

# Birmingham Local Plan

**Background Paper:**

**Housing**



 **RESET**

 **RESHAPE**

 **RESTART**

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## 1. Introduction

- 1.1. Birmingham City Council is in the process of updating its Local Plan which will cover the time period up to 2042. A series of topic papers will be prepared to accompany the Birmingham Local Plan (BLP) which will present the relevant national and local planning context, background information, summary of the evidence base, alternative policy options considered and justification for the preferred approach.
- 1.2. It is intended that the topic papers will be 'living' documents that will be updated as the BLP progresses, to reflect any updated evidence, changes in the policy context or outcomes of consultation and engagement.
- 1.3. This background paper covers the following proposed Local Plan policies:
  - HN1 New residential development
  - HN2 Affordable housing
  - HN3 Housing mix
  - HN4 Residential densities
  - HN5 Housing for older people and others with support and care needs
  - HN6 Protecting existing housing
  - HN7 Purpose built student accommodation
  - HN8 Large scale shared living accommodation
- 1.4. The vision for Birmingham is “a city of growth where sustainable development delivers the homes, jobs and infrastructure that people need” and “a city of ‘thriving neighbourhoods offering a wide choice of high-quality housing, including affordable housing, supported by accessible services and facilities.”
- 1.5. Birmingham has a high levels of housing need, and housing affordability is a major issue. Increasing housing supply, including affordable housing are key priorities for the Council. At the Issues and Options Consultation stage we identified a shortfall of 78,415 dwellings in the plan period (2020-2042) based on the existing available housing supply at the time (Housing and Employment Land Availability Assessment 2022) and the city's Local Housing Need calculated using the Government's standard method.
- 1.6. Since then, the city's Local Housing Need has changed due to the publication of the latest affordability ratios. This means that the Local Housing Need as calculated by the standard method has increased to 7,174 dwellings per annum (as at March 2024). Applied to the plan period (2020-2042) this gives a total housing need of 149,180 dwellings. This is based on the Birmingham Development Plan housing requirement of 5,700 dwellings between April 2020 and March 2022 and the Local Housing Need of 7,174 dwellings per annum from April 2022 to March 2042.
- 1.7. The latest Housing and Employment Land Availability Assessment (HELAA) 2023 indicates an overall supply of 103,027 dwellings. This represents a significant increase in supply from the previous HELAA 2022. Our housing shortfall has therefore decreased from 78,415 dwellings to 46,153 dwellings. However, a large gap remains between the need and supply and the city will continue to be reliant on other local authorities to assist in meeting Birmingham's housing shortfall.
- 1.8. At the Issues and Options Consultation stage we identified a shortfall of 78,415 dwellings in the plan period (2020-2042) based on the existing available housing supply at the time (Housing and Employment Land Availability Assessment 2022) and the city's Local Housing Need calculated using the Government's standard method.



## 2. Affordable housing

### National policy

- 2.1 The National Planning Policy Framework (NPPF) requires local authorities to assess the need for affordable housing, and then to specify in planning policies the amount and type of affordable housing required. National Planning Practice Guidance (NPPG) provides guidance on how affordable housing need should be calculated, taking into account current and projected needs, and future supply of affordable homes.
- 2.2 Affordable housing is defined in the NPPF 2021 glossary at Annex 2 as “housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)”, and which complies with one or more of the following definitions for affordable housing for rent, starter homes, discounted market sales housing, and other affordable routes to home ownership.”
- 2.3 Paragraphs 63-65 of the NPPF 2021 state that where a need for affordable housing is identified, planning policies should:
- specify the type of affordable housing required,
  - expect that the affordable housing is provided on-site,
  - only seek affordable housing on major developments (defined as being sites of 10 or more dwellings or a site area of 0.5 hectares or more),
  - allow a proportionate reduction to the affordable housing contribution where vacant buildings are being re-used or re-developed, and
  - expect at least 10% of all homes on a major development to be available for affordable home ownership unless the development is solely for build to rent, specialist accommodation, self or custom build homes, or affordable housing.
- 2.4 National policy requires affordable homes to remain at an affordable price for future eligible households (affordable in perpetuity) or for any subsidy from sales of affordable housing at market value to be recycled for alternative future affordable provision.
- 2.5 National policy provides an incentive for development on brownfield sites containing vacant buildings. It allows for reductions in affordable housing provision where vacant buildings are reused or re-developed (vacant building credit), as only the increase in floorspace is liable to provide affordable housing.
- 2.6 In addition to the affordable housing types set out above, the government has recently introduced ‘First Homes’ which are in effect replacing Starter Homes. New national planning guidance on First Homes was published in May 2021 to take account of the announcement of the delivery of First Homes in the Affordable Housing Update Written Ministerial Statement. First Homes are a specific kind of discounted market sale housing that fall within the affordable housing definition. National planning guidance sets out that First Homes should account for at least 25% of the affordable homes delivered on a development that is expected to provide affordable homes. There are specific criteria for the sale and purchase of First Homes, with the ability for local authorities to set additional local criteria. For the remaining up to 75% of the affordable homes, the national guidance prioritises the delivery of social rent homes before any affordable rent and shared ownership homes, where this is set out in local planning policy.



- 2.7 National planning guidance sets out that First Homes can contribute towards delivering some or all of the at least 10% affordable home ownership products that should be provided on major developments that is set out in the NPPF 2021. The new national planning guidance on First Homes explains how the two requirements can work together and provides worked examples of this.

### **Local policy**

- 2.8 The existing Birmingham Development Plan requires 35% affordable homes as on residential developments of 15 dwellings or more (Policy TP31). The affordable housing mix required reflects the Birmingham Strategic Housing Market Assessment (2013) which is broadly 20% affordable rent, 11% social rent and 4% shared ownership/ discounted market sale.
- 2.9 Policy TP31 provides flexibility for the level of affordable housing to be adjusted in order to secure the appropriate mix of affordable dwellings for an area. TP31 requires affordable homes to be fully integrated within the proposed development. Off-site contributions may be considered where on-site provision cannot be met. Where the applicant cannot provide affordable housing in accordance with the percentages required, a viability assessment must be submitted and is independently assessed.
- 2.10 Birmingham City Council recently adopted a new Housing Strategy (2023-2028) which sets out how it will tackle some of the local and national housing challenges facing Birmingham. One of the key priorities is to accelerate the delivery of affordable housing through utilising council-owned land and property, better management of the private rented sector, working with key players in delivery such Registered and stronger partnerships with the West Midlands Combined Authority, Homes England and One Public Estate.

### **Evidence**

- 2.11 This section provides a summary of local evidence in relation to affordable housing need and delivery.
- 2.12 Birmingham City Council commissioned Icen Projects, together with Cambridge Econometrics (CE) and Justin Gardner Consulting (JGC) to prepare this Housing & Economic Development Needs Assessment (“HEDNA”) to support the preparation of the new Birmingham Local Plan. It provides an in-depth assessment of housing affordability in Birmingham by looking at local housing costs and income and estimates the annual need for affordable homes.
- 2.13 In accordance with NPPG, an assessment was undertaken to estimate the need for affordable housing in the 2020-40 period. This period was chosen as reflecting the most likely Plan period at the start of the project. However, a longer end date to 2042 was subsequently decided. Appendix 3 of the HEDNA provides a series of tables where data is rolled forward for a further two years (to 2042) – the start date of 2020 has been retained. It should be noted that adding an additional two years to the data does not change any of the conclusions of the HEDNA report.
- 2.14 The affordable housing analysis is split between a need for social/ affordable rented accommodation and affordable home ownership (AHO). The analysis suggests a need for 5,295 affordable rented homes (social and affordable) per annum to 2042 (including existing households already in accommodation).



Table 1: Estimated Need for Social/Affordable Rented Housing by sub-area (per annum) – Birmingham

Sub Area	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
Central	225	947	384	1,556	654	902
Edgbaston	74	437	161	672	271	402
Erdington	78	524	220	823	350	472
Hall Green	103	368	67	538	112	425
Hodge Hill	125	600	209	935	319	616
Northfield	56	526	250	831	402	429
Perry Barr	158	625	140	924	222	702
Selly Oak	70	513	167	750	256	494
Sutton Coldfield	36	379	59	474	98	375
Yardley	80	488	159	727	250	477
<b>TOTAL</b>	<b>1,006</b>	<b>5,409</b>	<b>1,815</b>	<b>8,230</b>	<b>2,935</b>	<b>5,295</b>

Source: HEDNA 2022

2.15 The estimated need for affordable home ownership is 1,011 per annum. The 25% First Homes would fall within this category. The ratio between affordable homes for rent and affordable home ownership is therefore 84%: 16%.

Table 2: Estimated Need for Affordable Home Ownership by sub-area (per annum) – Birmingham

Sub Area	Total Gross Need	Low Cost Home Ownership supply	Net need
Central	255	8	248
Edgbaston	148	5	143
Erdington	57	7	50
Hall Green	148	2	146
Hodge Hill	4	5	-2
Northfield	58	7	50
Perry Barr	37	2	35
Selly Oak	42	7	35
Sutton Coldfield	231	2	229
Yardley	80	3	77
<b>TOTAL</b>	<b>1,060</b>	<b>49</b>	<b>1,011</b>

Source: HEDNA 2022

2.16 The HEDNA does not consider that the identified affordable housing need would necessarily point to any requirement for the Council to increase the Local Plan housing requirement above that suggested by the Standard Method.

2.17 The analysis suggests that there will be a need for both social and affordable rented housing and that there are many households in Birmingham who are being excluded



from the owner-occupied sector, the key issue being access to capital rather than simply the cost of housing to buy.

- 2.18 The HEDNA does not recommend that the Council has a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of homes are likely to be required in all areas. In deciding what types of affordable housing to provide, including a split between rented and home ownership products, the Council will need to consider the relative levels of need and also viability issues.
- 2.19 Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the area. It does however need to be stressed that HEDNA does not provide an affordable housing target. The amount of affordable housing delivered will be limited to the amount that can viably be provided. However, the evidence suggests that affordable housing delivery should be maximised.
- 2.20 The table below shows affordable housing between 2011/12 – 2021/22 against a requirement of 9,690 for this period. This means that only 46.1% of the required affordable housing has been provided, with an under-delivery of 5,802 dwellings. Affordable housing delivery peaked in 2017/18 and has been declining since.

Table 3: Affordable housing required and completed

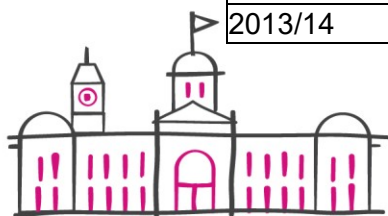
Year	Overall Annual Housing Requirement	Affordable Housing Required (38% of overall requirement)	Affordable Housing Completed	% of Requirement Met
2011/12	1,650	627	597	95.2
2012/13	1,650	627	445	71.0
2013/14	1,650	627	346	55.2
2014/15	1,650	627	545	86.9
2015/16	2,500	950	427	45.0
2016/17	2,500	950	397	41.8
2017/18	2,500	950	676	71.2
2018/19	2,850	1,083	342	31.9
2019/20	2,850	1,083	315	29.1
2020/21	2,850	1,083	305	28.2
2021/22	2,850	1,083	252	23.2
2022/23	2,850	1,083	324	29.9
Total	28,350	10,773	4,971	46.1

Source: BCC

- 2.21 In the same period, the total value of Section 106 clauses containing an affordable housing commuted sum received has been £13.7 million.

Table 4: Number of Section 106 Affordable Housing Commuted Sums Received

Year	Total no. of S106 agreements containing an affordable housing commuted sum	Total value of those clauses containing an affordable housing commuted sum
2011/12	13	£1,119,500
2012/13	6	£515,000
2013/14	0	0



Year	Total no. of S106 agreements containing an affordable housing commuted sum	Total value of those clauses containing an affordable housing commuted sum
2014/15	7	£534,257
2015/16	7	£1,098,559
2016/17	4	£230,258
2017/18	9	£1,348,638
2018/19	22	£4,299,076.88
2019/20	10	£2,018,271.80
2020/21	6	£1,574,448
2021/22	7	£729,136
2022/23	8	£359,657
Total	91	£13,738,009

Source: BCC

- 2.22 Birmingham Municipal Housing Trust (BMHT) contributes significantly to the affordable housing supply, accounting for 45% of all affordable housing completions. BMHT is the Council's housebuilding arm, which was founded in 2009 and has successfully built 2,500 new social rented homes alongside homes for sale to cross-subsidise the costs of the new Council housing. It is the main provider of social rented housing in the city. 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. In May 2019, 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. The HRA Business Plan was approved by Cabinet in January 2024, which sets out a scaled back programme whereby the Council will deliver 250 new homes per year, relying more heavily on Registered Provider Partners and Developers to make up the additional numbers.
- 2.23 Despite this, there remains a significant unmet need for affordable housing for which the Council must plan for over the coming years. 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 600 properties per year through Right to Buy. Since 2011, a total of 6,613 dwellings have been lost to date.
- 2.24 Waiting lists have grown significantly over the past three years and this rate of growth has exceeded that of every other English local authority. At the 9th June 2023 there were 20,898 households on Birmingham's housing register, with 99.4% of these households considered to be in housing need (Bands A to C on the register) with affordable housing provision continuing to be a key challenge and priority. This puts pressure on the already constrained supply. With around 6,000 homeless applicants on the register, this adds to pressure on temporary accommodation and the cost of providing it.
- 2.25 The consequences of unmet housing need are significant. These can include homelessness, households in temporary or unsuitable accommodation for longer periods of time and overcrowding. Insufficient affordable housing will also act as an impediment to economic growth where companies experience problems in workforce recruitment and retention.





2.26 The Birmingham Whole Local Plan Viability Assessment (2023) evidence base assessed a series of hypothetical housing sites across the city’s housing market area in line with national policy and the best practice guidance. The conclusions were:

- That the policy should be differentiated by housing market zone and greenfield/brownfield land. This reflects the range of values across Birmingham and the different risks/costs associated with greenfield and brownfield development. This approach optimises the ability of Birmingham City Council to deliver affordable housing and fund infrastructure (through land value capture) with-out undermining delivery.
- The table below sets out the recommendations for the affordable housing targets, derived from the viability analysis herein. These targets assume no grant.

### 1. Recommended Affordable Housing Targets

Value Zone (new Zones)	Greenfield	Brownfield
<b>Core Zone</b>	Not applicable	Core Brownfield Typologies cannot support affordable housing at the proposed affordable housing rate (35%).  We recommend an affordable housing rate of <b>10%.*</b>
<b>High Value Zone</b>	High Value / Greenfield typologies can support affordable housing at the proposed affordable housing rate <b>35%</b> .	High Value / Brownfield typologies cannot support affordable housing at the proposed affordable housing rate (35%).  We recommend an affordable housing rate of <b>25%</b> .
<b>Medium Value Zone</b>	High Value / Greenfield typologies can support affordable housing at the proposed affordable housing rate <b>35%</b>	Medium Value / Brownfield typologies cannot support affordable housing at the proposed affordable housing rate (35%)  We would recommend targeting a rate of <b>15%</b> affordable housing in the Medium Value Zone (on brownfield sites)
<b>Lower Value Zone</b>	For lower value / Greenfield typologies we would recommend a rate of <b>10%*</b> affordable housing	We would recommend targeting a rate of <b>10%*</b> affordable housing in the Lower Value Zone (on brownfield sites)

- based on the NPPF paragraph 64 (February 2019) which requires that, ‘where major development involving the provision of housing is proposed planning policies... should expect at least 10% of the homes to be available for affordable home ownership’; and the Council



*pursuing a strategy of proactive interventions in the market to deliver the housing in the lower value zones.*

- In the Core Zone and Lower Value zones where the affordable housing threshold for viability is below 10% the Council could rely on the NPPF paragraph 64 (February 2019) which requires that, '*planning policies... should expect at least 10% of the homes to be available for affordable home ownership*' (subject to exemptions for: a) Build to Rent homes; b) specialist accommodation for specific needs (such as purpose-built accommodation for the elderly or students); c) custom self-build; or d) is exclusively for affordable housing, an entry-level exception site or a rural exception site). Birmingham City Council could therefore set the affordable housing target to 10% in-line with the minimum in national policy and consider other proactive interventions in the market to support the delivery of housing and affordable housing. The recent changes to PPG confirm that this 10% requirement will continue alongside the policy in respect of First Homes.
- Highlights that the unviable nature in the core is largely down to the high Benchmark Land Value of £2,500,000 per acre as well as the higher build costs 6+ storey developments are experiencing. Across the plan period, both land values and build costs are likely to experience changes, which may lead to a shift in the viability position within the core.
- In the Lower Value zones and the core where the affordable housing threshold for viability is below 10% the Council could rely on the NPPF paragraph 64 (February 2019) which requires that, '*planning policies... should expect at least 10% of the homes to be available for affordable home ownership*'.
- Birmingham City Council will need to be more proactive to deliver housing and regeneration in these areas. In this respect consideration could be given to, inter alia:
  - facilitating development on Authority owned land e.g., with deferred land payments and/or overage;
  - direct development of housing by Birmingham City Council (for lower profit margins); partnering with Registered Providers;
  - establishing an Urban Development Company to act as master-developer and de-risk sites;
  - delivery of brownfield/regeneration sites (e.g., in the strategic centres) through partnership and delivery funding schemes;



- use of grant and soft-loans e.g. Brownfield Housing Fund; Brownfield Infrastructure Land Fund etc. This could be linked to targets for lower carbon homes as well as affordable housing.

## Issues and Options consultation responses

2.27 This is a summary of the comments received in relation to affordable housing policy:

- A lot more affordable housing is needed
- Need a tighter definition of affordable housing
- Challenge viability claims of developers
- A simple split of affordable rent and affordable home ownership preferred

2.28 In conclusion, it is clear that there is a high need for affordable housing as evidenced by the HEDNA. It follows that planning policies should look at options to maximise delivery, both in terms of the proportion of affordable housing sought, and the thresholds applied, and to consider the most appropriate tenures to support those in greater housing need, subject to viability and housing mix considerations.

## Alternative policy options considered

2.29 Two main issues with regards affordable housing policy were set out in the Issues and Options report. The first one is the amount of affordable housing that should be required through the Local Plan, and the second is the types of affordable homes that should be required. The options were expressed as broad policy options for consultation.

2.30 In relation to the amount of affordable housing required, the options that have been considered were:

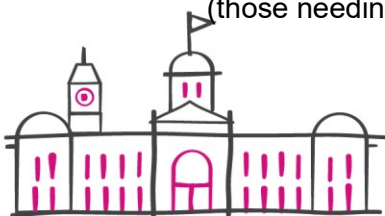
- Maintain the current policy approach of 35% affordable housing on sites over specified site size thresholds
- Increase the affordable housing requirement above 35%
- Reduce the affordable housing requirement below 35%
- A more flexible and tailored approach to recognise the different characteristics of certain types of sites and areas e.g. lower contribution on sites in lower value zones and higher contributions on sites in higher value zones

2.33 The above options have been tested through the Whole Plan Viability Assessment in conjunction with the possible introduction of increased policy requirements in other areas such as sustainable construction and biodiversity net gain.

2.34 In relation to the types of affordable housing required, the options that have been considered are:

- A policy specifying a tenure split between social rented, affordable rented and affordable home ownership.
- A policy with a simple split between social/ affordable rent and affordable home ownership.

2.35 The second option is recommended by the HEDNA as it is recognised that there will be a need for both affordable rent and social rent and actual delivery may depend on funding streams available. Additionally, the HEDNA observes that for many households (those needing to claim benefits) either tenure would be equally affordable in practice.



### 3. Housing mix

#### National policy

- 3.1 Paragraph 8 of the National Planning Policy Framework (NPPF, July 2021) aims to ensure that a sufficient number and range of homes can be provided to meet the needs of present and future generations.
- 3.2 Paragraph 62 states that the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies. Groups include those requiring affordable housing, families with children, older people, students, disabled people, service families, travellers, people who rent their homes, and people wishing to commission or build their own homes.
- 3.3 The NPPG includes a section on ‘housing needs of different groups’ which provides guidance on how the housing needs of various groups may be assessed.

#### Local policy

- 3.4 Policy TP30 ‘The type, size and density of new housing’ in the BDP requires proposals for new housing to seek to deliver a range of dwellings to meet local needs and support mixed and balanced neighbourhoods. It does not set specific requirements about the types of homes that should be provided on development sites but requires account to be taken of the 2012 Strategic Housing Market Assessment (or any subsequent versions), detailed Local Housing Market As (where applicable), current and future demographic profiles, locality and ability of the site to accommodate a mix of housing and market signals and local housing market trends.
- 3.5 The appropriate proportionate mix of housing is set out in the 2012 Strategic Housing Market Assessment and summarised in a table in the BDP and replicated below.

Table 5: Birmingham Development Plan / Strategic Housing Market Assessment 2012

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/ requires subsidy*	1.7	3.0	1.6	5.0	11.4
<b>%</b>	<b>14.6</b>	<b>30.8</b>	<b>26.3</b>	<b>28.1</b>	<b>100</b>

Source: BDP 2017/ SHMA 2012

- 3.6 Policy DM10 ‘Standards for residential development’ in the Development Management in Birmingham DPD requires all housing developments of 15 or more dwellings to seek to provide at least 30% of dwellings as accessible and adaptable homes in accordance with Building Regulation Part M4 (2) unless demonstrated to be financially unviable.



## Evidence

- 3.7 The HEDNA considers the appropriate mix of housing across Birmingham with a particular focus on the sizes of homes required in different tenure groups. It recognises that there are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis is linked to long-term demographic change using the demographic assessment (Scenario 2) (with sensitivity testing to 2042) and takes account of household survey data and information from the Housing Register.
- 3.8 The HEDNA concludes that Table 6 below represents an appropriate mix of affordable and market homes. This takes account of both household changes and the ageing of the population – the analysis also models for there to be a modest decrease in levels of under-occupancy (which are particularly high in the market sector):

Table 6: Affordable and market housing mix

Tenure	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Market	5%	35%	40%	20%
Affordable home ownership	20%	40%	30%	10%
Affordable housing (rented)	20%	35%	25%	20%

Source: HEDNA 2022

- 3.9 The proportion of households with dependent children in Birmingham is higher than the regional and national average with 34% of all households containing dependent children (Census 2021). The HEDNA looked at a range of statistics in relation to families (generally described as households with dependent children) and how the number of households in different age groups are projected to change moving forward.
- 3.10 The HEDNA recognises the role which larger family homes can play in releasing a supply of smaller properties for other households and the limited flexibility which 1-bed properties offer to changing household circumstances.
- 3.11 However, it also recommends a flexible policy approach in applying the above mix to individual development sites, having regard to the nature of the site and character of the area, up-to-date evidence of need, as well as the existing mix and turnover of properties at the local level.
- 3.12 The analysis suggests a mix of houses and flats (although survey data did highlight a preference for houses), although consideration will need to be given to site specific circumstances (which may in some cases lend themselves to flatted development).
- 3.13 The Council monitors new housing completions by size and type of dwelling in its Authority Monitoring Report (AMR). This shows that delivery has recently been dominated by 1 and 2 bed dwellings driven by the success of the regeneration of the city centre as a place to live, the young population profile of the city and the built up/dense character of much of the city.



Table 7: Gross dwellings completions by number of bedrooms (City wide)

Year	1 bed	2 bed	3 bed	4+ bed	Total
2011/12	335	557	291	336	1,519
2012/13	283	564	350	337	1,534
2013/14	331	784	342	265	1,722
2014/15	367	721	529	449	2,066
2015/16	548	740	349	370	2,007
2016/17	518	644	374	263	1,799
2017/18	993	1,242	478	320	3,033
2018/19	1,847	1,441	305	272	3,865
2019/20	1,352	1,294	503	277	3,426
2020/21	843	1,123	359	233	2,558
2021/22	1,029	1,128	381	116	2,654
2022/23	776	1,090	398	193	2,457
Total	9,222	11,328	4,659	3,481	28,640
%	<b>32.2</b>	<b>39.6</b>	<b>16.3</b>	<b>12.2</b>	<b>100</b>
SHMA	<b>14.6</b>	<b>30.8</b>	<b>26.3</b>	<b>28.1</b>	<b>100</b>

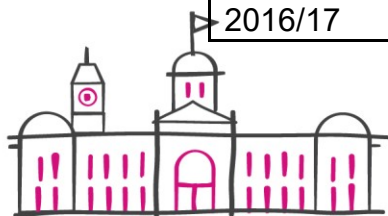
\*Excludes conversions, student and communal accommodation completions.

Source: BCC

- 3.14 Looking at dwelling completions city wide, the proportion of 3 bed homes delivered appears to have remained fairly consistent, while the share of 4+beds have dropped. In contrast, 1 and 2 beds have seen a significant increase in the last 5 years, with 2018/19 in particular seeing a doubling of figures on the previous year. This reflects the bulk of the housing supply being currently focussed on the city centre which has skewed the size mix. However, the Langley Sustainable Urban Extension of 5,500 homes, which will be building out from 2025 to around 2040, will help to redress the balance for larger sized accommodation to some extent. The development will be undertaken on a rolling programme of site preparation and construction, allowing earlier phases to be completed and occupied whilst subsequent phases are constructed. It is anticipated that the first dwellings are likely to be completed within 12 months of the first development works commencing.
- 3.15 Furthermore, when analysing housing completions by size outside of the city centre, the size mix that has been delivered more closely matches the SHMA 2012 and the HEDNA 2022 even more which suggests that the current policy approach will be appropriate.

Table 8: Gross dwellings completions by number of bedrooms (Outside of City Centre)

Year	1 bed	2 bed	3 bed	4+ bed	Total
2011/12	272	490	282	315	1,359
2012/13	88	482	343	318	1,231
2013/14	175	604	318	240	1,337
2014/15	283	592	487	437	1,799
2015/16	356	513	313	355	1,537
2016/17	111	422	356	253	1,142



Year	1 bed	2 bed	3 bed	4+ bed	Total
2017/18	401	889	459	304	2,053
2018/19	469	427	255	264	1,415
2019/20	211	529	399	254	1,393
2020/21	152	509	333	233	1,227
2021/22	155	293	259	113	820
2022/23	432	682	303	186	1,603
Total	3,105	6,432	4,107	3,272	16,916
%	<b>18.3</b>	<b>38.02</b>	<b>24.28</b>	<b>19.34</b>	<b>100</b>
SHMA	<b>14.6</b>	<b>30.8</b>	<b>26.3</b>	<b>28.1</b>	<b>100</b>

\*Excludes conversions, student and communal accommodation completions.

Source: BCC

- 3.16 The analysis of homes built between 2011/12 and 2021/22 as shown in Table X, reveals that 43% of homes that have been built have been houses and 57% were flats/apartments.

Table 9: Completions by dwelling type (City wide, Gross)

Year	Houses	Apartments	Total
2011/12	830	689	1,519
2012/13	918	616	1,534
2013/14	878	844	1,722
2014/15	1,401	665	2,066
2015/16	1,020	987	2,007
2016/17	874	925	1,799
2017/18	1,909	1,124	3,033
2018/19	753	3,112	3,865
2019/20	1,098	2,328	3,426
2020/21	822	1,736	2,558
2021/22	642	2,012	2,654
<b>Total</b>	<b>11,145</b>	<b>15,038</b>	<b>26,183</b>

\*Excludes conversions, student and communal accommodation completions.

Source: BCC AMR 2022

- 3.17 In terms of tenure, 84% of the homes that have been built between 2011/12 and 2021/22 have been private open market homes for sale and 16% have been affordable. Of the affordable homes, more detailed monitoring of the housing has been undertaken through the AMR in the last 4 years. The table below shows the breakdown by tenure and number of bedrooms.

Table 10: Completions by affordable tenure and number of bedrooms (2017/18 - 2021/22)

Tenure	1 bed	2 bed	3 bed	4 bed+	Total	%
Affordable Rent	74	250	106	54	484	<b>40</b>
Social Rent	22	159	72	52	305	<b>25</b>



Tenure	1 bed	2 bed	3 bed	4 bed+	Total	%
Starter Homes	0	0	0	0	0	0
Discounted market sales	33	34	4	2	73	6
Other*	16 (S) 0 (RTB) 24 (INT) 14 (UN)	121 (S) 9 (RTB) 13 (INT) 24 (UN)	73 (S) 11 (RTB) 3 (INT) 30 (UN)	2 (S) 2 (RTB) 0 (INT) 10 (UN)	212 (S) 22 (RTB) 40 (INT) 78 (UN)	29
Total	183	610	299	122	1,214	100

\*Other includes unknown, intermediate, right to buy and Shared ownership

Source: BCC AMR 2022

## Issues and Options consultation responses

3.18 A summary of the responses received:

- Need will change over times so a flexible policy approach to type, size and tenure is required
- A lot more affordable housing is required
- Need to ensure that larger family accommodation is promoted in suitable locations
- More provision for older people and disabled people using different housing models
- Greater housing mix in the city centre
- More purpose built and specific buy-to-let developments
- Consider more build-to-rent and co-living, as well as self-build and community-led housing

## Alternative policy options considered

3.19 The first option considered is to maintain the current policy position (TP31 of the BDP) which requires new development to deliver a range of dwellings to meet local needs but is not prescriptive about the proportions of different types and sizes of dwellings that need to be provided. This would continue to enable a large degree of flexibility on a site-by-site basis.

3.20 The second option is to have a policy which sets out specific requirements as to the types and mix of homes that should be provided on development sites to ensure that provision more closely matches evidence in the HEDNA. This could for example require seeking a minimum proportion of 4 bedroom open market homes on large development sites outside of the city centre. This policy options has been discounted because it was considered to be too prescriptive and not favoured by those who responded at the Issues and Options consultation stage.

## Preferred policy approach

3.21 The preferred policy approach is to broadly continue with the current policy approach of Policy TP30 based on the following reasons:

- the majority of the consultation responses received favoured maintaining the current flexible policy approach;
- the monitoring data shows that dwelling completions outside of the city centre closely match the SHMA and HEDNA which suggests that the currently policy approach will be appropriate;





- the HEDNA recommends a flexible policy approach to housing mix;
- the preferred policy strikes a good balance between providing enough certainty to ensure the right types of homes are provided while maintaining some flexibility to take site circumstances, local housing need and market changes into consideration.

## 4. Residential densities

### National policy

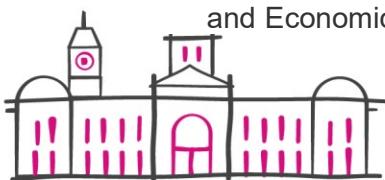
- 4.1. The main purpose of density policy in the English planning system is to encourage the efficient use of land. The objective seeks, in particular, to maximise the capacity of brownfield land and land in town and city centres to accommodate new housing, thereby reducing the need to develop greenfield land. This objective is set out in the government's National Planning Policy Framework, which at paragraph 125 states:

“Area-based character assessments, design guides and codes and masterplans can be used to help ensure that land is used efficiently while also creating beautiful and sustainable places. Where there is an existing or anticipated shortage of land for meeting identified housing needs, it is especially important that planning policies and decisions avoid homes being built at low densities, and ensure that developments make optimal use of the potential of each site. In these circumstances:

a) plans should contain policies to optimise the use of land in their area and meet as much of the identified need for housing as possible. This will be tested robustly at examination, and should include the use of minimum density standards for city and town centres and other locations that are well served by public transport. These standards should seek a significant uplift in the average density of residential development within these areas, unless it can be shown that there are strong reasons why this would be inappropriate;

b) the use of minimum density standards should also be considered for other parts of the plan area. It may be appropriate to set out a range of densities that reflect the accessibility and potential of different areas, rather than one broad density range; (...)”

- 4.2. Another potential purpose of density policy is to influence or preserve the character of an area. This purpose is alluded to in the references to character-assessments, design codes and beautiful places in the above extract from national policy. This is a more common objective of density policies in planning systems in other countries. For example, many planning systems in Europe require mid-rise development in cities, while restricting tall buildings to defined areas.
- 4.3 The priority in Birmingham is to maximise the delivery of development within the built-up urban area by making as much use as possible of previously developed brownfield sites and underutilised land. The NPPF also requires local planning authorities to make efficient use of land by optimising densities while taking into account the identified need for different types of housing and the creation of well-designed, attractive and healthy places. The Council therefore seeks to take a density optimising approach as set out in the HELAA methodology paras 3.20 – 3.31.
- 4.4 In determining an appropriate density policy for the city, the Council undertook a detailed assessment of density on sites that were granted planning permission and sites that have been completed between 2017 and 2023. This data is published within the Housing and Economic Land Availability Assessment Methodology (2023) and is reproduced in



the Housing Background Paper. The paper provides a detailed explanation of the method used and the findings discovered. It also provides detailed case studies of the densities of recent housing sites in the city. These findings have been used to inform the proposed density targets. The findings of that research are that the average density of dwellings completed in the city centre was 358 dwellings per hectare (dph), in and around urban centres the average density was 91 dph and elsewhere in the city it was 42 dph.

#### 4.5 The research and case studies showed:

- Outside of the city centre densities averaged 42dph. The median density of the schemes reviewed was 36dph. The case studies show schemes of around 40dph have a floor area ratio of less than 0.5 and a bedrooms per hectare density of 100 to 130. On these sites 1.5 to 2 parking spaces per dwelling were generally provided. In the case study examples, most dwellings were 2-bed or 3-bed with a lower proportion of 4-beds. Most dwellings were 2 storey and semi-detached or in short terraces with a smaller number of detached dwellings.
- Within the city centre the average density was 358 dph. The median density was 170dph, however when schemes for minor developments (9 or fewer dwellings) are excluded the median scheme density increases to 267dph. Larger schemes tended to have higher densities, pulling up the average density and anecdotally there seems to be a growing trend for higher density schemes including towers. Lower density schemes were seen in Jewellery Quarter, perhaps because of heritage constraints. The case studies indicate that a density of 400dph and above will equate to a floor area ratio of greater than 3, and bedrooms per hectare densities in excess of 500. The case studies show parking ratios of under 0.5 parking spaces per dwelling. The case studies indicate that a density of 150-400dph is likely to have a lesser floor area ratio of 1-2 and is likely to be compatible with a greater level of greenspace/landscaping provision on site. In all of the case studies, dwellings were predominantly 1-bed and 2-bedroom apartments in buildings of 5 storeys and more in height.
- The case studies show some edge of city centre locations where schemes of a similar character to those in the city centre are being built, namely at Soho Loop in Winson Green/Ladywood, at Edgbaston Cricket Ground and at New Garden Square on Hagley Road.
- It is more difficult to generalise about schemes in and around urban centres. These displayed a large range of net densities from 20dph to 342dph. The median density was 67dph and the mean 91dph. The case studies indicate that schemes of around 70-150dph can take the form of 3-4 storey apartment buildings or rows of terraced houses. Floor area ratios are likely to range from 0.5-1 and bedrooms per hectare from perhaps 150 to 300.

#### 4.6 Key evidence

- Housing Background Paper (2024)
- Birmingham Housing and Economic Development Needs Assessment (April 2022)
- Housing and Economic Land Availability Assessment (HELAA)
- Birmingham Housing Strategy 2023-2028
- Authority Monitoring Report 2021/22



#### 4.7 Issue and Options consultation responses

There were 57 individual comments about housing density during the Issues and Options consultation. This is a summary of the comments:

- To apply density standard to mixed use applications and public transport corridors.
- The Council should be aware of the potential impact of the 70dph in and around local centres to local characters and appearance. Higher density should be applied to areas in proximity to public transport.
- Support the increase in housing density, but care must be taken that there are high level of residential amenity and appropriate recreational facilities available.
- Coupling option 4 with increased target density will further compound the issue of under provision of open space.
- Support even higher densities than proposed along with 15-minute neighbourhoods.
- The new standard should be a minimum to encourage developments to achieve even higher density.
- Increasing densities will lead to high level of apartment, which is to the detriment of family and affordable housing provision.
- Building at higher densities contradicts the aim to become a greener city.
- Exceeding densities should be tied to appropriate design, scale, massing and the appropriateness of sites.
- There needs to be flexibility for the application of this policy.
- There should be an even higher target density.
- High density could come at the expense of the historic environment.
- Keep density levels and development levels as they are to maintain a good quality of life and to avoid over-development.

#### 4.8 Alternative policy options considered

Option 1: maintain the current policy position (TP30 of the BDP) and continue with the existing minimum density standards of:

- 100 dwellings per ha within the City Centre.
- 50 dwellings per ha in areas well served by public transport.
- 40 dwellings per ha elsewhere.

This option does not recognise that higher densities are already being achieved particularly in the city centre and in and around urban centres as evidenced in this paper. This option will not maximise the capacity of brownfield land in the city of which there is a constrained supply.

Option 2: set even higher density standards than that proposed in in the draft preferred policy on the basis that if these densities are already being delivered and permitted, policy should push densities to be even higher to further maximise the use of land. It should be noted that the density study revealed a significant range of densities within similar locations and scales of development. If the minimum density standards were set at the upper end of the ranges, it is unlikely that all development would be able to achieve these. Furthermore, these would be minimum density standards so proposals for higher densities would be not precluded subject to meeting other local plan policies such as heritage.

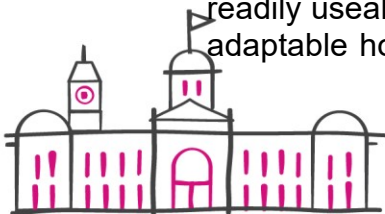
Option 3: apply a blanket density across the whole city. This is not considered reasonable as it does not reflect the accessibility and character of different parts of the city and the varied housing needs.



## 5. Housing for older people and others with support or care needs

### National policy

- 5.1 The NPPF requires local authorities to assess the housing needs of different groups in the community, including older people and people with disabilities. It defines older people as people over or approaching retirement age, including the active, newly-retired through to the very frail elderly, and whose housing needs can encompass accessible, adaptable general needs housing through to the full range of retirement and specialized housing for those with support or care needs.
- 5.2 The NPPF also states that planning policies should ensure that developments create places with a high standard of amenity for existing and future users. (Paragraph 130). The accompanying footnote states that planning policies for housing should make use of the optional technical standards for accessible and adaptable housing and also the nationally described residential space standard, where these would address a need and can be justified. (Footnote 49).
- 5.3 The NPPG for 'Housing for older and disabled people' advises that the needs for older people's housing should be assessed using data such as census data and population and household projections by age group. The NPPG suggests including indicative figures in plans for the number of units of specialist housing for older people that may be required throughout the plan period. The guidance states that it is up to local planning authorities to decide whether to allocate sites specifically for specialist housing for older people.
- 5.4 The NPPG differentiates between a number of different specialist house types for older people including age restricted general market housing, retirement living/sheltered housing, extra care housing and residential care homes and nursing homes.
- 5.5 The Housing: optional technical standards section of the NPPG sets out that local authorities can require accessibility, adaptability and wheelchair standards in new dwellings provided that they have evidence that demonstrates a clear need for these types of housing and their resulting policies plan to meet this need. The NPPG states that planning policies should only set out the requirements for enhanced accessibility or adaptability of dwellings through reference to the optional requirements within Part M of Building Regulations – M4(2) 'accessible and adaptable dwellings' and M4(3) 'wheelchair user dwellings', and that the proportion of new dwellings that should comply with each requirement should be clearly stated.
- 5.6 The NPPG also specifies that any planning policies requiring either Building Regulations M4(2) and / or M4(3) should take into account site specific factors and that for developments where step free access is not viable, neither of the requirements should be applied.
- 5.7 Building Regulations distinguish between wheelchair accessible homes (a home readily useable by a wheelchair user at the point of completion) and wheelchair adaptable homes (a home that can be easily adapted to meet the needs of a



household including wheelchair users), and that Local Plan policies for wheelchair accessible homes should be applied only to those dwellings where the local authority is responsible for allocating or nominating a person to live in that dwelling.

### **Local policy**

- 5.8 The BDP does not contain a specific policy which supports the provision of purpose built and /or specialist accommodation for the elderly or those with disabilities.
- 5.9 The Development Management in Birmingham DPD (adopted in December 2021) includes Policy DM12 'Residential conversions and specialist accommodation' which supports such development where it would not lead to an acceptable adverse impact on amenity, character, parking and highway safety taking account the cumulative effect of similar uses in the area. Such accommodation should be accessible to local shops, facilities and public transport and provide a high-quality living environment including outdoor amenity space.
- 5.10 Policy DM10 'Standards for residential development' requires housing developments of 15 or more dwellings to provide at least 30% as accessible and adaptable dwellings in accordance with Building Regulations Part M4(2) unless demonstrated to be financially unviable.

### **Evidence**

- 5.11 The HEDNA considered a range of data sources and statistics to determine the characteristics and housing needs of the older people and people with some form of disability. The two groups are taken together as there is a clear link between age and disability. The analysis responds to NPPG on Housing for Older and Disabled People published by Government in June 2019 and includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).
- 5.12 The data shows in general that Birmingham has a younger age structure, but higher levels of disability compared with the national average. The older person population is projected to increase notably in the future and an ageing population means that the number of people with disabilities is likely to increase substantially.
- 5.13 The HEDNA shows that the total number of people aged 65 and over is projected to increase by 33% over the 22-years to 2042. This compares with overall population growth of 12% and a more modest increase in the Under 65 population of 9%. In total population terms, the projections show an increase in the population aged 65 and over of 49,800 people. This is against a backdrop of an overall increase of 133,600–population growth of people aged 65 and over therefore accounts for 37% of the total projected population change.



Table 11: Projected Change in Population of Older Persons, 2020-2042 (based on demographic assessment)

	2020	2042	Change in population	% change
Under 65	991,113	1,074,913	83,800	8.5%
65-74	77,941	96,459	18,518	23.8%
75-84	49,454	71,648	22,194	44.9%
85+	22,017	31,079	9,062	41.2%
Total	1,140,525	1,274,098	133,573	11.7%
Total 65+	149,412	199,186	49,774	33.3%
Total 75+	71,471	102,727	31,256	43.7%

Source: HEDNA 2022

5.14 In addition, more people will have disabilities during the Plan period. Between 2020 and 2042, there will be a 39% increase in the number of people aged 65+ with dementia and a 37% increase in those aged 65+ with mobility problems. The table below also shows 9% increases in people aged 15-64 with learning disabilities, challenging behaviour and impaired mobility. It should be noted that there will be an overlap between categories (i.e. some people will have both dementia and mobility problems). Hence the numbers for each of the illnesses/disabilities should not be added together to arrive at a total.

Table 12: Projected changes to population with a range of disabilities

Disability	Age Range	2020	2042	Change	% Change
Dementia	65+	12,336	17,199	4,862	39.4%
Mobility problems	65+	32,055	43,767	11,712	36.5%
Autistic Spectrum Disorders	18-64	8,689	9,648	959	11.0%
	65+	1,574	2,123	549	34.9%
Learning Disabilities	15-64	22,979	25,107	2,128	9.3%
	65+	3,536	4,709	1,173	33.2%
Challenging behaviour	15-64	417	456	39	9.4%
Impaired mobility	16-64	40,224	43,948	3,724	9.3%

Source: HEDNA 2022

5.15 The projected change shown in the number of people with disabilities provides clear evidence justifying delivering 'accessible and adaptable' homes as defined in Part M4(2) of Building Regulations, subject to viability and site suitability.

5.16 Given the ageing population and higher levels of disability and health problems amongst older people, there is likely to be an increased requirement for specialist housing options. The HEDNA assessed the need for specialist accommodation and, in sum, identified a need for the following:



Table 13: Specialist housing need using adjusted SHOP@Review Assumptions

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Addition -al demand to 2042	Shortfall /surplus by 2042
Housing with support	Market	29	2,177	2,101	-76	919	843
	Affordable	113	10,298	8,090	-2,208	3,538	1,329
Total (housing with support)		143	12,475	10,191	-2,284	4,457	2,172
Housing with care	Market	13	1,322	961	-361	420	59
	Affordable	38	1,175	2,708	1,533	1,184	2,717
Total (housing with care)		51	2,497	3,669	1,172	1,604	2,776
Residential care bedspaces		46	2,431	3,261	830	1,426	2,256
Nursing care bedspaces		51	3,058	3,669	611	1,604	2,215

Source: HEDNA 2022

- 2,172 housing units with support (sheltered/retirement housing) – split between market and affordable housing;
- 2,776 additional housing units with care (e.g. extra-care) – focused on the affordable sector;
- 2,256 residential care bedspaces; and
- 2,215 nursing care bedspaces.

5.17 In total, the older persons analysis therefore points towards a need for around 7,432 units over the 2020-42 period (338 per annum) – the older person need equates to some 8% of all homes (based on the demographic scenario 2) needing to be some form of specialist accommodation for older people.

### *Accessible and adaptable homes*

5.18 Not all older people have a need for specialist accommodation. Needs can, and are, met in a variety of ways influenced by a range of factors including the availability of family support, domiciliary care and personal choice. An important part of meeting the housing need for older people and those with disabilities will be through general purpose new homes built to accessible standards and which are attractive and suitable for 'downsizing'.

5.19 It is worth noting that the Government consulted on 'Raising the Accessibility Standards for New Homes' in September 2020 and published its response to the consultation in July 2022. The consultation came about as a result of concerns that in the drive to achieve housing numbers, the delivery of housing that suits the needs of the households (in particular those with disabilities) is being compromised on viability grounds. In its response, the Government has set out plans to mandate the current M4(2) requirement in Building Regulations as a minimum standard for all new homes.

5.20 Given the evidence set out in the HEDNA, there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. The HEDNA suggests that the



Council consider (as a start point) requiring all dwellings (in all tenures) to meet the M4(2) standard.

- 5.21 The M4(2) standard promotes the ability of people to remain in their homes as their circumstances change as it covers design measures that can allow homes to be adapted. This point gains added weight given that minor works can be very effective in promoting independence. The English House Condition Survey found that the most common adaptations required were inside the home and relatively simple to install. The four most common were a grab handrail inside the dwelling, bathing aids, specialist toilet seat and a shower.
- 5.22 Requiring M4(2) compliant homes is an important step towards 'homes for life' that are suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation. This effectively complements the Council's social care approach.

*Wheelchair user housing*

- 5.23 The need for wheelchair user housing is expected to grow with an ageing population. The HEDNA identifies a need for 8,751 additional wheelchair use homes in the 2020-2042 period – this equates to 9% of all housing need based on the demographic scenario as set out in the table below.

Table 14: Estimated need for wheelchair use homes 2020-2042

	<b>Current need</b>	<b>Projected need (2020-42)</b>	<b>Total current and future need</b>	<b>Housing need (2020-42)</b>	<b>% of Housing Need</b>
Birmingham	4,177	4,574	8,751	95,177	9.2%

Source: HEDNA 2022

- 5.24 Information in the EHS (for 2017/18) also provides national data about wheelchair users by tenure. This showed that, at that time, around 7.1% of social tenants were wheelchair users, compared with 2.7% of market households (owner-occupiers and private renters). Applying these national figures to the demographic change and need (as shown above) it is possible to estimate the potential need by tenure, as shown in the table below. This shows a need for around 8% of market homes to be M4(3) along with 20% of affordable.

Table 15: Estimated need for wheelchair use homes by tenure 2020-2042

	<b>Market</b>	<b>Affordable</b>
Birmingham	8%	20%

Source: Icen Projects

- 5.25 The HEDNA recommends that the Council seek a proportion (maybe up to 10%) of all new market homes to be M4(3) compliant and potentially around a quarter in the affordable sector. These figures reflect that not all sites would be able to deliver homes of this type. In the market sector these homes would be M4(3a) (adaptable) and M4(3b) (accessible) for affordable housing. Local authorities only have the right to request M4(3)(B) accessible compliance from homes for which they have nomination rights.

- 5.26 The HEDNA recognises that the viability challenge is particularly relevant for M4(3)(B) standards. These make properties accessible from the moment they are built and





involve high additional costs that could in some cases challenge the feasibility of delivering all or any of a policy target.

5.27 The results of the Viability Assessment showed:

- Due to the specific viability challenges of delivering older persons housing it is recommended that it is not set the same affordable housing targets as general needs housing. On the basis of our market research, appraisal inputs and policy requirements herein we recommend that older person's housing is exempted from affordable housing (0%).
- We also note that there is a cumulative impact of the Net Zero, Biodiversity Net Gain and Urban Greening factors additional policy expense and, in accordance with the Written Ministerial Statement, we recommend that only minimum policy requirements are reflected from national policy for older persons housing.
- Due to the aging population, it is important that policy obligations do not stymie the delivery of more specialist housing for older people. This in turn has other policy benefits in terms of freeing-up family homes from households who are downsizing.

### **Issues and Options consultation responses**

5.28 There were mixed views about policy for older people's housing. A summary of the responses is:

- 65% of respondents felt there should be a policy requiring a certain percentage of housing for older people on residential developments, but others thought there was no need to set aside a proportion of housing sites for elderly accommodation and a more flexible policy is needed.
- 79% of respondents supported allocating sites specifically for older people's housing but others did not think there should be a distinction made between sites allocated for open market housing and older persons housing or considered there was a need to allocate sites. Many of those who supported allocating sites for older persons housing said that allocations should only be made in response to proposals from a specialist provider.
- There was general consensus that more housing for older people and disabled people is needed.
- Policy should support the principle of development for housing designed and operated for older people, which may include wheelchair accessibility.
- Developers should not be required to demonstrate need.

### **Alternative policy options considered**

5.29 There is no current policy which refers to making specific provision for older peoples housing and those with disabilities. TP31 of the BDP requires new development to deliver a range of dwellings to meet local needs but is not prescriptive about requiring proposals to consider the needs of older people and disabled people within the housing mix. One option is to continue with the current policy approach and rely on proposals to come forward that would meet these needs. This approach could risk not meeting the identified needs of older and disabled people.



- 5.32 The second policy option is to set a policy which requires major development to demonstrate how it contributes to meeting the needs of older and disabled people including age restricted housing, sheltered housing, extra care and other supported living accommodation. This policy approach strikes a balance between allowing flexibility for sites to come forward where they are suitable and viable and encouraging developers to incorporate provision for older people and others with special housing requirements.
- 5.33 The third option is to set a more prescriptive policy which requires large scale developments (e.g., 200+ dwellings) to provide specialist housing or care bed spaces in accordance with the Council's most up to date needs evidence. It is considered that this approach would be too prescriptive and would need to be heavily caveated.
- 5.34 A complementary policy requirement to the above would be to apply the accessible and adaptable home requirement (Part M4(2)) to all development and seek a 10% proportion of all new housing on major developments to be M4(3A) wheelchair adaptable.
- 5.35 The current policy DM10 'Residential standards' only requires developments of 15+ dwellings to provide 30% as accessible and adaptable Part M4(2) dwellings. There is no current requirement to provide wheelchair user dwellings. One option is to continue with this approach. This option is not recommended as the updated evidence demonstrates a clear need for more accessible and adaptable dwellings, and wheelchair user dwellings.

### **Preferred policy approach**

- 5.36 The preferred policy approach is set a policy which requires major development to demonstrate how it contributes to meeting the needs of older and disabled people but not be prescriptive about where that should be met. This policy approach strikes a balance between allowing flexibility for sites to come forward where they are suitable and viable and encouraging developers to incorporate provision for older people and others with special housing requirements.
- 5.37 In addition, the policy will require all housing development to be built to Part M4(2) standard and seek a 10% proportion of homes on major development sites to be M4(3A) wheelchair adaptable based on the clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings. The policy has been tested through the Viability Assessment and is demonstrated to be financially viable.

## **6. Protecting existing housing**

### **National policy**

- 6.1 The NPPF seeks to ensure that the supply of new housing and use of existing stock, best meet current and future needs and aspirations, and create thriving, mixed communities.
- 6.2 The NPPF also requires that the housing needs for different groups in the community are assessed and reflected in planning policies, including the needs of families with children.

### **Local policy**

- 6.3 Policy TP35 of the existing BDP states "*Best use will be made of the existing*



*dwelling stock and the City Council will seek to:*

- *Develop and implement initiatives which will improve the condition of both the older private sector stock and the City Council's own dwellings. Many of these initiatives involve the City Council working with public and private sector partners.*
  - *Prevent the loss to other uses (through conversion or redevelopment) of housing which is in good condition or could be restored to good condition at reasonable cost. Such loss of residential accommodation will only be permitted if there are good planning justifications or an identified social need for the proposed use.*
  - *Bring vacant residential properties back into use. Whilst vacancies are highest in the private sector, the City Council will seek, through implementation of its Empty Homes Strategy, to encourage the physical improvement and occupation of vacant homes of all tenures including where necessary the use of its compulsory purchase powers.*
  - *The City Council will also encourage retrofitting of the existing dwelling stock To achieve the sustainability standards set out in other planning policies.”*
- 6.4 Other relevant BDP include PG3 'Place-making' which requires all development to achieve high quality design, create safe environments and contribute to a strong sense of place.
- 6.5 TP27 'Sustainable neighbourhoods' expects all new housing to create sustainable neighbourhoods.
- 6.6 TP30 'The type, size and density of new housing' seeks to ensure that proposals for new housing support the creation of mixed, balanced and sustainable neighbourhoods.
- 6.7 Also of relevance are policies within the Development Management in Birmingham DPD (adopted December 2021). Policy DM11 'Houses in multiple occupation' seeks to avoid over-concentration of HMOs and sets out the criteria for assessing planning applications.
- 6.8 The Council introduced a city-wide HMO Article 4 Direction on 8 June 2020 which means that planning permission is required to change from a family house (Use Class C3) to a small HMO (Use Class C4) (3-6 people). This applies to all parts of the city.
- 6.9 The HMO Article 4 Direction, alongside Policy DM11 and the Houses in Multiple Occupation SPD (adopted in April 2022), work together to enable the Council to better manage the growth of HMOs across the city.
- 6.10 Birmingham's Housing Strategy 2023 which seeks a to improve housing standards and conditions, boost the supply of affordable housing and bring vacant housing back into use.
- 6.11 The Council's Empty Housing Strategy sets targets for bringing empty private sector homes back into use. Empty homes can have a negative impact on adjacent residents and the environment in the wider area. Generally, the longer a property remains vacant the more dilapidated it becomes. For that reason, the Empty Homes Strategy targets private sector properties that have been vacant for more than five years. Once back in use these properties will increase the supply of housing in the City.



### Evidence

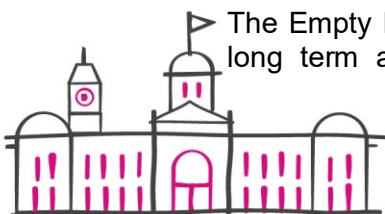
- 6.12 The proportion of households with dependent children in Birmingham is higher than the regional (29.4%) and national (28.4%) figures with around 34% of all households containing dependent children in 2021.
- 6.13 Based on the evidence the HEDNA expects that the focus of new market housing provision will be on 2- and 3-bed properties addressing demand from newly forming households and older households downsizing.
- 6.14 The HEDNA also recognises the role which larger family homes can play in releasing a supply of smaller properties for other households and the limited flexibility which 1-bed properties offer to changing household circumstances.
- 6.15 There are many HMOs in the city with the greatest number of these located within the Selly Oak sub area which is home to 41% of HMOs in the city, followed by Edgbaston 13%. In both cases this is linked to the student market.
- 6.16 However, it has been reported that as students move to purpose-built student accommodation in greater numbers, the HMOs are being occupied by non-students and in some cases, those requiring supported accommodation. The proliferation of HMOs can also be problematic for community cohesion.

**Table 16: HMOs by Sub and Broad Area (2020)**

Broad/Sub-Area	HMOs	% of HMOs
<b>Central</b>	<b>828</b>	13.2%
<b>North</b>	<b>1,349</b>	21.4%
Erdington	506	8.0%
Hodge Hill	188	3.0%
Perry Barr	405	6.4%
Yardley	250	4.0%
<b>South</b>	<b>4,036</b>	64.1%
Edgbaston	846	13.4%
Hall Green	173	2.7%
Northfield	426	6.8%
Selly Oak	2,591	41.2%
<b>Sutton Coldfield</b>	<b>80</b>	1.3%
<b>Total</b>	<b>6,293</b>	100.0%

Source: BCC, 2020

- 6.17 Typically HMO properties are converted from houses and as a result family housing is being used for typically single people and couples. As well as larger houses, this has included 2 and 3 bedroom homes. This can be problematic as the city has a relatively high level of families and this is expected to grow.
- 6.18 Birmingham City Council launched its first Empty Property Strategy in 2003 in response to the high level of homes lying empty in the city, and a dedicated team was tasked with the challenging responsibility of reducing the number of vacant dwellings. The Empty Homes Team has since demonstrated a strong track record of returning long term and problematic empty homes back into use. Since the start of the



programme empty property numbers have declined but there are still approximately 9,600 private sector empty homes in the city.

- 6.19 The Council's current Empty Property Strategy which covers the period 2019-2024 sets an ambitious target of bringing 350 properties per year back into use. Since 2019, 666 empty properties have been brought back in to use through the implementation of the strategy. While returning empty homes to use is not going to contribute significantly to the housing supply, we cannot ignore their potential and the need to ensure that owners are both encouraged and, where appropriate, required to unlock the potential of this wasted resource.
- 6.20 The Council will continue to update its Empty Property Strategy every 5 years and ensure that the targets remain ambitious, strengthening the Empty Property Team to deliver on the targets.

### **Issues and Options consultation responses**

- 6.21 A summary of the comments received is as follows:
- Need to ensure that larger family sized accommodation is promoted in suitable locations
  - Support policy to prevent loss of family housing across the City.
  - Concern about high levels of HMOs and exempt accommodation

### **Alternative policy options considered**

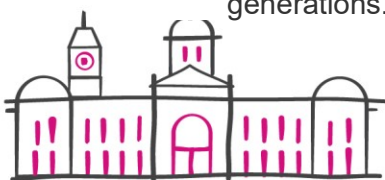
- 6.22 An alternative option considered is to maintain the current policy position (TP35 of the BDP) which only seeks to prevent the loss of housing to other uses without the addition of specifically seeking to resist the loss of family sized housing to other residential accommodation such as HMOs. This would not address the concern about the loss of family sized housing to other residential accommodation, and the impacts of this loss on the housing available which is suitable for families.

### **Preferred policy approach**

- 6.23 While it is important to plan for the delivery of new homes to meet this need, the Council also needs to protect the existing housing stock, and land already in, or last in residential use including supporting proposals that bring empty homes into use. This will help ensure that the net increase in new homes is maximised and that future housing needs are met.
- 6.24 The preferred policy approach is to add to the existing policy to specifically resist the loss of Use Class C3 to other residential accommodation. It is considered appropriate to focus on the loss of 2 and 3 bedroom houses as the most significant need identified in the HEDNA in terms of the number of bedrooms is for 2 and 3 bedroom houses arising from newly forming households and older households downsizing.

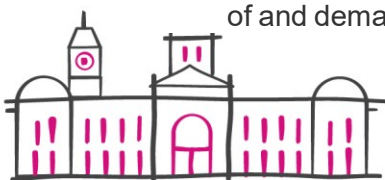
## **7. Purpose Built Student Accommodation**

- 7.1 The National Planning Policy Framework (NPPF) (July 2021) sets out a need to 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. It is important that new housing adds to the choice of accommodation



available to people, whatever their circumstances, and creates sustainable inclusive communities. This includes students.

- 7.2 Purpose Built Student Accommodation (PBSA) is accommodation built, or converted, with the specific intention of being occupied by students. Such accommodation is usually provided in the form of cluster flats with shared facilities, individual en-suite units, or studios, and relates to buildings which are not classified by planning use class, or licensing, as HMOs.
- 7.3 PBSA plays an important role in the provision of accommodation for students while they are studying. They can also reduce the need for students to rent open market private accommodation (e.g. flats and Houses in Multiple Occupation (HMOs)), freeing up these homes for rental by the general population, or enabling them to convert back into privately owned family homes.
- 7.4 In accordance with national guidance, any student accommodation provided either as self-contained units or bedspaces will contribute towards the city's housing supply. PBSA has helped to regenerate parts of the city centre, bringing vacant buildings back into use, catalysing the development of under-used sites and attracting businesses and services into an area. However, an over-concentration of PBSA (along with other types of shared housing) can have a detrimental effect on the character and amenity of residential communities. The policy therefore includes provisions which seeks to protect local neighbourhoods from any harmful effects that may arise from PBSA.
- 7.5 The Council has prepared a report on student accommodation supply and demand which is updated annually. The latest report is dated 16 March 2023. This shows that of the total number of full-time and sandwich students (84,093) studying at universities in Birmingham, 19% lived-in Purpose-Built Student Accommodation (PBSA); 29% in HMOs/ other rented accommodation; 30% lived with parents/ guardians; 17% lived in their own home; 3% not known and 0.6% were not in attendance.
- 7.6 Excluding those who do not require accommodation because they lived with parents/ guardians; in their own home; or were not in attendance at the university, the estimated current demand for accommodation is 43,575 bed spaces.
- 7.7 For the 7 January 2021 version of the Council's student report, the Council obtained information from the 5 main universities (Aston University, Birmingham City University, University College Birmingham, University of Birmingham and Newman University) on their future growth plans and projected student numbers to determine the level of potential future demand. This information was collected in October-December 2020. Based on the information gathered, the estimated number of students requiring accommodation was predicted to increase to 46,640 – 47,640 by 2025/26.
- 7.8 The report also monitors existing and committed PBSA supply, the majority of which is located in the city centre (60%) with other major concentrations in Selly Oak (31%), and smaller clusters in the North Edgbaston/ Five Ways area and Bartley Green (11%).  
As part of the work on the Housing and Economic Development Needs Assessment (HEDNA), the five main institutions were interviewed on issues relating to accommodation and future growth over the summer of 2021 and summary of findings are presented in the HEDNA.
- 7.9 The HEDNA assessed the housing needs of students and concluded that there was no justification to diverge from the Council's findings in its own research on the supply of and demand for student accommodation (report of 7 January 2021). It also reviewed



the recommendations in the Council's 2021 student report and agreed with these. The HEDNA advises the Council to be supportive of developments which will meet the growing demand but recommends a policy requiring a demonstration of need for the development. It suggests that evidence for this could for example include no or very low vacancy rates in existing stock, increasing rents and known growth in student numbers and that the developer has an agreement with a university to place students in such accommodation.

- 7.10 To be sustainable, sites should be located close to the institution they are intended to serve (reachable within 20 minutes) or otherwise have good public transport accessibility, with easy access to shops, services and community facilities. The Council expects developments to provide high quality cycle parking facilities, which are secure, sheltered, integrated and accessible, in line with policies in the DMB and Policy CY2 .
- 7.11 Student accommodation should provide active frontages and active ground level uses wherever possible and ideally form part of mixed-use development schemes. The Council will expect schemes to include a range of accommodation, including clustered study bedrooms with shared facilities, double units, and single and studio units. The provision of a variety of layouts will also allow for greater flexibility for conversion to permanent self-contained housing if in future the building is no longer needed as student accommodation, thus ensuring its sustainability.
- 7.12 A student management plan should be submitted with all applications, to ensure student welfare and mitigate potential impacts on the local community. Detailed guidance is set out in the Council's Local Information Requirements for Planning Applications.
- 7.13 The financial pressures on students and PBSA rents have increased over the years. Requiring developments to provide a portion of the units as affordable rent will lower the financial burden on students. Providing affordable accommodation in PBSA can also help to alleviate the pressure on private rental housing and reduce the risk of family housing being converted to further HMOs in areas of the city such as Selly Oak.
- 7.14 To ensure accommodation is affordable to all, the policy seeks a proportion of at least 50%) of bed spaces within the development as affordable. Affordable student housing is defined as a bedroom within the development that is provided at a rental cost for the academic year equal to or below 50 per cent of the maximum income that a new full time-student living away from home could receive from the Government's Maintenance Loan (or any replacement state funding mechanism) for living costs for that academic year. Identified need will include students receiving the full Maintenance Loan or otherwise determined by the universities and agreed with Birmingham City Council.
- 7.15 The Council will continue to liaise with educational institutions in the city in relation to their needs and student accommodation strategies. Student accommodation will be monitored as distinct from overall housing provision, including future demand and supply relationships.
- 7.16 Key Evidence**
- Housing Background Paper (2024)
  - Birmingham Housing and Economic Development Needs Assessment (2022)
  - The Purpose-Built Student Accommodation: Supply and Demand Report (2023)
  - Authority Monitoring Report 2021/22
  - Viability Assessment – Aspinall Verdi (April 2024)



- 7.17 The Viability Assessment has found that PBSA is viable in the higher value / core locations close to the universities. On this basis, the report recommends that the affordable housing is set at 50% in line with the maximum policy requirement set out in the draft policy. Again, the PBSA appraisals include full policy-on costs including Biodiversity Net Gain, Net Zero costs, and Urban Greening Factor allowances. These policies can therefore be applied on PBSA.

#### **Issue and Options consultation responses**

- 7.18 A Summary of the comments received is:
- Regulate where students are housed and keep them out of family homes and return current HMOs to family use.
  - There needs to be more PBSA and specific buy-to-let developments for students to free up family housing, and they should be within a specific distance from universities and be subject to rent caps.

#### **Alternative Policy options considered**

##### **A) Need**

- 7.19 Option 1: a policy which does not require need to be demonstrated. The rationale for this is that if student accommodation can be counted towards the housing supply, it will contribute to meeting the city's significant housing needs. The danger of this approach is that there is a limited demand for student accommodation and a significant level of PBSA has been built and consented in the city, particularly the city centre, in recent years. Not all students will require accommodation. This approach could risk providing an over-supply of student accommodation and pressure for its conversion into sub-standard housing.
- 7.20 Option 2: continue with current policy approach which requires need to be demonstrated without requiring evidence of nomination agreements or demand for the specific type of accommodation proposed. This option requires applicants to demonstrate that there is a need in the local area for accommodation proposed at the time the application is submitted, taking into account the demand for student accommodation arising from the institutions the proposal seeks to serve and the existing and committed future supply to determine the unmet demand. This policy will help to ensure that the supply of accommodation matches demand. However, demonstration of need for student accommodation can be difficult to assess. Therefore, the preferred approach is to require evidence of proposals being linked with Higher Education Providers by either being operated directly by the HEP or having a nomination agreement in place will make the policy more effective. The same applies to the type of accommodation proposed. Having no requirement to demonstrate demand for the type of accommodation proposed would risk a mismatch of accommodation being provided and/ or result in a lack of choice of accommodation and affordability. For example, cluster flats with shared facilities are likely to be more affordable than en-suite single rooms and self-contained studio units.

##### **B) Location**

- 7.21 An alternative option is to prescribe specifically where PBSA should be located. The rationale of this approach is to restrict PBSA developments to certain areas identified as suitable for PBSA in order to reduce the impact of developments alike in residential areas. This is considered to be overly prescriptive and could potentially restrict the supply of PBSA. In the context of Birmingham, land is a scarce resource and it cannot be fully anticipated where development opportunities for PBSA will arise. A broader locational criterion which ensures that PBSA is located close to the institution it will seek to serve is favoured.





### C) Concentration

- 7.22 An alternative option is to have a policy that promotes a dispersed student accommodation pattern. This option would prevent the over-concentration of student accommodation by setting a maximum student density threshold so as to reduce the impact on local neighbourhoods. This option would be extremely difficult to monitor and enforce as students will not only live in PBSA but also in other accommodation such as HMOs. There is no 'live' comprehensive dataset for where all students live so this policy is not considered to be implementable. Another reason for discounting this approach is that student surveys referred to in the Housing Background Paper show that the location is one of the highest priorities for students when choosing where to live. Students tend to live within 15/20-minute walking distance of their university. If PBSA is not provided near the universities, the market is likely to fill this gap in the form of HMOs. Thus, students might choose to live in private housing, including HMOs, that is closer to the campus, rather than PBSA that is further away. This will increase travel distances and the potential for travelling in modes other than walking and cycling.
- 7.23 The preferred approach is to use policy criteria to ensure PBSA does not harm the character of neighbourhoods and residential amenity and require the submission management plans to improve the effectiveness of the policy.

### D) Local neighbourhood and residential amenity

- 7.24 An alternative option is to continue with current policy approach. This option would see a continuation of the existing approach (Policy TP33 of the BDP), which requires development "not to have an unacceptable impact on the local neighbourhood and residential amenity. It is considered that this policy criterion could be strengthened by referencing impact on local infrastructure which is an issue that has previously been raised. The policy could also be made more effective by requiring developers to submit a management plan to demonstrate how any unacceptable impacts would be mitigated.

### E) Affordable student accommodation

- 7.25 An alternative option is to have no requirement for affordable student housing. This option would see no requirement for PBSA to provide a portion of affordable student housing. This option has been discounted as the National Student Accommodation Survey in 2021 and 2022 (Section 5.3 of the Housing Background Paper) shows that over 50% of the students find the rent of accommodation not affordable. The Local Plan Viability Assessment shows that PBSA is viable in the higher value/core locations close to the universities. It recommends that the affordable housing target is set at 50% for PBSA.

## 8. Large-scale shared accommodation

### Definition

- 8.1 There is no standard definition of co-living or large scale shared accommodation. Generally, co-living refers to large scale purpose-built or converted managed developments for singles or couples without children that include a combination of small private living accommodation, that can comprise a mix of private studios and 'cluster-flats' alongside communal kitchens, living areas and other amenities.
- 8.2 Co-living is undefined in the Use Classes Order. This means that co-living proposals would typically be submitted as a "Sui Generis" use as they are non-self-contained market housing. This means that conversion from any other use will require planning permission. They are not restricted to particular groups by occupation or specific needs



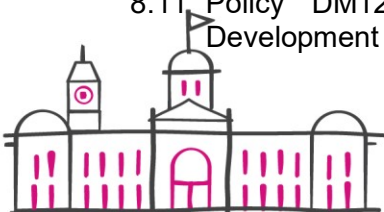
such as students or people requiring temporary or emergency accommodation proposed by speciality providers.

### **National policy**

- 8.3 To achieve sustainable development, the NPPF expects the planning system to support strong, vibrant and healthy communities as a key social objective. There is no specific reference to shared housing within the NPPF, but local planning authorities are required to make provision for the size, type and tenure of housing needed for different groups in the community, including for those who require affordable housing, students, families, and people who rent their homes etc.
- 8.4 Chapter 5 of the NPPF supports local planning authorities to ensure that the delivery of new housing seeks to meet locally identified need and that the needs of groups with specific housing requirements are addressed.
- 8.5 Chapter 11 of the NPPF promotes making “effective use of land in meeting the need for homes and other uses, while safeguarding and improving the environment and ensuring safe and healthy living conditions.”
- 8.6 Chapter 12 of the NPPF emphasises the importance of creating high quality, beautiful and sustainable buildings and places which “which promote health and well-being, with a high standard of amenity for existing and future users.”

### **Local policy**

- 8.7 Policy PG3 ‘Place-making’ of the BDP requires new development to be of a high design quality, create safe environments and contribute to a strong sense of place and sustainable neighbourhoods. Within this context it is important that co-living schemes provide safe high-quality living environments.
- 8.8 Policy TP27 ‘Sustainable neighbourhoods’ requires all new residential development to demonstrate that it meets the requirements of creating sustainable neighbourhoods which are characterised by a number of factors set out in the policy including a wide choice of housing sizes, types and tenures; good access to facilities such as shops, schools, leisure, and work by sustainable transport; high design quality; environmental sustainability; attractive safe and multifunctional public spaces; and effective long-term management of buildings, public spaces and other infrastructure.
- 8.9 Policy TP30 ‘The type, size and density of new housing’ requires proposals for new housing to deliver a range of dwellings to meet local needs and support the creation of mixed, balanced and sustainable neighbourhoods. Within this context, the policy states that account will need to be taken of the:
- Strategic Housing Market Assessment (or any subsequent revision).
  - Detailed Local Housing Market Assessments (where applicable).
  - Current and future demographic profiles.
  - Locality and ability of the site to accommodate a mix of housing.
  - Market signals and local housing market trends.
- 8.10 Policy TP31 ‘Affordable housing’ seeks 35% affordable homes as a developer contribution on residential development of 15 dwellings or more. The level of provision will only be revised where viability has been assessed using the specified viability assessment tool.
- 8.11 Policy DM12 ‘Residential conversions and specialist accommodation’ in the Development Management in Birmingham DPD (DMB) applies to the subdivision or



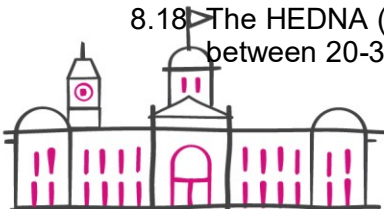
conversion of properties into self-contained dwelling units and the development of specialist accommodation which is defined in paragraph 4.27 of the DMB. The policy set out the criteria where such development will be supported.

- 8.12 The Council adopted a 'Large Scale Shared accommodation' SPD in April 2022. The SPD supports the above local plan policies and provides detailed planning guidance to ensure that co-living schemes provide quality residential accommodation supporting policies set out in Birmingham's Local Plan and the Council's objectives of creating sustainable neighbourhoods and better health and wellbeing for the city's residents.

### Evidence

- 8.13 Co-living is relatively new to the UK; schemes are mainly focussed in London and are emerging in Birmingham and other large cities. The concept was originally developed in response to the affordability challenges faced by workers on below average salaries in some large American and European cities. The demographic tends to be young professionals or recent graduates, singles or couples without children who cannot or choose not to live in self-contained homes or houses in multiple occupation. They are an intermediate and short-term form of accommodation with shorter tenancies usually between 3 to 6 months (or on a rolling basis with a minimum term of 3 months).
- 8.14 Co-living or large scale shared accommodation schemes can offer residents accommodation with all-inclusive bills, managed services, and flexible tenancies. The nature of shared amenities offered is variable according to the budget of the target group but can include gyms, laundry rooms, communal lounges, dining spaces, workspaces and other facilities.
- 8.15 Traditionally the idea of co-living through sharing of rented housing is not a new idea and has long operated across the country. In this context, co-living can encompass many structural forms. In its current form, modern co-living in the UK tends to be urban focused and integrated into a single building, house, or apartment, a sharing of amenities, and a demographic trend towards 20 to 30 something professionals. As a market segment, this is most well developed currently in London where companies such as The Collective, Roam, Fizzy Living and Lyvly are actively adopting a 'WeWork' style model to housing based on a new renting approach for the Capital that offers private bedrooms, shared common spaces and community events, and an all-inclusive rent.
- 8.16 The HEDNA has analysed the need for co-living development in Birmingham. Generally, the HEDNA (para 9.85) asserts that "*growth in the market for co-living developments is linked to the wider growth in the private rented sector and the rise of house sharing within this. One key macroeconomic factor is due to the affordability constraints of home ownership, which has resulted in a growing number of people renting homes and for a longer level of time (e.g. whilst households save for a deposit).*" Para 9.86 goes on to say that "*Young professionals in particular are being pushed towards private rented accommodation due to rising house prices and newer generations prefer a more flexible approach to living. For this group the offer of a flexible, short-term leases and an opportunity to live in a part of community (with all bills covered), is particularly appealing.*"
- 8.17 The HEDNA (para 9.87) shows that "*the current co-living business model and characteristics principally draw on a large base of transient younger, high skilled professional households and individuals - particularly those without dependents. Considering the profile of private renters in Birmingham, these are characteristics which are akin to the central and southern sub-areas of the city in particular.*"

- 8.18 The HEDNA (para 9.88) found that there is a high proportion of single individuals aged between 20-39 with a relatively high proportion in higher skilled roles living in the PRS



in Birmingham. There is also a high proportion of 'other' households in the PRS which includes unrelated adults sharing which all points towards an underlying market for a co-living product. Clearly, not all individuals which have these characteristics will choose a co-living product, but there is large base relative to the target demographic.

- 8.19 In looking at the costs of co-living, the information gathered in the HEDNA (para 9.80-9.81) shows that the cost of co-living is actually higher than prices in the wide PRS market in Manchester. In Manchester a co-living studio apartment is £930 per month including access to co-working space. This compares to an equivalent median price in the wider PRS market of an average studio flat at £575 per month excluding bills.
- 8.20 Although still at the planning application stage a supporting document produced by CBRE for the development of a Co-living development at Curzon Wharf in Birmingham suggests an average price of just over £800 per month. This compares to an average price of around £900 for a studio flat plus bills in the City Centre.
- 8.21 Once bills are added to rental costs it is reasonable to say that cost of co-living is comparable to renting although less so in Manchester. (HEDNA, para 9.83)
- 8.22 The HEDNA (para 9.91-9.96) considers there is a need to develop policy on co-living such as the likes of London and Manchester. The London Plan under Policy H16 relating to large-scale purpose-built shared living provides guidance on co-living developments. The London Plan recognises that these developments may provide a housing option for single person households who cannot or choose not to live in self-contained homes or HMOs. It refers principally to schemes which are generally of at least 50 units and provide an alternative to traditional flat shares and includes additional services and facilities, such as room cleaning, bed linen, on-site gym and concierge service.
- 8.23 In addition to the London Plan, a number of London Boroughs have or are developing specific local planning policies to respond to co-living schemes as they become more of a focal point for developers in the private rented sector. This includes Hackney and Lambeth which were the first two to progress with local policy on the sector. In both instances, as examples, the Councils acknowledged the principle of purpose-built, large-scale shared living, in line with the London Plan policy – noting a scale of 50 units in Hackney and 30 units in Lambeth. A range of criteria is set out including the requirement that it meets an identified need.
- 8.24 In Manchester, the City Council has recognised a need to be open to innovative housing models in an interim policy statement whilst setting an 'initial ceiling' of 5,000 units to be tested against a number of criteria, policies and specific standards in line with existing planning policy. The initial ceiling is intended to enable the Council to evaluate the suitability of co-living development at a manageable scale, and the contribution co-living can make to its core objectives.
- 8.25 Lambeth's local plan policy also includes criteria to ensure that such proposals do not compromise the delivery of self-contained housing to meet the city's housing need.
- 8.26 Drawing on the policy frameworks established in the London Plan, paragraph 9.96 of the HEDNA provides detailed recommendations for a policy which supports high-quality co-living schemes against a number of criteria. This includes where co-living schemes are expected to be delivered, which is in the central sub area where there is a core demographic and tenant profile which would align with the target market of co-living housing. These areas are also well connected to local services and transport and would help support the night-time economy.



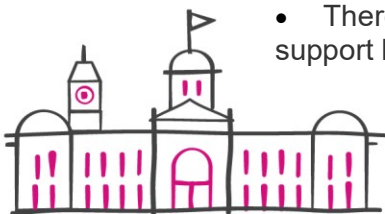
- 8.27 Building on the Birmingham's existing Local Plan policies, the Large-Scale Shared Accommodation SPD sets out detailed guidance for co-living based on the findings of the HEDNA, research undertaken by SWAP Architects for BCC 'Co-living Key Metrics' (data on UK co-living schemes located outside of London) and policy and guidance on co-living produced by other local authorities.
- 8.28 The minimum private bedroom size set out in the SPD at 25 sq.m. for a single occupancy room was based on the average bedroom size of the most recently validated (2019 and later) schemes in the core cities researched by SWAP Architects and rounded up to the nearest 0.5 sq.m.
- 8.29 The average internal communal amenity space set out in the SPD is at least 4.5 sq.m. per bedspace. This was based on the average internal community amenity space per bedspace of the most recently validated (2019 and later) schemes in the core cities researched by SWAP Architects and rounded up to the nearest 0.5 sq.m.
- 8.30 Provisions for exceptions which would mean deviating from the recommended standards are set out in the SPD. It should be noted that the SPD is only guidance. The intention is to adopt the SPD standards as through the local plan update.

### **Viability Evidence**

- 8.31 The build to rent sector is burgeoning with new development and operating models developing continuously. The report has found that the traditional build to rent flatted model is viable within the Core, generating strong Residential Land Values (RLV), ranging from £2,587,336 (150-units) to £6,572,557 (60-units) per acre, with an average RLV of £4,597,229 per acre across the core.
- 8.32 Build to Rent is continuing to be developed in the city Core (more so than apartments for sale). This is based on: careful value engineering of schemes; negotiation of land agreements; longer-term profit measures (based on IRRs etc); anticipation of future rental growth (yield compression).
- 8.33 Based on the appraisals and overall observation of the market, the Viability Report recommends that 35% affordable housing is required on BtR schemes (based on Discounted Market Rent).
- 8.34 The appraisal of the co-living scheme typology was viable. This demonstrates the impact of smaller unit sizes and higher rental values (for quality of amenities). The average unit size for a co-living flat is 25 sqm at a 70% net to gross, but achieves a similar rent £ pcm to a 1-bedroom flat in the core (50 sqm). Co-Living should therefore be treated differently to BtR as it generates a much higher price psm. The report recommends that co-living is treated similarly to PBSA; appraisals indicate that a co-living scheme is viable at 50% affordable housing.
- 8.35 On this basis the report recommends an affordable housing target of 50% for co-living schemes. Both BtR and co-living appraisals include full policy-on costs including Biodiversity Net Gain, Net Zero costs, and Urban Greening Factor allowances. These policies can therefore be applied on these typologies.

### **Issues and Options consultation responses**

- 8.36 Limited comments were received during the Issues and Options Consultation. A summary of the relevant comments is:
- Co-living should be encouraged and facilitated through the Plan.
  - There is a need for co-living in Birmingham and a draft policy wording to support high quality co-living schemes would be welcomed.



### Alternative policy options considered

- 8.37 Option 1: No policy. Co-living is undefined in the Use Classes Order. This means that they would typically be submitted as a “Sui Generis” Use and are non-self-contained market housing. In the absence of national and local policy, there is a risk of inappropriate co-living development being developed. As the market is untested in Birmingham, it is important that policy is provided to ensure that co-living schemes create quality residential accommodation in the right places to support the policies set out in Birmingham’s Local Plan and the Council’s objectives of creating sustainable neighbourhoods and better health and wellbeing for the city’s residents.
- 8.38 Option 2: A policy which is less prescriptive and does not include locational criteria or accommodation standards. As co-living schemes typically accommodate mainly younger car free single occupiers willing to ‘sacrifice’ private living space, this accentuates the importance of proximity to work and leisure facilities and restricts co-living to areas of high employment growth with good public transport accessibility and a wide range of local services facilities. It is therefore important the locational criteria are set out in policy. Without setting out minimum size standards of accommodation and the facilities which should be provided, there is a high risk that substandard accommodation will be provided which will be detrimental to the health and well-being of its occupiers.

### Preferred policy approach

8.39 The Preferred policy approach is:

- To require proposals to provide evidence demonstrating need for the development given the infancy of the co-living market in Birmingham. The needs assessment is also required to examine the availability and potential affordability of alternative rental options.
- To ensure proposals for large scale shared living do not compromise the delivery of self-contained housing to meet the city’s housing need.
- To set locational requirements and restrict co-living development to central Birmingham where car free development is expected, has excellent public transport, walking and cycling connectivity and is well served by a wide range of local services and facilities (of which provision made within the proposal can be taken into account).
- To set a minimum size for private bedrooms at 25 sq.m. for a single occupancy room and minimum average internal communal amenity space of at least 4.5 sq.m. per bedspace.
- To provide guidance on the provision of facilities within the private rooms, communal kitchens, other indoor communal space, outdoor communal space and other facilities.
- To set out a requirement for affordable housing and open space in accordance with local plan policies. Affordable housing will be sought as a single upfront financial contribution, based on a 20 per cent discount off the market value (including any service charges) of 35 per cent of the units, and secured through a section 106 legal agreement (subject to viability).
- To require the submission of a management plan.
- To adhere to the guidance set out in the Council’s Large Scale Shared Accommodation Supplementary Planning Document (or any subsequent revision).



