

1 December 2014

**By Email**

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Dear Ian

## **BDP EXAMINATION – COMMENTS ON VARIOUS EXAMINATION DOCUMENTS**

The Inspector specifically invited comments on the GBSLEP/BCLA Strategic Housing Needs Study Stage 2 Report by PBA published in November 2014 (and given the examination document reference EXAM90) by today.

I am also aware that BCC tabled a note at the examination on 26 November prepared by PBA titled “Updating the 2012 SHMA: Proposed Work Programme”. I comment on this below in cross-reference to EXAM90.

Finally, I have also taken the opportunity to comment on further documents tabled by the Council since the end of the Housing hearing sessions including EXAM99 on empty homes and EXAM101 on family housing.

### **Comments on EXAM90 (PBA Stage 2 Report)**

On behalf of Richborough Estates, we do not consider that EXAM90 changes the position as discussed at the Matter A hearing session. It has been acknowledged that this study is not a NPPF/PPG-compliant ‘proxy’ SHMA and only covers the LEP areas without providing a detailed breakdown by district.

The PBA figures for Birmingham’s housing need, ranging from 89,020 to 115,880, were trailed at the GBSLEP workshop of 31 July and set out in the Council’s hearing statement. The Inspector heard the reasons given by the Council’s witnesses for preferring the lower end of the range, even though PBA had expressed a preference for a figure nearer the higher end in the presentation to the workshop. This preferred scenario represents a “policy-on” position and is not the Objectively Assessed Need for the city.

PBA acknowledge as much in paragraph 5.6 of the Stage 2 Report which states that the study is about demographic projections, which are “a minimum measure of housing need, because they take no account of market signals, future employment and affordable housing need”. In line with national guidance, it says “these considerations may increase the assessed need over and above the demographic projections, but they cannot reduce it”.

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The Stage 3 Report, which will undertake further work to address the distribution of housing need to the LEP authorities and, to the extent that they are willing to accept its recommendations, the related authorities, is not yet commissioned. I note that since the Duty to Co-operate Hearing Session, there has been further correspondence with South Staffordshire Council (most recently dated 17 November – EXAM93) which rejects the invitation to participate but agrees to comment on the study when published.

At the examination, it was suggested that the Stage 3 work could add in consideration of market signals, future employment and affordable housing need but it is unclear how this would tie in with further work being proposed by PBA which I comment on below.

### **Comments on SHMA update note**

At the examination on 26 November, after all the housing sessions had concluded, the City Council tabled a note from PBA titled “Updating the 2012 SHMA: Proposed Work Programme”. This has not yet been uploaded onto the Examination website, nor given an examination document reference, however I am sure the Inspector has a copy.

It starts with an acceptance that the 2012 SHMA is likely to need updating to bring it in line with PPG.

It then proposes at para 2 a short supplementary report covering amongst other things demographic projections, which it states would “simply confirm the above numbers and explain that official statistics support the lower one”. We recall the Inspector indicating strongly that any further work should take account of the forthcoming CLG household projections. Our latest information is that these are expected between 10-15 December, before the self-imposed deadline of 2 January provided by PBA in their penultimate paragraph 3.

We strongly urge the Inspector to require the City Council to undertake a full exercise to bring the SHMA into line with national guidance using the latest information when it becomes available, given its imminence. We would however urge the Council and Inspector to be aware that those projections, whilst likely to show lower household formation rates, will be based on the addition of a further year of suppressed household formation during the recession and that, as demographic projections, they should only be the starting point for a proper assessment of Objectively Assessed Need.

This will then need to be supplemented by consideration of future employment, market signals and affordability set out in sub-paras ii), iii) and iv) under PBA’s paragraph 2. The approach, if based on the new 2012-based CLG household projections will require reconsideration. If the latest CLG projections show lower household formation rates, this is highly likely to be due to the fact that they derive largely from trends experienced between 2008-2012, which is even more entrenched within the recent recession and persistent economic downturn than was the case for the 2011-based interim projections. They should therefore be treated with very considerable caution, for the reasons highlighted in Chapter 2a of the PPG and outlined in more detail in the work of Barton Willmore.

We remain of the view that Barton Willmore’s full return scenario of around 112,000 is the best estimate of objectively assessed need for Birmingham.

### **Comments on EXAM99 (Empty Homes)**

I would also like to comment on the further information regarding empty homes provided by the City Council following the Matter H session on 19 November (EXAM99).

The Inspector asked the Council to provide evidence of the net change in vacancies in order for it to be justified to take account of the empty homes brought back into use.

The note sets out the only available evidence of change in empty properties from the Council tax record, recorded in the September of each year. This shows over an 8 year period, an average reduction in vacancies of 450 per year.

However, the evidence before the examination was of 793 dwellings brought back into use between 2011-14, making up the delivery from 4,157 net dwelling completions to a total of 4,950, hence the first three year trajectory figure of 1,650 dpa.

Whilst the Council is claiming that the long-term evidence of a reduction in vacancies justifies the inclusion of an allowance for it, I do not believe the evidence is comparable for the purposes of monitoring.

The plan period dates are April 2011 to March 2014 during which time the Council says 793 empty properties were brought back into use.

Over the equivalent period of Council tax records – September 2011 to September 2014 – vacancies have reduced by 308 from 12,034 to 11,726. Whilst the dates are not exactly co-incidental, this suggests that there have been more new vacancies to offset those properties brought back into use by the Council's strategy efforts.

I have no criticism of the Empty Homes Strategy itself, but the monitoring of vacancies must be consistent otherwise the figures simply cannot be reliably used to monitor the delivery of homes to meet objectively assessed need.

### **Comments on EXAM101 (Family Housing)**

Finally, the Council has tabled further information as EXAM101 setting out an assessment of SHLAA sites suitable for family housing by market area. This responds to our evidence, including that of Savills.

Firstly, whilst there was much discussion at the examination of “family housing”, the Inspector will note that much of our case is based around the shortage of large sites suitable for volume housebuilders, and the limitations imposed by the minimum density restriction on delivering larger properties suitable for families which the SHMA indicates will make up a significant proportion of future needs.

The Council adduced evidence set out in EXAM87 and earlier EXAM60 to show precedent examples of family housing built at higher densities. We acknowledged that such examples exist. The discussion at the Matter H hearing session, assisted by CPRE, focussed on the more tailored description of high quality, aspirational family housing, which currently few sites are capable of delivering. The concession, agreed during the examination, that the Langley SUE should be developed at densities of between 35-40 dph is recognition in part of the point we are making.

The Council's assessment of SHLAA sites in EXAM101 cannot easily be disputed because the evidence underpinning it is not available to anyone else. However, at the headline level, our Appendix 1 assessment of SHLAA sites by ward shows a total capacity of 9,560 in the ten wards broadly covering the high value market areas. The Council's Table 2 shows a total capacity of 11,202, over 1,600 more. I am unable to reconcile these figures.

I also note that of the 4,950 completions between 2011-14, the Council indicates that 1,808 or 36% have been for 3, 4 and 5 bedroom houses. That suggests that 3,142 or 64% have been for 1 and 2 bedroom properties. Given that the SHMA suggests that around 35% of the requirement for the plan period is for 4 bedroom houses alone, recent delivery is not meeting the need for larger family properties.

Whilst 61% of the 4,468 dwellings currently under construction are 'suitable for family housing' the ratio reverts to only 28% for those sites with detailed planning permission which will make up the bulk of the five year supply.

It remains our view that the plan as submitted does not provide enough of a mix of sites and particular locations that can meet the need for larger family properties in high value market areas.

Yours sincerely

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