Economy and Skills Oversight and Scrutiny Committee
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Affordable housing – achievement to date and where in the city we are providing family housing

Jane Trethewey, Assistant Director Housing Development
Uyen Phan-Han, Planning Policy Manager

1. Introduction

1.1 The Council's Birmingham Municipal Housing Trust (BMHT) programme has been running successfully since 2009, building over 2,500 new social rented homes for the city, alongside homes for sale to cross-subsidise the costs of the new Council housing. It has been doing this on a combination of land freed up by estate clearance activity, other available land in the Housing Revenue Account such as former garage sites, and surplus land appropriated from the General Fund.

1.2 Cabinet has annually approved reports for the appropriation of sites for this purpose, and further reports will come forward in future to continue the programme. The introduction of modular homes as part of the programme, will also enable constrained and less accessible sites which are unsuitable for traditional forms of house building to be used for housing development.

1.3 However, alongside this success, the ongoing disposal of affordable housing arising from the sale of Council housing through the Right to Buy is resulting in a year on year net loss of affordable homes of around 200 per year. The introduction of the Voluntary Right to Buy for Registered Providers is now extending this into their affordable housing stock too. The strategic direction for affordable housing under the new government is not yet known, but it seems unlikely that there will be a change of approach in relation to this policy.

2. Housing Target

2.1 As set out in the adopted Birmingham Development Plan (BDP), Birmingham's housing 'requirement' or 'target' is 51,100 new dwellings between 2011 to 2031.

2.2 The trajectory for delivery steps up over time with 1,650 dwellings per annum from 2011/12 to 2014/15, 2,500 per annum from 2015/16 to 2017/18, and 2,850 per annum from 2018/19 to 2030/31. Of the 51,100 dwellings, 38% (19,400) need to be affordable.

2.3 Birmingham's housing need is 89,000 dwellings, but the city cannot accommodate all its own need within its city boundary. The remaining 37,900 is to be provided by neighbouring authorities in the Greater Birmingham and Black Country Housing Market Area through the Duty to Co-operate.

3. Housing Mix

3.1 BDP Policy TP30 'The type, size and density of new housing' requires new housing to deliver a range of homes to meet local needs and support the creation of mixed, balanced and sustainable neighbourhoods.

3.2 The appropriate mix of housing to be provided in the city is set out in the Birmingham Strategic Housing Market Assessment (2013) (SHMA) and summarised in the table below.

Tenure	% of Dwellings				
	1 Bed	**2 Bed**	**3 Bed**	**4+ Bed**	**Total**
Market	8.1	14.9	17.3	21.9	62.2
Shared ownership	1.1	1.2	2.2	0.3	4.8
Affordable rent	3.7	11.6	5.3	0.9	21.6
Social rent	1.7	3.0	1.6	5.0	11.4
%	**14.6**	**30.8**	**26.3**	**28.1**	**100**

Source: Birmingham Strategic Housing Market Assessment (2013)

3.3 Account will be taken of the SHMA, detailed local housing market assessments where applicable, current and future demographic profiles, locality and ability for the site to accommodate a mix of housing, and market signals and trends. The preferred SHMA mix may therefore not be suitable or feasible on every site.

3.4 BDP policy 'TP31 Affordable Housing' requires 35% affordable homes as a developer contribution on residential developments of 15 dwellings or more, subject to financial viability. There is a strong presumption in favour of the affordable homes being fully integrated within the proposed development.

3.5 Where an applicant considers that a development proposal cannot provide affordable housing in accordance with the percentages set out above, for example due to abnormal costs or changing economic conditions, a financial viability statement must be submitted. The Council will undertake an independent assessment of the viability information submitted. Costs associated with assessing the viability of proposal are borne by the applicant.

4. Housing delivery

4.1 The overall completions requirement for the period 2011/12 to 2018/19 was 16,950. A total of 18,324 net new dwellings were completed in this period. Housing completions are ahead of the BDP housing trajectory and the cumulative target to date has been exceeded by 1,374 dwellings.

4.2 A total of 3,775 affordable dwellings have been completed between 2011/12 to 2018/19 against a requirement of 6,441 for this period. New BMHT homes account for a large proportion of the affordable housing completions, and prioritised the delivery of family homes, which are in greatest demand by households on the Council's housing register. This means that 59% of the target has been met with an under-delivery of 2,666 dwellings.

Year	Annual requirement	Completions	% of requirement met
2011/12	627	597	95.2
2012/13	627	445	71.0
2013/14	627	346	55.2
2014/15	627	545	86.9
2015/16	950	427	45.0
2016/17	950	397	41.8
2017/18	950	676	71.2
2018/19	1,083	342	31.6
Total	**6,441**	**3,775**	**58.6**

4.3 The number of 1 and 2 bedroom dwellings has seen a significant increase in the last three years, reflecting the success of the city centre residential market and skewing the city's overall housing mix. Excluding the city centre, the housing mix that has been delivered in suburban areas, shows a closer 'fit' to the preferred SHMA mix.

City Wide Completions*(Gross)

Year	1 bed	2 bed	3 bed	4+ bed	Total
2011/12	333	546	278	327	1,484
2012/13	283	562	250	335	1,430
2013/14	331	785	342	265	1,723
2014/15	367	721	529	449	2,066
2015/16	548	740	349	370	2,007
2016/17	527	644	374	263	1,808
2017/18	991	1,242	478	320	3,031
2018/19	1,847	1,441	305	272	3,865
Total	**5,227**	**6,681**	**2,905**	**2,601**	**17,414**
%	**30**	**38.4**	**16.7**	**14.9**	**100**
SHMA	14.6	30.8	26.3	28.1	100

*includes gross conversions, excludes student accommodation

Outside of City Centre Completions*(Gross)

Status	1 bed	2 bed	3 bed	4+ bed	Total
2011/12	312	476	266	317	1,371
2012/13	171	549	350	335	1,405
2013/14	228	633	327	254	1,442
2014/15	357	638	511	447	1,953
2015/16	458	600	329	370	1,757
2016/17	296	485	360	258	1,399
2017/18	492	943	467	318	2,220
2018/19	665	499	267	272	1,703
Total	2,979	4,823	2,877	2,571	13,250
%	**22.5**	**36.4**	**21.7**	**19.4**	**100**
SHMA	14.6	30.8	26.3	28.1	100

*includes gross conversions, excludes student accommodation

4.4 Future supply, particularly Langley SUE, Greater Icknield, Yardley Sewage Works, will help to redress the balance for larger sized accommodation to some extent.

5. Housing sites and supply

5.1 The 2019 Strategic Housing Land Availability Assessment (SHLAA) identifies 1,069 sites with a capacity of 42,316 dwellings. An additional unidentified capacity of 4,760 windfall dwellings brings the total SHLAA capacity to 47,076 dwellings.

Category	Dwellings
Under Construction	10,403
Detailed Planning Permission (Not Started)	8,068
Outline Planning Permission	2,065
Permitted Development (office, retail, agricultural to residential)	769
Allocation in Adopted Plan	7,837
Allocation in Draft Plan	251
Other Opportunity within a BDP Growth Area	7,212
Other Opportunity outside the BDP Growth Areas	5,711
Sub Total – Identified Sites	**42,316**
Windfalls Below the SHLAA survey threshold (<0.06ha)	560
Windfalls Above the SHLAA survey threshold (>=0.06ha)	4,200
Sub Total – Unidentified Sites	**4,760**
Total Capacity	**47,076**

5.2 In order to compare the capacity identified in the SHLAA (47,076) with the housing requirement set out in the Birmingham Development Plan (51,100) it is necessary to add delivery in the period 2011/12 to 2018/19 to the capacity identified in the SHLAA. This provides **a total SHLAA supply of 65,400 dwellings.**

5.3 The increase in supply is due new sites coming forward and being identified; increased densities on existing sites; an increase in the number of dwellings under construction; an increase in the number of sites with detailed planning consent; and a high number of completions.

	Dwellings
SHLAA Capacity 2019	47,076
Completions 11/12-18/19	18,324
Total 2011-31	**65,400**

5.4 The table below sets out the geographic distribution of sites with housing development potential. It shows that in future years there is an emphasis of opportunities in the City Centre and the North west.

Distribution of supply

Time Period	Location				
	North west	**East**	**South**	**City Centre**	**Total**
Within 5 years	2,813	1,873	2,916	10,835	18,437
6 to 10 years	5,592	3,398	2,586	4,170	15,746
Beyond 10 years	3,406	743	384	3,600	8,133
Total dwellings	**11,811**	**6,014**	**5,886**	**18,605**	**42,316**

6. Potential sites with capacity of 15+ dwellings

6.1 The affordable housing policy only applies to housing developments of 15 or more dwellings. Excluding sites that are already under construction and with planning permission (outline and detailed), there are 153 SHLAA sites with a potential capacity of 15 or more dwellings, which could potentially deliver a total of approximately 19,000 dwellings. A proportion of dwellings on these would be required to provide affordable housing. (Based on 35%, the number of affordable dwellings provided could potentially be around 6,600). Their geographical distribution is set out in the table below, showing a higher number in the North west.

Sites with potential capacity of 15+ dwellings

Area	Capacity (dwellings)	No. of sites
East	3,343	52
North	7,611	43
South	1,625	24
City Centre	6,403	34
Total	**18,982**	**153**

6.2 However, smaller sites may also deliver affordable housing such as BMHT sites and sites delivered by Registered Providers. There is a total of 52 BMHT sites which are under 15 dwellings providing a potential capacity of 269 dwellings.

7. Increasing affordable housing

7.1 The affordable housing target for the BDP period of 2011 to 2031 is 19,400 dwellings. With 3,775 affordable dwellings completed between 2011/12 and 2018/19, a further 15,625 dwellings equating to 1,302 affordable dwellings per annum will need to be delivered over the remaining 12 years of the plan period.

7.2 This presents a significant challenge and will necessitate a three-fold increase in the average rate of affordable homes delivered over the last 8 years. This requirement indicates that a change in approach will be necessary if the target is to be met.

7.3 In May this year, Cabinet approved the Birmingham Municipal Housing Trust Delivery Plan 2019-2029 which will deliver around 3,000 new homes for rent and sale over the next 10 years at an estimated cost £346m.

7.4 Delivery of the planned BMHT programme is dependent upon the appropriation of sites from the Council's General Fund asset portfolio and securing of planning consent for residential development of these sites. The programme depends upon sites such as former school playing fields, disused allotment sites, and areas of under-used public open space, which are put forward for residential development by services for which these sites no longer provide a good resource, and where the financial benefits of appropriation provide a significant contribution towards savings targets.

7.5 However, sites such as these are increasingly contentious and subject to local opposition, meaning that some may fall away and not be delivered as programmed. There are also examples of viability challenges created by requirements for significant financial contributions, for example to Sport England or to create additional leisure provision. Where BMHT schemes are delivering a high proportion of social rented homes, at least 35% of the homes or more, and are built to increasingly high standards, including future plans for zero carbon homes, they do not deliver the financial returns that can support contributions at the rate of market led schemes.

7.6 The BMHT scheme at Meadway Phase 2, planned to deliver around 100 homes, has been subject to a corporate change of approach to the site, resulting in removal of the site from the housing development programme. Such challenges create a risk that the BMHT programme will in future struggle to deliver the affordable unit numbers anticipated and required by the city.

7.7 As the supply of available Council owned land diminishes, opportunities to secure further land for BMHT development should be taken. Opportunities should also be sought for the Council to work in closer partnership with Registered Providers of affordable housing in the city, so that they can apply their investment capacity and house-building expertise to support delivery of a greater number of new homes.

8. Affordable housing through the market

8.1 We will also need to continue to work effectively with the private sector to help unlock potential housing sites; remove barriers to development; and make efficient use of land by increasing densities where appropriate.

8.2 Opportunities to maximise the provision of affordable housing through the planning process/ Section 106 agreements, should also be taken. Where development proposals do not provide for 35% affordable housing, the City Council requires planning applications to be accompanied by a viability assessment. The Council undertakes an independent assessment of the developer's assessment, paid for by the applicant. In the last two years, the City has negotiated in excess of £4million of extra s106 contributions from that which was initially offered by applicants.

8.3 In addition, it should be recognized that the tenure of affordable housing delivered through S106s is important. Whilst the NPPF allows a range of affordable housing tenures, the WMCA is now seeking to create a local definition of affordability to recognize that in some areas the more expensive forms of affordable housing, sometimes referred to as intermediate housing, do not meet local needs.

8.4 Additionally, schemes which contribute homes at below market rent, but where there is no commitment to providing the affordable homes in perpetuity, and no access by nominees from the Council's housing list, will not address housing need. In cases such as this it will be more effective to seek off-site contributions, in built form or as a commuted sum to be invested into genuinely affordable homes.

8.5 However, there is a limit to the amount that can be extracted from Section 106 agreements where other competing planning obligations are triggered e.g. provision of public open space, education infrastructure, highways infrastructure works etc. If affordable housing is the planning obligation priority, it could be at the expense of other types of obligations.

8.6 While it is important to provide sufficient numbers of specific tenures, it is also important to ensure that the homes provided are of the type and sizes that will meet the wide range of housing needs.