

Examination of the Birmingham Development Plan 2031

Matter A – Housing Need and the Housing Trajectory

Hearing Statement on behalf of St Modwen Developments Ltd

1.0 Introduction

- 1.1 These further submissions are made on behalf of St Modwen Developments in respect of Matter A of the Birmingham Development Plan (BDP) Examination concerning housing need and the housing trajectory.
- 1.2 Their views point to the Plan being unsound by reasons of not being consistent with national policy, and not being justified, effective or positively prepared. In particular our concerns are that the BDP will not meet the full, objectively assessed need for housing over the plan period.
- 1.3 This is explained further below, structured around the Inspector's Matters and Questions (only those questions are included below that are relevant to St Modwen's duly made objections to the Plan).

2.0 Matter A: Housing Need and the Housing Trajectory

1) Is the Plan based on an objective assessment of the full needs for market and affordable housing in the housing market area over the Plan period?

2) If not, what alternative objective assessment of housing needs should the Plan be based upon?

3) Does the Plan meet the full needs for market and affordable housing, as far as is consistent with the policies set out in the National Planning Policy Framework?

- 2.1 The concerns expressed in our representation to the Plan and as re-affirmed here are that;

- **The BDP does not plan for the full objective need for housing – it merely Plans for what the City perceive they can accommodate within the City and does not explain or yet make provision for how the unmet need will be accommodated elsewhere.**
- **The full objective need would be significantly higher if assessed against more realistic expectations of economic growth or indeed the plan's own vision; the SHMA recognises this and include a full assessment of around 119,000 over the plan period**
- **To plan for new housing on a “business as usual” approach is in conflict with the NPPF's aims to significantly boost the supply of land for housing and wider objectives for economic growth.**

- **Greater provision should be made to deliver more housing within the City's administrative area with a greater focus on previously developed land with significantly more opportunities which would suggest even the provision of 51,000 within the Plan is too low.**
- **Proper consideration should also be given to the release of Green Belt land in areas adjoining the administrative boundary and arrangements should be in place within the BDP to explain how this will be instigated**
- **There is no evidence to confirm how the unmet need within the City is going to be met elsewhere with no evidence of adjoining Authority areas willingly addressing such unmet need, or not formal, statutory Development Plan mechanism in place**
- **The negative implications of planning for insufficient housing are considerable, not least the impediment to economic growth but also affordability of housing generally, all conflicting generally with the Government's policy to significantly boost the supply of housing and economic development objectives.**

2.2 The BDP proposes that provision be made for 51,000 new homes (an average of 2,550 per annum) in the City over the plan period 2011 – 2031. The full objective need is set out by the Council is significantly higher¹ however a constrained provision of 51,000 is provided for within the Plan given the Council's view that there are limited opportunities to accommodate any greater level of need within the City itself. No provisions are made within the Plan for where this additional unmet need will be provided. The BDP merely plans for what the City can accommodate and not for the full need².

2.3 The National Planning Policy Framework (NPPF) advises that LPAs should have a clear understanding of housing needs in their area. In so doing, paragraphs 47 and 159 require that they should;

- Prepare a Strategic Housing Market Assessment to assess their full housing needs – In this case It is unclear as to whether the Council's SHMA does indeed address the full housing market area. The GBSLEP Strategic Housing Needs Study³ is not a SHMA but identifies that the housing market area would extend significantly greater than that identified by the City Council in their SHMA. This calls into question whether the Birmingham SHMA appropriately assesses the housing market area.

¹ paragraph 4.4 points to an increase of 80,000 in new households by 2031

² The correct interpretation of policy is set out in the judgement of Mr Justice Hickinbottom in Paragraph 73 of the [Gallagher Homes Limited & Lioncourt Homes Limited v Solihull Metropolitan Borough Council \[2014\] EWHC 1283 \(Admin\)](#) judgement where the first step must be to identify the full OAN and then to consider if there are any adverse impacts which would significantly and demonstrably outweigh the benefits of meeting this full need.

³ Strategic Housing Study commissioned by the Greater Birmingham and Solihull Local Enterprise Partnership to look at the long term scale and distribution of housing growth by Peter Brett Associates an interim report of Stages 1 and 2 of the 3 part study was report to the GBSLEP in July 2014.

- Ensure the Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area – the Plan by its own admission does not meet the full, objectively assessed needs in the housing market area, and no provisions are made for how any shortfall of whatever scale will be met elsewhere
- The SHMA should identify the scale and mix of housing and range of tenures that the local population is likely to need over the plan period – even if so identified, the Plan does not make provisions for such
- It should meet household and population projections taking account of migration and demographic change – these are a starting point and economic factors and wider market signals should also be addressed
- It should address 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 – again even if assessed the Plan does not make provision for full needs
- It should cater for housing demand and the scale of housing supply necessary to meet this demand – the Plan by its own admission does not do so

2.4 Government policy seeks to boost significantly the supply of housing (NPPF, paragraph 47). Local Plans should meet objectively assessed needs with sufficient flexibility to adapt to rapid change unless the adverse impacts of doing so would significantly and demonstrably outweigh the benefits when assessed against the policies in the Framework as a whole (paragraph 14). The core land use principles in the Framework include the requirement that planning should proactively drive and support sustainable economic development to deliver homes, business and industrial units, infrastructure and thriving local places that the country needs. Every effort should be made objectively to identify and then meet housing, business and other development needs of an area, and respond positively to wider opportunities for growth (paragraph 17).

2.5 Equally relevant context here is provided in the Government's most recent statement on Housing and Growth (September 2012) which affirms housing as the Government's number one priority to get the economy growing. It explains that there is far more to do in terms of providing new homes to meet Britain's demographic needs and help generate local economic growth. It includes details of a number of initiatives focused around increasing the delivery and supply of housing, with significant efforts to accelerate schemes that have otherwise stalled, been held back or constrained by the planning system. Improving the speed of delivery is a key message in the statement, makes it clear that the planning system needs to work proactively and support the growth that the Country needs.

2.6 In this context it is clearly for the BDP to grasp opportunities for growth and plan to significantly increase the supply of land for housing. The recent economic challenges are not a signal to suppress growth. Such an approach would not reflect the clear and definitive Government requirement to plan for growth and significantly boost the supply of housing. The SHMA is clearly premised on a "business as usual" (page 77,

SHMA January 2014) as the basis for projected need. It readily accepts that there is significant evidence pointing to substantially higher objective need for housing if a more positive approach to economic forecasts is taken (para 11.51).

- 2.7 This is a position cautioned by Inspector Mr Robert Yuille in his consideration of the Lichfield Core Strategy and expressed in his interim report. Paragraphs 23 and 24 are set out in response to pressure to adopt lower housing figures in light of the 2011 SNHP however he concludes “selecting a figure below that range would be to fly in the face of the policy of boosting significantly the supply of housing land, an aim that, as has already been established, should be a dominant consideration in any housing forecast.” Further he adds “...although the household representation rates in the 2011 CLG household projections are lower than those in the 2008 projections, this is a result of poor economic conditions that the latter projection took account of. However over the longer term household representation rates have been rising and the fall in these rates identified in the 2011 projection is likely to have been driven by short term factors such as the impact of the recession, constraints on housing supply and the constraints on mortgage lending. It is reasonable therefore to assume that beyond 2021 (the end of the period covered by the 2011 projection) household representation rates will resume their long term rise”.
- 2.8 The BDP SHMA approach is fundamentally at odds with the BDP's own vision that includes clear aims to boost and accelerate the growth of the City, and which in turn chimes with Government policy to advance the growth agenda.
- 2.9 The SHMA is focused on demographic projections alone and would suggest a greater need for additional housing with in fact the higher end of the range being up to 105,200 as a minimum (para 11.50). We would caution the use of a range and the BDP's use of the lower end of the range⁴ is in itself at odds with the government requirement to plan for full needs and not in the spirit of the aim to significantly boost supply. We would also caution the focus purely on demographic projections as the NPPF confirms these should be the starting point and the NPPG requires assessment of employment trends (ID 2a-018-20140306) and market signals including affordability (ID 2a-019-20140306).
- 2.10 Economic conditions are in reality improving significantly, with many economic indicators showing positive and sustainable growth. There are many up to date economic forecasts that would support continuation of this growth throughout the plan period and the SHMA itself recognises that this should result in significantly greater demand for additional housing; around 119,000 new homes over the plan period (para 11.51). The BDP should be planning to accommodate this level of growth, in line with its own vision.
- 2.11 The emerging GBSLEP Strategic Housing Land Study⁵, although not a SHMA estimates for Birmingham 112,000 for the period 2011-31 and consultants for other developers, suggesting figure even higher. All point to the BDP plan figures being too low.

⁴ The Peter Brett Housing Targets Technical Paper Sept 13 acknowledges that the proposed target in the Birmingham Development Plan is only 61% of the minimum assessed housing needs based on the lowest demographic projection (Paragraph 5.2).

⁵ Report to the GB&SLEP Supervisory Board on Stages 1 and 2 dated 30 July 2014

- 2.12 There are damaging negative impacts that would result from adopting low levels of housing growth that fundamentally conflict with government advice within the NPPF and these must be recognised. It would act as a direct impediment and constraint to economic growth. Further, there would be significant impact on housing affordability, with house price increases stoked by a lack of supply. Affordability of housing is also major factor with significant shortfalls of affordable houses per year against needs. It is principally by the provision of new open market housing that additional new affordable housing will be delivered through S106 Planning Obligations and potential future rises in house prices avoided.
- 2.13 The BDP needs to provide clarity and certainty on delivery of housing. The full objectively assessed need, addressing more appropriate economic forecasts and in line with the BDP's own vision, is readily acknowledged in the SHMA to be significantly higher.

4) What proportion of the assessed housing needs should be met outside the Plan area, and by what mechanism should that proportion be distributed to other local planning authorities' areas?

- 2.14 It is essential that the City accommodates as much of the need and demand for new housing within its own administrative area. This requires that all opportunities for new housing are taken within the City. The proposed 51,100 dwellings to be accommodated within the City boundary is far too low a contribution to overall need and could be higher. More should be made of the numerous areas of previously developed land within the City boundary to ensure that opportunities for new housing are maximized. The Peter Brett Housing Targets Technical Paper identified an urban capacity of only 44,898 dwellings (Paragraph 4.2) but with greater flexibility over previously developed land, significant additional land could be released.
- 2.15 In the absence of certainty over where the significant unmet need will be accommodated, it is even more essential that the BDP accommodates as much of its objectively assessed need within the City.
- 2.16 In addition, the City must ensure that arrangements are in place with neighbouring Authorities to accommodate the unmet need for housing which cannot be accommodated in the City. The supporting paper on the Duty to Cooperate does nothing to provide any degree of confidence or certainty that this unmet need can be accommodated in adjoining Authority areas. It is unclear how the GBSLEP Strategic Housing Land Study will deliver the strategic growth and distribution as it is not a SHMA and does not fall within the Development Plan process. It is a study which will not be tested through Examination. Other emerging Development Plans have been either delayed or arrangements for Review have been put in place, pending resolution of the BDP housing needs and an understanding of unmet needs and where these could be directed. The Duty to cooperate has not been embraced by the BDP to resolve the unmet needs and this is therefore a fundamental shortcoming of the approach. The ability to defer the resolution of this matter to the GBSLEP Housing Needs Study is not an appropriate or statutorily correct approach or an appropriate mechanism to deal with this issue.

- 2.17 This is particularly concerning since a number of adjoining Authorities are questioning the level of unmet need and no as no formal arrangements are in place with any Authority that quantifies or identifies any sites which could accommodate this unmet need. Unless the BDP grapples with this issue there is no other statutory process to do so.
- 2.18 It is essential, as required in the Act, that the City Council has engaged constructively, actively and on an ongoing basis with neighbouring councils on the strategic matter of the number of houses proposed in the Plan and the distribution of unmet need otherwise the BDP does not plan for their full housing needs, only the needs they ; they must have had regard to the responses of those consulted; and sufficiently considered whether to enter into agreements on joint approaches to plan making and thereby maximising the effectiveness of its plan preparation. These are all requirements of s 33A of the Act.
- 2.19 This is a key matter for the BDP in circumstances where it clearly cannot meet its own needs within its boundaries. The BDP has not been prepared within the full and true spirit of the Duty to Co-operate under the Act and further evidence of such co-operation and genuine engagement with adjoining authorities is needed. No evidence has been prepared to explain the consequences of meeting more of the identified need within the City.
- 2.20 Further work and evidence is essential to demonstrate that the Duty to Co-operate has been genuinely integrated and fully embraced as part of the Plan's preparation. This includes a need to fully understand the adjoining authorities' aspirations for growth and ability to accommodate growth within their areas. Such engagement in cooperation could include a varied range of on-going and diligent workshops, joint studies (the joint Strategic Housing Needs Study goes some way towards this but will in no way address the full picture, is not binding, is not a SHMA and is not within the Development Plan statute and will not be tested through examination), meetings, all with the aim of gaining clear common ground that the Authorities can endorse.
- 2.21 It is not sound to merely suggest this can be provided for upon a review of the adjoining Authority areas plans. This provides no certainty. This is recognition of failure of the BDP to plan for the full need, the failure of the duty to cooperate at this stage (and which is the mechanism to deal with unmet need), merely postponing this key issue to a later stage, and it provides no certainty that the unmet need will be delivered.
- 2.22 These are challenges which other Authorities face and have led to their Plans being found unsound, most notably within the West Midlands region, the failure of the Coventry Core Strategy to be found sound for these very reasons. In the Inspector's conclusion of this matter in relation to Coventry's Plan, he concluded that "the duty to cooperate plays a critical role in the planning process". In that case he stated that even with a Statement of Common Ground between the Councils (and no such Statements have yet been prepared for any of the Authorities around Birmingham), "it is clear from the evidence that [the council] has not ignored its duty to cooperate and has actively sought to discharge that duty on an ongoing basis. However that is not the end of the story. S33a of the 2004 Act also requires the council to engage constructively with its neighbours. The evidence does not show that cooperation

between Coventry and its neighbouring councils has been constructive, as required by the 2004 Act, or effective as is expected by paragraph 181 of the Framework".

2.23 In summary in respect of the proposed scale of housing provision;

- **The BDP does not plan for the full objective need for housing**
- **The full objective need would be significantly higher if assessed against more realistic expectations of economic growth or indeed the plan's own vision; around 119,000 new homes should be provided over the plan period even on more positive economic projections acknowledged within the SHMA.**
- **To plan for new housing on a "business as usual" approach is in conflict with the NPPF's aims to significantly boost the supply of land for housing and wider objectives for economic growth.**
- **Greater provision should be made to deliver more housing within the City's administrative area with a greater focus on previously developed land.**
- **There is no evidence to confirm how the unmet need within the City is going to be met elsewhere with no evidence of adjoining Authority areas willingly addressing such unmet need**
- **The negative implications of planning for insufficient housing are considerable, not least the impediment to economic growth but also affordability of housing generally**

2.24 With regard to tests of soundness, failure to fully meet the latest projections would mean the BDP is not consistent with the requirements of the national planning guidance and is not positively planned.