Campaign to Protect
Rural England
West Midlands

BIRMINGHAM PLAN 2031

Statement by West Midlands CPRE

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

Additional Statement following the supplementary report on Housing Need by Peter Brett Associates

1. West Midlands CPRE welcomes this new report by PBA which we consider to be helpful in elucidating a number of issues which were raised in terms of housing need.

2. We note that much of the commentary supports points we raised in evidence, particularly in relation to the tapering off of household formation and the risks to urban regeneration associated with too high a level of housing allocation, especially if this results in houses being built on Green field sites outside the existing urban area. This could make it more difficult to build and market housing within the urban area.

Household Representation Rates and Household Formation

3. The report outlines how the trend based assumptions of household formation have come under question ever since the 2011 census found considerably fewer households forming than anticipated. It sets out more detailed evidence relating to household formation rates. In particular it suggests that these are only partly a result of recessionary pressures and that the increase in younger people remaining at home and larger households resulting from higher levels of immigration could be at least as important, although these are still debated and there may be other factors as well. These trends are long term. Even if migrants who stay form smaller households over time, which cannot be guaranteed, new immigrant households will also be formed. Equally, the structural changes to house prices and to student arrangements will remain in place.

4. So the report concludes that there is no need to return to the full 2008 HHRs after 2021 but instead adopt the index approach. This is the position Birmingham Council took at the Examination although this report seems to change the justification for this.

5. The 2012 SHMA, Para 11.37, said of the reduction of 6,000 households as against a 30,000 population increase: ‘It seems likely that these are the effects of the economic downturn. With stagnant or falling incomes and tight credit, one would expect that fewer people would want to move house or set up new households.’

6. The 2012 SHMA goes on to suggest that to continue with suppressed Household Representation Rates would be to assume a permanently depressed economy.

7. In other words the council was putting lower headship rates down entirely to the recession. While their evidence now appears to have changed the Council have not modified their approach to reflect it (i.e. they are still returning to an indexed increase).

8. It seems to us that the assumption that Headship Rates will rise again and that the current levelling off trend will not continue is conjecture.

9. Not only that but one would expect the mix and changes of population in a large urban conurbation, such as Birmingham, would mean the dampening of the trend to smaller households would be more pronounced than in other areas.

10. We certainly agree with the criticism PBA make in this regard of the Barton Willmore approach, but would suggest that Birmingham should go further.

11. **Given that any rise in Headship Rates is not anticipated until at least 2021 it would seem to us more sensible to continue with an assumption of lower headship rates and review the situation as part of the monitoring of the plan. This could help ensure Green Belt land was only released if genuinely needed.**

12. Para 2.46 of the new PBA report goes on to say: 'The planned supply of housing land exceeds future demand, much of the land provided will remain vacant, many of the planned homes will not be built, and the social benefits that the extra homes would generate will not happen.' This is similar to the criticism we made ourselves of the PBA GBSLEP Report, warning that a release of Green Belt land in competing areas (whether at Langley or in surrounding districts) would undermine sites in the urban area. Unlike us, however, the PBA report does not explain that the logical consequence would be a 'cherry picking' of Greenfield sites.'

13. And we agree with PBA that releasing more housing is unlikely to result in price reductions as set out in Paragraph 5.25. Firstly, because houses would not be built in the urban area and secondly, because they would be built in high demand areas where price is inelastic to supply. We also agree that there is a need for a targeted approach to affordable housing to address the genuine needs in the city.

Unattributable Population Change

14. We welcome the acceptance in the report that some UPC may be due to census miscalculations and we note that the miscalculation of migration is likely to have been in the earlier years so is less relevant to future projections.

15. We note the issue of internal movement of migrants between local authorities However, we would be cautious about the way UPC is converted into households. If, as PBA seem to still be contending, UPC largely relates to international migrants and if, as they set out in the section on HRRs, new migrants tend to form into larger households, one might expect the number of new households to be suppressed in that cohort.

Economic Signals

16. We support the view taken in the report on the impact of new jobs on housing need. As we understand it Barton Willmore contended at the Examination that a higher HHR should be used to include economic growth. We don't think this is necessary nor do we think HHRs should be used in a proxy way for economic corrections. Those should be made, if needed, after the basic demographic evidence has been completed (including a neutral view of HHRs).

17. We note in respect to the impacts of recovery on the housing market the recent announcement of several new schemes in the City Centre. In its February 19 issue the Birmingham Post reported on four new developments of 700 homes at Granville Lofts, Ridley House, St George's Urban Village and Landsdowne House. One of the contentions in relation to windfalls under Matter A was that the market for city centre flats would remain depressed even in an economic recovery because of the excess supply. While we understand these are not themselves windfall sites it does demonstrate that development interest remains strong. As Phil Carlin, Managing Director of Seven says in the article:

18. 'There were 1500 homes a year in the city centre being pumped out at the top of the market. If we can get planning sorted quickly and start to launch this summer, then if we sell 300 units we will be barely a quarter of that. We sold knocking on for 500 units by the end of last year at One Hagley Road, The Landmark and Worcester. We already have a lot of interest from investors in our other schemes. If we get planning permission there are 200 units people would buy almost straight away.'

19. We therefore remain of the view that the level of windfall sites in Birmingham's Plan should be considered too conservative and a higher level adopted which would also reduce the need for Green field allocation.

Market Signals, Concealed Households, Affordable Housing

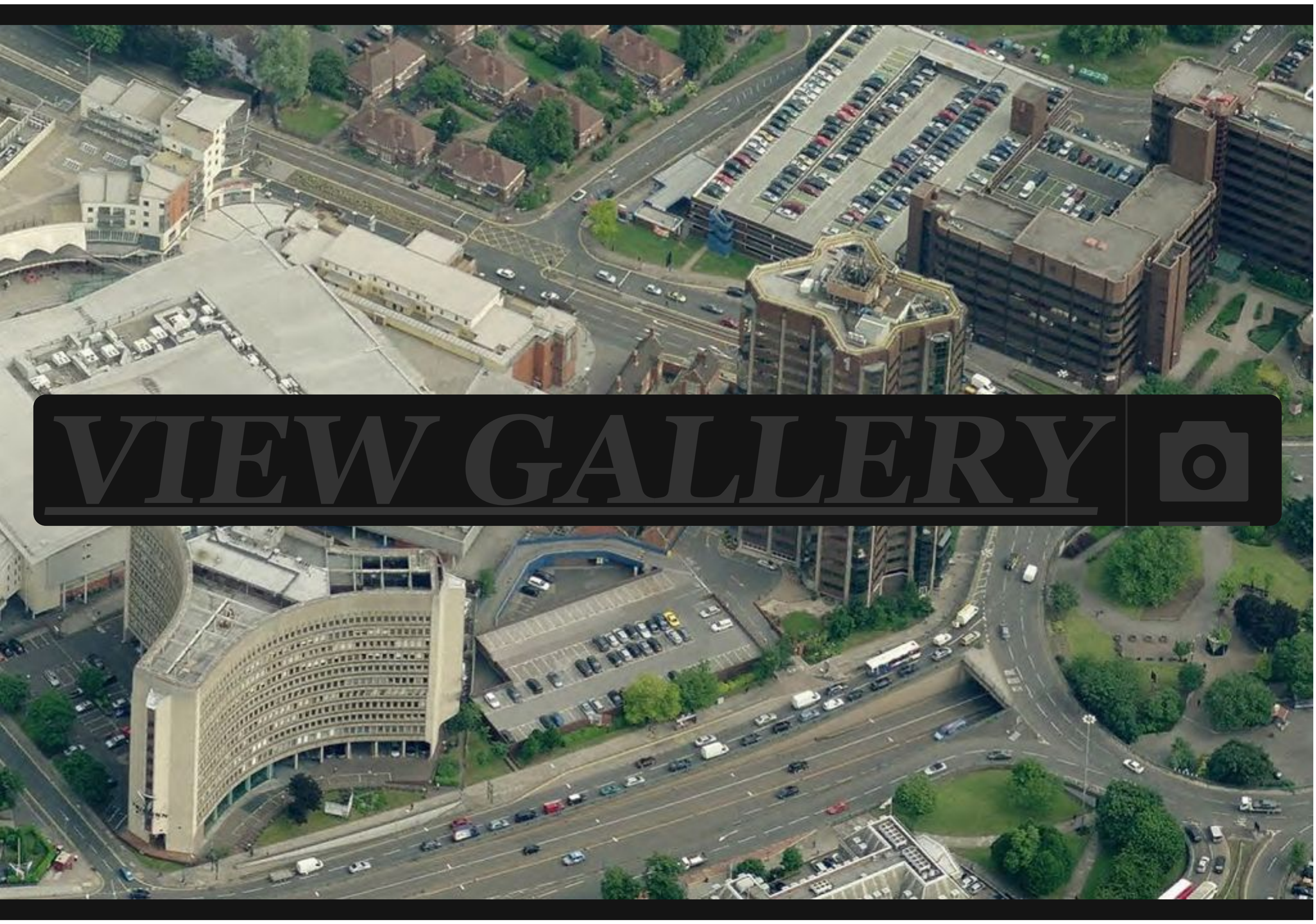
20. We note the useful explanation on these issues. We concur that there is no reason to adjust the housing figures because of market signals. Predictably, in our view, it is the broader financial situation (in the form of the recession) which has impacted on house prices in Birmingham rather than the supply side.

21. We also concur that the issue of concealed households would not be resolved by building houses in the countryside but needs targeted intervention where it is a problem.

22. Lastly, we agree that the need for affordable homes in Birmingham should be addressed in the city and additional housing elsewhere would not meet that need.

Seven Capital to build £150m of new city homes

Quartet of new developments unveiled as property group continues its long-term investment into the city



More than 700 new homes are to be built in Birmingham city centre with major plans for four new developments.

City firm Seven Capital is behind proposals which will add £150 million of housing to the city centre stock, with work set to start within months if approved.

More than 300 homes will be created at **a new urban village in the Jewellery Quarter,** while across town three apartment blocks are set to be built - **Landsdowne House at Five Ways Island,** another off **Broad Street called Granville Lofts** and **Ridley House** close to The Cube.

Seven has become the most prolific investor in the city in the past year and the new deals take the firm half way to its pledge to build 5,000 homes in the West Midlands.

Managing director Phil Carlin said he was confident the market was there after selling hundreds of homes at its **One Hagley Road scheme** at Five Ways and The Landmark, near **Merry Hill, in Brierley Hill.**

He said: "There were 1,500 homes a year in the city centre being pumped out at the top of the market.

"If we can get planning sorted quickly and start to launch this summer, then if we sell 300 units we will be at barely a quarter of that. There is still a lot more capacity.

"We sold knocking on for 500 units by the end of last year at One Hagley Road, The Landmark and in Worcester.

"We already have a lot of interest from investors in our other schemes. If we can get planning permission, there are 200 units people would buy almost straight away. We are very confident in the market."

The largest of the new schemes is the second phase of the £80 million St George's Urban Village, around the old Kettleworks, in the city's famous **Jewellery Quarter.**

CGI shows an aerial view of the St George's Urban Village development

Proposals include townhouses and apartments as well as a new road to connect better to the city core.

The next largest will be Landsdowne House, on a site next to One Hagley Road at Five Ways, in Edgbaston.

It will be a more high-end apartment block with a gym and concierge services. There will also be two city centre apartment blocks built on vacant land – Granville Lofts, on the corner of Granville Street and Holliday Street, and Ridley House near The Cube.

Mr Carlin said he hoped to start work on all four schemes by this summer and deliver all before autumn 2016.

It adds to a growing list of schemes by Seven. It is also **creating the Park Regis hotel at Five Ways** and the Broadway building opposite, where another 600 units are under way.

It has also bought Britannia House in Great Charles Street, and the **former Harrison Drape building in Digbeth.**

The *Post* reported in December the firm **planned to invest £100 million in 2015,** after spending a similar amount in 2014, and has boosted its coffers through a £60 million deal on a London hotel.

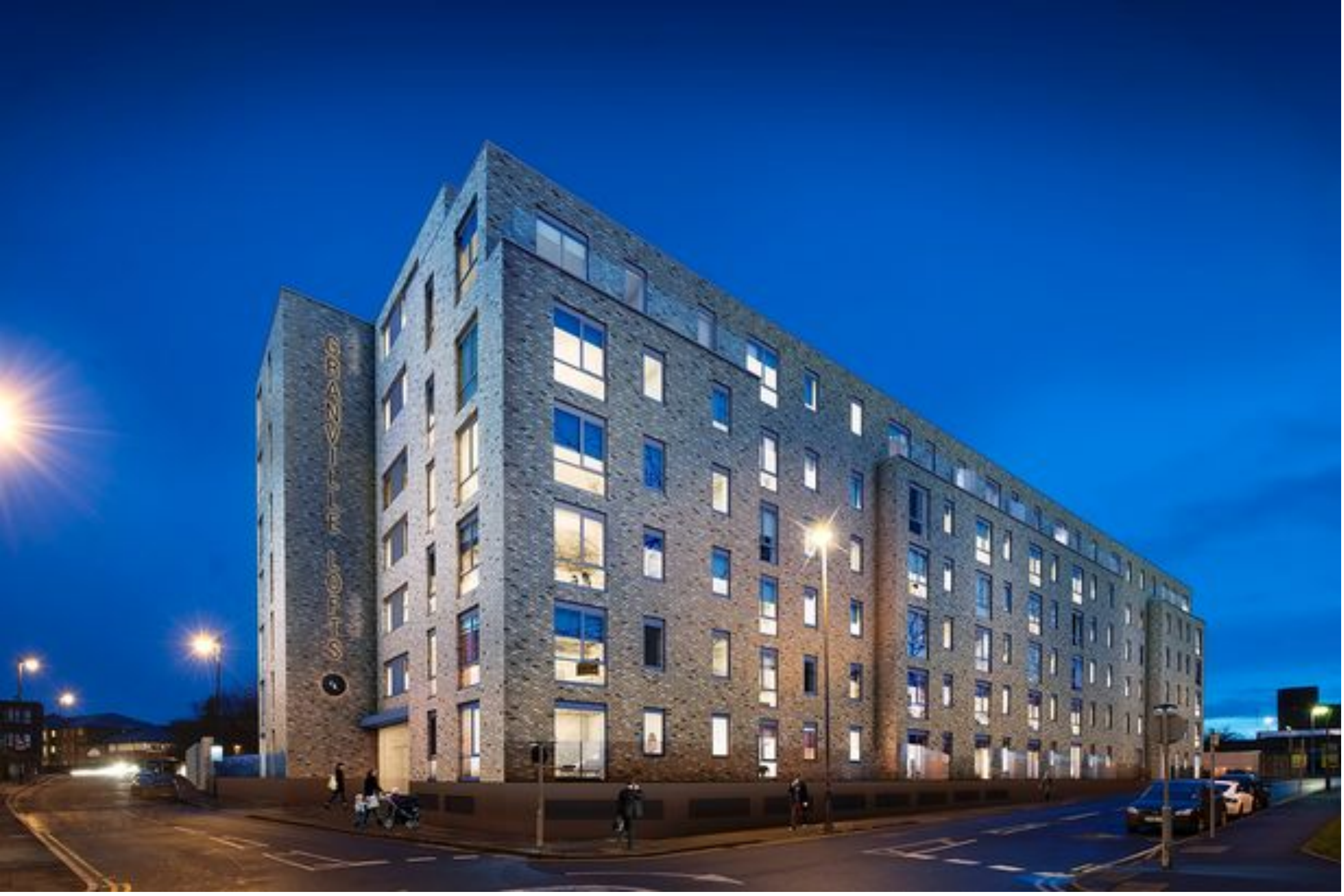
Mr Carlin said the company was not "hugely exposed" to the mortgage market, as it principally sells off-plan to investors.

However, the challenge will be building so many schemes in a short space of time amid a shortage of construction skills.

On the back of that, a sister company called **Colmore Tang Construction has been set up** to deliver the lion's share of the work.

Mr Carlin added: "2015 will be a year of building for us. Last year was a year of buying but with all of these schemes we want to get planning permission and start as soon as we can."

All four schemes are expected to go before Birmingham City Council's planning committee in a matter of months.



CGI of the Granville Lofts development at night

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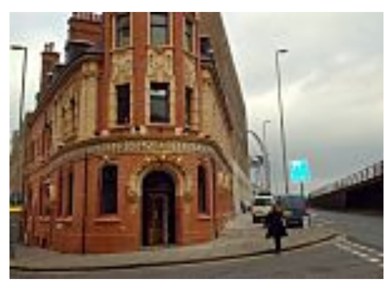

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