Bromsgrove District
Housing and Economic Development Needs Assessment 2021

For **Bromsgrove District Council**

Executive summary

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VOLUME 1
HOUSING, JOBS AND EMPLOYMENT LAND

Introduction

1 This study was commissioned by Bromsgrove District Council in March 2021, as part of the evidence base supporting the review of the Local Plan. Its purpose is to assess future need for, and supply of, housing and employment land in the district, over the plan period to 2040 and beyond. In relation to the economy, we were required to consider how a step change in employment growth could be achieved, '*to ensure that Bromsgrove district's economy can grow in a sustainable and positive manner', and how this employment growth relates to housing need'*.

2 The study is being reported in two volumes. Volume 1 covers total housing numbers, together with the economy, labour market alignment and employment land. Volume 2 looks at housing in more detail, considering the mix and tenure of new homes needed – including affordable homes and specialist housing for the elderly.

Local Housing Need and future population

3 In national planning policy and guidance, Local Housing Need (LHN) is the minimum amount of housing the local planning authority should plan for, unless it lacks supply capacity due to nationally recognised constraints – which include the Green Belt. LHN is calculated by a formula called the standard method, which is set out in National Planning Practice Guidance.

4 Bromsgrove's Local Housing Need, measured in 2021, is 383 net new dwellings per annum (dpa). This annual figure is close to the current plan requirement of 368 dpa. It applies indefinitely to the future, so that it covers both the plan period to 2040 and subsequent years. Over the likely period of the next Local Plan, 2023-40, the corresponding population growth is estimated at 11.4% - almost twice as much as the England total.

The local economy

5 In terms of economic well-being Bromsgrove district is a good place to live, and a better place to live than it is a place to work. On average, the district's residents are comparatively well skilled and well paid, with good job opportunities. To a significant extent that economic well-being relies on jobs located outside the district, both in terms of quantity (Bromsgrove district is a net exporter of labour) and quality (residents who work outside Bromsgrove district earn more than people who work in Bromsgrove district). This suggests that the latter group have not only less money, but also less skilled and less desirable jobs.

6 Bromsgrove district currently relies on out-commuting, which applies to many local authorities on the edge of large urban centres, and many such authorities consider this as a positive, because it provides what many people consider an attractive residential setting. Alternatively, authorities may aspire to a more dynamic future, where economic growth happens within their own boundaries and residents can get the best jobs without commuting out. Which of these visions is best, is a matter of judgment and political priorities. In this study, we aim to assess how far this more dynamic future may be a realistic possibility, and what it would require in terms of planning for employment land and housing supply.

7 To this purpose, we have created two employment growth scenarios for the future to 2040 (the likely end date of the next Local Plan).

8 The baseline scenario is the taken from the forecaster Experian. For the study period 2019-40, it shows job growth of 4,200 jobs (7.1%). This is close to the West Midlands total (7.3%), but below the UK total (9.9%).

9 We also built an aspirational or high scenario, in which Bromsgrove district's economy grows faster than one would expect from its past performance. In that alternative, the Council actively promotes economic development, including through allocating more and better-quality employment sites in the Local Plan, so the district offers more and higher-paid jobs. Over the study period jobs grow by 10% - virtually equal to the rates forecast by Experian for England and for the three fastest-growing local authority areas in the West Midlands (Birmingham City, North Warwickshire Borough and Stratford-on-Avon District). In absolute numbers, the district's jobs grow by 5,900 over the period.

10 We have estimated the impact of both scenarios on the balance of the labour market. Our analysis suggests that, if Bromsgrove district delivers housing to meet the standard-method Local Housing Need, there will be enough workers to fill the jobs on offer in both scenarios.

Employment land: forecast demand and planned supply

11 We have forecast the demand or need[1] for employment land that would result from the forecast job growth and compared it with the current planned supply of employment land, comprising current planning permissions and allocations. The results are as follows:

- For industrial land (manufacturing and logistics), total demand of 21-28 ha, and a supply deficit of 6-13 ha
- For offices, total demand of 37,000-45,000 sq m, and a small supply deficit of 5,000-13,000 sq m.

12 The above figures are broad approximations surrounded by large uncertainties. On the demand side, we cannot be certain either about future jobs or about the employment densities that translate those jobs into employment space:

- The industrial demand figures are probably a minimum, because forecasts among other things are based on past growth; and the evidence suggests that for Bromsgrove district that past growth has been severely constrained by lack of land (in the last 10 years or longer very little new employment space was built).
- The office demand figures are probably a maximum, because office floorspace per worker may continue to decline in the future as more people work flexibly.

13 On the supply side, our figures may be overstated, because the planned supply identified in planning allocations and permissions may not come forward in practice. Both for industry and offices, the bulk of that planned supply is at a single site – Bromsgrove Technology Park for industrial and Wythall Business Park for offices. Both those sites have been available for

[1] In the present context, demand and need are synonymous.

years but have not come forward, suggesting they may be unattractive to the market or financially unviable to develop.

14 In the next section we look at both demand and supply from a different angle, using market evidence to complement the quantitative evidence above.

Employment land: property market analysis

Industrial space

15 Current industrial occupiers in Bromsgrove district span from a wide range of industries for space across all size ranges but especially below 9,300 sq m (100,000 sq ft). Many of these smaller companies, use Bromsgrove district as their sole location to service the whole country and sometimes internationally. There are a number of high-tech industrial occupiers located around the district but especially at Ravensbank Business Park, which provides larger sized properties that are not typically seen in the district.

16 Our market analysis confirms the conclusion that industrial space across Bromsgrove district is severely undersupplied at present, as demand is frustrated by almost non-existent immediate availability. The root cause of the shortage is that very little space has been developed over a prolonged period. The implication is that, if additional floorspace were provided in the short term, it would be readily taken up (subject of course to quality and location).

17 As well as local demand, Bromsgrove district has the potential to attract footloose demand from the wider region. Our analysis suggests that there is strong demand for manufacturing and logistics space across the whole of the West Midlands, from a range of medium and large occupiers, while there is a lack of suitable units and sites. Bromsgrove district is in a good position to capture this regional demand, due to its excellent transport links and skilled workforce.

18 Some of the district's supply shortfall in our view could be alleviated by development at Bromsgrove Technology Park, to provide the high-quality small industrial spaces that occupiers want in the area. Funding would need to be provided by the Council or other government bodies to enable speculative development here.

19 Additionally, we believe that, if a new large, high-profile, highly accessible, greenfield industrial site were allocated in Bromsgrove district, it would have good prospects of being taken up and would attract new types of occupier – larger and higher-value than those currently seen in the district.

Offices

20 Set in its regional context, Bromsgrove district's office market is small and unable to attract inward investment. Furthermore, the analysis has shown that in the core regional office markets, especially Birmingham, there is a large amount of pipeline development planned. Therefore, it is difficult for Bromsgrove district to pick up any 'overspill' from Birmingham, unless an occupier has a specific requirement to be located in the district, of which there is no evidence.

21 The office market in Bromsgrove district was performing reasonably well pre-pandemic – although it is now in a state of flux following the pandemic, like the UK office market overall. The two main types of stock found in the district are modern purpose built out of town offices and some purpose built or converted premises in the town centre. Evidence shows that the bulk of recent take-up comes from SMEs with a focus on the town centre and the office parks to the south of the town. Take-up has been from a number of sectors, some servicing the local market and others using the district as their head office.

22 The market signals are not sufficient at the moment to trigger new build development on a speculative basis. Rents are sufficient to refurbish space; examples include Buntsford Park and Ravens Court at Ravensbank Business Park. This means that the current office stock can continue to be maintained and should be enough to meet the local demand for offices in the foreseeable future.

23 The land allocated for office development at Wythall Green Business Park is unlikely to be taken up for that use. The site is unattractive to the market, as it is remote from amenities, lacks critical mass, and is competing with a large pipeline of out-of-town offices closer to the core of the market. In our view, Wythall Green Business Park would be more attractive and suitable for light industrial development.

Employment land: policy options

Numbers of homes and jobs

24 Earlier we have set out two future job scenarios for Bromsgrove, the baseline scenario and the high scenario.

25 As part of the new Local Plan, the Council will probably want to choose one of those scenarios as the basis for employment land policies, including site allocations. That choice is a matter of judgment and political priorities. The main difference between the scenarios is that the high scenario would provide more local job opportunities, so more residents could get work without needing to commute out. If the new Local Plan provides larger, higher-quality sites in highly accessible locations, the resulting job opportunities should also be higher skilled and higher paid. Consequently, there would be more opportunities for local residents in the higher occupations – who at present are especially dependent on jobs outside the district (mainly in Birmingham).

26 In any event, it must be recognised that economic forecasts are surrounded by uncertainty, and whatever job scenario is chosen can only be a broad indication of the future.

Industrial space

27 Our analysis suggests that there are two broad options open to the Council.

28 The first is a business as usual option, which aims to meet the demand forecast in the baseline scenario. In this option, the Local Plan would retain the existing plan allocations at Bromsgrove Technology Park and add the land at Wythall Green Business Park for light industrial use. Both allocations would help address the severe shortage of space for existing local businesses. Wythall Green Business Park in particular would also create new opportunities for Bromsgrove district to attract more potentially high tech jobs. But again, to make development viable would require public sector support.

29 Secondly there is an ambitious option, in which the plan adds a further industrial allocation, to provide around 25 ha at a greenfield motorway junction site. As well as a quantitative supply gap, this would fill a qualitative one, attracting larger and higher-value businesses than are currently seen in the district. It would also attract logistics, which would help fund infrastructure to open up the site. Unless infrastructure is to be funded by the public sector, this cross-subsidy is necessary. But there is a danger that logistics would outbid other industrial uses. To avert this danger, we suggest that a section of the site, perhaps 25% subject to market demand and viability, be reserved for small and medium units.

30 The second option would meet the demand forecast in the high scenario and more. The additional development, over and above the high scenario, would be best understood as a contribution to meeting wider regional need, which is footloose within Greater Birmingham and the Black Country (the FEMA of which Bromsgrove is part), or the wider West Midlands market.

31 The ambitious option would create jobs over and above our high demand scenario. We estimate that, if housing in Bromsgrove District is built in line with Local Housing Need, there will be enough resident workers to fill those additional jobs.

Offices

32 Based on the forecasts discussed earlier, we suggest that the new Local Plan identify the need for gross additional office space in 2019-40 as a maximum of 36,773-44,615 sq m, depending on which demand scenario it considers more robust (this is a matter of judgment, as discussed earlier). The plan should note that this figure is highly uncertain and could well be an overestimate.

33 In regard to land allocations, as a policy option we have suggested that the new Local Plan could:

- Re-allocate the land at Wythall Green Business Park to light industrial development;
- For the employment allocations at Bromsgrove Technology Park, continue to allow both office and industrial development;
- If the plan allocates a large new motorway site for employment, allow office as well as industrial development on the site.
- Protect the better-quality office stock in the town centre from a shift to other uses.

34 Alternatively or additionally, the plan might include policies to support office development in the town centre. Within the scope of this study we have not considered if there are potential development opportunities there.

VOLUME 2
HOUSING TYPE, MIX AND AFFORDABLE HOUSING NEED

Introduction

1 The Housing and Economic Development Needs Assessment (HEDNA) comprises two volumes. Volume 1 covers total housing numbers, together with the economy, labour market alignment and employment land. This document, Volume 2, looks at housing in more detail, considering the mix and tenure of new homes needed – including unit sizes, numbers of affordable homes and specific groups such as the elderly. This report provides this detail for the Council and presents evidence for the comprehensive Local Plan review to enable the formulation of suitable housing policies. The information presented in this report complies with the current Government guidance on undertaking these studies as set out in the 2021 National Planning Policy Framework (NPPF) and the Planning Practice Guidance (PPG).

The cost and affordability of housing

2 To fully understand the affordability of housing within an area, it is necessary to collect data on the cost of housing by number of bedrooms. This ensures that it is possible to assess the ability of households to afford market housing of the size required by that particular household. As part of this study, we have undertaken a price survey to assess the current cost of market (owner-occupied and private rented), intermediate and affordable rented housing in the District. This is then compared with the affordability profile of the households to determine the suitability of each form of housing in the District, and to identify which forms of intermediate housing are most suitable.

Overall housing need

3 The NPPF indicates that planning authorities should use the standard method to establish the overall need for housing. The evidence presented in the Volume 1 report indicates that there are no exceptional circumstances that apply in Bromsgrove District to justify deviating from the standard method. This report describes the steps involved in the standard method, following the approach described in the revised PPG.

4 The final housing need in Bromsgrove District, as assessed using the standard method in 2021, is 383 dwellings per year. As at 2021, across the seventeen-year plan period a minimum of 6,511 new additional homes should be planned for in Bromsgrove District.

Type and tenure of future housing needed

5 The requirement within paragraph 62 of the NPPF to disaggregate the local housing need figure to ‘assess the size, type and tenure of housing needed for different groups in the community’. This is reiterated in the PPG. The report describes the Long-Term Balancing Housing Markets (LTBHM) model which determines the future demand for housing by size and tenure based on the profile of the population derived within the

local housing need calculation. In Bromsgrove District, the 2021 standard method need figure of 383 dwellings per annum will necessitate the construction of more homes than is implied by the official projection, as the standard method calculation makes an upward adjustment to account for affordability.

6 The model takes as its starting point the 2018-based population projections. These projections are then adjusted to align with the local housing need figure in Bromsgrove District by progressively increasing the household formation for all age groups under 45 towards the peak national rate recorded in 2001.

7 The age and gender profile is aged-on (presumed to grow older each year) and have the same propensity to have children, move away from the area and die as other residents in Bromsgrove district of the same gender and age. In this way it will be possible to estimate how the additional population (above that suggested by the latest population projections) is likely to develop over time.

Population and household profile

8 The table below sets out the age profile of the population in Bromsgrove District in 2040 based on the population projections produced to populate the standard method figure, in comparison to the age profile of the district at the start of the plan period (2023). The table suggests that those aged 75 or over are going to constitute a greater section of the population by the end of the plan period – those aged 75 or over will rise from 12,410 in 2023 to 16,461 in 2040, an increase of 32.6%.

Table 1 Age of projected population in Bromsgrove District in 2040 compared with the age profile at the start of the plan period

Age	*2023 Population*	*2023 Percentage*	*2040 Population*	*2040 Percentage*	*% Change*
0-14	18,986	18.4%	20,087	17.4%	5.8%
15-29	13,232	12.8%	14,590	12.7%	10.3%
30-44	19,188	18.6%	20,257	17.6%	5.6%
45-59	21,521	20.8%	23,771	20.6%	10.5%
60-75	17,945	17.4%	19,952	17.3%	11.2%
75+	12,410	12.0%	16,461	14.3%	32.6%
Total	103,281	100.0%	115,118	100.0%	11.5%

9 The table below sets out the number of households that will be resident in Bromsgrove District in 2040, disaggregated by broad household type according to these projections. The 2023 household profile is also presented as a reference point, as 2023 is the base date for this model.

Table 2 Projected household population in Bromsgrove District in 2040 by household type				
Household type	*2023 Number*	*2023 Percentage*	*2040 Number*	*2040 Percentage*
One person	11,729	27.5%	13,942	28.3%
Couple with no children	13,244	31.0%	15,079	30.7%
Couple with child/children	12,113	28.4%	13,443	27.3%
Lone parent	3,606	8.4%	4,314	8.8%
Other*	1,993	4.7%	2,417	4.9%
Total	42,685	100.0%	49,196	100.0%

*Other households include multi-generational households, student households, households of unrelated people sharing accommodation as well as other groups.

Future housing requirement

10 The table below shows the tenure profile required by households resident in Bromsgrove District in 2040, in comparison to the anticipated tenure profile in the District at the start of the plan period in 2023. The difference between these two distributions is the change required to the housing stock over this period. The results show that 65.7% of new housing in Bromsgrove District should be owner-occupied, 12.3% private rented, 5.7% should be Shared Ownership and 16.3% Social Rent/Affordable Rent.

Table 3 Tenure of new accommodation required in Bromsgrove District over the 17-year plan period				
Tenure	*Base tenure profile (2023)*	*Tenure profile 2040*	*Change required*	*% of change required*
Owner-occupied	32,706	36,986	4,280	65.7%
Private rent	4,960	5,758	798	12.3%
Shared Ownership	456	827	371	5.7%
Social Rent/Affordable Rent	4,563	5,625	1,062	16.3%
Total	42,685	49,196	6,511	100.0%

11 The table below summarises the profile of the new housing required in Bromsgrove District over the 17-year plan period.

Table 4 Profile of new accommodation required in Bromsgrove District					
Size of home	*Owner occupied*	*Private rented*	*First Homes*	*Shared Ownership*	*Social/Affordable Rented*
1 bedroom	632	98	90	89	228
	14.8%	21.1%	28.9%	24.0%	21.5%
2 bedroom	1,207	102	98	112	167
	28.2%	20.9%	31.5%	30.2%	15.7%
3 bedroom	1,348	162	67	114	270
	31.5%	33.2%	21.7%	30.7%	25.4%
4+ bedrooms	1,093	126	55	56	397
	25.5%	25.7%	17.9%	15.1%	37.4%
Total	**4,280**	**488**	**310**	**371**	**1,062**

Affordable housing need

12 The PPG defines affordable housing need as 'the current number of households and projected number of households who lack their own housing or who cannot afford to meet their housing needs in the market'. As indicated in the PPG, it is necessary to undertake a separate calculation of affordable housing need.

13 Each stage of the affordable housing needs model is calculated separately using locally available data for Bromsgrove District. The table below sets out this process. It leads to a total net need for 92 affordable housing units per year in Bromsgrove District.

Table 5 Results of the affordable housing needs model in Bromsgrove District	
Stage in calculation	
Stage 1: Current unmet gross need for affordable housing (Total) (Table A3.3)	662
Stage 2: Newly arising affordable housing need (Annual) (Table A3.5)	359
Stage 3: Current affordable housing supply (Total) (Table A3.6)	536
Stage 4: Future housing supply (Annual) (Table A3.9)	274
Stage 5.1 Net current need (Stage 1 - Stage 3) (Total)	127
Stage 5.2 Annualise net current need (Stage 5.1/19) (Annual)	7
Stage 5.3 Total need for affordable housing (Stage 2 + Stage 5.2 – Stage 4) (Annual)	**92**
Total gross annual need (Stage 1/19 + Stage 2) (Annual)	393
Total gross annual supply (Stage 3/19 + Stage 4) (Annual)	302

Requirements of specific groups

14 The NPPF indicates that the housing needs of all subgroups of the population are addressed. The following groups of the population, which are suggested in the PPG

and have an appreciable impact on the housing market within the District, are analysed in detail, although only the first two are presented in this executive summary:

- Older persons
- People with disabilities
- Family households
- The private rented sector
- People wishing to build their own homes
- Park homes

Older people

15 The population aged 65 or over is going to increase notably in Bromsgrove District over the plan period; from 23,680 in 2023, to 29,829 in 2040, a rise of 26.0%. The projections suggest that there will be an increase in the number of households headed by someone over 65 in Bromsgrove District from 14,465 in 2023, to 18,850 in 2040, an increase 26.7%. The projections also indicate that the proportion of older persons living alone in Bromsgrove District will increase from 41.3% in 2023, to 42.4% in 2040.

16 Given the dramatic growth in the older population, and the higher levels of disability and health problems amongst older people, there is likely to be an increased requirement for specialist housing options. As Paragraph 004 of the PPG notes 'the future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed'. If it is presumed that occupation patterns remain at current levels, then there is a requirement for 565 additional units of Sheltered housing for older people/ retirement housing and 225 additional Extracare units/ supported living housing in Bromsgrove District over the plan period as set out in the table below.

Table 6 Projected requirement for specialist accommodation for older person households in Bromsgrove District over the plan period to 2040

Type of specialist accommodation	*Tenure*	*Base profile (2023)*	*Profile 2040*	*Additional units required*
Sheltered housing for older people/ retirement housing	Market	198	653	456
	Affordable	621	730	109
	Total	819	1,384	565
Extracare housing/supported living housing	Market	0	107	107
	Affordable	92	210	118
	Total	92	317	225
All specialist accommodation for older person households	Market	198	760	563
	Affordable	713	940	227
	Total	911	1,701	790

17 As well as the need for specialist housing for older people, there will also be an additional requirement for Registered Care (Class C2). There will be a requirement for 756 additional Registered Care spaces between 2023 and 2040, of which 46.3% should be in the affordable sector and 53.7% within a market tenure as detailed in the table below.

Table 7 Projected requirement for Registered Care for older persons in Bromsgrove District over the plan period

Tenure	*Base profile (2023)*	*Profile 2040*	*Additional units required*
Market	874	1,280	406
Affordable	314	663	350
Total	1,187	1,943	756

People with disabilities

18 In total 3,496 accessible and adaptable homes are required in 2040 in Bromsgrove District, of which 2,020 should be in the market sector and 1,476 in affordable accommodation. Of the 3,496 accessible and adaptable homes required, 2,455 should be in the general housing stock and 1,041 in supported accommodation. Not all of these dwellings have to be to be new properties; existing stock built to this criteria, or properties adapted to this standard to help address this need. Overall, the requirement for 3,496 accessible and adaptable homes means that by the end of the plan period, around about 7.1% of the total stock should be available that meet these criteria. This is an estimated requirement for M4(2) Category 2 accessible and adaptable homes.

19 There is also a requirement for M4(3) Category 3 homes - wheelchair user dwellings. In total, 469 wheelchair user dwellings are required in 2040 in Bromsgrove District, of which 245 should be in the market sector and 224 in affordable accommodation. Of the 469 wheelchair user dwellings required, 242 should be in the general housing stock and 227 in supported accommodation. Overall, the requirement for 469 wheelchair user dwellings will mean that by the end of the plan period, around about 1.0% of the total stock should be available to meet this criterion.

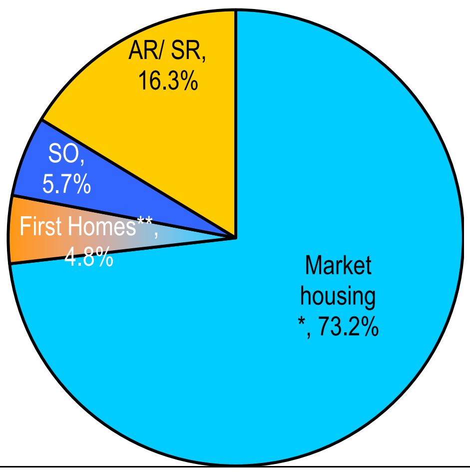
Conclusions

20 The total annual affordable housing need in Bromsgrove district of 92 per year represents 24.0% of the standard method figure in the District of 383 per year. It would be reasonable to expect this proportion of new affordable housing to be delivered on large housing sites (10 or more dwellings) in Bromsgrove district, where a requirement for 40% affordable would be plausible (subject to viability testing). The Council can therefore be confident that the affordable housing need identified in the model will be addressed by the dwelling growth identified by the standard method and no adjustment is required to this figure.

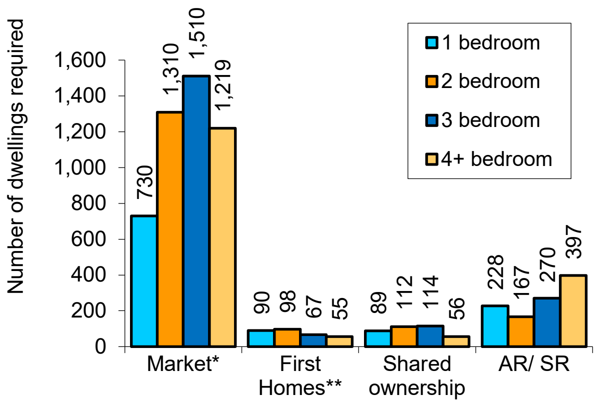
21 Figure 1 sets out the size and tenure requirement for the 6,511 dwellings (383 per annum) to be delivered over the plan period (between 2023 and 2040). The NPPF sets out a clear policy expectation that housing sites deliver a minimum of 10% affordable home ownership units, but this can include Shared Ownership homes and discounted market sales products as well as potentially First Homes. The Government's guidance on First Homes indicates that 'a minimum of 25 per cent of all affordable housing units secured through developer contributions should be First Homes.' Presuming that 25% of all affordable housing in Bromsgrove district must be First Homes, it is suggested that the Council seek 60.9% of new affordable homes to be Affordable Rent/ Social Rent and 14.1% shared ownership (the effect of increasing the First Homes proportion is to decrease the shared ownership proportion as the two products are most similar).

Figure 1 Minimum Requirement for new housing in Bromsgrove District over the plan period

Tenure split



Size profile



New housing required 2023 to 2040		*1 bed*	*2 bed*	*3 bed*	*4 bed*
Market housing*	**4,768**	730	1,310	1,510	1,219
First Homes**	**310**	90	98	67	55
Shared ownership (SO)	**371**	89	112	114	56
Affordable Rent (AR)/ Social Rent (SR)	**1,062**	228	167	270	397
Total	**6,511**	1,137	1,686	1,962	1,726
Specialist housing required 2023 to 2040* **		565 units of sheltered housing for older people/ retirement housing			
		225 units of Extracare units/ supported living housing			
Registered Care spaces required 2023 to 2040**** 756 (nursing and residential care homes)					

*Market housing includes both owner-occupied and private rented **First Homes figures represent potential demand rather than a requirement. These figures represent the distribution of housing that should be delivered. ***These form part of the new homes to be delivered. ****These are provided to house those in institutional accommodation and are in addition to the total requirement for 6,511 new homes.