

Report to the Greater Birmingham and Solihull Supervisory Board

30 July 2014

STRATEGIC HOUSING NEEDS STUDY

INTERIM REPORT FOLLOWING STAGES 1 and 2 AND DEVELOPING THE SCENARIOS FOR TESTING IN STAGE 3 – REFINEMENT OF BRIEF

1. Purpose of the Report

- 1.1 This report summarises the key outcomes following the completion of Stages 1 and 2 of the Strategic Housing Needs Study and refines the brief for Stage 3 of the work.

2. Recommendation(s)

- (1) That the Supervisory Board notes the outcome of the interim report stage of the Strategic Housing Needs Study.
- (2) That Members are asked to endorse the LEP Board decision of 16 July 2014 to agree the brief for Stage 3 of the Strategic Housing Needs Study as set out in paragraphs 4.5 to 4.11 of the report
- (3) That the arrangements for a briefing meeting for other local authorities and a workshop for partner organisations be noted.
- (4) That any minor revisions to the brief as a consequence of the workshop with partner organisations on 31 July be delegated to the Supervisory Board Chair in liaison with the Chairman of the Black Country Joint Committee and otherwise to the full Supervisory Board, electronically if needed for speed of decision-making.
- (5) That Members note that a further report to the Supervisory Board will cover the final consultants' report and consequential preferred scenario for sign-off at a future meeting.

3. Background

- 3.1 The Strategic Housing Study has been commissioned to look at the long term scale and distribution of housing growth. This report summarises the key outcomes for the GBSLEP following the completion of Stages 1 and 2 of the work and refines the brief for Stage 3. The approach in the report is designed to reduce the level of risk to all constituent local authorities and to provide the information to 'mix and match' elements taken from the various distribution scenarios which, in turn, will help inform a decision on the level of growth that should be taken forward in the Spatial Plan for Recovery and Growth (SPRG).

4. Key Issues

Progress to Date

Stages 1 and 2 – Interim Findings

- 4.1 The Interim Report stage of the Strategic Housing Needs Study sets out the Objective Assessment of Needs for the GBSLEP and the Black Country which the consultants (Peter Brett Associates - PBA) consider to be a Housing Market Area (HMA) in accordance with government guidance based on consideration of factors such as migration and commuting patterns. This confirms a significant housing shortfall across the HMA. The findings for the GBSLEP at this stage are set out in a series of slides with commentary which is attached at Appendix 1. The findings for the Black Country will be reported separately to the Black Country Joint Committee.
- 4.2 PBA's preferred estimate of objectively set needs (PBA Trends 2001-11 in Appendix 2) for the GBSLEP area over the period 2011 to 2031 is 8,000 households per annum which results in a housing shortfall of c2,900 dwellings per annum compared to proposals in emerging and adopted development plans.
- 4.3 PBA has also estimated (ONS/PBA 2012 in Appendix 2) that housing need could be reduced following the publication of new population projections on 29 May 2014. These would result in a need to accommodate 6,800 households 2011-31. This would translate into a housing shortfall of 1,700 dwellings per annum in the GBSLEP. PBA advise that this later estimate should be treated with caution since it projects forward recessionary trends and is therefore open to challenge.
- 4.4 A decision will need to be taken on the level of growth that should be carried forward but at this stage it is recommended that this should be deferred until full completion of the study. This is because the assessment of need has to be a 'policy off' assessment with relevant policy considerations applied at the end of the process. This would also mean that the interim findings can be shared and considered by partners.
- 4.4 Appendix 2 also includes a District breakdown of the study results. While the proposed levels of growth appear high it is important to stress that representatives of the development industry (see for example, Barton Willmore, Birmingham Sub-Regional Housing Study 2014, submitted as a response to the Birmingham Development Plan consultation) have published their own assessments with significantly higher results. As an example, for Birmingham, the highest PBA estimate equates to c112,000 household growth 2011-31 whereas the developers estimate the household increase is in a range 135,000-153,000 over the same time period. The Barton Willmore report then proposes a market driven distribution of the housing shortfall across the HMA. This emphasises the importance that the PBA work is brought to a conclusion.

Stage 3 – Refinement of the Study brief

- 4.5 Stage 3 of the study will look at realistic scenarios to distribute the potential shortfall and be informed by the response to consultation on the First Iteration of the GBSLEP's Spatial Plan for Recovery and Growth (SPRG). The suggested approach reflects the discussion at the Housing Study Steering Group meeting held on 16 April 2014, the Executive Officers meetings on 21 May 2014 and 25 June 2014 and a joint meeting of Leaders from all local authorities in the GBSLEP and Black Country held on the 3rd July. A copy of the brief for Stage 3 in the original tender brief is included for information at Appendix 3.
- 4.6 An important caveat to the exercise is that in distributing growth to each scenario it is important that the levels are constrained to that which would be realistically deliverable given sustained optimistic market conditions. The policy assumptions/ resource implications of possibly differing levels of growth under each scenario will need to be made explicit. This means the full extent of the shortfall may not be practically distributed in each of the scenarios. The suggested scenarios are as follows:

Scenario 1 – Intensification. Seek to distribute the shortfall by local planning authority with the scope for extra dwelling capacity being delivered through increased density and/or intensification in existing urban areas.

Scenario 2 – Peripheral Urban Extensions. Distribute the shortfall to the urban periphery of the conurbation close to areas where growth pressures are greatest. The proportion of growth in each sector (N. Birmingham, Solihull, Bromsgrove, Dudley, Wolverhampton, Walsall) broadly related to sound planning and sustainability features.

Scenario 3 – Public Transport Corridors of Growth. Distribute the shortfall on the basis of development at 'beads on a string' using spare capacity coupled with consideration of the growth potential of the local rail network. This option should take account of the implications of HS2 which might include, for example, the release capacity on the classic network.

Scenario 4 – The Enterprise Option. Distribute the housing shortfall to growth as part of UK Central and the towns in the Enterprise Belt. Distribute the additional housing in proportion to the scale of employment proposed whilst ensuring a broad balance between the levels of housing and employment growth proposed.

Scenario 5 – Dispersed, Multi-centred Growth – Distribute the growth to shire districts with distribution based on the population of the main urban settlements. This scenario should include certain centres beyond the GBSLEP and Black Country where there is scope to accommodate in-migration e.g. such as Telford, South Worcestershire and parts of Warwickshire.

Scenario 6 – New towns/settlements - Focus the distribution of the shortfall to expansion at Redditch and Telford together with new potential settlements (including locations arising in the recent consultation).

- 4.7 The Steering Group will be required to endorse the distribution to be quantified by PBA for each local planning authority under each scenario. Significant proposed and as yet uncommitted allocations of the types highlighted in each scenario should be considered as part of this. For example the UK Central proposal includes some additional housing which should be considered as forming part of Scenario 4. PBA will be expected to work with planning officers in each local planning authority in identifying the potential levels of growth under each scenario.
- 4.8 The realistic scope of development capacity beyond the GBSLEP and Black Country areas should be built in only where this is consistent with the particular scenario under consideration. This should include consideration of the realistic potential in the 'related authorities'.
- 4.9 The analysis should then include SWOT testing of the implications of that scenario for each local planning authority as well consideration as part of the Sustainability Assessment (SA) which will take place as a parallel workstream. This analysis should take account of any views expressed by the respective local planning authorities.
- 4.10 At this stage the respective local planning authority should then give its views (caveated as necessary) on its ability to accept the level of growth under each scenario, taking account of the SWOT analysis and SA assessment. The analysis should be subject to peer review before the outcomes are completed.
- 4.11 At this point this should be the limit of the work to be undertaken as part of the PBA Study.

Developing the Preferred Option

- 4.12 The final study and its findings should then be subject to discussion by Leaders with the scope for the preferred approach to be identified. In reality this is likely to draw on elements from a number of the scenarios. If the preferred approach relies on capacity outside the GBSLEP/ Black Country areas then this should be based on formal agreement with the respective authority(ies).
- 4.13 The Leaders discussions should be informed by an analysis which enables all LPAs to indicate both the preferred approach for their District - although it is important that all Districts do not simply default to the lowest level as this would not be NPPF-compliant – and their preferred approach for the housing market area as a whole.

Future Considerations

- 4.14 Since the work under Stage 3 and the final outcome could have significant implications for some local authorities out with the GBSLEP and Black Country LEP at the Joint Leaders meeting it was agreed that a briefing for the Leaders of North Warwickshire District Council, South Staffordshire District Council, Stratford upon Avon District Council and Telford & Wrekin Council should be held. Subsequent to that meeting it has been suggested that the South Worcestershire authorities should also be invited.
- 4.15 There is much interest in this work from other sectors. To reflect this, and to enable discussion on the implications at this interim stage the Joint Leaders meeting (endorsed by the GBSLEP Board) agreed that a meeting be held to which partner organisations are invited. This would receive the presentation by PBA alongside the Stage 3 brief. The discussion at this event due to be held on 31 July 2014 will be carefully recorded so that due consideration could be given to any points that are made and where relevant and appropriate duly taken into account. It is suggested that any minor* changes to the brief could be signed off by the Supervisory Board Chair in liaison with the Chairman of the Black Country Joint Committee.
[*minor means any changes that does not alter the substance and intent of the approach set out in paragraphs 4.5 to 4.11.]
- 4.16 A timescale for taking this work forward will be outlined at the meeting.

5. Financial Implications

- 5.1 Funding for Stages 1 to 3 of the Strategic Housing Study has been approved by the GBSLEP Board. The Black Country 'add-on' is funded separately but this has no financial implications for the authorities in the GBSLEP. The study has been procured by Solihull MBC.

6. Conclusions

- 6.1 Members will be aware of the controversy surrounding the level of housing growth in relation to the preparation of development plans. Completion of the technical study will provide a reliable analysis of objectively assessed housing needs. This will be followed by collaborative working to agree the scale and distribution of growth which, under the current planning system, is the point at which policy considerations can be applied. This work is not only essential to enable the production of sound development plans and to facilitate the Duty to Co-operate.

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Appendix 2 – Headline results for the Objective Assessment of Housing Needs 2011-31

GBSLEP

Local authority		Birmingham	Bromsgrove	Cannock	East Staffs	Lichfield	Redditch	Solihull	Tamworth	Wyre Forest	Total
Net new households per annum	CLG 2008	4,077	364	274	479	428	214	679	221	317	7,053
	CLG 2011	3,668	305	232	485	406	211	633	248	268	6,456
	PBA Trends 2007-12	6,297	211	335	526	272	258	563	158	75	8,695
	PBA Trends 2001-11	5,620	261	293	603	338	286	434	111	83	8,029
	ONS/PBA 2012	4,317	288	290	448	324	174	589	204	194	6,828
Housebuilding (AMR 2002-12) New dwellings per annum (dpa)	Past 5 years	1,710	149	213	537	295	139	324	165	196	3,728
	Past 10 years	1,843	288	308	464	420	240	454	216	274	4,507
Latest (proposed) target dpa	Local plan	2,555	368	241	613	478	336	500	250	200	5,541

PBA Trends 2001-11 = PBA Preferred Scenario, ONS/PBA 2012 = PBA Alternative post 2012 ONS Population Projections Scenario

Appendix 3 - Extract from Original Tender Brief

Stage 3

The opportunity will be taken to review and refine the specification for Stage 3 of the study taking account of the outcomes of stages 1 and 2.

Identify a number of broad spatial options (to be agreed by the Steering Group) for addressing any shortfall of suitable land for housing (or surplus of land suitable for housing – after needs within the LPA have been met.). These will:

- Take account of migration trends, the relationship with adjoining housing market areas and other relevant evidence.
- Take account of the type and size and tenure of housing where these will affect the strategic nature of the study.
- Be both feasible and deliverable (acknowledging that some existing policy designations may need to be revisited).
- Provide local planning authorities and decision makers with a clear basis on which to undertake more detailed work and where necessary review their development plans.
- Provide broad indicative housing requirement figures for each option for each local authority.

In developing options a Sustainability Appraisal (SA) process will need to be developed and undertaken in parallel with the Housing Needs Study. The consultants appointed to undertake the needs study will be required to work closely with the body appointed to undertake the SA.