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## BIRMINGHAM HOUSING PREFERRED OPTIONS REPORT 2024

For West Midlands CPRE

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### 1. Background

I was asked by West Midlands CPRE (WM CPRE), (along with the Warwickshire and Worcestershire CPRE branches), to review the evidence underpinning housing need and supply in Birmingham, to inform their responses to the consultation questions set out in the Preferred Options for the Birmingham Plan.

I previously considered the evidence supporting the 2022 Issues and Options Plan.

The Housing and Economic Development Needs Assessment (April 2022 HEDNA) remains the most recent HEDNA but, since the Issues and Options stage, a more up to date Strategic Housing Land Availability Assessment has been issued (2023 SHELAA, published July 2024).

In terms of overall housing need, the current Standard Methodology (SM) remains in place for the moment but the Government's is reviewing national planning policy (consultation ends 24 Sept 2024), and in particular the National Planning Policy Framework (NPPF).

Critically the proposed New Standard Methodology (NSM), which underpins housing need calculations, is radically different to the current approach.

As it stands, and pending that review, the plan relies on the 2014 Office for National Statistics Household Projections (2014ONS) to reach the SM housing requirement, a problem exacerbated by the arbitrary 35% addition to housing need on the largest 20 urban areas which was set by the previous Government to meet its target of theoretically building 300,000 homes a year (now increased to 370,000).

CPRE hoped the new Government would adopt more up-to-date housing evidence and abandon the purely arithmetic 35% addition to the largest 20 cities. The current proposals do indeed remove the 35% add-on but instead of adopting up-to-date

housing projections the Government is proposing to base local authority housing need on a percentage (0.8%) of the overall stock in that local authority areas.

This is then increased with a similar affordability add-on, but based on the average of the median work-based affordability ratios for the last three years and then multiplied by the same equation with an increased factor from 0.25 to 0.6.

Unfortunately, stock levels are not a measure of housing need because they do not reflect the mix of residents or how those residents are likely to change over time. The affordability calculation is also not a measure of need. It is important to note firstly that house building is likely to have very limited impact on affordability. Secondly, the affordability calculation dramatically increases the instability of the calculation outputs. Indeed, the affordability add-on now accounts for over half of the total housing number in some authorities, and a third across the whole of the West Midlands.

The impact of the New Standard Methodology (NSM) is to dramatically increase theoretical house building across the country and to direct it very differently, often to rural areas (such as Shropshire) or areas with large amounts of Green Belt (such as South Staffordshire.)

In the case of Birmingham removal of the 35% dramatically reduces the overall need and its results are closer to the more up to date ONS2018 figures. This dramatically reduces the need for other authorities to meet any of Birmingham's need.

However, at the same time dramatic increases in housing targets in Black Country authorities such as Dudley and Walsall and in surrounding authorities such as Lichfield and Wyre Forest, counterweighs and undermines the change to Birmingham's number.

In terms of housing supply, I previously criticised Birmingham's supply-side calculations and, most particularly, their windfall assumptions. CPRE criticised those during the development of the current Birmingham Plan and the intervening years have proved they were drastically under-estimated as a source of supply, as CPRE said.

While, there has been some work to improve the supply-side calculations since the Issues and Options stage I still consider there is additional supply which should be included, mostly from windfalls.

Having updated my previous evidence this report goes on to identify key issues for consideration in CPRE's responses to the current Preferred Options consultation.

## 2. Housing Need

### 2.1 *Standard Methodology (existing)*

The most up-to-date current SM calculation for housing in Birmingham is 7,151 dwellings per annum (dpa). The results of the calculations are set out below in Table 1, as well as the alternative calculations using the more up-to-date ONS projections from 2016 and 2018.

Birmingham (Dwellings per Annum)	10 Year Household Average 2024-2034	Affordability Adjustment (based on 2023 figure of 6.55)	Affordability Adjusted Figure	Standard Methodology Result, including 35% uplift
ONS 2014	4569	728	5297	7151
ONS 2016	3391	541	3932	5308
ONS 2018	2457	392	2849	3846

Table 1: SM calculations for ONS 2014-2018

The Preferred Option uses a figure of 7,174. The difference appears to be because they rely on 2023-2033. While that difference is not highly significant (260 dwellings over the Plan Period), I note that their approach does not appear to be in line with National Planning Policy Guidance (NPPG) advice on assessing housing need which states that the basis should be:

*10 consecutive years, with the current year being used as the starting point from which to calculate growth over that period. [My underlining]*

Applying 7,174 dpa to the plan period (2020-2042) the Preferred Options assumes a total housing need of 149,180 dwellings (prior to taking completions into account).

This is based on the current Birmingham Development Plan housing requirement of 5,700 dwellings between April 2020 and March 2022 and 7,174 dwellings per annum from April 2022 to March 2042. When completions between 2020/21 - 2022/23 of 9,718 dwellings are taken into account, the remaining need is 139,462 dwellings.

These results are also higher than the comparative figures at the Issues and Options stage, set out in Table 2.

<b>Birmingham (Dwellings per Annum)</b>	<b>10 Year Household Average 2022-2032</b>	<b>Affordability Adjustment (based on 2021 figure of 6.49)</b>	<b>Affordability Adjusted Figure</b>	<b>Standard Methodology Result, including 35% uplift</b>
<b>ONS 2014</b>	4,574	712	5,286	7,136
<b>ONS 2016</b>	3,337	519	3,856	5,206
<b>ONS 2018</b>	2,388	372	2,760	3,726

Table 2: SM calculations for ONS 2014-2018 (Issues and Options)

More significant differences emerge (as I noted in my previous Issues and Options report) when considering the SM calculation of 6,750 (which was set out in the HEDNA and based on 2021-2031 housing growth and 2021 affordability figures<sup>1</sup>).

Those previous results are set out below for comparison. They show how much changes in the affordability calculation skew the SM result, something only accentuated by the current 35% uplift imposed after the adjustment.

<b>Birmingham (Dwellings per Annum)</b>	<b>10 Year Household Average 2021-2031</b>	<b>Affordability Adjustment (based on 2020 figure of 5.58)</b>	<b>Affordability Adjusted Figure</b>	<b>Standard Methodology Result, including 35% uplift</b>
<b>ONS 2014</b>	4,550	450	5,000	6,750
<b>ONS 2016</b>	3,304	327	3,631	4,902
<b>ONS 2018</b>	2,350	232	2,582	3,486

Table 3: SM calculations for ONS 2014-2018 (HEDNA)

The deterioration in affordability may, of course, be temporary, as house prices are related more to interest rates and other fiscal measures than to additional supply. Affordability rates may either rise or dip before the next iteration of the plan is considered without the demographic need changing.

Either way, the affordability adjustment is not a measure of actual additional need.

What is clearly apparent is how much the ONS2014 SM calculation increases the housing requirement when compared to the most recent demographic projections of actual need (ONS2018), that is to say by nearly 3 times.

<sup>1</sup> It should be noted in passing that in previous calculations for WM CPRE the Birmingham result was capped at 4,829 based on raising the current plan figure of 2,555 by 40% to 3,777 (NPPG requirement), then adding 35%. However, that no longer applies as the current plan has been adopted for over 5 years.

This approach also relies on simply adding 35% additional housing uplift into the mix to create total need (and by extension a shortfall). This would be contrary to the intention in the current NPPG (Housing and Economic Needs Assessment) that the uplift be met within the urban area itself and not exported to surrounding areas. It says:

*Where should the cities and urban centres uplift be met?*

*This increase in the number of homes to be delivered in urban areas is expected to be met by the cities and urban centres themselves, rather than the surrounding areas, unless it would conflict with national policy and legal obligations. In considering how need is met in the first instance, brownfield and other under-utilised urban sites should be prioritised and on these sites, density should be optimised to promote the most efficient use of land. This is to ensure that homes are built in the right places, to make the most of existing infrastructure, and to allow people to live nearby the service they rely on, making travel patterns more sustainable.<sup>2</sup>*

Leaving aside the current national consultation, this would suggest that Birmingham should be considering as part of its Regulation 18 Consultation whether it can accommodate the uplift and, if not, whether it should seek to have it removed because it undermines the guidance in NPPG.

The HEDNA was also released before the publication of the Interim Census results. These show that the actual number of households in Birmingham in 2021 was substantially below the ONS2014 projections. Indeed, it was below all the ONS projections.

And while more detailed analysis of the CENSUS may, in due course, reveal some impacts from the COVID impact, the difference in households at the time of the CENSUS, 29,646 (7%), is still highly significant (See Table 4). It is already over half the 'unmet need' assumed in the Preferred Options material up to 2042.

One has to also consider that this divergence in households may well increase as overall household projections increase over the plan period.

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<sup>2</sup> Paragraph: 035 Reference ID: 2a-035-20201216, Revision date: 16 12 2020

Birmingham	2021 Census Population	Projections for year 2021 in ONS SNPPs and SNHPs	Difference between ONS projections for 2021 and Census 2021	Difference as % of Census
2014ONS	1,144,900	1,165,500	20,600	1.80%
2016ONS	1,144,900	1,172,100	27,200	2.38%
2018ONS	1,144,900	1,157,285	12,385	1.08%
	<b>2021 Census Households</b>			
2014ONS	423,500	453,146	29,646	7.00%
2016ONS	423,500	430,909	7,409	1.75%
2018ONS	423,500	426,334	2,834	0.67%

Table 4: Comparison of 2021 CENSUS results with ONS projections of population and housing

In my view, these differences supported the view that Birmingham could adopt a lower figure than the current SM (based on the 2014ONS figure). Release of updated (and post-CENSUS) housing figures from the ONS would help to clarify this but may be overtaken by the arrival of the new SM approach, which I discuss in the next section<sup>3</sup>.

And while the most up-to-date 2018ONS household figures could be criticised for relying on a shorter period of NHS migration data, even using the 2016ONS calculation drastically reduces the housing need.

## 2.2 Standard Methodology (new)

The new Standard Methodology calculation is set out below in Table 5. It equates closest to the ONS2016 SM figures, although this is largely coincidental as the new methodology is fundamentally differently calculated.

Also, as noted above, a significant percentage of the figure (though not as much as elsewhere) is based on the affordability uplift, so the total number is liable to be more volatile over time.

<sup>3</sup> New household projections (based on the interim 2021 population projections are anticipated (based on the ONS release calendar) in Spring/Summer 2025

Also, while this requirement is more in-line with actual need for Birmingham that cannot be seen as justifying the approach.

Birmingham (Dwellings per Annum)	Stock Requirement (0.8% of 2023 figure)	Affordability Adjustment (based on 2021- 2023 average)	Percentage Increase for Affordability	Affordability Adjusted Figure	Affordability Adjusted Figure (Government Published Table <sup>4</sup> )
ONS 2014	3,620	1294	35.75	4914	4974

Table 5: NSM calculation for Birmingham (2023)

Based on these figures, the total for the Plan Period in Birmingham would currently be 99,480. If one adds the 5,700 for the current plan between 2020 and 2022, as in the Preferred Options methodology, the total is 105,180.

### 2.3 HEDNA view on Housing Need

The HEDNA has not been updated since the Issues and Options consultation, and there has been no new evidence presented which significantly impacts on its conclusions, so it remains a key piece of evidence supporting the Preferred Option approach and I consider my analysis of it at the Issues and Options stage remains sound and that is largely reproduced in this section

Critically the HEDNA suggested there was a case for reducing Birmingham’s housing requirement<sup>5</sup>. It considered firstly population change. It particularly noted that the population change in the last five years measured (2015-2020) (based on the Mid-Year Estimates (MYE)) was lower than the previous years despite a rise in completions. It went on to suggest that there has been a decline in population growth driven by a reduction in natural change and out migration to other parts of the UK. Most of the rise in population in 2011-2020 has been adults (16-65).

Migration figures also showed that it was young adults 15-19 who represented the largest net internal migrant group (from within the UK) into Birmingham and after that age the balance of migration was out of the city. For international migrants there was a similar distribution but peaking at 20-24.

<sup>4</sup> I have followed the NSM calculation as described in the consultation but I cannot make it tally with the figure given in the table accompanying the consultation. I have tried several ways to derive the Government’s figure, which in all but one cases in the West Midlands is higher than mine but cannot do so. The Government’s table is also, unhelpfully, not broken down into stage. I have, therefore, include both figures in the table.

<sup>5</sup> Executive Summary para 1.26 and 6.86-6.87

I should also note that CPRE may be concerned that these results may have been skewed by students, something not commented on in the HEDNA but raised by CPRE in cases of other University Cities.

In particular, studies of the population projections for Coventry showed that NHS Patient Registrations were an unreliable source as students often register with GPs on arrival at its universities, but do not deregister on ending their studies.

Also worth noting is that the Patient Register showed a higher population growth, but for the same reasons given above, this may have been skewed by students and it is not something the HEDNA considered outweighed the MYE<sup>6</sup>.

The HEDNA went on to compare the population and household projections for ONS2014 and ONS2018. In terms of population, it expressed concern that the most recent ONS2018 projections relied on only 2 years of Internal Migration (Para 6.20).

This came about largely because of changes in NHS registration which potentially made the projections less reliable and more prone to volatility.

Those projections may also, therefore, have been more skewed by recent housing development, and this could partly explain why the distribution of households across local authorities and regions in ONS2018 is so different to ONS2016.

The HEDNA preferred the alternative 'variant' ONS2018 projections which adopted 5-year migration trends closer to the ONS2016 approach.

The HEDNA went on to argue that the ONS2016 and ONS2018 projections do not rely on long enough trends and so were too influenced by household suppression in the 2001-2011 period, particularly the recessionary impact of the financial crash. They particularly saw this in the 25-34 age group.

They concluded that the ONS2014 household-size assumptions are more robust and should be applied to the up-to-date projections.

I was not convinced by this argument. The evidence that household suppression is the key factor in household-size reductions is not, in my view, established.

An alternative interpretation is that the evident changes in household formation rates are structural, relating to changes in the housing market since the 2008 crash and that a return to the previous trajectory of household headship rates is unlikely in the

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<sup>6</sup> At the Issues and Options Stage I suggested that a further assessment to identify the student element in the migration data should be undertaken before the plan progresses to the next stage. I have not identified that in the current documentation.



near or medium future. This (as seen above) is supported by the 2021 CENSUS results which accord with lower household projections.

The HEDNA's approach was then to set out future projections of household growth from 2020 to 2040 based on the ONS2018 population projections, and add a further 3% vacancy rate.

This led to annual demographic need figures of between 3,227 and 4,529 dwellings per annum (Para 6.22) in its three scenarios and a range of 3,159-4,642 for a shorter 2020-2031 period. It suggested adopting 4,140 which is the ONS2018 rate with ONS2014 headship rates (Table 6.42).

This would result, if the current Standard Methodology (SM) were applied, in a requirement for 6,140 dpa, including the 35% uplift. (However, as stated above, this assumes headship rates from 2014. Use of the 2018 headship rates would only result in an even lower 3,159 dpa.)

The HEDNA went on to consider the relationship to the rest of the surrounding Housing Market Area and, in particular, the impact of the net out-migration seen from Birmingham in the latest years. When they feed that into their modelling the resulting top level of annual housing need was 3,306 (for the years 2020 to 2031).

The authors caveated this by saying that, while natural growth in other parts of the HMA has decreased, internal migration from Birmingham had led to an upward shift in population to the surrounding areas.

Taking all this into account they created their own bespoke housing model (Demographic Assessment Need 2) and concluded that a reasonable need is 4,200 dpa (4,326 with a 3% vacancy rate, (HEDNA Para 6.101)).

This was slightly higher than their earlier figure but still lead to an SM figure significantly below the 7,151 currently projected by the existing ONS2014 SM, and higher than the up-to-date demographic needs projection drawing on the 2021 CENSUS.

Since the city is still currently claiming that it cannot meet its own need, though not to the same extent as during the Issues and Options consultation (see below), lowering the requirement would seem justified, given that any additional housing, which is not justified by genuine need, would lead to housing in other areas of the HMA where the need does not arise.

The increase in out-migration would have consequential impacts on commuting, landscape and social integration if it encouraged wealthier residents to leave Birmingham. At the same time, it would undermine Climate Change goals and potentially require Green Belt land to be removed using an 'exceptional circumstances' justification.

More radically if one were to adopt the purely demographic figures the HEDNA assumes, one would need first to account for the current need of 5,700 homes from 2020 to 2022<sup>7</sup>, then add a further 86,820 (4,326 x 20) up to 2042 for the new plan, which would make a total of 92,520. Under the current supply figure in the Preferred Options (103,027), this would lead to a demographic surplus of 10,507, as opposed to the deficit of 46,513 when compared to the 149,180 need-figure in the Preferred Options.

The HEDNA went on to consider affordable housing in some detail and suggests there is a significant affordable housing need, although it did not quantify this (citing the role of viability in delivery.). It did not suggest that the housing requirement needs to be adjusted to meet affordability needs (noting that many who need affordable housing are in a home already so do not actually add to the numbers). This is reiterated in the Affordable Housing Background Paper for the Preferred Options (Para 2.16).

The HEDNA also considered the mix of housing, and particularly stresses two/three-bedroom market housing as well as large affordable houses and some bungalows.

Additionally, there is a need to provide houses for older people which will allow them to downsize if they wish to, as well as some care home provision.

Lastly, they considered the link to economic growth. Using their Demographic need Model 2 would increase the economically active population (EAP) by 72,700 up to 2040 (as opposed to 138,500 using the SM (Para 13.22)). Assuming a drop in unemployment of 5.8%, the EAP increases to 109,416 (DM2) and 175,203 (SM). Allowing for some double-jobbing raises the EAP to 112,880 and 180,600.

The HEDNA compared these with both baseline and growth projections for employment from the Cambridge Analytics work (see below). These supported an employment need of between 43,700 and 82,200 jobs. This lead in all their scenarios to an excess of labour, which would even allow some out-commuting to areas such as Solihull, including additional jobs at UKCentral. This surplus also supported the view that there is no need to increase housing need to meet economic needs.

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<sup>7</sup> 3,283 per annum, which seems to be the current plan figure (2,850 dpa) plus about 15%

### 3. Housing Supply

#### 3.1 Assumed Supply in the Plan

The most recent Strategic Housing and Economic Land Assessment (SHELAA) was published by Birmingham Council (July 2024) along with the Preferred Options plan. It forms the basis for the assumptions about supply in the Plan which are broken down in Tables 12 and 13 of the SHELAA, reproduced below.

**Table 12: Housing land supply by category 2023**

Category	Dwellings
Under Construction	16,452
Detailed Planning Permission (Not Started)	16,124
Outline Planning Permission	5,026
Permitted Development (office, retail, agricultural to residential)	407
Permission in Principle	20
Allocation in Adopted Plan	6,784
Allocated in Draft Plan	30,104
Other Opportunity (including suitable call for sites submissions)	11,841
<b>Sub Total – identified sites</b>	<b>86,758</b>
Lapse rate -12% (applied to outline consents and other opportunity)	2,024
<b>Sub Total – Identified Sites minus lapse rate</b>	<b>84,734</b>
Windfall Allowance (unidentified sites x18 years. No windfalls in year 1)	8,575
<b>Total Capacity</b>	<b>93,309</b>

**Table 13: Summary housing land supply 2023**

	Dwellings
HELAA Capacity 2023	93,309
Completions 2020/21-2022/23	9,718
<b>Total Capacity 2020-2042</b>	<b>103,027</b>

The earlier 2022 SHELAA identified three sources of supply:

1. completions from 2020-2022 (6,624),
2. identified capacity (52,572) and
3. windfalls (11,675)

This gave a lower total of 70,871 homes.

A significant amount of the addition since the 2022 SHELAA results from the identification of Employment Land considered surplus to requirements. According to the Preferred Options paper 120 hectares or 12,771 homes will come from existing Employment Land. A further 3.76 hectares comes from redundant open space and 12,000 dwellings from the call for sites, many of which have been incorporated into wider site allocations. A further 6,692 dwellings on other opportunity sites were identified through urban capacity work.

This suggests there has been some attempt, at proactively seeking to identify additional sources of brownfield housing, (as was previously undertaken, for example, in the Black Country with the Chilmark Report<sup>8</sup>).

However, I consider there may still be additional sources of supply, and potential future supply to be investigated.

In particular, changes in retail and leisure which are already impacting on land use as more shopping is done on-line, reducing retail floorspace needs, may provide further opportunities for additional housing.

At the same time, the pandemic has also speeded up the move to working from home, with office downsizing being reported in cities, sometimes up to 30% reductions in new office floorspace requirements. This change could have knock on impacts on other town centre uses over time and, while the extent of this is unclear, it would suggest that there will be additional future brownfield housing space from this trend in working practices.

As it stands, the 2023 SHELAA calculations leads to a shortfall of 46,153 under the current SM methodology.

If the new methodology were applied the shortfall would be 2,153 which is marginal for a city the size for Birmingham.

However, the new methodology would have the effect of simultaneously creating unachievable housing figures in surrounding areas, so any additional supply in Birmingham may start to alleviate pressure on neighbouring authorities.

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<sup>8</sup> Chilmark Report at <https://blackcountryplan.dudley.gov.uk/t2/p4/t2p4m/>

One technical issue in the supply side calculation is that, while it includes existing plan figures, it does not also make allowance for the over-delivery of housing in the Plan up to 2020 which, according to the 2019-2020 Annual Monitoring Report (Para 5.171), amounted to an additional 2,894 dwellings.

That would increase the total to 105,921 homes.

The SHELAA considers specific elements of housing supply.

In this report I look more closely at three key elements which I identified for further analysis at the Issues and Options stage and consider if progress has been made: Density, Lapse Rates and, most significantly, Windfalls.

It is acknowledged that there may be other elements of the supply calculation which could also be addressed.

### *3.2 Housing Density*

A background paper on housing density was published with the earlier housing evidence (October 2022). It showed that higher densities have been achieved in both city centres (400 net dwellings per hectare (dph) rather than 100 dph) and areas close to Public Transport (70dph as opposed to 50 dph) than the existing plan target.

These were summarised at para 4.21 in Chapter 4 (Housing) of the Issues and Options Consultation Paper and are now included in Policy HN4 of the Preferred Options Plan. This Policy is one CPRE may wish to specifically support.

The SHELAA says it adopts these higher figures when assessing sites without planning permission or not allocated and where the capacity is not already known (para 3.28). This is welcome, although it is unclear whether some landowners on some allocated sites could review their density if it was requested. Furthermore, Para 3.29 acknowledges that densities may be refined during the planning process.

There may, then, be some additional gains from improving density ratios, subject to strong design caveats.

### *3.3 Lapse Rates*

The 2023 SHELAA (like the 2022 SHELAA) then assumes a lapse rate of 12% but admits the actual level of unimplemented planning permissions from 2011-2018 averaged 10.6% and in 2018 was only 3.5%.

It is also noticeable that if one excludes 2011-2012 where the lapse rate was particularly high (presumably as a result of the recession) that the average drops to 8.2%.

It is also, of course, true that an expired permission does not automatically mean housing will not be built on that site at a future date. A new permission may be sought and granted later in the plan period.

The SHELAA states that lapse rates may be revised based on new evidence, but the evidence from most of those 10 years indicates that a lapse rate of 12% is excessive. 8.2% would be a suitable lapse rate on the evidence presented.

Applying this to the 2024 figure given for lapses in Table 12 would lead to a figure of 383, an adjustment of 641.

It is unclear why the lapse rates are not up-to-date. However, it may be lapse-rates during the pandemic are considered unreliable.

### *3.4 Windfalls*

Lastly, the 2023 SHELAA includes a similar annual windfall allowance to the 2022 SHELAA.

It acknowledges that with an area covering 22,000 hectares Birmingham is likely to see unforeseeable development opportunities over the plan period (Para 3.65). It explains that between 2011 and 2023 20,232 windfall sites got permission (1,686 dpa) and 15,804 were completed (1,317 dpa)

Its allocation for windfalls is much lower.

For small windfalls (less than 0.06 hectares) it assumes 50 dpa (200 from years 2-5), 75 dpa (375 from years 6-10) and 100 dpa (800 from years 11-19) (Table 9).

For larger windfalls it assumes 400 dpa (1,600 from years 2-5), 500 dpa (2,500 from years 6-10) and 600 dpa (4,800 from years 11-18) (Table 10).

This would give an overall total for the Plan Period of 10,275<sup>9</sup> or 571 dpa, slightly lower than the 600 dpa assumed (and exceeded) in the existing plan. For some reason this figure is not given in Table 12, which only identifies 8,575 windfalls and this is replicated in the Plan tables. There appear to be 1,700 windfalls missing even under the SHELAA's own calculation.

But even the figure of 10,275 seems likely to be conservative.

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<sup>9</sup> This is slightly lower than the SHELAA 2022 figure of 11,675 but I assume that results from the exclusion of Year 1 because the calculation is starting at a later point. 11,675 is also the figure given in the Issues and Options paper.

Indeed, it is worth noting that the windfalls calculation was an area of the existing Birmingham Plan which WM CPRE was most critical at the 2014 Public Examination. In that Plan, 600 dpa were assumed as the annual windfall level. CPRE argued that 1,000 dpa would be an appropriate (even conservative) assumption based on the historic evidence on windfall at the time.

That critique of the now-adopted Plan was proved correct. Permissions granted for windfalls have exceeded 2,000, and windfall completions have exceeded 1,500, in every year since 2017.

If one looks at the Windfall Assumptions Paper (appendix 5 of the SHELAA), it shows average windfalls of 1,686 (permissions since 2011) and 1,317 (completions since 2011)<sup>10</sup>. However, this is heavily discounted by the recessionary years following the financial crash of 2008. The tables (which go back to 2001) shows windfall permission were lower between 2008 and 2014 with windfalls completions dipping between 2009 and 2016 were particularly low. This may reflect both a reluctance to invest at that period and some oversupply up to 2006.

In the most recent five years to 2023, the supply of windfalls has been 13,496 permissions (2,699<sup>11</sup>) and 12,086 completions (2,417 dpa<sup>12</sup>). This includes the period of the COVID pandemic.

The majority of these windfalls are apartments (one reason for the downturn during the recession) and, noticeably, while many are developed in the city centre, there is a significant number outside the city centre. Indeed from 2001 46% of windfalls were completed outside the centre of Birmingham.

The 2023 SHELAA concludes in Para 7.1 (similarly to the previous SHELAA) that:

*'Given the historic rates of windfall sites delivered in the city over the past 20 years these assumptions are considered to be a conservative estimate to avoid over-estimating supply from this source. It is clear that Birmingham has consistently delivered windfall sites and that such sites have become available every year.'*

The recorded level of windfall permissions and completions in Birmingham is simply much higher than the allowance for windfalls in the Plan Period made in the SHELAA, which is only 571 dpa. That figure appears, therefore, to be a serious underestimate.

This is perhaps one reason why the 2021 update to the 2020 Joint Housing Statement of the Greater Birmingham Housing Market Area (GBHMA) identified the supply in Birmingham as increasing from 51,458 to 67,529, (by 16,071, or 31%) from 2017 (when the current Plan was adopted) up to 2020.

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<sup>10</sup> SHELAA Table A5.1/5.2

<sup>11</sup> Up from 2,504 dpa 2017-2021 in the previous SHELAA.

<sup>12</sup> Up from 1,922 dpa 2017-2021 in the previous SHELAA.

Including sites which come forward as permitted development (mainly but not exclusively) from offices (B1a) to residential, which though not requiring planning permission are also effectively windfalls, where these have not previously been identified, would be one small step in correcting this, something identified but not taken up in the SHELAA except as 'adding flexibility to the allowance'. 2022-2023 saw 107 such conversions. Over 18 years this would add 1,926 dwellings to the supply.

However, there is an argument that given the evidence presented in the SHELAA and the Joint Housing Statement a level of windfalls based on the 20-year completions<sup>13</sup> which averages 1,480 dpa (and takes account of a significant recession) would seem justified. Even allowing for a slightly lower level of windfalls resulting from the more extensive supply side work since the 2022 SHELAA, would suggest a figure of 1,000 dpa (as CPRE suggested for the current plan in 2014) would seem conservative, resulting in an overall supply of 18,000 homes from windfalls over the plan period, increasing overall supply by 9,425.

#### 4. Conclusions on Housing Need and Supply

On the supply side the current figures appear to be significantly under-estimated.

That is because:

1. account needs to be taken of the 2,894 over-supply in the existing plan up to 2020 as well as the 6,624 completions since 1 April 2020.
2. the lapse rate of 12% should be reduced to 8.2%, which adds 641 to the identified supply and
3. most significantly, the windfall supply should be based on at least 1,000 dpa (lower than the 20-year average), which would increase the windfall allowance by 9,425.

Using the current SM approach (based on the preferred option figure) these three factors would reduce the housing shortfall from 46,182 to 33,193.

This would still be higher than for the HEDNA figure of 4,326 dpa.

Taking the most up-to-date 2018 ONS figures would create a total need of only 62,680 (82,620 with the 35% uplift). Based on a supply figure of 103,027 this would imply a surplus of 40,347 (20,407 with the 35% uplift). Adding the extra supply identified above would lead to a surplus of 52,596 (32,656 with the 35% uplift).

Moreover, this calculation has to be seen in light of other evidence. All these need figures would exceed both the baseline and growth-based jobs requirements (apart

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<sup>13</sup> 29,591/20



from the ONS 2018 figure). The 2021 CENSUS data has also supported the contention that the ONS2014 projections are excessive.

The NPPG says of plan making:

*Where an alternative approach results in a lower housing need figure than that identified using the standard method, the strategic policy-making authority will need to demonstrate, using robust evidence, that the figure is based on realistic assumptions of demographic growth and that there are exceptional local circumstances that justify deviating from the standard method. This will be tested at examination.<sup>14</sup>*

That requirement appears to be met, as the HEDNA itself accepts.

Lastly, using the proposed SM approach the shortfall of 2,153 would become a surplus of 10,807 homes which could alleviate a small part of the pressure on other neighbouring authorities whose housing need would be dramatically increased.

## **5. Housing in the Preferred Options Consultation Paper**

The Preferred Option Consultation Paper sets out the level of housing need on Page 2 in the Planning for Growth chapter and concludes there is a shortfall of supply of 46,153 resulting from the use of the current SM, the inclusion of the 35% uplift and assumptions about supply.

The Paper does not consider whether the 35% uplift should be accepted given the restraints on supply, or whether it should be separately addressed. The evidence in the HEDNA (analysed above) would indicate that there is poor justification for applying the 35% uplift to Birmingham's housing need.

As I argued in my report at the Issues and Options stage, there is a case for adopting alternative lower housing numbers.

This would avoid other planning authorities in the Housing Market Area being asked to increase their housing numbers if Birmingham declared an 'unmet need', and a more realistic and lower housing target could avoid that.

By accident, the NSM (New Standard Methodology) would be closer to the more up to date demographic data and would lead to only a marginal shortfall on their figures. I

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<sup>14</sup> NPPG Paragraph: 015 Reference ID: 2a-015-20190220, Revision date: 20 02 2019

do not think it would require them to declare significant unmet need that required action by other authorities.

However, that is part of a consultation and, while it appears to be strongly favoured, we know previous Governments have changed their minds on methodology. If it does go ahead, it would certainly be in place before the next stage of the plan and could require an additional Regulation 18 consultation, given its significant implications.

In terms of supply, as with the SHELAA, the Preferred Options Regulation 18 Plan does not allow for previous over-supply in the current plan. More significantly it assumes a level of windfalls which is not consistent with either past completions or permissions. As shown above, there is significantly greater realistic supply than is allowed for.

In terms of the Options addressed (Pages 24-27), CPRE should support the increased density targets in Policy HN4 which appear well evidenced and reasonable. The council's assessment has demonstrated that, in practice, higher densities are being achieved in centres and on public transport networks. The density increases in HN4 are caveated with design criteria which seem reasonable to me.

Similarly, the Policy HN9 on renewal and regeneration is one CPRE may wish to specifically support.

Use of redundant Open Space is in principle sound. However, CPRE would need to examine the specific sites named before taking a view. As I said at the Issues and Options stage strong safeguards are needed to ensure land is not removed which is needed for community purposes.

The use of employment land would be generally welcome where it does not impede delivering sufficient employment land and it appears that is possible and would concentrate employment in the most suitable areas, although I have not analysed this aspect in detail. Again, CPRE may want to support this approach with suitable caveats on design and suitability for housing.

The sixth and final option to release of Green Belt is rejected, as Birmingham has limited Green Belt and it is hard to see how 'exceptional circumstances' would be met.

It is also noted that there is slow delivery on the Langley and Peddimore sites.

However, I also note that, any duty to co-operate agreement (assuming the current SM figures) would involve Green Belt loss elsewhere, and even if that is not the case, would encourage increased commuting and so undermine sustainability and climate change goals.

Moreover, surrounding authorities would almost certainly ask Birmingham to consider releasing its own Green Belt before they release theirs.

More likely, if the NSM is adopted, Birmingham will be able to meet its own need. However, the consultation NPPF also requires authorities to seek to meet adjacent need.

CPRE's argument could be that Birmingham does not need additional land allocations to do that, because of the additional supply identified in this report, and could meet some needs of adjacent areas because of its high projected level of supply.

## 6. Sustainability Appraisal and Housing

I was critical of the Sustainability Appraisal (SA) of the Issues and Options (October 2022) and its conclusions on overall housing figures and particularly on the option (Option 6) of releasing land from the Green Belt for housing.

The SA of the Preferred Options (March 2024) focuses mainly on the alternative of more Green Belt releases, using a figure of 5,000 homes for the assessment. Para 9.10 explains the justification for this as an alternative:

*The Council contend that there are not exceptional circumstances for Green Belt release (Option 6). However, it is noted that there remains a considerable amount of unmet housing need, and several consultees have expressed support for a strategy that includes a mix of both urban intensification and partial Green Belt release in sustainable locations.*

Para 9.12 refers to the Call for Sites including land for 8,000 dwellings. They particularly refer to a broad location to the south of the urban area at Kings Norton South which partially overlaps with Bromsgrove District and they say should ideally be considered holistically

The SA does not suggest (which it could have done) that since the responses to the Issues and Options consultation were assuming a much higher shortfall, less weight should be given to them now.

The SA does acknowledge the potential for negative impacts on air quality and landscape goals from releasing land from the Green Belt for housing development. It considers there are minor positive impacts of Green Belt releases on transport and climate change. That is at odds with the Issues and Options SA (although this is not drawn out) where they identified negative impacts from the location of Green Belt developments (See paras 7.114/7.119 in the 2022 SA)

Overall, the commentary on Green Belt releases seems to me to give an overly glossy position.

One interesting example, is health and wellbeing where they say 'in particular, development would likely have good access to Sutton Park and/or could create new

areas of open space as part of strategic development.’ (para 9.55) Given that they place such emphasis on Sutton Park it is notable that the only site they specifically mention is in King’s Norton.

They also claim this option will provide more affordable housing, although whether that would materialise is open to question, or whether houses on these edge of city locations would be likely to be priced affordably. There is also a risk they would lead to social movement out of the city’s core which would impact negatively on the overall mix of residents.

Overall, there seems to be less acknowledgement of the negative consequences of development on land currently in the Green Belt. The SA does not, for example, address the formal purposes of Green Belt set out in the NPPF, one of which is to avoid urban sprawl.

In terms of the overall housing figures, the Preferred Options SA still does not appraise different levels of housing shortfall, and in doing so the SA continues to fail to consider all reasonable alternative options.

The City Council will almost certainly need to review the housing numbers in the plan in the light of the NSM if it comes into place, alongside changes to the NPPF. It would seem the positives for Green Belt releases would disappear in Birmingham as there would only be a marginal shortfall (or I would argue a housing surplus).

In the scenario that the current SM stays in place (or similar), the City Council should update the SA appraisal, and specifically address both the sectoral and overall impacts on sustainability of adopting lower housing requirements and thus improving the sustainability performance of the Plan.