

Housing Needs Assessment

Knowle Dorridge & Bentley Heath Neighbourhood Forum

February 2017
Final Report

Contents

Glossary of terms used in text	3
Executive Summary	4
Introduction	4
Quantity and Characteristics of Housing Needed	5

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Glossary of terms used in text

AH	Affordable Housing (NPPF definition)
AMH	Affordable Market Housing
AR	Affordability Ratio
DCLG	Department for Communities and Local Government
ESLP	Emerging Solihull Local Plan
GBSLEP	Greater Birmingham & Solihull Local Enterprise Partnership
GT	Gypsy & Traveller
HMA	Housing Market Area
HNA	Housing Needs Assessment
KDBHNF	Knowle, Dorridge and Bentley Heath Neighbourhood Forum
LPA	Local Planning Authority
NDP	Neighbourhood Development Plan
NP	Neighbourhood Plan
NPPF	National Planning Policy Framework
ONS	Office for National Statistics
PPG	Planning Practice Guidance
PRS	Private Rented Sector
RTF	Rural Town and Fringe
SHLAA	Strategic Housing Land Availability Assessment
SHMA	Strategic Housing Market Assessment
SMBC	Solihull Metropolitan Borough Council
SLP	Solihull Local Plan (adopted 2013)
SPD	Supplementary Planning Document

Executive Summary

Introduction

1. The 2011 Localism Act introduced neighbourhood planning, allowing parishes, town councils or neighbourhood forums across England to develop and adopt legally binding development plans for their neighbourhood area.
2. As more and more parishes, towns and forums seek to address housing growth, including tenure and type of new housing, it has become evident that developing policies need to be underpinned by robust, objectively assessed housing data.
3. In the words of the national Planning Practice Guidance (PPG), establishing future need for housing is not an exact science, and no single approach will provide a definitive answer. The process involves making balanced judgements, as well as drawing together evidence that is in proportion with its intended purpose. At a neighbourhood planning level, one important consideration is determining the extent to which the characteristics of the neighbourhood plan area (NPA), for example those provided by Census data, diverge from those of the local authority. These comparators are helpful to an HNA given that a single town or neighbourhood almost never constitutes a housing market on its own and must therefore be assessed in its wider context.
4. The guidance quoted above on housing needs assessment (HNA) is primarily aimed at local planning authorities preparing Strategic Housing Market Assessments (SHMAs), which are used to determine housing need at a local authority level. However, it helpfully states that those preparing neighbourhood plans can use the guidance to identify specific local needs that may be relevant to a neighbourhood, but that any assessment at such a local level should be proportionate.
5. Our brief was to advise on data at this more local level to help KDBHNF understand, among other matters, the type, tenure and 'fair share' of housing quantity needed to inform neighbourhood plan policies and supply considerations

Summary of Methodology

6. Housing Needs Assessment at neighbourhood plan level can be focused either on quantity of housing needed, type of housing need, or both. In most cases, there is a need to focus on quantity where the housing target for the settlement being assessed is unclear, for example where the local authority has not set a specific target for the settlement, or where there is no local plan in place.
7. In the case of KDBHNF, the current adopted Development Plan, the Solihull Local Plan (SLP), **allocates 365 homes for the period unto 2028 whilst the new Draft SLP allocates a further 1050 homes** to the plan area by way of two identified sites. The SLP is however

8. The SHMA, published in October 2016, provides part of the evidence base for the current review. This document does not however provide a clear recommended housing target for the neighbourhood plan area. The core purpose of this study is therefore to **consider both quantity of housing needed, in light of the recently commissioned SHMA, as well as type**, in accordance with the wishes of the Neighbourhood Forum.
9. The rationale for this recommended approach is that neighbourhood plans need to pass a number of Basic Conditions to be 'made' by the LPA. One of these, Basic Condition E, requires the Neighbourhood Plan to be in '**general conformity with the strategic policies**' of the Local Plan, in this case the SLP. The Government's Planning Practice Guidance indicates that the level of housing development is likely to count as a strategic policy.¹
10. In terms of the types of housing needed, there is generally more flexibility on what neighbourhood plans can cover. In order to understand the types of housing needed in KDBH, we have gathered a wide range of local evidence and summarised it into policy recommendations designed to inform decisions on housing characteristics.
11. Data and materials gathered relevant to this HNA have been sourced and analysed in line with PPG²; besides statistical data, it includes a community survey provided by KDBHNF³ and interviews with local estate agents⁴. **Together, they provide a balance of sources that capture a local perspective.**
12. The housing projections set out in this HNA correspond with the Neighbourhood Plan period of 2017-2033; this in turn corresponds with the plan period for the Solihull's draft Local Plan.

Focus On Demand Rather Than Supply

13. Our approach is to provide advice on the NPA's fair share of housing required based on need and/or demand rather than supply. This is in line with the PPG, which states that '*the assessment of development needs should be an objective assessment of need based on facts and unbiased evidence. **Plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance, viability, infrastructure or environmental constraints.***'
14. For this reason, we advise that the conclusions of this report **should be then be assessed against supply-side considerations** (including, for example, factors such as transport infrastructure, landscape constraints, flood risk and so on) as a separate and follow-on study⁵.

Quantity and Characteristics of Housing Needed

15. Our assessment of a wide range of data sources identified five separate projections of dwelling numbers for KDBHNF between 2014 and 2033 based on:

¹ See Planning Practice Guidance Paragraph: 006 Reference ID: 2a-006-20140306

² See Planning Practice Guidance Paragraphs: 014 Reference ID: 2a-014-20140306 and 009 Reference ID: 2a-009-20140306

³ Knowle, Dorridge and Bentley Heath Neighbourhood Plan Residents' Survey Results 2016 FINAL REPORT

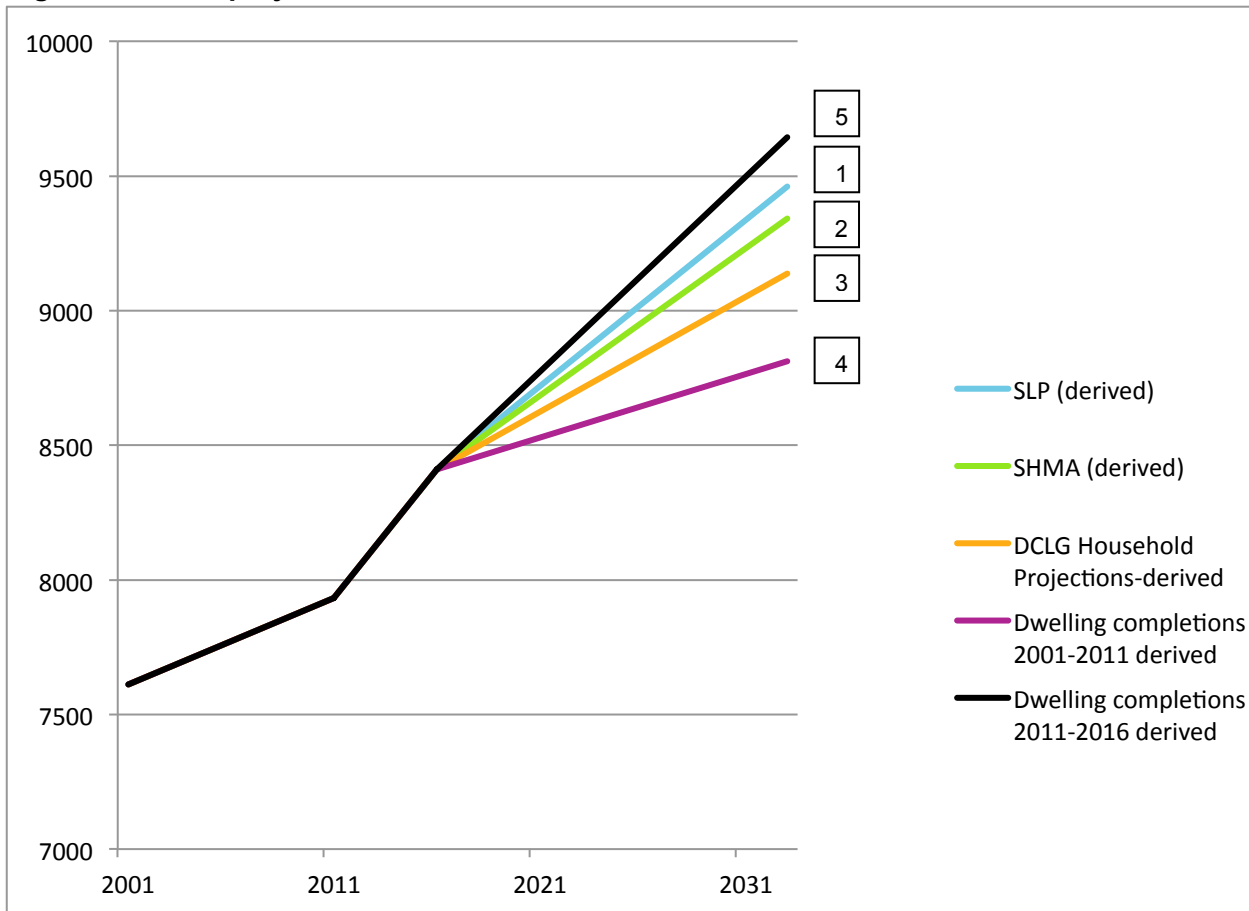
⁴ David Hofton of Hunters, Kayleigh Montgomery of John Shepherd and Kate Ridley of Primus took part in the survey

⁵ Such an approach, clearly separating housing need assessment from home capacity assessment, was endorsed by the

1. A figure derived from the SLP which gives a total of **1161 homes** over the plan period;
2. A 'proportionate share' derivation from the 2016 SHMA, Objectively Assessed Need⁶ (OAN) produces a projection of **1040 homes** over the plan period;
3. DCLG household projections (re-based) produces a figure of **726 homes** over the plan period;
4. A projection forward of net home completion rates 2001-2011, giving a total of **512 homes** over the plan period; and
5. A projection forward of net home completion rates 2011-2016, giving a total of **1344 homes** over the plan period

16. These home number projections are illustrated in Figure 1 below.

Figure 1: Home projections for the KDBHNF NP Area, 2011-2033



Source: Aecom Calculations

17. The graph above (the vertical axis indicates the number of homes) sets out the total number of homes factoring in each of the projections we have identified in paragraph 19. So, for example, factoring in SHMA derived data (green line) to the number of dwellings that have already been


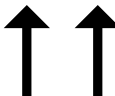
⁶ The OAN includes the baseline demographic need, plus any adjustments made to official forecasts to account for

built in the plan area between 2011 and 1st January 2016 (478) produces a total demand for 9341 homes over the plan period.

18. We have applied our professional judgement on the scales of increase and decrease associated with each factor on a scale from one to three, where one arrow indicates 'some impact', two arrows 'stronger impact' and three arrows indicates an even stronger impact. Factors are in alphabetical but no other order.

Table 1: Summary of factors specific to KDBHNF with a potential impact on neighbourhood plan housing quantity

Factor	Source(s) (detailed in Chapter 3)	Possible impact on future housing need	Rationale for judgement
House prices	SHMA, Local Agent Survey	↑ ↑	The high affordability ratios of Solihull and the relatively high median property prices of the southern and rural fringe sub-area, suggests a modest up-lift in housing development to forestall affordability deteriorating further.
Over-crowding	SHMA, Census	↓	The area exhibits low levels of over-crowding, and concealed households at the neighbourhood level is considerably lower than local and national levels. While this could point to a local housing market in equilibrium, it must be considered in the context of feedback from local agents who report demand frustrated by lack of stock, causing a displacement of demand to other areas of the HMA. For this reason, the downward pressure on housing numbers is less than the over-crowding and concealed households would otherwise suggest.
Volume of Transactions	Local Agent Survey	↑ ↑	While the dominant house-type (detached larger family housing) is in good supply, the weaknesses in the supply of housing are those that would enable older people to

Factor	Source(s) (detailed in Chapter 3)	Possible impact on future housing need	Rationale for judgement
			<p>properties suitable for newly-formed households.</p> <p>The buoyant house market suggested by agents feedback would display even greater strength were it not for a lack of supply in these areas.</p> <p>For these reasons an up-lift in housing numbers is appropriate.</p>
Rate of development	SHMA, Local Agents survey		<p>Completions declined significantly during the recession as the borough had run out of site allocations. Post-recession, Solihull's completions recovered at a fast rate, as new sites were allocated.</p> <p>The rate of development within the plan area has been brisk since the last Census. Indeed, it is notable that housing completions in KDBH exceed the rate at which new homes have been delivered in the wider area of Solihull. Continuation of development at this pace is likely to satisfy demand for housing in the area.</p>
Employment trends	Census, SEP, UK Central master plan.		<p>Significant job growth in recent years, plus a high average annual household income indicates a strong existing economy in Solihull. This has the effect of attracting people into the plan area taking up positions of employment.</p> <p>Our research indicates the potential for even further job growth in the area associated with</p>

Factor	Source(s) (detailed in Chapter 3)	Possible impact on future housing need	Rationale for judgement
			Airport, etc.

19. In arriving at a final demand figure in the plan area, two issues need to be stressed. Firstly, the numbers derived from dwellings completed in paragraph 17 (items 4 and 5) are 'supply constrained', meaning there is no guarantee that sufficient available, suitable and viable land will be found to actually deliver this number of new homes on the ground, particularly with significant constraints such as the Towns valued Green Belt. This makes these figures less reliable as a guide to demand in places like KDBH where demand significantly outstrips what can be delivered on the ground. The 'outlier' of homes delivered between 2001 and 2011 supports this finding. Secondly, it is necessary to take into account the influence of the local factors set out in Table 1.
20. In order to allow for these two factors, we have taken as a starting point the mean of projections 1, 2 and 3 only as the basis for our final estimate. **This produces a rounded figure of 975 homes.** Taking the local factors into consideration, we see from the 'up' and 'down' arrows that **market signals overwhelmingly point to a higher housing number**; this is based on the high house prices in the area and the brisk trade reported by local estate agents combined with clear under-supply of some key house-types. In our judgment, these conditions are likely to persist and strengthen given the prospects of strong job growth in the area.
21. The only mitigating factor is the low level of over-crowding and concealed households; however, we regard this as less of a consequence of adequate supply than **the capacity of the wider HMA to mop up excess demand** from key segments of the market, for example newly formed households and those looking to down-size.
22. Given the balance in favour of 'up' arrows, **a realistic final estimate is within the range of 990 and 1090 homes.**
23. It is important to acknowledge that, in the course of developing this study we have been informed by KDBHNF that **478 dwellings were built in the plan area between 2011 and 2016**, and this has been confirmed by correspondence from the LPA. These have been taken into consideration in arriving at the projections put forward in paragraph 16. A specific account of how this was done in respect of each of the projections is set out in paragraphs 62, 67 and 75 in the main body of the report.

Table 2: Summary of local factors specific to KDBHNF NP with a potential impact on housing Type

Factor	Source(s) (see Chapter 3)	Summary of data reviewed	Conclusion
Tenure	SHMA, OAN	<p>High affordability ratios (AR)</p> <p>Unaffordability of ‘Starter Homes’</p> <p>Council confident that the affordable housing requirement can be met by the OAN identified</p> <p>Growth of Private Rented Housing</p>	<p>Housing delivery has been brisk in recent years; this should continue if the AR is not to deteriorate further</p> <p>No up-lift is required for affordable housing, and the group does not need to set its own affordable housing target, but can rely on SLP policies</p> <p>Forms of discounted market housing (Starter Homes) cannot be seen as affordable housing as they breach reasonable affordability thresholds</p> <p>Many younger households can afford market housing to rent, but not to buy at full market prices; this gap suggests some could take advantage of discounted market housing and part-ownership models (intermediate housing).</p>
Size - Demand/need for smaller homes	Census, Local Census	<p>Area has exhibited a growth in number of purpose built flats</p> <p>The growth of older family households and one-person households</p> <p>Shortage of dwellings for young families and new households.</p>	<p>Demographic shifts and a structural under-supply of homes suitable for down-sizing among the elderly and young families justify the delivery of a higher proportion of smaller dwellings in future housing supply.</p>
Housing for independent living for older people	Census, OAN	<p>OAN projections indicate that the population aged 65 or over will increase dramatically between 2014 and 2032</p>	<p>Provision of additional affordable, market sheltered and extra-care housing units is appropriate in the following numbers: 30 conventional sheltered housing units; 60 leasehold sheltered housing units; 10</p>

Factor	Source(s) (see Chapter 3)	Summary of data reviewed	Conclusion
		Within the plan area, the increase in the over 75s will be approximately 500 people.	care housing units for rent; 15 extra care housing units for rent and 3 specialist dementia care homes.
Traveller community		Local Plan sets out a need for 38 permanent pitches to 2027. None of the safeguarded sites or proposed allocations are located within this study area.	No additional sites required.

Recommendations for next steps

24. This neighbourhood plan housing needs advice has aimed to provide KDBHNF with evidence on housing trends from a range of sources. We recommend that the Neighbourhood Forum should, as a next step undertake **a site allocations study that identifies where it is, and where it is not, possible to build**. This would provide an appropriate evidence base for policies seeking to manage the overall quantum of new housing.
25. In addition, the Forum should discuss the contents and conclusions with SMBC with a view to agreeing and formulating draft housing policies, in particular the appropriate approach to identifying the level of need for new housing in the NP area, bearing the following in mind:
 - **Neighbourhood Planning Basic Condition E**, which is the need for the neighbourhood plan to be in general conformity with the adopted strategic local policies;
 - the **views of SMBC** – in particular in relation to the housing need figure that should be adopted;
 - the views of **local residents** (gathered together in the form of a Consultation Statement);
 - the views of other **relevant local stakeholders**, including housing developers; and
 - the **numerous supply-side considerations**, including local environmental constraints, the location and characteristics of suitable land, and any capacity work carried out by the SMBC, including but not limited to the SHLAA
 - the recommendations and findings of this study.
26. Recent changes to the planning system, **forthcoming changes to the NPPF in the wake of the Housing White Paper**, as well as the implementation of the Housing and Planning Act, will continue to affect housing policies at a local authority and, by extension, a neighbourhood level.
27. This advice note has been provided in good faith by AECOM consultants on the basis of housing data and national guidance current at the time of writing (alongside other relevant and available information).
28. Bearing this in mind, we recommend that the steering group should monitor carefully strategies and documents with an impact on housing policy produced by the Borough Council or any other relevant body and review the neighbourhood plan accordingly to ensure that general conformity is maintained.
29. At the same time, monitoring ongoing demographic or other trends in the factors summarised in Tables 1 and 2 would be particularly valuable.

