

SOLIHULL BOROUGH HOUSING NEED REPORT

Prepared on behalf of:

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IM Land

Heyford Developments

Generator Strategic Land

December 2020

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1.0 INTRODUCTION

- 1.1 This Report has been prepared by Barton Willmore's National Development Economics Team on behalf of Barratt David Wilson Homes, Spitfire Bespoke Homes, IM Land, Heyford Developments, and Generator Strategic Land, in response to Solihull Borough Council's (SBC) consultation on its Local Plan – Draft Submission Plan (October 2020).
- 1.2 Specifically, this Report focuses on the calculation of housing need in the Draft Plan, and whether this aligns with the National Planning Policy Framework (NPPF, 2019), the Planning Practice Guidance (PPG, 2019), and the aims, objectives, and policies of the Draft Plan.
- 1.3 In undertaking this analysis, the Report reviews recent housing and employment evidence base documents published by SBC, alongside other publicly available data.
- 1.4 The Report provides the national and local planning policy context for determining housing need in Solihull, before reviewing the Council's housing need evidence base. We then present sensitivity testing of the Council's conclusions on what should constitute economic-led housing need, and what should inform the housing requirement of the Draft Plan.
- 1.5 We also consider the unmet housing need in the wider Greater Birmingham and Black Country Housing Market Area (GBBC HMA) following the publication of the 'Housing Need and Housing Land Supply Position Statement' (Position Statement, July 2020).

2.0 NATIONAL PLANNING POLICY CONTEXT

i) Introduction

- 2.1 The National Planning Policy Framework (NPPF) was revised initially in July 2018 and again in February 2019. In respect of housing need, and how this is calculated for each local authority, the revised NPPF introduced the 'Standard Method' (SM) for calculating local housing need. This replaced the previous 'Objective Assessment of Overall Housing Need' (OAN) immediately in respect of planning applications and appeals.
- 2.2 However, in respect of the examination of Local Plans, a transition period applied for 6 months, during which time all Plans submitted to the Secretary of State for examination on or before 24 January 2019 were to be subject to the OAN method.
- 2.3 Notwithstanding the introduction of the SM however, there remains uncertainty over the method as of December 2020. This is because the Government's recent 'Changes to the current planning system' proposes a revised Standard Method.

ii) National Planning Policy Framework (NPPF, 2019)

- 2.4 The revised NPPF replaces the 2012 NPPF and its requirement for an OAN, replacing it with the SM from the 24 July 2019 (except for Local Plans submitted on or before 24 January 2019).
- 2.5 Paragraph 8 of the NPPF lists the three overarching objectives of the NPPF; **economic, social, and environmental**. The social objective states that planning will "*support strong, vibrant and healthy communities, by ensuring that a **sufficient number** and range of homes can be provided to meet the needs of present and future generations.*"
- 2.6 Paragraph 11 moves on to state how "*Plans and decisions should apply a **presumption** in favour of sustainable development*" and how in respect of Plan-making this means that "*plans should **positively seek** opportunities to meet the development needs of their area, and be sufficiently flexible to adapt to rapid change*" and "*strategic policies should, as a **minimum**, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring areas.*"

- 2.7 Under section 3. 'Plan-making', the revised NPPF states that local authorities *"are under a duty to cooperate with each other, and with other prescribed bodies, on strategic matters that cross administrative boundaries"* (paragraph 24) and in doing so *"should prepare and maintain one or more statements of common ground, documenting the cross-boundary matters being addressed and progress in cooperating to address these"* (paragraph 27).
- 2.8 When examining Plans and determining whether they are 'sound', the Planning Inspectorate will test whether the Plan is *"**positively prepared** – providing a strategy which, as a **minimum**, seeks to meet the area's objectively assessed needs; and is informed by agreements with other authorities, so that **unmet need** from neighbouring areas is accommodated where it is practical to do so and is consistent with achieving sustainable development"* (paragraph 35a).
- 2.9 The NPPF moves on to discuss 'Delivering a sufficient supply of homes' in section 5 and states how the delivery should *"support the Government's objective of **significantly boosting** the supply of homes."* Paragraph 60 moves on to state how *"To determine the **minimum** number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, **any needs that cannot be met within neighbouring areas** should also be taken into account in establishing the amount of housing to be planned for. This identifies how the SM should be used to establish the **minimum** number of homes to be planned for.*
- 2.10 Section 6 of the revised NPPF refers to 'Building a strong, competitive economy' and Paragraph 80 states how *"Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. **Significant weight** should be placed on the need to **support economic growth** and productivity, taking into account both local business needs and wider opportunities for development."* As part of this the NPPF (paragraph 81c) states how planning policies should *"seek to address potential **barriers** to investment, such as inadequate infrastructure, services or **housing**, or a poor environment."*
- 2.11 In this context, although the NPPF confirms that the SM should be used when calculating housing need, it also confirms how the SM represents **minimum** housing need. The NPPF is also clear that inadequate housing should not create a barrier to investment and that significant weight should be placed on the need to support economic growth.

iii) Planning Practice Guidance – Housing and Economic Needs Assessment (PPG, 2019)

- 2.12 The 'Housing and Economic Development Needs Assessment' (HEDNA) section of the PPG which supported the 2012 NPPF was initially replaced by the 'Housing Needs Assessment' (HNA) PPG on 13 September 2018 and updated on 20 February 2019. The HNA PPG provides more detailed guidance on the SM introduced in the revised NPPF.
- 2.13 At the outset, it is important to emphasise how the standard method calculation represents **minimum** housing need for an area. The revised HNA PPG is very clear in this respect, paragraph ID2a-002 stating that *"The standard method set out below identifies a **minimum** annual housing need figure. It **does not** produce a housing requirement."*
- 2.14 In this context paragraph ID2a-010 states *"The government is committed to ensuring that more homes are built and **supports ambitious authorities** who want to plan for growth. The standard method for assessing local housing need provides a **minimum starting point** in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore, there will be circumstances where it is appropriate to consider whether **actual housing need** is higher than the standard method indicates."*
- 2.15 Paragraph ID2a-010 moves on to consider the circumstances where housing *need* in excess of the minimum standard method *need* might be appropriate. Paragraph ID2a-010 states that *"Circumstances where this may be appropriate include, but are not limited to situations where increases in housing need are likely to exceed past trends because of:*
- *growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);*
 - *strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or*
 - *an authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground;*

There may, occasionally, also be situations where previous levels of housing delivery in an area, or previous assessments of need (such as a recently-produced Strategic Housing Market Assessment) are significantly greater than the outcome from the standard method. Authorities will

need to take this into account when considering whether it is appropriate to plan for a higher level of need than the standard model suggests.

2.16 In summary, in the context of paragraphs ID2a-002 and ID2a-010, it is imperative to understand that the standard method calculation is specifically a **minimum starting point** in determining the number of homes needed, actual need has the potential to be higher in order to support the policies of the NPPF and the clear objectives of Government to 'significantly boost' housing supply and 'support economic growth'.

iv) Status of the Standard Method (December 2020)

2.17 As of December 2020 the Standard Method set out in the 2019 NPPF/PPG remains the method by which local authorities must determine their minimum housing need.

2.18 However the Government's 'Planning for the Future' and 'Change to the current planning system' consultation, published in August 2020, proposes a change to how the Standard Method calculation is undertaken.

2.19 At the time of writing these changes have been consulted on, and the results of that consultation are not yet known. However, nationally it would result in a starting position of 337,000 dwellings per annum. This is a significant increase to the existing Standard Method (circa 270,000 dwellings per annum).

2.20 Adoption of the proposed changes to the Standard method will have significant consequences for Solihull and the wider Greater Birmingham and Black Country Housing Market Area (GBBCHMA) as we discuss later in this Report.

v) Summary

2.21 The current national policy and guidance with respect to housing need has been summarised in this section. The key points to note are:

- the 2019 NPPF introduced the 'Standard Method' for calculating local housing need;
- the Standard Method replaced the OAN method immediately from 24 July 2018 for applications, and for all Local Plans submitted after 24 January 2019;

- Government have reiterated that the SM represents 'minimum' housing need, and it should represent the 'starting point' for planning;
- PPG confirms that 'actual housing need may be higher' than the SM minimum;
- Revised NPPF states how inadequate housing should not form a barrier to investment;
- Proposed revisions to the Standard Method would increase housing need in the GBBCHMA and across the country significantly.

3.0 LOCAL PLANNING POLICY

i) Introduction

3.1 Having identified the existing national policy and supporting guidance in which housing need should be calculated, in this section we consider policy and evidence at the local level in Solihull. This incorporates a summary and review of the Council's October 2020 'Draft Submission Plan' (Draft Plan) and existing policies.

3.2 This will enable the determination of a background from which to establish whether the standard method calculation – minimum housing need – will support policies in the Draft Plan, and whether the Council's own evidence points to 'actual' housing need being higher than the standard method.

ii) Adopted Solihull District Plan (03 December 2013)

3.3 Before we consider the Draft Plan consultation document, the key policies of the adopted Plan should be summarised.

3.4 Policy P5: 'Provision of Land for Housing' of the adopted Plan targeted the provision of 11,000 dwellings between 2006 and 2028 (500 dwellings per annum). This reflected the requirement recommended by the West Midlands Regional Spatial Strategy Phase II Revision Panel Report which objectively assessed housing need.¹

3.5 However a successful High Court Challenge was subsequently made in 2014 against Policy P5 and the supporting text set out above in respect of housing numbers. The Judgment against the Council was subsequently upheld at appeal although it was confirmed that all other parts of the Plan remained adopted.

3.6 Notwithstanding the challenge in respect of housing need, the Local Plan is very clear in respect of its responsibilities in respect of economic growth. Challenge D of the Plan is entitled 'Securing Sustainable Economic Growth' and lists the following 'key economic assets' of the Borough:

- i. Maintaining Solihull's important **regional and sub-regional role;**

¹ Paragraph 8.4.1, page 73, Solihull Local Plan – Shaping a Sustainable Future, December 2013

- ii. Meeting aspirations of key businesses to enable them to **maintain competitiveness** (Birmingham Airport, National Exhibition Centre, Birmingham Business Park, Blythe Valley Park, Jaguar Land Rover) whilst contributing to sustainable development;
- iii. Retaining a **high skilled workforce**;
- iv. Impact of congestion on motorways, the strategic highway network and rail from additional growth/housing;
- v. Impact of pressure for development on the quality of the environment;
- vi. Need to provide opportunities around workplaces for healthy and active lifestyles;
- vii. Need for high speed digital connectivity to enhance competitiveness. ²

3.7 The 'Vision' for the Borough also states the following:

"It will be a Borough that continues to be economically successful and a driver for sustainable growth within the West Midlands; where the potential for managed growth within the M42 Economic Gateway is unlocked and the ambitions for the economic assets contained within it are fully realised." ³

3.8 The Plan also identifies its place within the Greater Birmingham and Solihull Enterprise Partnership (LEP) stating how *"the Borough is the principal gateway to the Greater Birmingham and Solihull Local Enterprise Partnership area and the wider West Midlands Region"*⁴ and how the M42 Economic Gateway sits within the LEP area.

3.9 The Plan goes on to identify how the Borough is home to several economic assets within the M42 Gateway including Birmingham Airport, the National Exhibition Centre, Birmingham and Blythe Valley Business Parks, Jaguar Land Rover and Solihull Town Centre and how *"It is estimated that realising the full potential of the Gateway could create over 36,000 additional jobs by 2026 and add £5.9bn to the West Midlands economy."*⁵

² Key Challenge D – Securing Sustainable Economic Growth, page 20, Solihull Local Plan – Shaping a Sustainable Future, December 2013

³ Paragraph , page 20, Solihull Local Plan – Shaping a Sustainable Future, December 2013

⁴ Paragraph 2.2.1, page 9, Solihull Local Plan – Shaping a Sustainable Future, December 2013

⁵ Paragraph 2.7.1, page 14, Solihull Local Plan – Shaping a Sustainable Future, December 2013

iii) Solihull Local Plan – Draft Submission Plan (October 2020)

3.10 The Draft Plan outlines at the outset why a review of the adopted Solihull Local Plan is required. The Draft Plan states the following:

“The current local plan, the “Solihull Local Plan” (SLP), was adopted in December 2013 and covers the period 2011 to 2028. Although it is a recently adopted plan, and is up-to-date in many respects, there are three reasons that have triggered the need for an early review of it. The first is to deal with the legal challenge to the 2013 plan; secondly to accommodate Solihull’s own housing needs, as well as helping to address the housing shortfall occurring in the wider Housing Market Area (HMA); and finally to provide a proper planning framework that recognises the arrival of HS2 in the Borough – in particular the first station outside of London which is to be constructed on land opposite the NEC.”⁶

3.11 The Draft Plan lists several ‘Challenges’ that the Borough faces. From these challenges several objectives have been formulated. Those challenges relevant to this Housing Need Technical Report are as follows:

- **Challenge B: Meeting housing needs across the Borough, including the Borough’s own needs and, where possible, assisting with accommodating the HMA (Housing Market Area) wide shortfall.**
- **Challenge D: Securing sustainable economic growth;**
- **Challenge M: Maximising the economic and social benefits of the High Speed 2 rail link and Interchange.⁷**

3.12 All three of these challenges affect housing need in Solihull.

3.13 The subsequent ‘objectives’ set out in the context of Challenge B include the following:

“To ensure that the full objectively assessed housing need for the Borough is met for the plan period consistent with the achievement of sustainable development and the other objectives of the Plan.

To ensure that provision is made for an appropriate proportion of the HMA shortfall in new housing land consistent with the

⁶ Paragraph 9, page 5, Solihull Local Plan – Draft Submission Plan, October 2020

⁷ Paragraph 38, page 12, Solihull Local Plan – Draft Submission Plan, October 2020

achievement of sustainable development and the other objectives of the Plan.

Maximise the provision of affordable housing; ensuring the provision of an appropriate mix, type and tenure of housing on sites in a range of locations which meet the needs of Solihull residents, particularly needs for affordable housing, including social rented, low cost home ownership and supported housing, on a Borough wide basis.

Widen the range of options for older people and for people with learning, physical and sensory disabilities and mental health needs through the provision of accommodation which is designed to meet these diverse needs.”⁸

3.14 Challenge D includes the following objectives:

- **Meeting aspirations of key businesses to enable them to maintain competitiveness (Birmingham Airport, National Exhibition Centre, Birmingham Business Park, Blythe Valley Park, Jaguar Land Rover) whilst contributing to sustainable development;**
- **Retaining and developing a high skilled workforce;**
- **Provide a range of housing to attract inward investment.⁹**
(our emphasis)

3.15 The Council acknowledge the link between housing and labour in this objective.

3.16 Policy P5 of the Draft Plan – Provision of Land for Housing – allocates land for **15,017 dwellings** in Solihull over the 2020-2036 Plan period. This equates to **938 dwellings per annum (dpa)**.¹⁰

3.17 The justification for this level of housing is set out in the explanatory text for Policy P5. In summary, the text states that housing need in excess of the Standard Method minimum (807 dpa) is required to meet economic growth generated by the 'UK Central Hub' scenario set out in the Council's October 2020 'Housing and Economic Development Needs Assessment' (HEDNA).

3.18 The HEDNA concludes that 816 dpa is required to achieve the objective of supporting the UK Central Hub scenario. Growth of 816 dpa is therefore reported in the Draft Plan as representing housing need for Solihull Borough.¹¹

⁸ Challenge B, pages 13-14, Solihull Local Plan – Draft Submission Plan, October 2020

⁹ Challenge D, pages 15-16, Solihull Local Plan – Draft Submission Plan, October 2020

¹⁰ Page 67, Solihull Local Plan – Draft Submission Plan, October 2020

¹¹ Paragraph 221, page 68, Solihull Local Plan – Draft Submission Plan, October 2020

3.19 However the Council also determines there to be total capacity for 15,017 dwellings 2020-2036 (938 dpa). On this basis the Draft Plan states that 2,105 dwellings will be provided for Birmingham City's unmet need. This is the difference between the Standard Method baseline (12,912 dwellings 2020-2036) and the capacity of 15,017 dwellings. The capacity of 15,017 dwellings is therefore set as the housing requirement.¹²

UK Central Solihull Hub Area

3.20 As explained above there is a link between the housing need determined by the Council's HEDNA, and the job growth expected to be created by the UK Central Hub. It is therefore of assistance to summarise how the Hub area is expected to grow, and its status both regionally and nationally.

3.21 The Draft Plan describes the Hub as follows:

"The UK Central Solihull proposals present a unique opportunity on a nationally significant scale to bring forward major growth. This will contribute to wider strategic ambitions and in doing so make a substantial contribution to the economic growth aims of not just the Council, but also both the WMCA and the GBSLEP. The UK Central Solihull area, including The Hub, where key economic assets are located, also encompasses the proposed High Speed 2 Interchange railway station within the triangle of land bounded by the A45, A452 and the M42, known as Arden Cross."¹³ (our emphasis)

3.22 The status of the Hub emphasises its importance nationally. It is therefore imperative that enough homes are built to support the economic growth envisaged.

Summary

3.23 In summary, the following key points can be drawn from the Adopted Plan and the Supplementary Consultation document:

- A clear commitment to provide some of the wider HMA's unmet need;
- Housing delivery for Solihull Borough based on achieving growth in the UK central Hub;
- Acknowledgement that Solihull is in a unique geographical location which can support significant levels of new employment.

¹² Paragraphs 227-228, page 73, Solihull Local Plan – Draft Submission Plan, October 2020

¹³ Paragraph 72, page 31, Solihull Local Plan – Draft Submission Plan, October 2020

3.24 Having established the policy context for Solihull, the following section considers recent evidence in respect of housing need and employment growth.

4.0 EVIDENCE BASE REVIEW

i) Introduction

4.1 This section of our Report builds on the policy context summarised in section 3, by considering the most recent evidence published by the Council in respect of housing need and employment growth. This is predominantly set out in the recent 'Housing and Economic Development Needs Assessment' (HEDNA) published in October 2020 which includes several possible scenarios for employment and housing growth. In this section of the Report, we consider these scenarios and how they were generated.

ii) Solihull HEDNA (October 2020)

Economic-led housing need assumptions

- 4.2 The Solihull HEDNA includes several sections relating to housing and the economy. This Report is concerned primarily with the sections of the HEDNA which determine the overall housing need for the Borough, and how this is calculated.
- 4.3 As discussed in the policy section of this Note, the final level of housing need (816 dpa) is linked to the economic growth expected in the UK Central Hub growth.
- 4.4 The HEDNA determines that growth will total 22,998 jobs in Solihull over the 16-year Plan period (1,437 jobs per annum – jpa). This is made up of a baseline job growth forecast from Experian (10,000 jobs 2020-2036), plus growth above the baseline generated by the UK Central Hub including expansion at Jaguar Land Rover, Birmingham Airport, the National Exhibition Centre and the HS2 interchange development Arden Cross (equating to an additional 12,998 jobs 2020-2036).¹⁴
- 4.5 The HEDNA determines the amount of housing required to support this level of job growth, by calculating the growth in the economically active population that will need to occur.

¹⁴ Paragraph 21, page 6, Solihull Borough HEDNA, October 2020

- 4.6 This is done by using a demographic forecasting model and applying a variety of assumptions alongside demographic assumptions (fertility, mortality, migration). These assumptions are listed as follows:
- Economic Activity Rates (EARs);
 - Unemployment rates;
 - Double jobbing (those with more than one job);
 - Commuting.
- 4.7 In respect of **EARs**, the HEDNA states that *"the future rates of change for economic activity are based on data provided by the Office of Budget Responsibility (OBR) produced in the summer of 2018. These are national rates and have been rebased and applied to Solihull based on 2011 census data."*¹⁵ This is the same approach that Barton Willmore would take in applying EARs and we agree with its application. The demographic forecasting we present in the following section of this report is underpinned by the same approach to EARs.
- 4.8 In respect of **unemployment** rates the HEDNA states that *"The methodology assumes that the number of people that are unemployed in Solihull remains the same moving forward to 2036."* The number of people unemployed is presented in figure 32 of the HEDNA and is approximately 4,000 people in 2019. Based on the HEDNA data on economically active population in 2020 (Table 29) this equates to approximately 3.6% unemployed.
- 4.9 Barton Willmore's approach differs, as we have consulted the Annual Population Survey (APS) to determine the most recent calculation of unemployment. The APS is a continuous household survey, covering the UK. The topics covered include employment and unemployment, as well as housing, ethnicity, religion, health and education. The purpose of the APS is to provide information on important social and socio-economic variables at local levels.
- 4.10 The most recent data available is for the year up to June 2020 and therefore considers the initial effects of COVID-19. The unemployment rate in the most recent data is 4.2%. We have therefore assumed 4.2% unemployment in 2020, falling back to pre-COVID levels of 3.8% by mid-2022 and remaining at that level thereafter.

¹⁵ Paragraph 6.12, page 82, Solihull Metropolitan Borough Council HEDNA, October 2020

- 4.11 The HEDNA also applies an adjustment for **double jobbing**, i.e. people who have more than one job. The HEDNA applies an adjustment of 3.1% for this factor¹⁶, and Barton Willmore agree.
- 4.12 The **commuting ratio** is an important assumption. The HEDNA states *"In an area such as Solihull where more people in-commute for work than out-commute it may be the case that a lower increase in the economically active/working population would be required to provide enough workforce for a given number of jobs than if the reverse is true (and vice versa where there is net out-commuting)."*¹⁷ As the HEDNA quite rightly confirms, the 2011 Census showed a commuting ratio of 0.98 for Solihull. This means that for every 98 new economically active residents, 100 jobs could be supported.
- 4.13 The HEDNA also comments *"there are likely to have been changes to commuting patterns since 2011 and there are likely to be further changes as a result of the anticipated level of growth set out herein."*¹⁸ Barton Willmore agree with this in part, i.e. that commuting patterns are likely to have changed. We have therefore utilised the Annual Population Survey (APS) as well, which confirms the evidence of the HEDNA in Figure 34, i.e. there has been a fluctuation in the commuting ratio since the 2011 Census.
- 4.14 However, as our analysis shows in Table 4.1, the APS data suggests there has remained a net in-commute to Solihull over the most recent 5-year period available.

Table 4.1: Annual Population Survey (APS) Resident and Workplace Population

	APS		APS commuting ratio
	Resident	Workplace	
Jan 2015-Dec 2015	95,000	97,700	0.97
Jan 2016-Dec 2016	98,800	112,400	0.88
Jan 2017-Dec 2017	104,000	108,800	0.96
Jan 2018-Dec 2018	100,300	112,600	0.89
Jan 2019-Dec 2019	102,100	105,900	0.96
Average	100,040	107,480	0.93

Source: APS, December 2020

- 4.15 The average over the most recent five-year period available is 0.93 as Table 4.1 shows. In our demographic modelling we have therefore sensitivity tested our scenarios based on two approaches to commuting, 0.93 (APS average), and 0.98 (2011 Census). The HEDNA uses the

¹⁶ Paragraph 6.16, page 84, Solihull Metropolitan Borough Council HEDNA, October 2020

¹⁷ Paragraph 6.17, page 84, Solihull Metropolitan Borough Council HEDNA, October 2020

¹⁸ Paragraph 6.20, page 85, Solihull Metropolitan Borough Council HEDNA, October 2020

2011 Census ratio throughout but as we explain below, assumes that some of the job growth in some scenarios will be taken up by residents of other Boroughs/Districts. This approach has a prominent impact on the resulting calculation of housing need.

Economic-led housing need scenarios

4.16 The HEDNA uses the assumptions discussed above to test a range of job growth numbers based on several scenarios. These scenarios can be summarised as follows:

- **Baseline Growth (10,000 jobs 2020-2036)** – this is the baseline job growth forecast obtained from Experian Economics.
- **Growth A (15,680 jobs 2020-2036)** – this is an increase from the baseline growth, which the HEDNA states as *"allowing for a greater influence of recent trends"*¹⁹ and explains as follows; *"The 'growth' scenario does not rely on specific interventions but reflects modelled growth where locally high performing sectors of manufacturing, transport & storage, accommodation & food service, information & communication, real estate activities, and professional scientific & technical outperform the baseline forecast."*²⁰
- **Growth B (15,680 jobs 2020-2036)** – as above but 10,000 jobs at 2011 Ratios plus only 38.5% (2,187 jobs) of the additional 5,680 jobs are taken up by local residents. The HEDNA states this scenario is intended to *"inform duty to cooperate discussions with neighbouring authority."*²¹
- **Growth C (UKC) (22,998 jobs 2020-2036)** – 10,000 jobs baseline growth plus 12,998 jobs created through the Hub. However, only 25.3% (3,250 jobs) of the additional 12,998 jobs will be taken up by Solihull residents. This is again said by the HEDNA to inform duty to cooperate discussions.

4.17 The preferred UK Central Hub scenario (Scenario C above) is based on a significant proportion of the economic-led housing need being met by surrounding local authorities, and states that this scenario (and scenario B before it) is to *"aid duty to cooperate discussion with neighbouring authorities."*²²

¹⁹ Paragraph 12.18, page 198, Solihull Metropolitan Borough Council HEDNA, October 2020

²⁰ Paragraph 22, page 6, Solihull Metropolitan Borough Council HEDNA, October 2020

²¹ Paragraph 6.31, page 87, Solihull Metropolitan Borough Council HEDNA, October 2020

²² Paragraph 6.34, page 90, Solihull Metropolitan Borough Council HEDNA, October 2020

- 4.18 The HEDNA therefore runs just a single scenario for the UK Central Hub job growth, based on growth of only 13,250 jobs in Solihull (of the 22,998-total generated by the UK Central Hub). Table 36 of the HEDNA shows how this would result in the 816 dpa being required in Solihull.
- 4.19 However, this means that the housing need generated by the remaining 9,750 jobs in the Growth C scenario would be generated in neighbouring authorities. This is simply an assumption as no evidence is presented to support this position and its purpose is simply stated within the HEDNA to be to 'aid' duty to cooperate discussions. There is no guarantee that neighbouring authorities will be agreeable to this approach. Furthermore, it is important to understand how many homes would be required in Solihull Borough if all jobs are taken up by Solihull residents so that the full quantum of housing need is understood.
- 4.20 Table 36 also shows how 'Growth A' would require **908 dpa** in Solihull based on the 2011 Census commuting ratio; a significant increase to the 817 dpa put forward as the recommended level of need to inform the housing requirement of the Plan.
- 4.21 However, the HEDNA does not test the outcome of the UK Central Hub scenario in the same way as 'Growth A'. This is an omission. All the scenarios should be tested in a similar manner to provide a full understanding of the potential housing need requirements for Solihull. We therefore provide the relevant consideration of the Growth C scenario in the following section of this Report.

Affordable Housing

- 4.22 BW do not advocate that affordable need has to be met in full when determining OAN, given the judgment of Mr Justice Dove in the Kings Lynn case (High Court Judgment)²³. This concluded neither the NPPF nor the PPG suggest affordable housing need must be met in full.
- 4.23 However, in a Borough where housing affordability is a significant issue, the impact of affordable housing should be considered and *"An increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes.."*²⁴ (our emphasis)

²³ Paragraphs 32-25, pages 10-11, High Court Judgment, Borough Council of Kings Lynn and West Norfolk v Secretary of State for Communities and Local Government, ELM Park Holdings Ltd, 09 July 2015

²⁴ PPG, ID2a-024, 20 February 2019

4.24 The 2020 HEDNA states that the shortage of affordable housing is “clearly acute”²⁵ and determines ‘net’ affordable need of 578 dpa for Solihull. In this context the HEDNA concludes as follows:

“The provision of new affordable housing is an important and pressing issue in the Borough.”²⁶ (our emphasis)

“The analysis identifies a need for 578 affordable homes to rent per annum. This scale of need the Council is justified in seeking to secure as much affordable housing as viability allows.”²⁷ (our emphasis)

4.25 Based on the Plan’s requirement for 40% of homes to be affordable, OAN of 1,445 dpa would be required to deliver affordable need in full. The HEDNA’s conclusion of need (817 dpa) and the proposed housing requirement (938 dpa) would deliver only 57% and 65% of this figure respectively.

4.26 Affordable housing delivery in is another factor. The Council’s 2018/19 Annual Monitoring Report (AMR) (March 2020) records 1,105 net affordable completions in the past five years (221 per annum). Against the need determined by the 2020 HEDNA (578 affordable dwellings per annum) this would account for only 38% of need, while the delivery of affordable housing over the 2014-2019 period represents 32% of total housing completions during this time.

4.27 This is an important indicator of the Council’s failure to deliver affordable housing at the levels which the 2020 HEDNA considers are required moving forward. This is to be noted in the context of an affordable need position regarded as ‘clearly acute’ by the HEDNA. The Plan should therefore consider an increase in the total number of homes planned for to achieve as much affordable housing delivery as possible.

iii) Summary

4.28 In summary, Barton Willmore agree with most assumptions used in determining economic-led housing need set out in the 2020 HEDNA.

4.29 However, an additional scenario to test the UK Central Hub growth scenario (22,998 jobs) is required to determine how many homes might be required to support this job growth in Solihull

²⁵ Paragraph 7.69, page 114, Solihull Metropolitan Borough Council HEDNA, October 2020

²⁶ Page 126, Solihull Metropolitan Borough Council HEDNA, October 2020

²⁷ Paragraph 35, page 7, Solihull Metropolitan Borough Council HEDNA, October 2020

where all jobs are filled by residents of Solihull. We provide this in the following section of this report, alongside testing an alternative commuting ratio based on the past 5 years data from the APS.

- 4.30 In addition, the HEDNA identifies an 'acute' situation in respect of affordable housing need. To date the council has struggled to deliver its affordable housing need. Since affordable homes will be delivered through private sector developments it is imperative that sufficient housing is provided to ensure that the maximum amount of the overall affordable housing requirement is met, subject to environmental constraints. Based on the past record of delivery the HEDNA's conclusion on overall need (816 dpa) should be increased to supply as much affordable housing need as possible.

5.0 DEMOGRAPHIC FORECASTING AND ECONOMIC GROWTH

i) Introduction

- 5.1 This section of our Report provides a range of demographic forecasting scenarios which sensitivity test the results of the Council's HEDNA. Specifically we have sensitivity tested the number of jobs supported by the Standard Method (SM, 807 dwellings per annum), alongside the number of homes that would be required to support the level of job growth supported by the HEDNA (22,998 jobs 2020-2036).
- 5.2 This exercise is intended to test whether robust alternative assumptions to those used in the HEDNA provide different results in respect of future housing need. This is an important exercise due to the various assumptions used to underpin the demographic forecasting scenarios that have resulted in the HEDNA's conclusions.

ii) Demographic forecasting scenario and results

Methodology and Assumptions

- 5.3 To undertake the demographic modelling, we have used the PopGroup model, managed by Edge Analytics and widely used for forecasting of this nature by a variety of groups and organisations, including local authorities and planning consultancies.
- 5.4 The model requires several different demographic and economic assumptions, and these have the potential to result in significant differences to the results and therefore the number of homes considered to be required through the Plan process.
- 5.5 For the purposes of this report we have used the most recent 2018-based ONS SNPP data for mortality, migration, and fertility rates. This is the most recent data module available from Edge Analytics, the company who manage the PopGroup model and its data.
- 5.6 However, ONS have stated how internal migration in the latest 2018-based ONS Sub National Population Projections (SNPP) is underpinned by a very short 2-year trend. This is due to the ONS changing the method by which internal migration is recorded. A 2-year trend is not as robust as the 5-year period used historically in ONS SNPPs. We have therefore sensitivity tested our

scenarios with the previous 2016-based ONS SNPP mortality, migration, and fertility rates to provide a more rounded picture.

5.7 In respect of Household Formation Rates (HFRs), we have used the 2014-based MHCLG household projections, thereby discounting the more recent 2016 and 2018 projections published by ONS. This is because of the criticism of the methodology employed by ONS in the 2016 and 2018 projections²⁸, and the decision of Government to underpin the Standard Method with the 2014 projections.

5.8 We have also used two approaches to commuting. The first is the 2011 Census, a widely accepted approach. However, given the age of that data, we have also used the Annual Population Survey (APS), and the average commuting ratio recorded over the past five years (0.93). Again, this approach provides a more encompassing approach.

5.9 In this context the assumptions used in the modelling are summarised below:

- 2016/2018-based ONS Mortality, Migration, and Fertility Rates;
- 2019 ONS Mid-Year Population Estimates;
- 2014-based Ministry for Housing, Communities and Local Government (MHCLG) household formation rates;
- 2014-based MHCLG institutional population;
- July 2018 Office for Budget Responsibility (OBR) economic activity projections;
- 2011 Census commuting ratio (0.98)/Annual Population Survey (APS) commuting ratio average 2014-2019 (0.93);
- Unemployment recorded by the APS in the year up to June 2020 (4.2%) falling to 3.8% (pre-Covid) by 2022 and remaining at 3.8% thereafter;
- Double Jobbing (those with more than one job) assumption in the 2020 HEDNA (3.1%).

²⁸ 2016/2018 household projections are underpinned by trends drawn from 2001 to the present. This differs from the 2014 projections and all household projections which came before, which were underpinned by trends since 1971. The 2016/2018 projections are therefore underpinned by a period in which housing became rapidly more unaffordable at a national and local level. This has manifested itself in the significant increase since 2001 of 'concealed families', those who cannot afford to form their own independent households and instead are forced to live with friends or relatives. The use of the 2016/2018 household projections for Planning purposes would therefore be a self-fulfilling prophecy. Furthermore the 2018-based household projections are underpinned by the 2018-based ONS Sub National Population Projections (SNPP). These SNPP are based on a 2-year net internal migration trend, rather than the more representative 5-year period used in previous SNPPs.

Standard Method for calculating minimum housing need (October 2020)

5.10 Below we set out the results of our demographic modelling scenario which constrains the model to the number of homes calculated by the Standard Method, i.e. **807 dpa**. As PPG identifies this should be the **minimum** level of housing need considered for the purposes of the Plan. PPG also recognises how 'actual' housing need may need to be higher than the Standard Method minimum to meet other growth aspirations. As we have summarised in previous sections of this report, Solihull Borough Council (SBC) have clear growth aspirations for the Plan period and it is therefore imperative that the housing requirement seeks to achieve these aims and objectives over the 16 year Plan period.

Table 5.1: Standard Method dwelling-led scenario (807 dpa) – 2016-based ONS SNPP rates

	2020	2036	2020-2036 (per annum)
Population	217,020	242,297	25,277 (1,580)
Economically Active Population	110,875	122,996	12,121 (758)
Jobs Supported ¹	108,361	120,709	12,349 (772)
Jobs Supported ²	114,213	127,228	13,015 (813)

Source: Barton Willmore modelling

¹2011 Census commuting ratio (0.98) continuing from 2020-2036;

²Change in commuting ratio between 2011 and 2020 from 0.98 to 0.93. Commuting ratio of 0.93 continuing 2020-2036.

5.11 Table 5.1 shows how the minimum level of housing need for Solihull (807 dpa) would only support **between 772 and 813 jobs per annum** over the Plan period. This range is based on two assumptions of commuting being applied to the change in the economically active population, as we have explained above.

5.12 The difference in the number of jobs at the start of the Plan period (2020) in the two results set out above is due to 1) an assumption that the 2011 Census commuting ratio has remained unchanged since 2011, and 2) that the ratio has changed over the nine years from 0.98 to 0.93 and remains at 0.93 thereafter.

5.13 We have sensitivity tested the same scenarios set out in Table 5.1, with the 2018-based ONS SNPP assumptions in respect of mortality, migration, and fertility rates. The results are set out in Table 5.2.

Table 5.2: Standard Method dwelling-led scenario (807 dpa) – 2018-based ONS SNPP rates

	2020	2036	2020-2036 (per annum)
Population	217,311	246,349	29,038 (1,815)
Economically Active Population ¹	111,243	127,307	16,064 (1,004)
Jobs Supported ¹	108,721	124,941	16,220 (1,014)
Jobs Supported ²	114,592	131,688	17,096 (1,068)

Source: Barton Willmore modelling

¹2011 Census commuting ratio (0.98) continuing from 2020-2036;

²Change in commuting ratio between 2011 and 2020 from 0.98 to 0.93. Commuting ratio of 0.93 continuing 2020-2036.

5.14 The results set out in Table 5.2 show how the different fertility, mortality, and migration rates of the 2018-based ONS SNPP would affect the number of jobs which could be supported by 807 dpa 2020-2036. This increases from a range of 772 to 813 dpa under the 2016 ONS SNPP rates, to between 1,014 and 1,068 jobs per annum.

5.15 This increase in the 2018 rates scenario is largely driven by an assumption of higher internal (UK-wide) and external (overseas) in-migration to Solihull. However, given the concerns over the methodology used to determine internal migration, the 2018-based ONS SNPP should be treated with some caution.

5.16 However, taken together, a reasonable mid-point would suggest that 807 dpa would support approximately 900 jobs per annum, or between 14,500 and 15,000 jobs over the Plan period.

5.17 This would fall well short of the 22,998 jobs which the HEDNA recommends as the growth which should underpin the level of housing need.

Economic Growth

- 5.18 The HEDNA states that growth of 816 dpa 2020-2036 is required to achieve the baseline job growth plus the UK Central Hub growth scenario presented in the HEDNA. This equates to 22,998 jobs 2020-2036 (1,437 jobs per annum).
- 5.19 Having established that the Standard Method (807 dpa) would fail to support this level of job growth, we have sensitivity tested the HEDNA's conclusions based on the assumptions set out at the start of this section. Our results are set out in Tables 5.3 and 5.4 below.

Table 5.3: Economic-led scenario (22,998 jobs 2020-2036) – 2016-based ONS SNPP rates

	2020	2036	2020-2036 (per annum)
Population ¹	217,020	260,607	43,587 (2,724)
Population ²	217,020	258,423	41,253 (2,595)
Economically Active Population ¹	110,875	131,017	22,624 (1,414)
Economically Active Population ²	110,875	132,316	21,441 (1,340)
Dwellings ¹	92,128	112,104	19,975 (1,248)
Dwellings ²	92,128	111,308	19,180 (1,199)

Source: Barton Willmore modelling

¹2011 Census commuting ratio (0.98) continuing from 2020-2036;

²Change in commuting ratio between 2011 and 2020 from 0.98 to 0.93. Commuting ratio of 0.93 continuing 2020-2036.

Table 5.4: Economic-led scenario (22,998 jobs 2020-2036) – 2018-based ONS SNPP rates

	2020	2036	2020-2036 (per annum)
Population ¹	217,311	257,588	40,247 (2,515)
Population ²	217,311	255,525	38,214 (2,388)
Economically Active Population	111,243	133,866	22,623 (1,414)
Economically Active Population	111,243	132,683	21,440 (1,340)
Dwellings ¹	92,117	109,480	17,363 (1,085)
Dwellings ²	92,117	108,687	16,570 (1,036)

Source: Barton Willmore modelling

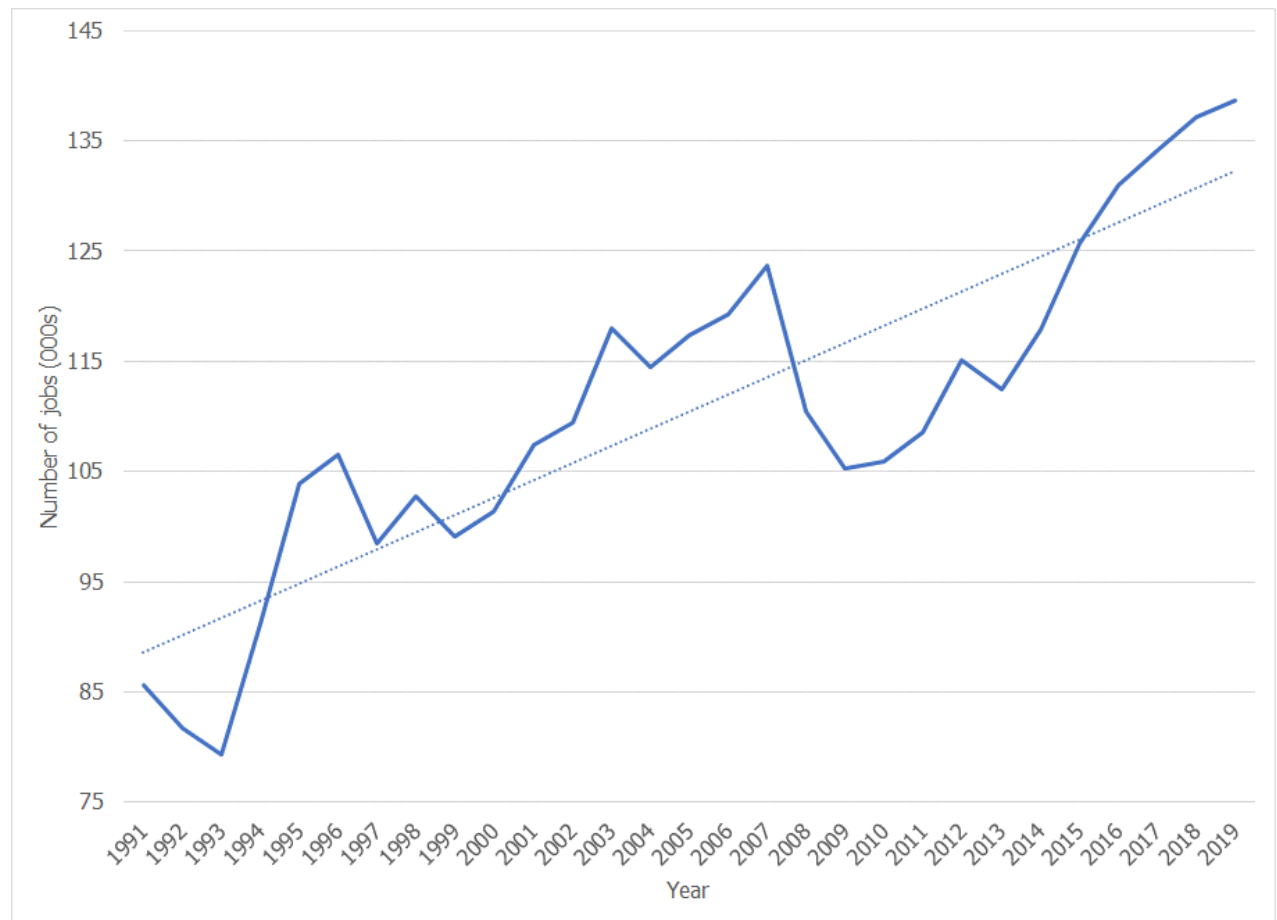
¹2011 Census commuting ratio (0.98) continuing from 2020-2036;

²Change in commuting ratio between 2011 and 2020 from 0.98 to 0.93. Commuting ratio of 0.93 continuing 2020-2036.

- 5.20 The above tables show how need in Solihull would range **between 1,199 and 1,248 dpa** based on the 2016-based ONS SNPP demographic rates. This reduces to **between 1,036 and 1,085 dpa** based on the more recent 2018-based ONS SNPP rates.
- 5.21 For reasons already explained, we would consider that the 2016-based ONS SNPP rates are more robust. However, a mid-point housing need figure of a **minimum 1,150 dpa** to meet growth of 22,998 jobs 2020-2036 would be a reasonable conclusion.

Historic job growth and housing need

- 5.22 Alongside the UK Central Hub scenario we have considered above, historic levels of job growth should also be considered. We have obtained this data from Oxford Economics dating back to 1991, and have therefore set out historic levels of job growth for Solihull in Figure 5.1 below:

Figure 5.1: Historic levels of employment in Solihull, 1991-2019

Source: Oxford Economics, October 2020

- 5.23 Figure 5.1 illustrates how the historic levels of job growth have fluctuated significantly in Solihull. In deciding on a reasonable calculation of past job growth to use for modelling purposes, an arbitrary period cannot be used. For example, using the most recent 10-year period (2009-2019) shows that there was growth of 34,000 jobs (3,400 jobs per annum). Similarly, using the intercensal period between 2001 and 2011 would show a much less pronounced increase (1,200 jobs). Both figures illustrate the need to analyse historic levels of job growth more closely.
- 5.24 Barton Willmore's approach is therefore to identify 'peaks' and 'troughs' in the number of jobs, which provides a more realistic calculation of average job growth in the past. For Solihull there are clear peaks above the trend line (dotted line in Figure 5.1) in 1996 and 2016. Over this 20-year period there was growth of 24,500 jobs (1,225 jobs per annum). In contrast there are clear troughs below the trend line in 1993 and 2009; this results in growth of 26,400 jobs (1,650 jobs per annum).

5.25 In this context Barton Willmore consider that the UK Central Hub scenario (1,434 jobs per annum) favoured by the HEDNA and used to underpin economic-led housing need calculations is a realistic and reasonable level of job growth to expect in Solihull over the Plan period.

iii) Summary

5.26 In summary, the key points from this section are as follows:

- The Government's existing Standard Method calculates a minimum need of 807 dwellings per annum in Solihull, 2020-2036. Our demographic modelling shows how this will serve to support between 12,349 and 17,096 jobs 2020-2036;
- A mid-point of this suggests approximately 14,500 – 15,000 jobs over the Plan period. The Standard Method will therefore only support a maximum 65% of the job growth supported by the Council in their 2020 HEDNA (22,998 jobs 2020-2036);
- Economic-led demographic forecasting scenarios show a need for between 16,570 and 19,975 dwellings 2020-2036 (between 1,036 and 1,248 dpa);
- A mid-point therefore suggests a need for 18,500 homes over the Plan period to support the UK Central Hub scenario supported by the Council.

6.0 GREATER BIRMINGHAM AND BLACK COUNTRY UNMET HOUSING NEED

i) Introduction

- 6.1 Solihull Borough Council (SBC) is located within the Greater Birmingham and Black Country Housing Market Area (GBBCHMA) and is therefore responsible for delivering a proportion of any unmet need from authorities within the HMA, alongside the other 13 local authorities within the HMA.
- 6.2 This issue has been identified by SBC throughout the Plan process and has been updated in the Draft Submission Plan following the July 2020 GBBCHMA Position Statement.
- 6.3 The Position Statement concludes that capacity in Birmingham City has now increased to 65,400 dwellings²⁹ 2011-2031. The shortfall from the OAN determined by the adopted plan (89,000 dwellings 2011-2031) has therefore reduced to 23,600 dwellings.
- 6.4 Once commitments by HMA Local Plans to delivering unmet need have been considered, the Position Statement concludes that the shortfall is reduced from 23,600 to only 2,597 dwellings up to 2031. This represents a fall in the amount of shortfall still to be delivered of 13,728 dwellings since the baseline Strategic Growth Study (SDS) was produced.³⁰
- 6.5 However, the July 2020 Position Statement concedes that there will be a HMA shortfall *post* 2031 in the wider HMA, with the Black Country alone estimating a shortfall of 29,620 dwellings.³¹ However notwithstanding this comment the Position Statement makes no estimate of what the unmet need might be post 2031.
- 6.6 Solihull's Draft Plan makes an allowance for an additional 2,105 dwellings 2020-2036 to meet some of the unmet need recognised by the Birmingham City Development Plan. As set out in paragraph 3.19 above, this allowance is based on the difference between the capacity for housing identified by SBC (15,017 dwellings) and the Standard Method for calculating minimum housing need (12,912 dwellings).

²⁹ Table 6, Greater Birmingham and Black Country Housing Market Area (GBBCHMA) Housing Need and Housing Land Supply Position Statement (July 2020)

³⁰ Paragraph 6.2, Greater Birmingham and Black Country Housing Market Area (GBBCHMA) Housing Need and Housing Land Supply Position Statement (July 2020)

³¹ Paragraph 6.2, Greater Birmingham and Black Country Housing Market Area (GBBCHMA) Housing Need and Housing Land Supply Position Statement (July 2020)

6.7 The housing requirement for the Draft Submission Plan is therefore set at 15,017 dwellings 2020-2036 (938 dpa). On a pro rata basis this suggests 1,447 dwellings will be delivered by SBC towards Birmingham's unmet need up to 2031.

6.8 In this section we consider the conclusions of the July 2020 position statement on unmet need up to 2031, alongside possible unmet need beyond 2031.

ii) Adopted Birmingham City Plan Unmet Need 2011-2031

6.9 As we have outlined above, the July 2020 GBBC HMA Position Statement concludes there to be a shortfall of 2,597 dwellings against Birmingham City's unmet need up to 2031.

6.10 However, Barton Willmore consider this figure to be far higher at **between 11,294 and 13,101 dwellings** up to 2031 (see Table 6.1).

Table 6.1: Adopted Birmingham City Plan Unmet Housing Need 2011-2031

Local Authority	Existing/ Proposed Plan period	Total Provision for GBBC HMA Unmet Need	Average annual contribution	Pro rata contribution to BCC unmet need 2011-2031	Shortfall against BCC Local Plan	
Birmingham City	2011-31	n/a	n/a	n/a	23,600 ¹	Birmingham City Deficit to 2031
Bromsgrove	2023-40	0	0	0	n/a	
Cannock Chase	2018-36	0 – 2,500	0 – 139	0 – 1,807	n/a	
Lichfield	2018-40	4,500	205	2,659	n/a	
Redditch	2011-30	0	0	0	n/a	
Solihull	2020-36	2,105	132	1,447	n/a	
Tamworth	2006-31	0	0	0	n/a	
North Warwickshire	2014-33	3,790	199	3,391	n/a	
Stratford-on-Avon	2011-31	265	13	265	n/a	
Black Country²	2019-38	3,000*	158*	1,895*	n/a	
South Staffordshire	2018-37	4,000	200	2,737	n/a	
Total		14,660 – 17,160	n/a	10,499 – 12,306	23,600	11,294 – 13,101

¹ Table 6, page 12, Greater Birmingham and Black Country Housing Market Area (GBBC HMA) Housing Need and Housing Land Supply Position Statement (July 2020), OAN (89,000 dwellings) – Capacity (65,400 dwellings);

² The Black Country authorities are unable to meet their own need. We have therefore excluded the contribution of 3,000 dwellings to BCC's unmet need from the table and associated calculations;

- 6.11 Barton Willmore's position is based on the latest Local Plan position in each of the authorities and the amount of HMA unmet need they are proposing to deliver. However it should be noted that the unmet need figures proposed in the Plan are not exclusively for BCC and instead look to address unmet need across the HMA.
- 6.12 Furthermore, several of the proposed plan periods exceed 2031. It cannot therefore be assumed that the individual Local Plans will deliver their unmet need proportions by 2031, where their plan periods extend beyond 2031.
- 6.13 We have therefore made a pro-rata calculation of the proposed contribution based on the number of years in the proposed Plan period up to 2031, i.e. Lichfield propose 4,500 dwellings over their plan period (2018-2040); therefore $4,500/22$ years (205 dwellings per annum) x 13 years (2018-2031) = 2,659 dwelling contribution up to 2031.
- 6.14 It should be noted that we consider this to be a 'best case' scenario as it assumes all delivery will be towards BCC's unmet need, whereas the Black Country will also have unmet need up to 2031.
- 6.15 Alongside BCC, the Black Country should also be considered, in the context of the July 2020 GBBC HMA Position Statement's admission that the Black Country has evidenced a significant shortfall through its 2019 Urban Capacity Review Update (UCRU) of **up to 29,260 dwellings between 2019 and 2038**, against the 2019 NPPF's Standard Method (SM).³²
- 6.16 From this overall figure the UCRU states there will be a shortfall of 7,485 dwellings up to 2031. However, if we were to look at the overall shortfall as an average, it would suggest a much higher shortfall totalling 18,480 dwellings up to 2031 ($29,260/19$ years = 1,540 dpa x 12 years (2019-2031) = 18,480 dwellings shortfall).

³² Paragraph 2.13, Greater Birmingham and Black Country Housing Market Area (GBBCHMA) Housing Need and Housing Land Supply Position Statement (July 2020)

iii) GBBCHMA Unmet Housing Need 2011-2031

- 6.17 The analysis set out above relates solely to Birmingham City Council's adopted Plan, which was assessed under the provisions of the 2012 NPPF and the Objective Assessment of Housing Need (OAHN).
- 6.18 However, as of October 2020 Local Plans must now be prepared by using the Standard Method, introduced by the 2019 NPPF. It is important to emphasise how the Standard Method determines minimum housing need for each local authority.
- 6.19 The PPG is very clear that 'actual' housing need may be higher, and this is most notably emphasised in the case of Birmingham City.
- 6.20 In Birmingham City, minimum housing need under the Standard Method is 'capped' at **3,577 dpa**. This is despite step 1 of the Standard Method calculation – the 2014-based MHCLG household projections – showing need of nearly 1,000 dpa higher (4,538 dpa).
- 6.21 Furthermore, step 2 of the Standard Method leads to a **12% uplift** to the 2014-based MHCLG household projection. This results in a Standard Method calculation of 5,069 dpa, a **42% increase** to the 'capped' figure that would apply at the present time.
- 6.22 Birmingham City benefit from the 'capped' figure of 3,577 dpa due to the status of the Local Plan, which has been adopted within the past 5 years. Where a Plan has been adopted within the past 5 years, the final Standard Method figure is capped at 40% above the average annual housing requirement figure set out in the existing policies i.e. $2,555 \times 40\% = 3,577$ dpa.
- 6.23 The Birmingham City Plan was adopted on 10 January 2017. This means that on the 11 January 2022 (14 months at the time of writing), the Standard Method will be capped at 40% above **whichever is the higher of** a) the projected household growth for the area over the 10 year period identified in step 1; or b) the average annual housing requirement figure set out in the most recently adopted strategic policies (if a figure exists).
- 6.24 For Birmingham City, a) applies and the Standard Method calculation will exceed 5,000 dpa as of early 2022.

6.25 It is therefore considered appropriate to consider what the Standard Method would mean for Birmingham and the HMA.

6.26 We have considered this in Table 6.2. Additionally, we have included other authorities in the GBBC HMA where the Standard Method would lead to unmet need.

Table 6.2: GBBC HMA Standard Method Minimum Unmet Housing Need 2011-2031

Local Authority	Existing/ Proposed Plan period	Standard Method (uncapped)	Current/ Emerging Plan Requirement	Unmet Need Total 2011-2031	Total Provision for Unmet Need 2011-2031	
Birmingham City	2011-31	3,577 (5,069)	2,555	20,440 (50,280)	n/a	
Bromsgrove	2023-40	379	379	0	0	
Cannock Chase	2018-36	276	284/312/ 367/423	0	0/360/1,083/ 1,806	
Lichfield	2018-40	321	536	0	2,659	
Redditch	2011-30	174	337	0	0	
Solihull	2020-36	807	938	0	1,447	
Tamworth	2006-31	149	177	0	0	
North Warwickshire	2014-33	171	436	0	3,391	
Stratford-on-Avon	2011-31	603	730	0	265	
Black Country	2019-38	3,756	2,220	18,432	1,895*	
South Staffordshire	2018-37	254	466	0	2,737	
HMA Deficit 2011-2031						
Telford & Wrekin	2011-31	n/a	0	2011-31	0	
Shropshire	2016-38			2016-38	1,023	
Total		10,467	9,058 – 9,197	38,872	11,522 – 13,329	25,543 – 27,350

*Black Country cannot meet its own need. Contribution to BCC unmet need excluded

6.27 As Table 6.2 summarises, the Standard Method would result in **minimum** unmet need across the GBBC HMA of **25,543 dwellings up to 2031**. This is based on the 'capped' figure which currently applies in Birmingham City. This is made up of unmet need from Birmingham City and the Black Country authorities only and is based on the Birmingham City Plan figure of 51,100 dwellings 2011-2031. If we were to assume the increased capacity (65,400 dwellings 2011-2031) set out in the

Position Statement the unmet need would still be **between 11,243 and 13,050** dwellings up to 2031, very similar to the conclusion we have made in Table 6.1.

- 6.28 However, as we have identified above, the 'actual' uncapped housing need calculation for Birmingham City would increase this dramatically to **approximately 55,000 dwellings up to 2031** based on the Birmingham Local Plan figure, falling to between 41,083 and 42,890 dwellings based on the increased capacity for Birmingham suggested by the Position Statement. This higher figure will represent unmet need in the HMA when the existing Birmingham Plan becomes more than five years old in January 2022.

Unmet Need Beyond 2031

- 6.29 Several emerging Local Plans in the HMA cover a period exceeding 2031, and it is therefore appropriate to consider what the level of unmet need may be beyond 2031 and up to 2040.
- 6.30 The 2020 Position Statement recognises there will be unmet need after 2031, but does not provide an estimate of what this might be, only stating the following:

"It is, however, now apparent that there will be a HMA shortfall post 2031, with the Black Country alone estimating a shortfall of 29,260, which it will consider through the Black Country Plan review. The scale of the post 2031 shortfall for Birmingham, and potentially other authorities, is not yet known, therefore the post 2031 shortfall for the whole HMA cannot yet be calculated." ³³

- 6.31 Following the same method that we have applied to the tables above (i.e. pro rata delivery of unmet need in emerging plans) we have identified how the existing Standard Method would create unmet need of between **17,000 and 18,400 dwellings 2031-2040**.
- 6.32 However, the Government's recent 'Planning for the Future' proposals in respect of how the Standard Method minimum is calculated should also be considered.
- 6.33 If the proposed changes to the Standard Method are adopted by Government, there will be unmet need in all but one authority of the GBBCHMA. This will mean unmet need of **between 29,400 and 30,100 dwellings 2031-2040**.

³³ Paragraph 6.3, Greater Birmingham and Black Country Housing Market Area (GBBCHMA) Housing Need and Housing Land Supply Position Statement (July 2020)

iv) Summary

- 6.34 In summary, this section has identified the extent of unmet housing need in Birmingham City against the Adopted Birmingham City Plan, following the publication of the July 2020 Position Statement.
- 6.35 Barton Willmore have considered the content of the Position Statement and conclude that the deficit in BCC's unmet need to be delivered by Local Plans up to 2031 is **between 11,294 and 13,101 dwellings up to 2031**, as opposed to the 2,597 dwellings suggested in the Position Statement.
- 6.36 Furthermore, we have considered the unmet need that is likely to result from the 2019 NPPF's Standard Method across all authorities in the GBBCHMA. Based on the existing Standard Method we have concluded this unmet need to be **between 25,543 and 27,350 dwellings up to 2031**. If we were to assume the increased capacity (65,400 dwellings 2011-2031) set out in the Position Statement the unmet need would still be **between 11,243 and 13,050 dwellings up to 2031**.
- 6.37 The existing Standard Method will lead to an additional unmet need of **between 17,700 to 18,400 dwellings 2031-2040**.
- 6.38 If proposed changes to the Standard Method are adopted, this would increase to **between 29,400 and 30,100 dwellings 2031-2040**.

7.0 SUMMARY AND CONCLUSIONS

7.1 This Technical Report responds to the consultation of the Solihull Local Plan – Draft Submission and specifically whether the housing need figure of 816 dpa 2020-2036 will support the economic growth aspirations of the Draft Plan. The key points to note from our analysis are as follows:

- Planning Practice Guidance (PPG) states the Standard Method (SM) figure represents the **minimum** housing need;
- The Draft Plan identifies the clear economic growth aspirations for the Borough, including the nationally significant growth planned for at the UK Central Hub. This is a circumstance where housing need may exceed the minimum need. If it does, housing delivery must be of a quantum to support these aspirations;
- The Council's 2020 HEDNA confirms that the calculation of housing need is underpinned by the growth at the UK Central Hub. The Hub is projected to generate an additional 13,000 jobs to the baseline Experian job growth forecast (10,000 jobs) included in the HEDNA;
- The HEDNA tests several economic-led housing need scenarios. However, the UK Hub Scenario assumes **only 25%** of the additional 13,000 jobs created by the Hub are to be taken up by Solihull residents. This results in the housing need (**816 dpa**) underpinning the Plan;
- However, this ignores the 'Growth A' scenario which concludes that **908 dpa** would be required based on the 'Adjusted Local Growth' scenario. This scenario assumes that strong industries in Solihull will outperform the baseline Experian forecast, resulting in an additional 5,680 jobs to the baseline (10,000 jobs) over the Plan period, with Solihull residents taking up these jobs;
- However, no scenario is presented to show what the housing need would be based on the UK Central Hub scenario being fulfilled in full by Solihull residents. It is important to understand this so that the duty to cooperate discussions referred to in the HEDNA are well informed;

- Barton Willmore provide these sensitivity scenarios based on two approaches to commuting, and two approaches to underlying demographic rates (mortality, fertility, and migration);
- The results of our testing are summarised in Table 7.1:

Table 7.1: Solihull Borough – Barton Willmore Demographic Forecasting 2020-2036

Scenario	Demographic rates	Jobs per annum 2020-2036	Dwellings per annum 2020-2036
Dwelling-constrained: Standard Method	2016 ONS rates	772 ¹ – 813 ²	807
	2018 ONS rates	1,014 ¹ – 1,068 ²	
Employment-constrained: UK Central Hub	2016 ONS rates	1,437	1,199 ¹ – 1,248 ²
	2018 ONS rates		1,036 ¹ – 1,085 ²

Source: Barton Willmore Development Economics

¹ Commuting Ratio 0.98

² Commuting Ratio 0.93

- Growth of **between 1,036 and 1,248 dpa** would be required to support the UK Central Hub scenario (between 16,576 and 19,968 dwellings in total);
- This represents an increase of between 220 dpa and 432 dpa on the housing need calculated by the HEDNA (816 dpa), or **an additional 3,520 to 6,912 dwellings** over the Plan period;
- Our analysis of historic levels of job growth in Solihull 1991-2019 shows a range of 1,225 and 1,650 jobs per annum (jpa). This highlights that the UK Central Hub scenario (1,437 jpa) is a realistic assumption;
- The HEDNA identifies an 'acute' situation in respect of affordable housing need. Our analysis suggests that the HEDNA's conclusion on overall need (816 dpa) should be increased to meet as much affordable need as possible.
- Furthermore, our analysis of unmet need in the wider GBBCHMA suggests that the 2020 Position Statement's conclusions under-estimate the remaining unmet housing need from Birmingham up to 2031, and for Birmingham alone the deficit in unmet need is **between 11,294 and 13,101 dwellings up to 2031**;

- In addition, there is significant unmet need up to 2031 based on the existing Standard Method coming from Birmingham City and the Black Country. This amounts to unmet need of between **25,543 and 27,350 dwellings up to 2031**. If we were to assume the increased capacity for Birmingham City (65,400 dwellings 2011-2031) set out in the 2020 Position Statement the unmet need would still be **between 11,243 and 13,050 dwellings up to 2031**. This increases significantly based on the uncapped Standard Method figure for Birmingham City which would come into effect once Birmingham's Local Plan becomes older than 5 years in 14 months time;
- Adoption of the proposed changes to Standard Method consulted on by Government in summer 2020 would lead to there being unmet need against emerging/existing housing requirements in **all but one** of the GBBCHMA authorities;
- Furthermore, the unmet need **post 2031** should be considered, as referenced to in the 2020 Position Statement. Based on data available at the present time and the most recent Local Plan figures, Barton Willmore calculate this to be a minimum **17,700 dwellings 2031-2040**.

7.2 In summary, the analysis in this report results in the following broad conclusions:

1. **The SM's minimum need for Solihull (807 dpa) will need to be increased to account for expected job growth from the UK Central Hub and the 'acute' need for affordable housing in the Borough;**
2. **Barton Willmore's demographic modelling shows that between 1,036 and 1,248 dpa are required to support the UK Central Hub scenario;**
3. **Barton Willmore's calculations suggest that the deficit in unmet housing need from Birmingham City being delivered by HMA Local Plans amounts to a minimum of between 11,294 and 13,101 dwellings up to 2031, a significant increase from the 2,597 dwellings concluded on by the 2020 Position Statement. This increases when the unmet need**

from the Black Country is considered. Additional unmet need will be created post 2031.