

They are given without prejudice to the conclusions that will appear in my report at the end of the examination. **Bold type** in the text indicates points on which further action by the Council is required.

## **THE OBJECTIVE ASSESSMENT OF HOUSING NEED**

### *Background*

2. Paragraph 158 of the *National Planning Policy Framework* [NPPF] requires local planning authorities [LPAs] to ensure that their Local Plans are based on adequate, up-to-date and relevant evidence, and paragraph 159 requires them to prepare a Strategic Market Housing Assessment [SHMA] to assess their full housing needs, working with neighbouring authorities where housing market areas [HMAs] cross administrative boundaries. Paragraph 47 makes it clear that this work should identify the full, objectively assessed needs for market and affordable housing in the HMA. Further guidance on housing needs assessment is given in section 2a of the national *Planning Practice Guidance*



which run only to 2021 and do not fully incorporate the findings of the 2011 Census. The previous full set of projections is 2008-based and is largely based on pre-recession trends that are unlikely fully to reflect current circumstances. In this situation I agree with the analysis in chapter 3 of SHNS Stage 2, which concludes that neither the 2011-based nor the 2008-based DCLG household projections provide a good basis for an assessment of housing need over the Plan period to 2031.

11. More recent official population projections – the 2012-based ONS sub-national projections [SNPP] – were published earlier this year, but have not yet been translated into official household projections. DCLG have, however, confirmed in an email<sup>5</sup> that they will use the same methodologies as for the 2008- and 2011-based interim projections to convert the population projections to household numbers. This confirmation suggests that DCLG’s household projections will not take account of Unattributable Population Change [UPC]<sup>6</sup> and lends support to the SHNS Stage 2 projection referred to as “ONS/PBA 2012”, which is based on the 2012-based SNPP and attempts as far as possible to mirror the process likely to be used by DCLG to derive household projections from them.
12. Nonetheless, there is a critical assumption built into ONS/PBA 2012 in respect of Household Representative Rates [HRRs]. It assumes that HRRs will follow the trend assumed in the 2011-based household projections until 2021, and then revert to the rate of change projected in the 2008-based household projections, but without regaining the actual levels projected in that 2008-based series. This is known as the “index” method of calculating HRRs, which I endorsed in my interim conclusions on Stage 1 of the South Worcestershire Development Plan examination.
13. In the BW Addendum, an alternative approach to HRRs is taken after 2021, in which the rate of change accelerates more rapidly than in the “index” method, so that by 2031 HRRs have returned to the actual levels predicted by DCLG in the 2008-based household projections. This is described by BW as the “Full Return” approach, and it largely accounts for the much higher average rate of household growth projected by BW for Birmingham compared with ONS/PBA 2012 – 5,416 dwellings per annum [dpa] and 4,317 etur4( p)p5(c)-4(ti)10(N)-(e)-16(l)10(y)2( ac)J 0 Tc 0 Tw (-)Tj 16.222 TD d

14. Despite having found the “index” method to be appropriate in the circumstances of South Worcestershire, I would find it useful to see a more detailed explanation than is given in the material before me, of the reasons why it is considered to be appropriate in the present context of the Greater Birmingham HMA<sup>9</sup>. That explanation could also usefully include an examination of the evidence before the Derbyshire Dales inspector, which should help throw a

19. In carrying out these elements of the further work, it would be sensible to review the assessments carried out by BW, particularly in the BW Addendum which addresses many of the same issues.

*Summary of further work required on the objective assessment of housing need*

**20. These are the elements that I wish to see covered in the further work:**

- x **detailed explanation of why the “index” method of HRRs is considered appropriate in the Greater Birmingham context, including a review of the recommendations of the Derbyshire Dales inspector [paras 12-14 above];**
  - x **further consideration of the consequences, in terms of accuracy, of excluding UPC from the household projections, particularly for the Birmingham City Council [BCC] area [para 15 above];**
  - x **Future employment and Past provision and market signals to be considered on the basis set out in paragraphs 2ii and 2iii of EXAM 109 [para 17 above];**
  - x **Affordable housing to be dealt with as set out in paragraph 2iv of EXAM 109, but the additional point referred to in paragraph 18 above also to be considered.**
21. **I accept PBA’s proposed approach of producing a supplementary report covering all these points, to sit alongside the 2012 SHMA and SHNS Stage 2. However, the supplementary report itself will need to reach clear conclusions on the objectively-assessed level of market and affordable housing need over the Plan period.**
22. While the work listed in the first two bullet points above will need to have regard to the Greater Birmingham HMA as a whole, I am content that the more local factors covered in the last two bullet points will be considered only for the BCC area. **Should the 2012-based DCLG household projections themselves be published before this further work is complete, I would expect relevant sections of SHNS Stage 2 and the further work to be reviewed as necessary.**

## **SUSTAINABILITY APPRAISAL**

### *Background*

23. The statutory requirements concerning sustainability appraisal of Local Plans are set out in European Directive 2001/42/EC [*the SEA Directive*] (transposed into English law by the *Environmental Assessment of Plans and Programmes Regulations 2004 [the 2004 Regulations]*), and in the *Planning and Compulsory Purchase Act 2004 [the 2004 Act]*. Section 19(5) of the

2004 Act requires a sustainability appraisal [SA] to be carried out of the proposals in each Local Plan. SAs covered by this provision incorporate the corresponding requirements of the SEA Directive and the 2004 Regulations. Guidance on the SA process is given in the PPG, section 11.

24. The PPG explains that the role of SA is to promote sustainable development by assessing the extent to which the emerging plan, when judged against reasonable alternatives, will help to achieve relevant environmental, economic and social objectives<sup>13</sup>. The SA needs to compare all reasonable alternatives including the preferred approach. It should predict and evaluate the effects of the preferred approach and reasonable alternatives, and clearly identify the positive and negative effects of each alternative. All reasonable alternatives should be assessed at the same level of detail as the preferred approach. The SA should outline the reasons why the alternatives were selected, the reasons why the rejected alternatives were not taken forward, and the reasons for selecting the preferred approach in the light of the alternatives<sup>14</sup>.
25. Article 12 of the 2004 Regulations provides that an SA report (corresponding to the Environmental Report that is required by the SEA Directive and the 2004 Regulations) must identify, describe and evaluate the likely significant effects on the environment of implementing the Local Plan policies and of the reasonable alternatives.
26. During the preparation of the BDP, SA was carried out at two main stages<sup>15</sup>. An *Interim Sustainability Appraisal* report on the first stage [HTY14] was published for consultation in October 2012 alongside the BDP Options Consultation document [HTY11]. The second main stage culminated in the *Sustainability Appraisal Report of the Pre-Submission BDP* [HTY17], published in October 2013, and consulted upon alongside the Pre-Submission Version of the BDP in accordance with article 19 of the 2004 Regulations. A *Sustainability Appraisal Report of the Submission BDP* [SUB3] was published in June 2014 to accompany the submission of the BDP for examination. It is not materially different from HTY17.
27. The principal criticism of the SA process made in the representations concerns its treatment of the options for strategic development allocations in the Green Belt to the north and east of Sutton Coldfield. It is contended that neither HTY17 nor SUB3 meets the statutory requirement to provide *an outline of the reasons for selecting the alternatives dealt with* in the

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<sup>13</sup> PPG para 11-001-20140306

<sup>14</sup> PPG para 11-018-20140306

<sup>15</sup> SA was also carried out on the Birmingham Core Strategy [CS], but as the preparation of the CS was discontinued in favour of the BDP it is unnecessary to consider it here.

report<sup>16</sup>. In addition, there are some specific criticisms of the detailed assessments of Green Belt sites that are reported in SUB5. From my own assessment of the SA material I see no reason to believe that there are any other significant defects in the SA process, and so I shall focus on these criticisms.

### *Reasons for selecting alternatives*

28. The 2012 Interim SA [HTY14] tested three strategic options for development across the city: Do Nothing, ie plan for growth at the same level as in the draft Core Strategy<sup>17</sup>; Accommodate additional growth within the existing urban area; and Strategic Green Belt Release. These three options were subject to a matrix-based analysis against the 28 SA objectives identified in the *SA Scoping Report Autumn 2012 Update*<sup>18</sup>. In my view this analysis provided a reasonable explanation for the Council’s decision to reject the first two alternatives and promote the Strategic Green Belt Release option in the BDP Options Consultation document [HTY11].
29. It is important to note that the second bullet point on page 16 of HTY11 says that *a reasonable limit for any new housing on land currently designated Green Belt in North and North East Birmingham would be a range of between 5,000 to 10,000 dwellings over the plan period*. On page 19, the document makes it clear that the preferred option also envisages a 50-hectare employment site on land currently designated as Green Belt.
30. HTY11 was accompanied by a *Green Belt Options Appendix* which assessed 19 areas of Green Belt in Birmingham for their suitability to accommodate a sustainable urban extension or a 50ha employment site. 15 areas were discounted on the basis of inadequate size or significant environmental and/or physical constraints. The remaining four, to the north and east of Sutton Coldfield<sup>19</sup>, were considered against their contribution to the five purposes of the Green Belt identified in the NPPF and then against a range of environmental and other criteria. However, no attempt was made to select a preferred option.
31. Similarly, while some information on the four remaining Green Belt sites was provided in HTY14, it contained no conclusive comparative analysis. That was a reasonable position for the Interim SA to take at the time, given that its primary purpose was to assess the strategic options for development across the city as a whole.

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<sup>16</sup> See Article 5.1 & Annex I(h) of the SEA Directive, and Article 12 & Schedule 2(8) of the 2004 Regulations.

<sup>17</sup> See para 63 below.

<sup>18</sup> HTY12

<sup>19</sup> These correspond to the *land currently designated Green Belt in North and North East Birmingham* referred to in HTY11, p16.

32. I now turn to the 2013 Pre-Submission SA [HTY17]. It contains a high-level sustainability analysis of the BDP strategy, a matrix-based analysis of each BDP policy<sup>20</sup>, and a textual commentary on this analysis, including consideration of secondary, cumulative and synergistic effects, with recommendations on each group of policies.
33. At page 28, HTY17 contains a summary of the three strategic options which were the principal focus of the Interim SA [HTY14], the reasons for preferring the Strategic Green Belt Release option, and a clear reference to the Interim SA where further details can be found. To this extent, HTY17 partially complies with the statutory requirement to provide an outline of the reasons for selecting the alternatives it deals with.
34. In respect of the strategic Green Belt sites, HTY17 provides a sustainability analysis of policies GA5 and GA6, which respectively allocate land for a sustainable urban extension at Langley and an 80ha employment site at Peddimore. Crucially, however, there is in HTY17 no sustainability analysis that compares the allocated strategic sites with the other two Green Belt areas which emerged from the *Green Belt Options Appendix* to HTY11, nor 2-6((e)-c -0.0









arrangements are discussed once a timescale for the further SA work has been agreed.

*Summary of further work required on sustainability appraisal*

- 54. **Further SA work needs to be carried out in order to ensure that all reasonable alternatives have been assessed at the same level of detail as the option taken forward in the submitted Local Plan** [paras 49-50 above].ras

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considered as a strategic matter within the meaning of section 33A(4). The only matters on which there were substantial representations to the effect that the duty had not been met were those concerning housing need, provision and distribution.

60. Even though agreements have not been signed with all the other local authorities, I am satisfied that any outstanding disagreements on strategic matters other than housing are to do with the adequacy of evidence to support the proposals in the BDP (which will be considered in my report), rather than with any failure on the Council’s part to discharge the duty to co-operate.
61. I shall therefore focus here on strategic housing matters: assessment of housing needs, the extent to which Birmingham’s housing needs cannot be met within its own boundaries, and arrangements for the shortfall to be met elsewhere in the housing market area. As was recognised during the hearing session, any consideration of whether or not the duty to co-operate has been met must deal with both the legal requirements in respect of the duty, and its outcome in terms of the soundness of the plan.

#### *Legal requirements*

62. Section 33A(1) requires a LPA to co-operate on strategic matters with other bodies and persons in *maximising the effectiveness* of certain activities including the preparation of development plan documents. The reference to “preparation” means that any failure to meet the legal requirements of the duty cannot be rectified after the plan has been submitted for examination. Section 33A(2) further defines the duty as requiring the LPA *to engage constructively, actively and on an ongoing basis* in any process by means of which such activities are undertaken. Additional guidance on the duty is given in section 9 of the PPG.
63. The Localism Act 2011, which enacted the duty to co-operate, received royal assent in November 2011, and the NPPF was published in March 2012. In the same month, the Council commissioned the 2012 SHMA. This marked a move away from the earlier draft Core Strategy (December 2010) which proposed a much lower level of housing development than the BDP, all of which would have been met within the city.thanc2

64. In August 2012, the Council wrote to all the other LPAs in the GBSLEP area as well as the BCAs, Coventry City Council and North Warwickshire Council, referring to all these matters and making it clear that it was likely that Birmingham would need to look to adjoining areas to accommodate some of the city’s housing requirement. The letter proposed a meeting to discuss the issues and resolve a way forward in addressing them. A number of meetings and discussions on these matters followed, and other LPAs, including South Staffordshire, Stratford-on-Avon and Telford & Wrekin were also involved in discussions.

65. One important outcome from these discussions was the commissioning by the GBSLEP of the Strategic Housing Needs Study [SHNS], Stage 2 of which has been discussed above. Following the completion of Stage 2 – an assessment of housing needs and existing capacitypl 0 Tc 0 .350 Tw 14.109 0 Td has3

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69. I consider that the steps taken by the Council, prior to the submission of the BDP for examination, were consistent with that objective. They sought to identify the full scale of housing needs in Birmingham through the 2012 HMA, and across the HMA through their participation in the GBSLEP’s commissioning of SHNS Stage 2. When it became clear that they could not accommodate provision to meet all Birmingham’s housing needs within the city, they held meetings and discussions with other LPAs in the HMA in order to address the issue. Through the GBSLEP, they went on to prepare a brief for Stage 3 of the SHNS, and through their representations they helped to persuade other LPAs to include commitments in their Local Plans to review those plans if this becomes necessary to address the shortfall.

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identified in this paper as needing to be done before I can submit my report.

79. That other work – on the objective assessment of housing needs and sustainability appraisal – will enable the scale of need arising in Birmingham, and the extent to which it can be met within the city in a manner consistent with achieving sustainable development, to be definitively established. From this, the extent of the shortfall that will need to be met by other LPAs in the HMA will also be clear. As a first step in achieving an effective mechanism for ensuring that the city’s full housing needs will be met, the shortfall will need to be included in a BDP policy as an element of the housing requirement – while making it clear that sites to meet the shortfall are to be provided within the HMA but outside the city’s boundaries.
80. Specific identification of the shortfall in an adopted BDP policy will provide evidence of the need to review the other LPAs’ plans, referred to above, that include a commitment to a review in the event that such circumstances require it. For those LPAs that have not yet made such a commitment, guidance in the NPPF and PPG nonetheless makes it clear that it is incumbent on other authorities in the HMA to work with Birmingham to meet the housing shortfall – to the extent that it is also consistent with achieving sustainable development in their own areas<sup>30</sup>.
81. The duty to co-operate is an ongoing one, and the Council will need to take an active, continuing role in ensuring that provision to meet the housing shortfall is met as early as possible, through the SHNS Stage 3 and SPRG process, through representations on emerging Local Plans and plan reviews, and through further meetings, discussions and formal agreements with other LPAs. I recognise that it will take time for the necessary plan reviews to come forward so that sites are allocated to meet the Birmingham shortfall. But on the evidence before me, I see no other way of proceeding that would achieve a faster result.
82. The BDP will also need to set out a mechanism for monitoring the provision made by other LPAs towards Birmingham’s identified housing shortfall. Alongside this, it will need to set out the circumstances in which an early review of the BDP would become necessary. This will involve identifying the expected rate of progress towards achieving provision by other LPAs to meet the shortfall, and the triggers that would require an early review to be brought forward should that rate of progress not be achieved

83. Provided that all this is done, my view is that the BDP will include mechanisms to ensure, as far as is reasonably possible, that Birmingham’s full housing needs are capable of being met over the plan period. Thus the duty to co-operate will have achieved a satisfactory outcome in terms of