

BIRMINGHAM'S PLANS FOR GROWTH

Our assessment of the City Council's planning and development opportunities

CLIENT BRIEFING



OVERVIEW

Birmingham is growing at a rapid pace. Housing delivery is exceeding forecasts, the construction of High Speed 2 and Curzon Street Station are both well underway, and the Alexander Stadium is being revitalised in preparation for its central role in the delivery of the 2022 Commonwealth Games. These developments are all alongside the delivery of much needed public transport improvements, which will benefit the residents of Perry Barr many years after this summer's two weeks of sport.

This growth however is not being experienced by all sectors. Central Birmingham has seen retail reduction accelerated by the pandemic. And a lack of available, high-quality employment land has restricted the delivery of larger industrial and logistics facilities, despite the strength of the regional and national market. But competing demands on land do exist across the city; with sites earmarked for office development now being used for residential use instead. Big challenges also exist with low levels of affordable housing delivery, comparatively high levels of unemployment, and ongoing homelessness. All three factors continue to affect many residents.

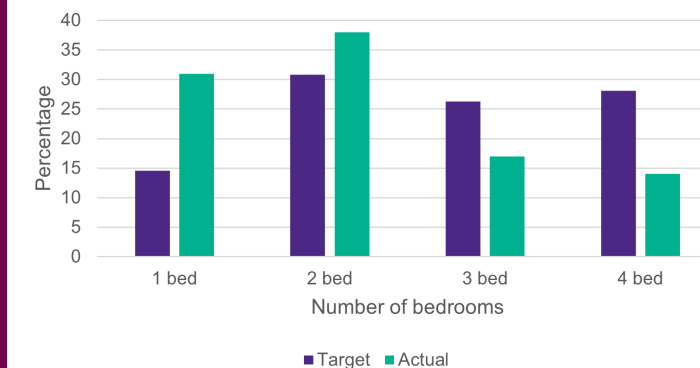
KEY FACTS

- Population: **1,140,525**. Largest resident Population of any individual Local Authority in the UK. Bigger than 18 of the 24 English Ceremonial Counties.¹
- 8th** Youngest Population in the UK (25 years and under).¹
- High levels of unemployment at **8.1%** compared with **5.1%** for the West Midlands and **4.8%** for Great Britain.²
- 2nd** Highest reported number of households in temporary accommodation for Local Authorities in England.³
- 6.28** years housing land supply.⁴
- 90%** of UK population within four hours travel time.⁵

Sources:

- ONS Mid-Year Population Estimates June 2020
- ONS Annual Population Survey Oct 2020 – Sep 2021
- DLUHC Statutory Homelessness July to September 2021
- BCC Authority Monitoring Report 2019/2020
- Greater Birmingham Chambers of Commerce, Birmingham Economic Review 2016

Size of New Homes Built 2011/21 to 2019/20



Source: Birmingham City Council Authority Monitoring Report 2019-2020

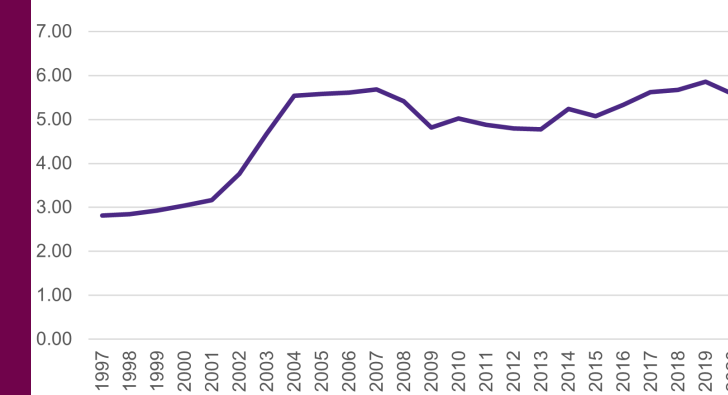
Affordable Housing

The delivery of affordable housing is also a long-standing concern. It's unviable for many private developments to meet the Council's policy requirement of 35%. Only around 16% of gross completions between 2011/12 and 2019/20 were affordable homes. And nearly half of these were delivered directly by the Council through the Birmingham Municipal Housing Trust.

For added context, many existing affordable homes are being sold under the Right to Buy. In 2019/20 alone the net change was a loss of 378 affordable homes. There are however signs that housing in Birmingham is becoming more affordable.

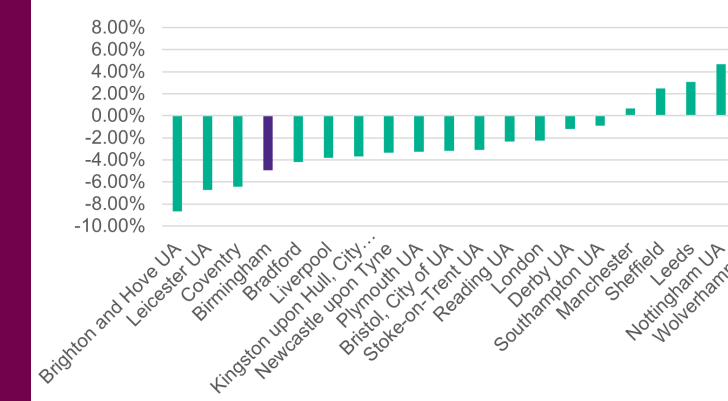
While the affordability ratio rose steadily from 2015 to 2019, it fell between 2019 and 2020.

Birmingham Affordability Ratio 1997 to 2020



Source: ONS Ratio of house price to workplace-based earnings (lower quartile and median), 1997 to 2020

Affordability % Change 2019 to 2020



Source: ONS Ratio of house price to workplace-based earnings (lower quartile and median), 1997 to 2020

When compared to the 20 largest cities and urban areas in England, the affordability ratio fell between 2019 and 2020 by the fourth fastest rate.

HOUSING

Supply and Delivery

Between 2011/12 and 2019/20, Birmingham delivered 22,694 net dwellings. This is nearly 15% more than was envisioned by the trajectory set out in the Birmingham Development Plan. This is all despite the lack of delivery at Langley, released from the Green Belt in 2017, with the expectation that it would be providing new homes from 2018/19 onwards.

The number of new homes delivered in the city centre has significantly exceeded the relatively cautious forecasts made at the time the Plan was prepared. The successful bid to host the 2022 Commonwealth Games has accelerated the delivery of new homes within Perry Barr. As a result, the Council forecast a total capacity of around 67,500 new homes over the Plan period, compared to the actual new home requirement of 51,000.

Size and Tenure

Birmingham faces challenges in terms of the size and tenure of new homes being delivered. Between 2011/12 and 2019/20, 69% of new homes built were one and two-bed properties, in contrast to a target of around 45%.

It's expected the delivery of a significant number of new homes at Langley, Smithfield and Perry Barr in future years, which are all focused on a greater proportion of family homes, will help at least in part, to rebalance the supply of new dwellings towards those foreseen by the Plan.

The Council has been broadly supportive of a range of specialist accommodation, including purpose-built student accommodation and homes for the elderly, where demand can be demonstrated. However, it does not have any specific targets in place for these types of homes. These specialist forms of accommodation offer the opportunity to facilitate higher density development. Likewise, the council does not yet have policies in place requiring proportions of First Homes or self and custom build plots as part of larger developments.

Build to Rent

The Build to Rent sector has been proactively encouraged by the Council in recent years. Funded by institutional investors prepared to take a longer-term view on returns, the sector offers an additional source of funding for residential development and is a growing market. Birmingham is seen as a key growth market by providers in this sector, with around a third of new homes under construction in 2021 being built for rent.

As well as 'traditional' urban Build to Rent, typically delivered as apartments, both co-living and suburban Build to Rent are expected to become additional components of the housing market in Birmingham over the coming years. Homes within the Build

to Rent sector are not the same product as those built for market sale. Key differences include the provision of shared amenities and services which are important for attracting new tenants, and should be designed to facilitate moving in and out.

Birmingham does not currently have a specific target for rental accommodation. But given the importance of the sector to the wider housing market, we anticipate one being introduced through the review of the Birmingham Development Plan.

Meeting the current shortfall

Whilst Birmingham has an identified supply of around 67,500 homes, this does not meet the full overall need, which is 89,000 by 2031. Improved delivery in Birmingham has reduced the scale of this shortfall from 37,900 to 21,500. Figures from across the Greater Birmingham and Black Country Housing Market suggest that overall, including both contributions to meeting existing and further shortfalls, around 8,300 homes remain unidentified in adopted plans up to 2031. But there are emerging proposals from some less constrained authorities that could help to address this gap over the next nine years.

Potential future shortfall

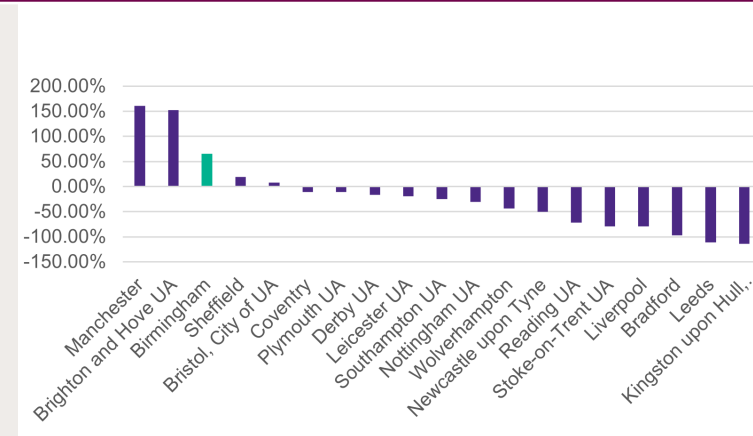
Looking forwards, the position post 2031 is far less certain. Birmingham is one of twenty places that are required to apply the 35% cities and urban centre uplift. We calculate that the housing need for Birmingham including this would now be 6,785 homes per year.

It seems unlikely that Birmingham will be able to accommodate this level of need entirely upon brownfield land within its own limits. It will again need to consider Green Belt release and potentially seek support from nearby authorities.

This is a challenge that across the Housing Market Area, is expected to be made more difficult by the Black Country Authorities indicating they are unable to meet both housing and employment need in full within their own boundaries. This is intensified further by the lack of any agreed strategic planning strategy mechanism to address cross-boundary needs. Certain members of the West Midlands Combined Authority have specifically threatened to leave the Combined Authority if it became responsible for strategic planning.

Birmingham has been particularly affected by the introduction of the urban uplift, with the housing requirement going up by the third largest proportion of the 19 largest cities and urban areas outside of London.

Increase from current housing requirement using standard method



Source: RPS, calculated using standard method with ONS 2014 Based Household Projections with a base year of 2022 and 2020 Affordability Ratios

EMPLOYMENT

The pandemic had less of an impact on total employment in Birmingham than nationally, with a fall in private sector employment of only 1.9% versus 2.9%. However, total unemployment is considerably above the national level. Centre for Cities, in their 2022 Cities Outlook, identified the Birmingham Primary Urban Area (which includes the Black Country) as having the highest level of unemployment across the 63 cities that they assessed.

Locally, retail in central Birmingham suffered the second greatest impact of the pandemic alongside Edinburgh in the UK after London. The effect is clear to see with several large vacancies in the Bullring, as well as many vacancies in more peripheral parts of the city centre.



Both retail and office development have lagged targets set in the Birmingham development plan. This is understood to be a result of wider structural changes. But it does present an opportunity to embrace the trend and refocus the city centre on an increased residential and associated leisure offer as retail depletes.

Birmingham continues to be an attractive location for the former B1(b)(c), B2 and B8 use classes (industrial, R&D, logistics). Whilst delivery of such uses is slightly behind the anticipated rate of development in the Birmingham Development Plan, this is primarily because there was no available best quality land for two years. Peddimore now addresses this issue, with Birmingham Wheels expected to provide supply towards the end of the Plan period.

Land at Washwood Heath, which is currently unavailable, as it is required to facilitate the delivery of HS2, is now unlikely to be available before the end of the Plan period. Further employment land is likely to be required to address this delay.

THE THOUGHTS OF NICK KILBY,

Chief Executive & Founder of Cratus Communications



Birmingham is the industrial Heart of England.

While its economy has become more blended with the introduction of financial services from Deutsche Bank and HSBC, with both making significant investment, Birmingham remains the beating heart of the Midlands Engine.

Today, it's the biggest member of the West Midlands Combined Authority (WMCA). Since the WMCA's creation, the political spotlight has been on the Mayor of the West Midlands, Andy Street. And whilst the mayor has an overarching role on growth and economic development in the region, his powers are more limited than many would think. As an example, Planning, Highways, Children services, Public Health, Integrated Adult Care, Environmental services all remain the responsibility of the City Council; the largest city council outside London and the 20th largest landowner in England.

The council has had eight Chief Executives in as many years, with progress being made with each appointment. June 2021 saw Deborah Cadman OBE take the helm. A native Brummy who had been the first Chief Executive of the WMCA, Deborah's established a new management leadership team around her. And with council Leader Cllr Ian Ward, they've established a clear vision of where they want to take the city in the next decade.

All out elections will take place on 5th May, with the Commonwealth Games following soon afterwards. With a new public mandate, the council will embark on unlocking the potential of Birmingham, heralding a new era. Add to the mix large scale retrofitting of their housing stock, single source funding, job creation, and using their land holding to enhance placemaking in the east of the city, and the regeneration of Birmingham will create opportunities for all of its people and continue the proud journey of the powerhouse of our nation.

Table 1: Challenges and Opportunities

Theme	Challenges	Opportunities
Housing	<ul style="list-style-type: none"> 65% increase in housing need from the current local plan requirement of 2,555 homes per year to 6,785 homes per year under the new standard method as a result of the 35% cities and urban areas uplift Greater proportion of smaller units being delivered compared to targets Loss of affordable housing stock through Right to Buy Low levels of affordable housing delivery Shortfalls within the wider Housing Market Area Retrofitting of privately owned properties 	<ul style="list-style-type: none"> Delivery ahead of targets Supply ahead of target Potential changes in market requirements in terms of size Signs of improvement in affordability vs other major cities Growing Build to Rent sector with potential for future policy target Suburban Build to Rent and co-living offer new products to meet the needs of the market Evolving nature of retail and centres means that new residential sites are becoming available increasing supply Support for specialist accommodation where need can be demonstrated Retrofitting of properties owned by the Council
Employment	<ul style="list-style-type: none"> High levels of unemployment Contracting retail and leisure offer in the city centre Lack of identified future sources of high quality industrial and logistics land Office delivery behind targets 	<ul style="list-style-type: none"> Sizeable available labour force attracting new employers (e.g. HSBC, Goldman Sachs) Increase in overall quality of office space required to attract and retain employees More efficient use of employment land through multi-storey and mixed-use developments
Transport	<ul style="list-style-type: none"> Connectivity within Birmingham and with wider West Midlands is variable Bus frequencies can discourage usage Expansion of metro network costly and slow to deliver 	<ul style="list-style-type: none"> HS2 will improve connectivity with the wider country Commonwealth Games has facilitated a range of public transport investment Introduction of SPRINT and City Link Services to improve connectivity at lower cost and in a timelier manner Reopening of railway lines

THE FUTURE

As well as balancing competing land uses, as set out in this briefing, there are many other issues that the Council needs to plan, and several other challenges that Birmingham is looking to address. These include points such as net zero, biodiversity net gain, air quality, health, design, and transport. In 2021 the Council launched the Our Future City Plan consultation to consider how to respond to these issues.

Building upon the successful approach of the Big City Plan, which has set the vision for development up to the middle ring road over the last 10 years, the Our Future City Plan proposes growth beyond the traditional city centre into surrounding inner-city areas, while also setting a revolutionary vision for the city centre itself. The proposed vision is structured around six 'City Themes'. Key proposals include higher densities beyond the city centre, which are already being delivered at Port Loop, Soho Loop, and Belgrave Village, as well as the introduction of significant green infrastructure and encouraging further reductions in vehicular travel. The draft Our Future City Plan Central Birmingham Framework is due to be launched later this year, continuing the legacy and momentum built up from the Commonwealth Games and other high-profile activities this summer.

Table 2: Our Future City Plan City Themes and Potential Actions

City Theme	Potential Actions
City of Centres	<ul style="list-style-type: none"> Connected centres as Destinations A network of 15 Minute Neighbourhoods Creating diverse and affordable homes Remodel local highway infrastructure for people centred places Locally Grown First
City of Growth for All	<ul style="list-style-type: none"> Beyond the ring road Central renewal Areas Major development sites Increasing activity Connect investment with jobs and skills programmes Local first
City of Nature	<ul style="list-style-type: none"> The Brummie urban forest City Greenways The park web Edible Brum Reviving out waterways Building greener Green guardianship
City of Layers	<ul style="list-style-type: none"> Proud of Brum Diversity of cultural destinations The Digbeth Cultural Hub Heritage asset review City of sporting excellence Cultural Strategy Visitor destination plan
City of Connections	<ul style="list-style-type: none"> Active travel in neighbourhoods Improved public transport connections Connections for growth Grey to green proposals City segments Freight management Digital connectivity Managing demand for parking
City of Knowledge and Innovation	<ul style="list-style-type: none"> Innovation districts Supporting our universities Affordable creative, cultural and start-up Space Develop a series of Smart City Initiatives Community hubs Open Data Brum

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For more information contact:



Jacob Bonehill
Associate Director

T: 0121 5130088

E: jacob.bonehill@rpsgroup.com