28 and "Table 2 – Supply Period" on page 5 of the Council's 2013 *Strategic Housing Land Availability Assessment* [SHLAA – H11].

11.1 The capacity identified in the 2013 SHLAA and in each of the three time periods, is consistent with the trajectory set out in TP28 and enables a 5-Year supply of deliverable sites to be maintained throughout the plan period.

Table 11.1 The BDP Housing Trajectory - Policy TP28 - is as follows:

Time period	Years in period	Dwellings per annum	Dwellings in period
2011-2014	3	1,300	3,900
2014-2016	2	1,900	3,800
2016-2021	5	2,500	12,500
2021-2031	10	3,090	30,900

Table 11.2 The dwelling capacities in the 2013 SHLAA Table 2 (Supply Period) are as follows:

Time Period	Identified Supply	Unidentified Supply	All*
Short Term - Within 5 Years	10,301	2,360	12,661
Medium Term – 6 to 10 Years	14,649	2,250	16,899
Longer Term – Beyond 10 Years**	13,745	4,600	18,345

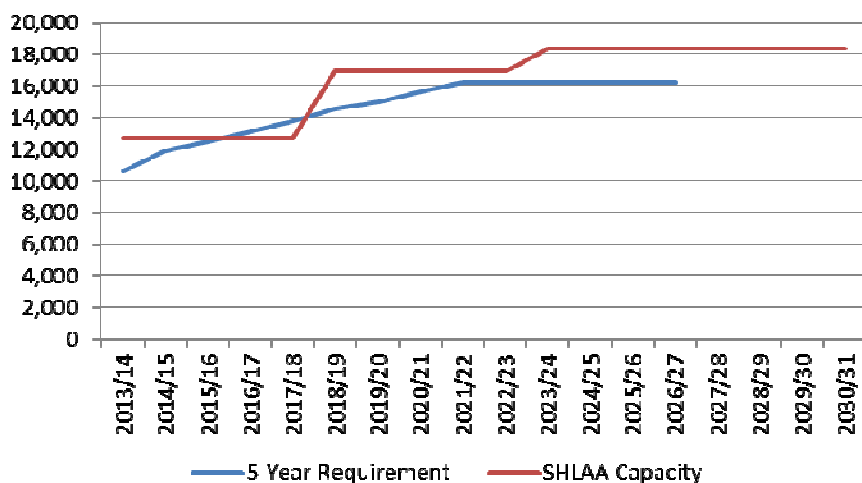
*identified sites and other unidentified opportunities **2023-2031

11.2 Table 11.3 shows that for any given year the capacity equates to approximately a 5-Year supply of deliverable sites. In practice the annual review of the SHLAA will result in fluctuations in both the overall capacity and the capacity in each of the time periods.

Table 11.3: Comparison between the 2013 SHLAA capacity and the 5-Year Requirement

Year	BDP Trajectory	5-Year Requirement ¹	2013 SHLAA capacity	Number of Years Supply
2011/12	1,300	-	-	-
2012/13	1,300	-	-	-
2013/14	1,300	10,605	12,661	6.0
2014/15	1,900	11,865	12,661	5.3
2015/16	1,900	12,495	12,661	5.1
2016/17	2,500	13,125	12,661	4.8
2017/18	2,500	13,745	12,661	4.6
2018/19	2,500	14,544	16,899	5.8
2019/20	2,500	14,984	16,899	5.6
2020/21	2,500	15,603	16,899	5.4
2021/22	3,090	16,223	16,899	5.2
2022/23	3,090	16,223	16,899	5.2
2023/24	3,090	16,223	18,345	5.6
2024/25	3,090	16,223	18,345	5.6
2025/26	3,090	16,223	18,345	5.6
2026/27	3,090	16,223	18,345	5.6
2027/28	3,090	-	18,345	-
2028/29	3,090	-	18,345	-
2029/30	3,090	-	18,345	-
2030/31	3,090	-	18,345	-

Graph 11.1: Comparison between the 2013 SHLAA capacity and the 5-Year Requirement



11.3 It is worth noting that delivery to date (2011/12 - 2013/14) has exceeded the trajectory (see table 11.4 below). This is consistent with the proposed modification (MM110) which states “Whilst the trajectory sets out annual provision rates, they are not ceilings. Housing

¹ Including a 5% buffer

provision over and above that set out in the trajectory will be encouraged and facilitated wherever possible.

Table 11.4 Delivery to Date

Year	Completions	Dwellings returned to Use through the Empty Property Strategy	Total
2011/12	1,187	260	1,447
2012/13	1,372	258	1,630
2013/14	1,598	275	1,873
Total 2011/14	4,159	793	4,952

12. Does the housing trajectory in policy TP28 need to be adjusted to take account of the Council's 2014 SHLAA [EXAM6]?

- 12.1 The SHLAA is updated annually. It is inevitable that the capacities identified - both overall and in each of the three time periods - will change with each update. However the capacities in the two SHLAAs remain consistent with each other and with the delivery trajectory on TP28.
- 12.2 The stepped nature of the trajectory means that capacity will need to be brought forward into the earlier time periods at an increasing rate in order to ensure that a 5-year supply of deliverable land is maintained. For example, although the 2014 SHLAA identifies a capacity within the next five years which is 1,380 dwellings greater than that in the 2013 SHLAA the stepped nature of the trajectory means that the 5-Year requirement also increased by 1,260 between 2013 and 2014.
- 12.3 No adjustment to the trajectory is required; however, it does make sense to use the most up to date information when considering how the trajectory and identified capacity relate to each other. The following table and graph show how the SHLAA capacity compares to the 5-Year requirement² based on the 2014 SHLAA and updates the position set out under the previous question.

Table 12.1: Comparison between the 2014 SHLAA capacity and the 5-Year Requirement

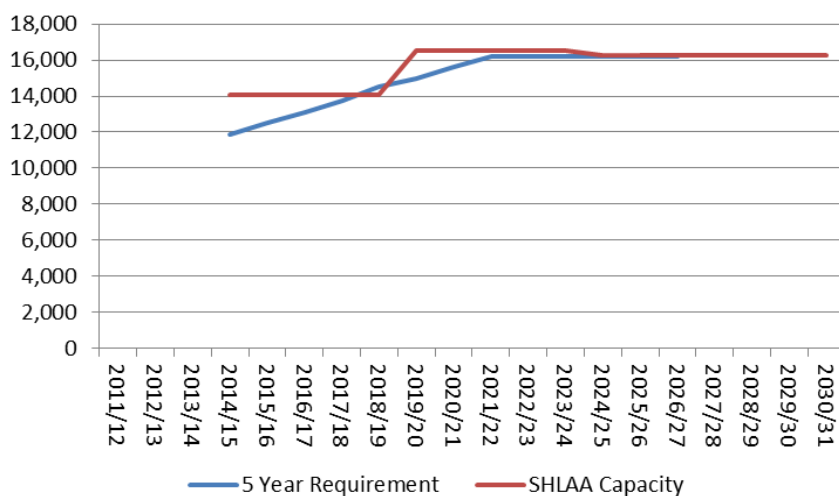
Year	BDP Trajectory	5-Year Requirement ³	2014 SHLAA capacity	Number of Years Supply
2011/12	1,300	-	-	-
2012/13	1,300	-	-	-
2013/14	1,300	-	-	-
2014/15	1,900	11,865	14,041	5.9
2015/16	1,900	12,495	14,041	5.6
2016/17	2,500	13,125	14,041	5.3
2017/18	2,500	13,745	14,041	5.1
2018/19	2,500	14,544	14,041	4.8
2019/20	2,500	14,984	16,518	5.5
2020/21	2,500	15,603	16,518	5.3

² The annual provision rates from the BDP trajectory for the following 5 years plus 5%.

³ Including a 5% buffer

2021/22	3,090	16,223	16,518	5.1
2022/23	3,090	16,223	16,518	5.1
2023/24	3,090	16,223	16,518	5.1
2024/25	3,090	16,223	16,271	5.0
2025/26	3,090	16,223	16,271	5.0
2026/27	3,090	16,223	16,271	5.0
2027/28	3,090	-	16,271	-
2028/29	3,090	-	16,271	-
2029/30	3,090	-	16,271	-
2030/31	3,090	-	16,271	-

Graph 12.1: Comparison between the 2014 SHLAA capacity and the 5-Year Requirement



AFFORDABLE HOUSING

13. Would the Council like to comment on the points made by the Home Builders Federation in response to the Inspector's questions 7 and 8, in the HBF's Matter A statement?

13.1 These questions relate to viability.

13.2 The Council commissioned an Affordable Housing Viability Study in 2010 (H6) which was carried out by ENTEC. This considered the potential for a 40% affordable housing contribution. It concluded that this could only be achieved in the buoyant housing market areas of Edgbaston, Harborne and parts of Sutton Coldfield, with a lower level of provision being achievable in the rest of Sutton Coldfield, Moseley and parts of Springfield and Billesley. Across the rest of the city the picture was much less encouraging. (paragraph 11.3.1). ENTEC went on to point out that individual site characteristics vary and that a general viability assessment can only be a starting point. It advised that the Council should adopt a 'pragmatic and flexible' approach to securing affordable housing contributions (paragraph 11.3.2).

13.3 The ENTEC study was, of course, carried out at a low point in the housing market. The study did, however, consider how different levels of growth in house prices would impact on viability. These scenarios are illustrated in tables 9.3 to 9.7. Depending on the chosen

scenario, they show 40% affordable housing to be viable across an increasing proportion of the city over time.

- 13.4 In 2012 a further assessment of residential viability was undertaken for the Council by GVA in the context of the preparation of proposals for a CIL in Birmingham (IMP4). This considered eleven different residential typologies, including schemes below the affordable housing threshold, and seven different 'value areas'. It concludes that there would be scope for a CIL charge after allowing for 35% affordable housing in the case of most residential typologies across most of the high value areas – which comprise Edgbaston, Harborne, Four Oaks, Oscott, Bournville, Selly Oak, Sutton Coldfield and the City Centre. There would also be scope in some of the lower value areas (see the graphs on pages 18 to 23). This is confirmed in tables 6 and 7 which show that, for sites not already in residential use, it would be possible to charge CIL, after applying the affordable housing policy, on at least 70% of residential schemes across the city without affecting viability.
- 13.5 The GVA assessment was updated at the end of 2013, producing very similar results (EXAM27)(see the graphs on pages 5 to 10 of the Additional Miscellaneous Testing and Analysis Section.)
- 13.6 Clearly any viability assessment can only produce a 'snapshot' of the position. Such assessments, therefore, need to be treated cautiously in the context of a policy which is intended to cover a twenty year plan period within which there will be periods of strong and weak market conditions. It is also important to recognise that every site is different, has different constraints and different costs. A blanket policy cannot adequately address individual site and economic circumstances.
- 13.7 However it is possible to conclude from the viability assessment work that a 35% viability contribution is viable in large parts of the city, that lower contributions will be viable in other areas but that there are always likely to be some circumstances in which affordable housing will not be viable.
- 13.8 Given the evidence from the SHMA which shows that there will be a significant need for non-market housing over the plan period, it must be right for the Council to seek to maximise affordable housing contributions, but without putting housing delivery at risk. As ENTEC advised the need is for a 'pragmatic and flexible' approach.
- 13.9 The Council considers that policy TP30 achieves this by allowing for viability to be assessed on a site by site basis and for the 35% requirement to be reduced or waived where necessary. The HBF's concerns over this approach are noted. However the Council would emphasise that this is in effect the continuation of a policy which has worked well in Birmingham for over ten years. There is no evidence that it has led to delay in determining applications, and throughout this period there has only been one appeal against the policy, which was resolved through the submission of a revised application before it was heard.