BIRMINGHAM PLAN 2031

Statement by West Midlands CPRE

Matter A: Housing need and the housing trajectory (BDP policies PG1, TP28 & TP30)

Additional Statement following release of the GBS LEP/Black Country Housing Report by Peter Brett Associates

1. It has not been possible in the short time provided for CPRE West Midlands to address this report in detail. However, we are concerned about some of the methodological assumptions, many of which relate to concerns already raised about the approach in our main Matter A evidence, particularly the Birmingham SHMA.

2. There are significant assumptions in relation to Headship Rates, which may be resolved by the publication of the CLG household projections based on the 2012 population predictions, although the date for those remains uncertain.

3. We also note that the GBS LEP study is not a SHMA and that it is being assumed that its findings will inform the next stage of the GBS LEPs Spatial Framework, a non-statutory document, which is not subject to public consultation and testing in the way that local plans are. We are concerned about the extent to which such a process will prejudge local plan examinations.

Housing Market Area

4. The first thing to note about the PBA report is that it defines a Housing Market Area (HMA) which includes both the Black Country and Birmingham, as well as their hinterlands. The HMA is similar but not the same as the two LEP boundaries.

5. While further on in the report there is consideration of the constraints on sites defined as ‘not currently developable’ there is little consideration of the interaction of development across the whole housing market area. Para 3.45 acknowledges that too great a release of sites in the Green Belt would lead to brownfield sites becoming unviable and a redirection of investment away from urban areas, but there is no attempt to analyse this or to consider where investment might be vulnerable to this process. Nor does the report consider whether existing housing might become neglected as people move out of Birmingham and the Black Country, reversing the trend of urban regeneration which was successfully encouraged by the Regional Spatial Strategy and which is still, in the words of the Judge in the Solihull vs Gallagher Case, ‘potent’ in regards to plan-making i.e.:
‘I accept that it was open to the Inspector to decide that the urban renaissance policy continued to be potent, and even (possibly) that the evidence of housing need had not significantly changed since the WM RSS Phase 2 Revision Draft target was set - those were matters of planning judgment, for him.’ (Solihull vs Gallagher Judgment Para 98)

6. This failure is important not only because of the potential social and environmental impacts but because the mechanistic approach of the report’s assumptions on housing numbers does not allow for the allocation of houses in areas outside the conurbation leading to the numbers delivered in the conurbation reducing.

7. In particular, evidence in the report on commuting underlines the importance of Birmingham to the Black Country Housing Market where there is a net inflow to Birmingham of 65,000 people (Para 2.40). It was clear in the discussion on Matter I from CENTRO, among others, that transport investment is ‘moving south’ in the region with less money going into links to the Black Country. For example, new Metro schemes between Birmingham and the Black Country, which go back to the Regional Funding Allocation process, have been abandoned and replaced with improved links to HS2 and new ‘growth areas’. This can only add to the level of risk in respect to urban regeneration.

8. The other failure in terms of the analysis of the Housing Market Area is in terms of defining in overall terms the areas of Green Belt under threat. There is no consideration of how much of the housing in each category would be in Green Belt.

9. The Secretary of State in the Oct 6 2014 statement on Green Belt underlined the importance Government places on Green Belt. He made it clear that Green Belt is a constraint which means a local authority, or a group of local authorities, might not be able to meet their Objectively Assessed Need (OAN). It is no longer acceptable, if it ever was, to say Green Belt must automatically be sacrificed if there is a notional short—fall in housing numbers.

10. Given the extensive Green Belt in the study area, it would be helpful if the report identified the level of housing subject to Green Belt constraint allowing both Councils and Inspectors to come to a view on the extent to which, both individually and cumulatively, this should constrain Local Authority’s housing requirements below the Objectively Assessed Need when developing (or examining) their local plans.

Objectively Assessed Need

11. The study relies heavily on trend analysis. Of course, trend analysis is only as good as the validity of the assumptions that the trend will continue. The population trends over the last ten years may well have been atypical, not only because of the recession but because of the impact of releasing greater opportunities to migrate to the UK from Europe.

12. But equally new trends may be emerging, such as a slowing down of household formation and a levelling off of average household size.
13. There is very little attempt in the report to consider whether the trend analysis should be adjusted or whether it is still fit for purpose. This is particularly important when considering a city such as Birmingham which has a high proportion of new emigrants and is disproportionately losing members of its historic population. If trends are changing they are most likely to be evident in such a city.

14. Moreover, there is little analysis of whether a cautionary approach ought to be taken which assumes newer trends will continue. This is particularly relevant to the question of whether headship rates return to the 2008 levels post 2021. Given that such a return, if it happened, would impact on housing need late in the Plan Period for Birmingham, and there should then be better monitoring data available, it would seem more sensible to assume that the trends emerging from the census continue and to review the situation as it becomes relevant.

15. Of course, the process of identifying Objectively Assessed Need (OAN) is meant to be objective but it also inevitably relies on value judgements. Given the policy consequences of over-estimating overall need one would expect caution to be employed and results to be ‘reasonable’ as the NPPG requires (Para 003, Assessing Need).

Unattributable Population and International Migration

16. The report takes an unambiguous view on ‘Unattributable Population Change’ (UPC). In Para 3.16 the authors say: ‘The consensus of demographers is that the latter is more likely, so that the UPC (or much of it) is unrecorded or misallocated international migration, probably from the EU accession countries and mostly in the first half of the decade.’

17. We are not convinced that there is so clear a consensus as is alleged. Mistakes in the 2001 census may well account for most of the discrepancy. What is certainly clear is that any miscounting relates to the first half of the decade so may not be a good guide to current trends, something noted in a number of demographer’s comments. It is also one of the reasons CLG has discounted UPC in the 2012 projections.

18. We, therefore, do not think the inclusion of unattributable population change in the calculation of need is appropriate at this stage, and we note that Barton Willmore come to a similar conclusion.

19. The questions about migration trends are exacerbated by the uncertainty surrounding the future behaviour of new migrants from the EU. Many of these are coming to the UK for purely economic reasons and it is unclear whether they intend to stay or will return to their home countries. This decision will be influenced by UK Policy, (e.g. proposals for benefit restrictions) but at least as importantly by the extent of economic convergence across the EU.

20. This is particularly important for Birmingham, which has been subject to high levels of immigration. We certainly cannot assume that the trends over 2001-2011 will continue into the future as is assumed in the PBA Trends 2001-11 approach.
Headship Rates

21. The other key element in the report’s conclusions on Objectively Assessed Need is the headship rates adopted in the study, an Index based return to the 2008 headship rates post 2021. Barton Willmore go further and suggest a full return.

22. As set out in our Matter A evidence this is against a backdrop where Birmingham has seen rising population (30,000 since 2001) but falling household formation (6,000 less than expected.)

23. Both PBA and Barton Willmore conclude that this has happened because of the recession and that it is entirely driven by economic factors which will drop away. But there is no clear evidence that demonstrates this change has only happened in the later recessory period. Nor is it clear why one should conclude it is purely driven by economic factors, except that this suits the argument for higher headship rates and hence a higher OAN.

24. There could be several other longer term reasons for this change.

25. The most obvious is that the historically low levels of household size (steadily down from 3.1 to 2.4 in 2001) could represent a bottoming out of a trend and that societal changes (such as the growth in one person families) will not continue forever.

26. A second reason is that the inability to purchase a property means that younger people are staying longer with their parents. The Barton Willmore evidence on Matter A suggests this is the age group where household formation is most constrained. Evidence to this examination has shown how difficult it is to reduce house prices by house building alone. Furthermore the tighter credit restrictions of banks introduced after the credit crunch show no sign of being rescinded. In other words, there is no evidence that a return to growth or higher house building would give young people the ability to form households, given the on-going financial constraints.

27. A third reason is that migrants, particularly from the EU, who are coming to work and not intending to stay long term, may well choose to share accommodation, both for personal and financial reasons, particularly if they are working in urban areas, such as Birmingham. If the future pattern of migration is for more short term economic migration then this is likely to continue. This might be another reason why the changing trend in headship rates is most evident in these younger working-age groups.

28. Whether these, or other factors, explain the changes in the last ten years in household formation, the blanket statements that trends are purely a result of the recession, seem to us unproven. A return to 2008 household formation rates is purely speculative, even index based.

29. We are not, as we made clear in our evidence on Matter A, passing judgement on why people chose to share housing. But we do not consider it to be of itself necessarily bad.
30. Whether the new household projections published by DCLG, based on the 2012 Population Figures, assume the reduction in household size since 1961 continues ad absurdum remains to be seen. Our view is that any assessment of need should be based on realistic assumptions, and a return to earlier headship rates should only be introduced when monitoring shows it is justified.

Larger than expected number of people in Birmingham

31. This leads directly to the assumptions made in Para 2.34 and 2.35 about the higher than expected number of people in Birmingham and lower levels of household formation.

32. We can see no clear evidence that the growth in population in Birmingham is because of a lack of green field house building. It seems to be driven by the economic attractiveness of Birmingham, particularly to in-coming migrants.

33. Nor is there evidence that releasing additional greenfield land for housing, presumably to appeal to the more affluent existing population of the city, would reduce the attractiveness of living in the central areas of Birmingham or impact on the housing choices of new incomers.

34. The more likely outcome of extensive housebuilding in areas around Birmingham and the Black Country is a reduction in new housing in urban areas and more social division between the urban core and surrounding areas.

35. In conclusion on the need side, we consider the predictions in the PBA report to be based on assumptions which are far from certain. It might be possible with further time to examine those in more detail. For the moment we consider that a lower level of housing need would be more realistic, and that the assumptions behind the study’s two preferred options, particularly on migration and headship rates, should be revisited through monitoring, and only then inform reviews of local plans.

Housing Supply

36. On the supply side the study relies on the current position in local plans, which as the report sets out, vary in their status. This may be inevitable but we note that a number are still subject to examination or challenge which may impact on their overall housing supply, for example Solihull, Redditch and Bromsgrove. The shortfall the study identifies is also largely a result of its view on Birmingham’s need rather than that of outlying districts or the Black Country, where the study concludes housing need and supply are roughly in balance.

37. The report considers in some detail the approach of the SHLAAs. It is not entirely surprising that it finds variations in the methodology. Noticeable in Table 4.5 is the threshold of 0.6 chosen by Birmingham for sites to be included in their SHLAA. This is understandable, given the practicality of examining all small sites in such a large authority, but it places additional importance on adequately accounting for windfall sites.
38. Our evidence on Matter A set out why we consider Birmingham’s assumptions on windfalls to be invalid. We see no reason why windfalls should not return to pre-recessionary levels. Indeed, it is strange that the bullish view of this report (and Birmingham’s evidence generally) in relation to the city’s economic prospects post-recession seems to apply to everything but windfalls.

39. The report deals with the issue of windfalls only briefly in paras 4.73 to 4.75. Since this can be such a critical issue to overall supply (particularly in such a large city as Birmingham) one would have expected the study to have looked at it in much more detail. Instead the study seems to accept the position in SHLAAs without question. The summary in 4.76-4.79 does little to address this key issue.

*Not Currently Developable Sites*

40. On the basis of the SHLAA figures the Study identifies what it considers the currently available capacity. It then includes a further category which it defines as ‘not currently available’ capacity. This is, in our view, misleading because it suggests this is capacity which, while not currently available, could be used for development in the future. In fact what this category largely includes are sites which developers have at some point put forward, for example, through a site assessment process.

41. Much of this supposed capacity is not available and would be undesirable to develop out. Even if there were a need for additional land to be identified those sites do not necessarily represent the appropriate place to do so.

42. This includes many sites in the Green Belt, including sites in Birmingham where evidence to this examination has demonstrated the environmental and planning issues related to development. There is also the practical question, also dealt with earlier in this examination, of whether the market could tolerate so much housing of the same type in similar, sometimes adjacent, places.

43. A good example of the problems of the report’s approach to this is Walsall, which has the largest proportion of Green Belt land in the Black Country.

44. A call for sites in 2012-13 resulted in a swathe of sites in the Green Belt. The Council has responded recently to those. Many have been rejected as inappropriate development in the Green Belt. But there are other constraints as well. For example, an application was recently made on a site adjoining the Historic Walsall Arboretum at Calderfields Farm. It was refused permission on environmental grounds as well as the Green Belt.

45. By undertaken that process Walsall Council has generated a theoretical capacity of over 10,000 houses based on the aspirations of local landowners. Some sites have a history of refusal and much of the land referred to in this study is unlikely to ever be developable.

46. As a result Table 4.7 in the report presents an extremely simplistic representation of the outcome of the capacity analysis and Para 4.165 suggests Local Authorities have failed to identify all the sites capable of development. This leads to a quite false impression. Any assessment of actual capacity cannot be
based on sites developers would like to use but should consider whether the constraints on those sites mean they are, or are not, in reality available.

Conclusions

47. In our view, the report is right to seek to identify a practical housing market area, but is deficient in considering the inter-linked nature of that housing market area.

48. The report also fails to examine the reasonable of its conclusions given the extensive areas of protected Green Belt in the Study Area.

49. In addressing the Objectively Assessed Need the report does not properly test the likelihood of migration trends and headship rate trends peaking instead of continuing.

50. In addressing capacity the report fails to properly question the assumptions about windfalls, particularly in Birmingham.

51. And lastly, the report creates a false impression about what it terms ‘not currently available’ sites since much of that assumed capacity is unlikely to be released in reality.