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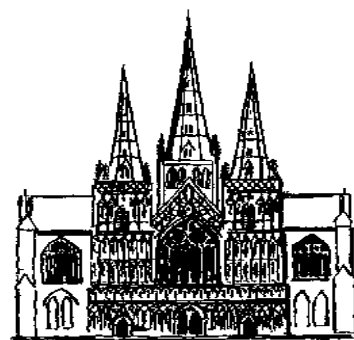
Respondent number :

Representation number :

Received :

Lichfield District Local Plan 2040 Regulation 19 Consultation

LICHFIELD CIVIC SOCIETY



A Local Amenity Society founded in 1961
Founder Member of Civic Voice
Registered Charity No. 505302
www.lichfieldcivicsociety.org.uk

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Part B: Representation

Where in the documents do your comments relate:

(a) Sustainability Assessment Reports – SA/SEA Legal Requirements & NPPF Policy Justification

- (i) Sustainability Assessment: Scope, Issues and Options, Mar/2018 – whole document
- (ii) Sustainability Appraisal: Preferred Options & Policy Directions, Jan/2019 – whole document
- (iii) Sustainability Assessment: Preferred Options, Oct/2019 – whole document
- (iv) Sustainability Appraisal Scoping Report, Oct/2020 – whole document
- (v) Sustainability Assessment Reg. 19 Plan Report, Jun/2021 – whole document
- (vi) Civic Society Representation – refer table of contents, section 2.

(b) Lichfield District Local Plan 2040 – (Policy SP1) The Spatial strategy

- (i) Page – 36
- (ii) Civic Society Representation – refer table of contents, section 3.

(c) Lichfield District Local Plan 2040 – (Policy SP12) Housing provision

- (i) Page – 76
- (ii) Civic Society Representation – refer table of contents, section 4.

(d) Lichfield District Local Plan 2040 – (Policy SP13) Employment & Economic Growth

- (i) Page – 87
- (ii) Civic Society Representation – refer table of contents, section 5.

Q1 Do you consider that the Local Plan 2040 complies with the Duty to Co-operate?

N/A

No comment. This is a matter for the local authorities in the Greater Birmingham & Black Country Housing Market Area (GBBCHMA).

Q2 Do you consider that the Local Plan 2040 meets the legal and procedural requirements?

No

Statement of Community Involvement: No. The planning authority did not act fairly and reasonably in a procedural sense. Refer table of contents Section 2 for the Lichfield Civic Society's representation.

SA/SEA legal compliance: No. The Sustainability Assessment (SA) did not evaluate "*likely significant effects*" using the evidence base (refer Q3 below for details). Instead the SA reports assess alternatives based on the planning authority's intended policy impact, even when this is contrary to the evidence (Authority Monitoring reports, ONS data, GBBCHMA Growth studies, etc.). The evidence is consistent across multiple GBBCHMA authorities and over 20+ years. When these factual errors were raised in earlier consultations, the comments were not conveyed to the Sustainability Assessment report consultants. Hence consultees were "*denied an early and effective opportunity*" to influence the development of plan policies. Refer table of contents Section 2 for the Lichfield Civic Society's representation.

Q3 Do you consider that the Local Plan 2040 is positively prepared?

No

To be positively prepared the draft plan must provide a strategy which, as a minimum, seeks to meet the area's objectively assessed needs.

Spatial Strategy (Policy SP1): No. The proposed Spatial Strategy / Settlement hierarchy undermines the housing delivery objective (Policy SP12) as well as employment and economic development objective (Policy SP13). Refer table of contents, sections 3, 4 & 5 for details. This occurs because policy SP1 deliberately concentrates development in locations where mortgage rationing has and will continue to deter inward migration, resulting in fewer houses being built, a lack of workers and a rapidly ageing population. Refer table of contents Section 3 for the Lichfield Civic Society's representation.

Q4 Do you consider that the Local Plan 2040 is justified?

No

To be justified the draft plan must provide appropriate strategies, taking into account the reasonable alternatives, and based on proportionate evidence.

Spatial Strategy (Policy SP1): No. The table of contents section 3 sets out the flaws in the Sustainability Assessment's justification for this policy. The actual long-term effect of this policy has been to slow inward migration, leading to an under delivery of homes, an ageing population and a shortage of workers. In Lichfield District and, in aggregate, across the GBBCHMA authorities (excl. Birmingham and the Black Country) the impact has been: (i) undeveloped housing land has accumulated, (ii) housing supply has fallen nor risen, and (iii) an ageing population (deaths exceed births) is leading to fewer workers. Refer table of contents Section 3 for the Lichfield Civic Society's representation.

Housing Provision (Policy SP12): No. To the extent that Policy SP12 gives effect to Policy SP1, the policy is not justified because any plan policy that deters inward migration necessarily undermines the objective of meeting housing needs in full. Refer table of contents Section 4 for the Lichfield Civic Society's representation.

Employment & Economic Growth (Policy SP13): No. Since Policy SP1 deters inward migration, especially of younger aged workers it undermines the justification for policy SP13. This is because development plan policies have and will continue to lead to an ageing in the population and a reduction in the size of the workforce. The District's inability to create jobs with salaries adequate (given mortgage lending criteria) to buy a house in the District is a contributing factor. Refer table of contents Section 5 for the Lichfield Civic Society's representation.

Q5 Do you consider that the Local Plan 2040 is effective?

No

To be effective policies need to be deliverable over the plan period.

Spatial Strategy (Policy SP1): No. The Spatial Strategy is not deliverable, because it relies on market demand for housing which is contingent on adequate mortgage finance being available. As Lichfield's median house prices are twice the Bank of England's mortgage lending limit, and the Spatial Strategy concentrates development in the more expensive areas, the policy is undeliverable because a lack of mortgage finance will result in housing deliveries which are substantially below those set out in policy SP1.

Housing Provision (Policy SP12): No. Refer point above. The Spatial Strategy undermines policy SP12, making it undeliverable.

Employment & Economic Growth (Policy SP13): No. Lichfield's ageing population means that deaths will substantially exceed births over the plan period. Hence policy SP13 is reliant on adequate inward migration – especially of younger age workers – to maintain or grow the pool of labour and to grow the economy. Since the spatial strategy undermines the policy for housing provision, any under-supply of homes will necessarily reduce the inflow of workers, reducing employment levels and slowing economic growth.

Q6 Do you consider that the Local Plan 2040 is consistent with the National Planning Policy Framework? No

NPPF 2019 para. 35 (Soundness): No. The Society considers that the Reg. 19 draft plan has not been positively prepared; that some policies are not justified and/or will not be effective. Consequently the Society considers the draft plan to be unsound.

NPPF 2019 para. 35(a) (Positively prepared): No. The economic effect of the Reg. 19 draft Plan's policy balance is to maximise the extent to which obligations (affordable housing, schools, highways, etc) fall on developers rather than on local government. This requires high house prices, so effectively the Spatial Strategy / Settlement Hierarchy sacrifices housing delivery volumes and employment growth to improve local government's financial position. This occurs because the Plan proposes a high % of development where house prices are double Bank of England mortgage lending limits. Historically, and over the draft Plan period, the effect has been / will be to depress inward migration (especially of younger workers), reduce house building rates, reduce employment / economic growth and contribute to an ageing population and a shortage of workers.

NPPF 2019 para. 11(a) (Presumption of favour of sustainable development): No. *"plans should positively seek opportunities to meet the development needs of their area.* Refer NPPF para. 35(a) comments above. The draft plan claims to be contributing to unmet housing needs in the Housing Market Area. However by allocating land, where mortgages will be more difficult to obtain, while overlooking locations where housing is cheaper, the Plan undermines its housing target and deflects migration to neighbouring authorities with cheaper housing.

NPPF 2019 para. 22 (anticipate opportunities arising from major infrastructure improvements): No. The Covid-19 pandemic showed that high speed broadband & associated technologies can support remote working. This breaks the link between cross-boundary employment and environmentally damaging cross boundary commuting by car. It also reduces the need for retail and office space but requires larger houses. **The Employment & Economic Growth Policy(SP13)** should seek to support the land use patterns of the future, not of the past.

Q7 Please set out what modification(s) you consider necessary to address your representations. You will need to say how this change will address the concerns and it would be helpful if you could put forward your suggested revised wording to any policy or text. Please be as precise as possible.

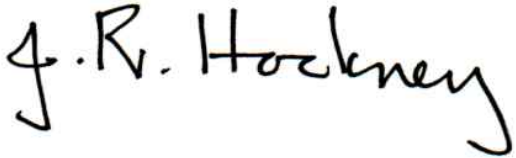
Spatial Strategy (Policy SP1): A better policy balance must be struck between locations which encourage inward migration through improved mortgage availability (cheaper housing) vs. locations where developers have a greater capacity to finance affordable housing, roads, schools, etc., (more expensive housing). Supplier (house builder) competition must be encouraged by providing both more and smaller sites with less reliance of large strategic sites which lock out regional/local developers. Policy SP1 should be less prescriptive on the distribution of housing between towns and key rural villages; and the **North of Lichfield strategic housing allocation (Strategic policy SHA1)** should be reduced in size. Policy amendments should be informed by a new Sustainability Appraisal which, as a reasonable alternative, seeks to maximise the supply of new homes by seeking to maximise mortgage availability within Bank of England mortgage lending limits.

Q8 If your representation is seeking a modification, do you consider it necessary to participate at the oral part of the examination?

Yes, we wish to participate at the oral examination.

Q9 If you wish to participate at the oral part of the examination, please outline why you consider this to be necessary.

The Lichfield Civic Society's representations are technical in nature, challenging proposed strategies/policies based on errors of fact / flawed judgements in the Sustainability Appraisal, and which consequently undermine the District Council's policy justification. Given the nature of the Society's evidence and the number of policy areas straddled, it may assist the Examination if the Society participated in oral hearings.

Signature (Roger Hockney) :	
Date :	27/Aug/2021

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1 Soundness of the Regulation 19 Draft Plan

- 1 A covering form is attached to this representation. Please refer to the questions Q1 to Q9, which set out the Society's views regarding the soundness of the Reg. 19 draft plan, including modifications the Society considers necessary to address our representations.
- 2 The Lichfield Civic Society believes **the regulation 19 draft Plan is unsound** because:
 - We do not consider the spatial strategy / settlement hierarchy (policy SP1) to be justified or effective.
 - The impact of policy SP1 will be to constrain the supply of new homes, by restricting access to the mortgage market and thereby depressing the level of inward migration. Consequently the plan's housing target (policy SP12) is undeliverable over the plan period – irrespective of the amount of housing land supplied (in policy SP12 locations) – because the supply of new homes will be demand limited. A housing land supply which consistently exceeds demand will merely result in an accumulation of undeveloped land, as is currently the case.
 - Due to the District's ageing population (deaths substantially exceed births over the plan period), the size of the workforce is determined by the level of inward migration / the age profile of migrants. Therefore, to the extent that policy SP1 undermines the housing delivery target, it will also undermine economic growth & employment policy (SP13) by impairing the District's ability to top up its shrinking pool of labour.
- 3 In 2020 Lichfield's median house price was over 9 time earnings (refer Figure 4 below), double the level where a Bank of England rule (PS5/17 a.k.a. "*the flow test*") restricts mortgage availability (refer paragraph 55 below). The effect of policy SP1 is to concentrate development in areas which are probably above the District's median house price. A Financial Conduct Authority study¹ analysed new mortgage loan issuance – across the West Midlands – for two years prior to / after the introduction of the "*flow test*" (Feb/2017) and found a 50% fall in new mortgage loan issuance above the "*flow test*" limit (> 4.5 times earnings).
- 4 This matters because Birmingham and the Black Country are looking to neighbouring authorities to help address their unmet housing needs. Neighbouring authorities typically have significantly higher house prices and are struggling to meet their existing housing targets (refer Figures 2 and 3 below).
- 5 So it is to be expected that developers will be cautious about initiating major new sites in Lichfield (refer Figure 5 below). Lichfield District's new build supply is much more sluggish than the market for existing homes, and is less flexible than the new build supply across the Housing Market Area.
- 6 While it may be national policy to "*significantly boost*" the supply of new homes, there is no corresponding policy commitment regarding the availability of mortgage finance. Mortgage providers must manage lending risks within strict limits. This encourages them to diversify risks by preferring a portfolio of many small mortgages over one with fewer but larger ones, and preferring, less risky, lower loan-to-income loans. This puts Lichfield at a competitive disadvantage – refer Table 1 below – but results in more homes being built and more people housed in neighbouring areas.

¹Financial Conduct Authority, Occasional Paper 53 Feb/2020: *Changes in the mortgage market post 4.5 limit on loan to income ratios*, Adiya Belgibayeva



Table 1: Housing Supply Competitiveness: Lichfield District vs. selected GBBCHMA authorities

A £100M housing investment (at median house prices & median incomes, with a 4.5 times income mortgage limit) results in:			
	Minimum Deposit (£ '000)	Homes Built (Dwellings)	People Housed (Persons)
Lichfield	129	400	648
Cannock Chase	60	555	788
Walsall	30	629	1,170

Source: Lichfield Civic Society calculation, based ONS median house prices (2020),
& ONS household/population change 2018–2040 (2018-based projection)

2 Sustainability Appraisal (SA)

2.1 Summary representation – Sustainability Appraisal

2.1.1 Summary SA representation – Legal & Procedural

- 7 **Statement of Community Involvement** – For reasons set out in paragraphs 12 to 13 below, the Lichfield Civic Society considers that the planning authority has not fulfilled its legal and procedural obligations.
- 8 **SA/SEA obligations** – For reasons set out in paragraphs 15 below, the Lichfield Civic Society considers that the planning authority is in breach of its legal obligations because consultees were denied an early and effective opportunity to influence the development of the spatial strategy / settlement hierarchy.
- 9 The planning authority is required to keep the SA under review and to react appropriately to new evidence emerging later in the process. The Civic Society is particularly disappointed that Lichfield District Council failed to share consultation comments with the SA report authors, where these relate to: (a) errors of fact, (b) subsequent additions to the evidence base which SA report authors appear unaware of, and which undermine earlier SA report conclusions; and (c) National policy conflicts not considered when assessing the “significant effects” of spatial strategy options.

2.1.2 Summary SA representation – Soundness (Policy Justification)

- 10 For reasons set out in paragraphs 16 to 26 below, the Lichfield Civic Society considers that the Sustainability Assessment is not robust regarding the likely effect of implementing the spatial strategy / settlement hierarchy. The report is defective in the following areas:
 - (i) Mortgage market reforms, introduced following the global financial crisis, is a relevant programme and should be added to Appendix A of the SA Scoping report (Nov/2020). Similarly Bank of England mortgage lending restrictions are government policy and should be recognised as such.
 - (ii) Given the compelling evidence, consistent across decades and across the housing market area, the Sustainability Appraisal is not justified in ignoring evidence of adverse impacts (in the evidence base) and substituting positive impacts based on the authors judgement.
 - (iii) The defects in the Sustainability Appraisal should be addressed and there should be further public consultation where the policy impact is more accurately described and set of reasonable alternatives is presented for comment.



2.2 Full Sustainability Appraisal representation – Legal & Procedural

- 11 **Statement of Community Involvement** – For reasons set out in paragraphs 12 to 13 below, the Lichfield Civic Society consider that the planning authority has not fulfilled its legal and procedural obligations.
- 12 The Statement of Community involvement – see quote below – creates a legitimate expectation (*R v. Inland Revenue Commissioners, ex p. MFK Underwriting Agencies Ltd* [1990] 1 WLR 1545 at 1570) that Lichfield District Council will act fairly and reasonably in a procedural sense (*Abdi v. SSHD* [2005] EWCA Civ 1363)

“ All comments received as part of a planning policy consultation process will be *collated, analysed and taking into consideration in the preparation of the next stages of the plan process*. Comments will be reviewed and considered by planning officers and where appropriate changes will be proposed. There may be instances where the Council considers that is not appropriate to amend the plan to accommodate the views of a respondent. [our emphasis] ”

Statement of Community Involvement (Aug 2020), para. 3.19

- 13 Set out below are the circumstances where we believe the planning authority acted unfairly and unreasonably.
- (i) The Spatial Strategy (incl. the settlement hierarchy) was under consideration during the “Scope, Issues & Options”, “Preferred Options and Policy Directions”, and “Preferred Options” consultations.
 - (ii) Up to and including the “Preferred Options” consultation, the Civic Society made increasingly detailed representations regarding the “reasonable alternatives” and “significant effects” of the spatial strategy / settlement hierarchy. None of these comments were passed to the SA report consultants for evaluation. In fact, with the exception statutory consultees and local government, no other consultation comments were passed to the SA report consultants for consideration.
 - (iii) An 11/Mar/2020 report to a Lichfield District Council scrutiny committee, analysing consultation comments reported a “key issue” was that the strategy and settlement hierarchy were no longer in line with the evidence base. This was to be considered at the next phase of plan preparation, but the information was never passed to the SA report consultants for evaluation.
 - (iv) Excluding statutory consultees and local government, the Reg. 19 SA report lists a single respondent comment (Tarmac) regarding a SA report related matter. This was at the Reg. 19 stage – too late to influence the spatial strategy / settlement hierarchy.

- 14 **SA/SEA legal and procedural compliance** – For reasons set out in paragraph 15 below, the Lichfield Civic Society consider that – regarding Spatial Strategy (strategic policy SP1) – the planning authority has not fulfilled its legal obligations in respect of the strategic environmental assessment and sustainability appraisal.

“ Once again the Environmental Report and the draft plan operate together and the consultees consider each in the light of the other. This must occur at a stage that is sufficiently “early” to avoid in effect a settled outcome having been reached and to enable the responses to be capable of influencing the final form. [our emphasis] ”

Re Seaport Investments Limited [2008] Env LR 23, Weatherup J at para. 49

- 15 The Civic Society believes that it was denied an effective opportunity – see quote above – to influence the spatial strategy /settlement hierarchy during the first three states of consultation stages – Scope, Issues & Options (Apr/2018); Preferred Options & Policy Directions (Jan/2019); and the Preferred Options (Nov/2019). The Civic Society representations highlighted serious defects in the Sustainability Assessment, resulting in a misleading description of the “significant effects” of implementing the various spatial strategy / settlement hierarchy options. The defects in the sustainability assessment occurred due to the following errors / omissions:



- (i) **Government policy (mortgage market regulation)** – New market rules (Feb/2017) restricted high loan-to-income mortgages availability. Over the next two years, high loan-to-income mortgage issuance fell by 50% in the West Midlands. This significantly affects the deliverability of homes, under the various spatial strategy / settlement hierarchy options, though some spatial strategy / settlement hierarchy options are much more severely affected than others. This was never taken into account at any stage of the SA process.
- (ii) **SEA directive Article 5** – the “*significant effects*” assessment should be based on information that **may reasonably be required, given current knowledge & the stage of plan preparation**. When the various SA reports were published (see Chronology of SA consultations / Evidence Availability Tables 2 to 6 below), the planning authority and the SA report authors had ample evidence (see Authority Monitoring Reports & the Greater Birmingham Strategic Growth Study (Feb/2018)) unequivocally showing the adverse effects of concentrating development where mortgage availability is limited. The evidence is consistent over almost two decades and across the Greater Birmingham Housing Market Area (GBBCHMA). The adverse effect occurs because any spatial strategy that deters inward migration, especially of younger workers, will adversely affect the delivery of new homes, the size of the labour pool as well as economic growth. Section 2.3, paragraphs 16 to 26 below, explores the policy justification role of the SA report more fully.
- (iii) **PPG: SEA & SA para 18²** – The SA report should identify, describe and evaluate ... **likely significant effects** on environmental, economic and social factors **using the evidence base**. As set out in Section 2.3, paragraphs 16 to 26, the SA reports have an unfortunate tendency to give positive scores based on the subjective judgements, even where these are contradicted by the evidence base.
- (iv) **PCPA 2004, S39** – requires that the authority preparing a plan must do so “*with the objective of contributing to the achievement of sustainable development*”. The Plan must be made to fit the evidence, not visa versa. With respect to SA report, it is not acceptable to assess “*significant effects*” based on the policy impact the planning authority intends (positive) when this is contradicted by the evidence base.

2.3 Full Sustainability Appraisal representation – Soundness (Policy Justification)

2.3.1 Policy Justification – Likely Significant Effects

- 16 Planning Practice Guidance para. 18 – refer footnote below – requires that the “*likely significant effects*” of draft plan policies be assessed using the evidence base. The Reg. 19 Sustainability Assessment report – see quote below – claims to do this. Concerning social and economic objectives, the evidence base directly contradicts the conclusions reached in the SA reports regarding the impact of the spatial strategy / settlement hierarchy (policy SP1) – refer Tables 2 to 6 below which list the SA reports chronologically alongside the evidence available at the publication date.

“ This SA Report provides an independent qualitative assessment of the **sustainability implications of all potential spatial allocations and policies** in the Local Plan considered so far **based on the evidence base currently available**. ”
[our emphasis]
Para 1.4.2 Sustainability Assessment June 2021, Reg. 19 draft of Local Plan 2040

- 17 For decades large scale urban extensions have been the tool of choice across the Greater Birmingham & Black Country Housing Market Area (GBBCHMA). The ubiquity of this spatial strategy means there is excellent long-term evidence to assess the likely effect of implementing the spatial strategy / settlement hierarchy (policy SP1). The policy impact has been captured by ONS data (house building rates, migration patterns and demographic profiles, employment data, etc.) This data has been subject to further scrutiny in Authority Monitoring Reports (AMRs) and various growth studies covering the housing market area. The

²Planning Practice Guidance: Strategic Environmental Assessment and Sustainability Appraisal Paragraph 018, Ref ID: 11-018-20140306. Accessed online [27/07/2021]



evidence base includes the Housing and Economic Needs Assessment (Sep/2019), the AMRs and GBBCHMA Growth Studies.

- 18 The Civic Society has extended the analysis to the whole of the housing market area. The most significant policy impacts, which are consistent across the housing market area are:
- (i) **Housing supply** – **Local plans have not succeeded in boosting the supply of new homes** – (Lichfield -29% see Table 7) and -36% across all the HMA authorities expected address unmet cross-boundary housing needs (see Table 8).
 - (ii) **Migration patterns** – Population growth continues to be absorbed by increases in household size in Birmingham and the Black Country (see Figure 9) with rates of out-migration to the rest of the HMA falling (see Figure 8). Spatial strategies capable of supplying homes at lower prices have a competitive advantage.
 - (iii) **Demographic profile (ageing population / pool of workers)** – Spatial strategies capable of supplying homes at lower prices achieve higher levels of inward migration – especially at working ages. This boosts employment and contributes to economic growth. The impact of migration on the demographic profiles of authorities is clearly shown in Table 9.
 - (iv) **Fewer mortgages issued & a collapse in home ownership at younger ages** – The spatial strategy / settlement hierarchy is operating against a background of fewer mortgages being issued (see Figure 6) and a collapse in home ownership at younger age groups (see Figure 7). This means that policy SP1 places the District at a competitive disadvantage (see Table 1), with significant adverse consequences for the housing target, for employment and for economic growth. The Reg. 19 Sustainability Assessment should be amended to reflect the evidence base and the reasonable options should be amended to evaluate a more widely distributed and more flexible settlement hierarchy which seeks to encourage inward migration by making it easier to get on the property ladder.

2.3.2 Settlement Hierarchy – Policy Incompatibility Assessment

- 19 The delivery of the draft Plan's housing target is almost exclusively dependent on market (i.e. private sector) supply and demand. Affordable housing is delivered as a developer obligation. The normal laws of economics apply:
- (i) **market supply of housing** – for a given level of developer obligations – house-builders willingness to supply increases with rising house prices; and visa versa.
 - (ii) **market demand for housing** – for a given mortgage limit (income multiple) – the number of households able to buy a home increases as house prices fall; and visa versa. Since the District's population growth rate is determined by the level of net migration; restricted access to the mortgage market adversely impacts both inward migration and house building rates.
- 20 Point (i) above creates a **housing supply viability envelope** – refer para 23 below – where falling house prices result in falling housing supply until a floor price is reached where supply stops. Similarly point (ii) above creates a **housing demand viability envelope** – refer para 24 below – where rising house prices cause a fall in demand until a price ceiling is reached where demand collapses. **Reasonable alternatives for the spatial strategy / settlement hierarchy** would seek a mix of areas where house prices are high enough to secure supply sufficient to meet the local plan's housing target, but not so high as to deter inward migrants and leave the District with a glut of undeveloped housing land.
- 21 A housing land supply viability assessment is required by NPPF 2019 para. 67 and is included in the evidence base³. While the evidence base does not include a housing demand viability assessment, this can be easily determined by combining household income information (Housing and Economic Needs Assessment (Sep/2019)) with indicative house prices (Local Plan and CIL Viability Assessment(Sep/2020)). Refer paragraph below for details. This shows, using evidence base data, that the reg. 19 spatial strategy /

³Local Plan and CIL Viability Assessment (Sep, 2020)



settlement hierarchy, is not capable of significantly boosting the supply of homes, as the housing land viability assessment requires house prices levels which severely constrain mortgage availability. If this policy was implemented it would result in a glut in housing land, not a significant boost in the supply of homes.

22 The policy trade-off between securing adequate housing land vs. ensuring house buyers have adequate access to mortgage markets is more fully explored in the Society's representations on housing provision (policy SP12) – refer paragraphs 54 to 63. The impact is clearly significant and is quantified in Figure 10.

23 Equation (1) below – **the housing supply viability envelope** – is required by NPPF 2019 para. 67, to demonstrate that an adequate supply of housing land exists, given the developer obligations being sought. Since higher house prices generally means bigger profit margins, local authorities are tempted to allocate land where house prices are highest, as this minimises the public sector capital strain by maximising the extent to which developers can be required to fund infrastructure, education, affordable housing, etc. Unsurprisingly the settlement hierarchy (part of the spatial strategy (policy SP1)) does precisely this while justifying the decision on sustainability grounds.

$$\left. \begin{array}{l} \text{Housing} \\ \text{Supply} \\ \text{Viability} \\ \text{Envelope} \end{array} \right\} = \left\{ \begin{array}{l} (a) \text{ Market variable: Land prices} \\ (b) \text{ Market variable: Construction costs} \\ (c) \text{ Market variable: House prices} \\ (d) \text{ Plan Policy: Developer Obligations (CIL, S106, etc.)} \end{array} \right. \quad (1)$$

24 Equation (2) below – **the housing demand viability envelope** – is the mirror image of (1), except that it assesses the strength of market demand among house buyers (requiring a mortgage) as house prices fluctuate. As mortgage lending limits are generally set as a multiple of household income, rising house prices generally mean higher deposits and fewer buyers. Consequently, mortgage availability (and consequently inward migration levels) will be determined by the extent to which plan policies (e.g. the spatial strategy / settlement hierarchy), allocate housing land where house prices exceed Bank of England mortgage lending limits.

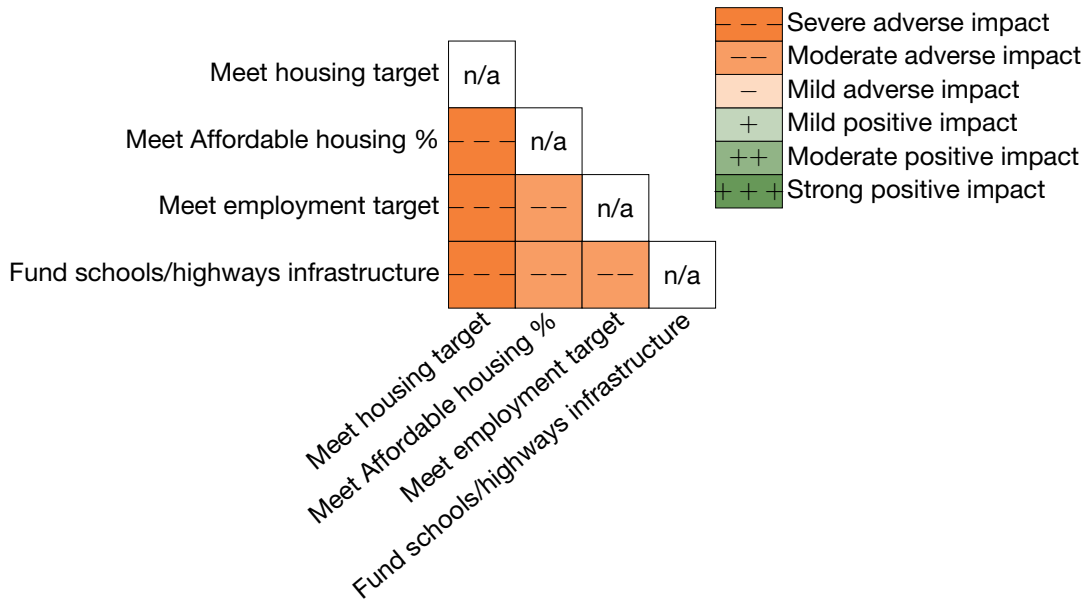
$$\left. \begin{array}{l} \text{Housing} \\ \text{Demand} \\ \text{Viability} \\ \text{Envelope} \end{array} \right\} = \left\{ \begin{array}{l} (a) \text{ Market variable: Household incomes (wage profile of migrants)} \\ (b) \text{ Market variable: House prices} \\ (c) \text{ National Policy: Bank of England mortgage market limits (PS5/17)} \\ (d) \text{ Plan Policy: Spatial Strategy influences access to mortgages} \end{array} \right. \quad (2)$$

25 Figure 1 below illustrates negative correlations between the spatial strategy / settlement hierarchy and other policy objectives:

- (i) **housing delivery** – The settlement hierarchy undermines the housing target because of the extent to which it concentrates development in locations where a very large proportion of migrants from the housing market area would struggle to get a mortgage.
- (ii) **affordable housing** – Since affordable housing is delivered as a developer obligation, any policy measure which depresses the delivery of market housing also depresses the delivery of affordable housing.
- (iii) **employment** – Older migrants, with higher incomes / more equity in their existing homes, are more likely to secure a mortgage despite the spatial strategy concentrating development in more expensive areas. Not only does this reduce migration levels in total, it also skews the age profile of migrants towards older age groups. This is reflected in Lichfield's demographic profile – ageing faster than the region and with a workforce that is shrinking in size.
- (iv) **infrastructure** – The impact of older migrants is that they spend a lot longer in retirement than they do in employment. As they are less likely to add to pressure on schools or road junctions (at rush hour), developers are likely to resist the S106 obligations set out in the draft plan.



Fig. 1: Settlement Hierarchy – Policy Incompatibility Assessment



2.3.3 Chronology of SA Consultations / Availability of Evidence

26 Tables 2 to 6 below list the Sustainability Appraisals in chronological order, alongside the evidence relevant to the spatial strategy / settlement hierarchy (policy SP1). the red text highlights areas where the SA reports fail to take government policy into account or where the “significant effects” conclusions are not supported by the evidence base.



Table 2: Chronology of Sustainability Assessment Consultations / Evidence Availability – Part 1

Consultation Dates	Document Date	Consultation event / Evidence published	Significance to the SA/SEA
n/a	2008 to 2020	Authority Monitoring Reports	Homes delivered seriously and persistently below target. Negligible utilisation of employment land. Authority blames weak economy + planning system complexity. No realisation that spatial strategy is depressing buildout rates.
n/a	Feb 2017	Prudential Regulation Authority, a division of the Bank of England, issues policy statement PS5/17 in Feb/2017. This restricts issuance of new high loan-to-income mortgages – as a matter of policy and for the duration of the Plan.	(i) High house price (rel. to earnings) locations face restricted mortgage availability; (ii) Spatial strategy will significantly influence mortgage market access and consequently rates of inward migration; (iii) Fewer first time buyers/ young families, reduces the labour pool and depresses economic growth.
n/a	Feb 2018	Greater Birmingham HMA Strategic Growth Study	Highlights the accumulation of undeveloped residential land, despite higher housing targets beyond Birmingham & Black Country. ONS data shows reduced migration to outer authorities and increased household size in former metropolitan authorities.
Apr/2018 Jun/2018	Mar 2018	Sustainability Assessment : Scope, Issues & Options – Local Plan Review	(i) para 5.2.4 “ <i>effect of spatial option on a number of SA objectives could not be determined</i> ”; (i) para 5.3.3 “ <i>All residential growth options score well against social objectives</i> ”; (iii) para 5.4.1 “ <i>All residential growth options have potential to indirectly improve economic growth</i> ”; (iv) para 5.9.1 “ <i>Scope, Issues & Options document offers little scope to assess cumulative effects ...</i> ” [of residential growth spatial strategy options]
Apr/2018 Jun/2018	n/a	Consultation: Scope, Issues & Options – Local Plan Review	Concurrent with Mar/2018 SA report. Consultees not told of cumulative social & economic effects of spatial strategy options.

Table continues on the following page



Table 3: Chronology of Sustainability Assessment Consultations / Evidence Availability – Part 2

Consultation Dates	Document Date	Consultation event / Evidence published	Significance to the SA/SEA
Table continued from previous page			
Nov/2019 Jan/2020	Jan 2019	Sustainability Assessment: Preferred Options & Policy Directions – Local Plan Review	para 10.3.5 Preferred policy direction (Spatial Strategy) : Environmental : “most effects are neutralised by existing policy and mitigation”; Economic : “no significant effects until policy details are known”; Social : “all development options deliver homes and will meet local housing need and therefore have a positive a effect ...”. Report ignores: (a) spatial options which a put large % of housing allocation beyond mortgage lending limits (PS5/17), restricts buildout rates, and (b) also limits (working age) inward migration as PS5/17 conflict disadvantages younger workers.
Nov/2019 Jan/2020	n/a	Consultation : Preferred Options & Policy Directions – Local Plan Review	Concurrent with Jan/2019 SA report. Para 10.14 Table 10.1 sets out settlement hierarchy. Refer RED text above for the deficiencies in the SA impact assessment of spatial strategy / settlement hierarchy.
n/a	Sep 2019	Housing and Economic Need Assessment (GL Hearn)	(i) Lichfield Std Housing Need 331dpa; (ii) para 9.1 ages 65+ is majority of population growth; (iii) para 3.4 housing scenarios (2016-36) considered : 9.66K / 11.16K / 25.66K
n/a	Sep 2019	Housing site selection paper (2019); supported by Housing site selection methodology paper (2017)	(ii) No evidence that mortgage market access was considered re buildout rates/ inward migration levels; (ii) No evidence harm to employment / economic growth was considered due to a restricted inflow of (working age) migrants (PS5/17 conflict).
Table continues on the following page			



Table 4: Chronology of Sustainability Assessment Consultations / Evidence Availability – Part 3

Consultation Dates	Document Date	Consultation event / Evidence published	Significance to the SA/SEA
Table continued from previous page			
Nov/2019 Jan/2020	Oct 2019	Sustainability Assessment: Preferred Options – Local Plan Review	(i) Appendix A (Population, Housing & Communities): identifies, ageing population / lack of workers / high house prices as a key sustainability issues . Spatial options to mitigate mortgage rationing and encourage inward migration, not considered; (ii) Significant environmental effects (para 5.4.1), fails to recognise that Obj. 1 (Housing) & Obj. 6 (Economy) are harmed if PS5/17 conflict with Spatial Strategy undermines development objectives through mortgage rationing ; (iii) SA report Appendix C (Scope, Issues & Options Consultation feedback): does not consider any comments from previous consultation . This follows preferred option and policy directions SA, which only evaluated comments from statutory consultees + one parish council.
Nov/2019 Jan/2020	n/a	Consultation: Preferred Options – Local Plan 2040	Concurrent with Oct/2019 SA report. Refer RED text above, regarding inconsistencies between evidence base & SA report's evaluation of significant effects of Spatial Strategy . Scrutiny Comm. Report (11/Mar/2020 Appendix A), lists preferred option consultation feedback " key issue " : Spatial Strategy changed since last consultation but not supported by evidence . Reflects Civic Society comments (paras 2-5).



Table 5: Chronology of Sustainability Assessment Consultations / Evidence Availability – Part 4

Consultation Dates	Document Date	Consultation event / Evidence published	Significance to the SA/SEA
Table continued from previous page			
n/a	Aug 2020	Statement of Community Involvement	para 3.19 <i>“All comments received as part of ...consultation process will be collated, analysed and taking into consideration in the preparation of the next stages of the plan process.”</i> . Hard to see how LDC kept to this commitment given that (i) SA report (scope issues & options) only considered comments from statutory consultees + 1 parish council and subsequent SA reports did not evaluate any consultee comments. So Reg. 19 SA report has not evaluated consultee comments regarding policy impact evidence on SA reports <i>“reasonable alternatives”</i> and <i>“significant effect”</i> evaluations.
n/a	Sep 2020	Local Plan and CIL Viability Assessment – Final Report	Refer Society's Reg. 19 comments re policy conflict between housing target (mortgage market access) and site viability (assumed developer obligations) – see para. 61 and Fig. 10 below. Viability report requires house prices well above mortgage lending limits to secure developer obligations. <i>So “reasonable alternatives” should recognise policy trade-off between achieving housing target & delivering assumed developer obligations.</i>



Table 6: Chronology of Sustainability Assessment Consultations / Evidence Availability – Part 5

Consultation Dates	Document Date	Consultation event / Evidence published	Significance to the SA/SEA
Table continued from previous page			
n/a	Nov 20210	Sustainability Appraisal Scoping Report	Appendix A (Assessment of relevant policies): Should include (i) BASEL international regulatory framework for banks (as implemented by the Bank of England). This is government policy; (ii) Bank of England regulations (e.g. PS5/17), restricting risky mortgage lending to protect economic growth by preventing damaging levels of mortgage debt in the banking system, (iii) mortgage regulation acts at the end of the housing supply chain and will neutralise policy interventions earlier in the supply chain e.g. increased housing land supply; (iv) Table 4.1, Key sustainability issues (populations, housing and communities), SA should recognise that a policy conflict between the current adopted plan and mortgage market regulations skews the age profile and quantity of migrants (fewer workers / older population).
Jul/2021 Aug/2021	Jun 2021	Sustainability Assessment: (Reg. 19) draft Local Plan 2040	Consultation responses considered for SA report: (i) Scope Issues & Options: Statutory consultees & local government only; (ii) Preferred Options & Policy Directions: none; (iii) Preferred Options: none; (iv) Reg. 19 SA report: Statutory consultees & local government + Tarmac. At no stage in the plan preparation process were any comments from the community considered in SA report regarding relevant evidence of policy impact, reasonable options or significant effects.
Jul/2021 Aug/2021	n/a	Consultation: Proposed submission draft (Reg. 19) Local Plan 2040	Concurrent with Jul/2021 SA report. Refer RED text above for the deficiencies in the SA impact assessment of spatial strategy / settlement hierarchy.



3 The Spatial Strategy – Strategic Policy 1 (SP1)

3.1 Summary representation – Spatial Strategy

- 27 Set out below is a summary of the Lichfield Civic Society's comments regarding policy SP1. For the full consultation response refer paragraphs 28 to 34 below:
- (i) The draft plan proposes a continuation of the existing spatial strategy / settlement hierarchy, which is a significant contributor to **housing completion rates falling** compared to the long-term average – refer Table 8 below. The adopted plan's historic completions (2008–2017) combined with the draft plan's housing trajectory (Policy SP12 2018–2027) shows that Lichfield District Council do not expect a **significant increase in new home deliveries for 19 years after Northern Rock's collapse**.
 - (ii) Since the draft plan relies on market demand to stimulate house building — and 70-80% of home buyers require a mortgage — the evidence base should demonstrate that the draft plan is deliverable within Bank of England mortgage lending regulations, and that developer contributions (affordable housing, schools, highways, etc) are deliverable at house prices which could enable outward migrants from Birmingham to secure a mortgage in the District.
 - (iii) If the District Council had performed the analysis described in point (ii) above, it would have realised that concentrating residential land allocations where homes are most expensive, maximises mortgage rationing and thereby chokes off inward migration. Therefore the economic effect of the spatial strategy is to undermine the policy objective of significantly boosting the supply of homes.
 - (iv) The spatial strategy causes further social harms because it undermines economic growth by deterring inward migration of workers (due to mortgage rationing) and adds to the social care burden by accelerating the rate at which the District's population is ageing.

3.2 Full representation – Spatial Strategy

- 28 The principal purpose of the Local Plan review is to assist in addressing the unmet housing needs in the Housing Market Area (GBBCHMA⁴) generally and of Birmingham specifically. Two factors should therefore be of particular importance:
- **The quantum and timing** of any additional housing supply;
 - **The deliverability** of any additional housing supply.
- 29 More detailed analyses (and supporting evidence) concerning the adverse impact of the spatial strategy on other development plan policies can be found here:
- **Housing Provision (Policy SP12)** – refer paragraphs 36 to 63 below;
 - **Employment and Economic Growth (Policy SP13)** – refer paragraphs 65 to 75 below;
 - **Sustainability Appraisal** – assessment of reasonable alternatives, refer paragraphs 16 to 26 above.
- 30 Boosting housing deliveries in Lichfield District (by encouraging out-migration from Birmingham or the Black Country) will be a especially challenging because:
- (i) **Median house prices in Lichfield are 40% higher than in Birmingham⁵**. The draft Plan relies on market (private sector) demand to stimulate house building, yet the laws of economics state that rising prices will lead to a fall in demand and will encourage a switch to substitutes (cheaper locations);
 - (ii) **Mortgage rationing is limiting migration into the District, thereby capping housing delivery rates**. The introduction of new regulations restricted high Loan-to-Income (LTI) mortgages, and caused high (>5) LTI lending to fall by 50% across the West Midlands⁶. As a result, the District's population growth rate (2018–2040) is now half that assumed by the current adopted plan

⁴GBBCHMA: Greater Birmingham and Black Country Housing Market Area

⁵Source: ONS (Sep/2017) median house prices Lichfield £225K, Birmingham £161K.

⁶Financial Conduct Authority, Occasional Paper 53 Feb/2020: *Changes in the mortgage market post 4.5 limit on loan to income ratios*, Adiya Belgibayeva



(2008–2029) – refer Table 9 below. In contrast neighbouring areas such as Cannock Chase and Walsall, with similar economic environments/planning regimes but significantly lower house prices, have seen population growth rates double.

- (iii) **The adopted plan substantially increased land allocations, yet housing completions fell⁷.** Housing deliveries are 29% below target⁸. Net deliverable housing land supply amounts to 4,335 dwellings at Apr/2020⁹. Based on actual land utilisation rates (permanent dwellings completed 2008-2019 averaged 270dpa¹⁰), current land availability represents 16 years of historic utilisation.

31 The District Council has a long standing (30+ year) preference for Sustainable Urban Extensions (SUDs) to provide housing. The draft Local Plan 2040 is a more extreme example of concentrated development – Lichfield City is allocated 7,345 (55%) out of 13,306 homes, while Lichfield and Fradley combined represent 9,000 (68%) homes. In contrast, the Local Plan Strategy (adopted 2015) allocated 38% of homes to Lichfield City and 50% to Lichfield and Fradley combined. This concentration of development coincides with areas with high house prices. The District Council may have been attracted to such a strategy because:

- (i) **It shifts the financial burden from local government to developers** – Areas with higher house prices have more capacity to absorb developer contributions (S106, affordable housing, infrastructure, etc) without undermining economic viability.
- (ii) **It maximises (per dwelling) council tax receipts** – Council tax tends to be higher in areas with higher house prices.

32 Unfortunately **concentrating development in high house price areas also maximises mortgage rationing** and consequently undermines the goal of significantly increasing housing delivery rates. Mortgage rationing chokes inward migration (especially younger families and first time buyers).

33 This is why the Civic Society's believes that in the economic viability of the draft Local Plan should be assessed from both a developers and a mortgage lenders perspective, i.e.:

- **Developer test (included in evidence base)** – Do cumulative developer obligations threaten economic viability?
- **Mortgage lender test (absent evidence base)** – Is the housing target/spatial strategy consistent with Bank of England mortgage lending regulations¹¹?

34 The Civic Society's more detailed criticism of the Sustainability Assessment process / conclusions are set out in paragraphs 16 to 26 above. Concerning the Spatial Strategy we would highlight the following shortcomings:

- (i) **Sustainability Objective 1 (Housing):** In applying Planning Policy Guidance (PPG paragraph 11-009 "... likely significant effects of the Local Plan ..."), the Issues and Options Sustainability Appraisal should have recognised that housing growth options which concentrate development in high house price locations also restrict mortgage availability and consequently have a significant adverse effect on inward migration levels / house building rates;
- (ii) **Sustainability Objective 6 (Economic growth):** As first time buyers and young families find it especially difficult to get a mortgage, the adverse effect is likely to be particularly acute for working age families. Hence housing growth options which concentrated development in high house price locations are also likely to have a significant adverse economic effect because it deters inward migration of workers.

⁷ ONS Table 253: Permanent Dwellings Completed (2008–2019) 2,970 ave. 270dpa vs. (1981–2000) 7,710 ave. 385dpa

⁸ Five year housing land supply paper, Aug/2020 – Page 12 Figure 5, Housing target (2008–2020) 5,735, net completions 4,078, Shortfall: (5,735-4,078)/5,735 = 29%

⁹ Five year housing land supply paper, Aug/2020 –Paragraph 4.2 Figure 3

¹⁰ ONS Table 253: Permanent Dwellings Completed 2,970 (2008–2019) an average of 270dpa

¹¹ Prudential Regulation Authority (PRA) policy statement (PS5/17 issued Feb/2017) "ensure that mortgage lenders do not extend more than 15% of their total number of new residential mortgages at loan to income ratios at or greater than 4.5"



- (iii) **Cumulative effects (of development plan policies):** The draft Local Plan's spatial strategy represents a slight variation on the adopted plan's spatial strategy and the *de facto* spatial strategy applied pre-adoption. Hence there is an abundance of evidence to assess the cumulative effect of the spatial strategy. The conclusion (para 5.9.1 of the Issues and Options Sustainability Appraisal) that the consultation document "*offers little scope for assessing cumulative effects as no details geographical boundaries have been prepared*" is simply untrue.
- (iv) **Addressing Birmingham's unmet housing need:** Since the main purpose of the Local Plan review is to address Birmingham's unmet housing needs, the Sustainability Assessment should have placed particular emphasis on mitigating the effect of any development plan policies which deter inward migration or undermine the attempts to "*significantly boost the supply of homes*"¹².

4 Housing Provision – Strategic Policy 12 (SP12)

4.1 Summary representation – Housing Provision

- 35 Set out below is a summary of the Lichfield Civic Society's comments regarding policy SP12. For the full consultation response refer paragraphs 36 to 63 below:
- (i) This Plan review is required by the Allocations DPD (policy LPR), to implement an existing commitment to help address unmet cross-boundary housing needs in the housing market area. It is a matter of "*soundness*" that policy SP12 must be **effective**¹³ (deliverable over the Plan period) and that the housing provision policy / spatial strategy must be **justified**¹³ (an appropriate strategy given reasonable alternatives & proportionate evidence).
- (ii) The draft Plan's housing provision policy reflects the spatial strategy which incorporates the settlement hierarchy. As explained in our spatial strategy representation (refer paragraphs 27 to 34 above), the economic effect of concentrating residential land allocations where homes are most expensive is to undermine national policy which seeks to "*significantly boost the supply of homes*"¹². This occurs because the spatial strategy maximises mortgage rationing and thereby chokes off inward migration.
- (iii) The draft Plan largely incorporates existing development plan policies which **failed to boost** the supply of homes. Twelve years into a twenty-one year Plan period, housing completions are 29% below target (refer Table 7 below) and 23% below trend (refer Table 8 below). A **temporary house building spike** occurred between 2017 & 2019 for reasons set out in paragraphs 39 to 41 below.
- (iv) The draft Plan is reliant on market (private enterprise) demand to stimulate house building (including an affordable housing percentage). The Plan's housing trajectory is for 321dpa 2018–27, then 526dpa to 2040. ONS household growth projections (given current [pre-COVID/pre EU single market exit] policies & economic conditions) range between 190dpa and 240dpa for the 2014/16/18 based projections. Therefore the Plan's housing delivery target is significantly in excess of the equilibrium point where private enterprise housing supply matches housing demand (arising from trend based migration).
- (v) A "*passive*" strategy which allocates land to accommodate inevitable (trend based) migration will be insufficient. The proposed housing trajectory (equivalent to 170–270% of trend based migration) requires active policy support to stimulate inward migration, recognising the competitive environment with other HMA authorities (with cheaper housing) seeking to attract migrants to existing land allocations. We suggest the following **market signals** should be considered:
- The **substantial land availability** across the HMA – the latest Strategic Growth Study (SGS¹⁴) update reveals current land availability as follows: sites with planning consent 61,000 homes; other sites allocated 36,000 homes, and a land supply shortfall (2011-2031) of 2,597 homes, equivalent to 1.3% of housing need. A glut of undeveloped housing land has accumulated because new land allocations persistently exceed land utilisation.

¹²NPPF 2019: paragraph 59

¹³NPPF 2019: paragraph 35

¹⁴GBBCHMA Housing Need and Housing Land Supply Statement (July 2020), Table 5



- The District's **high house-price-to-earnings ratio restricts mortgage availability** – a higher price-to-earnings ratio means less mortgage availability and fewer migrants. The District is at a competitive disadvantage vs. neighbours – refer Figure 4 below. The impact on housing sales is shown in Figure 5 below, and the impact on the demographic profile is shown in Table 9 below.
 - Lichfield District's **net inward migration rate has halved** – with negative natural change (deaths exceed births), the District's population change is determined by migration – refer Table 10 below. Mortgage rationing, due to concentrating residential land allocations where homes are expensive, has halved migration, while neighbours (with cheaper housing) have seen migration double – refer Table 9 below.
 - The District's **housing land supply is sluggish** – Across the HMA both new build & existing dwelling sales increased after Q4/2012, while in Lichfield existing dwelling sales increased in tandem with the HMA but new build sales lagged 4 years behind – refer Table 5 below. Lichfield's new build sales only increased substantially after Brexit related bulk disposals to housing associations – refer paragraphs 39 to 41 below. The sluggish nature of the new build market is hardly surprising given restricted mortgage availability combined with a concentration of large sites in a small geographic area.
- (vi) Achieving the proposed housing target requires adequate availability of mortgage loans. A number of policy reforms were introduced following the global financial crisis to ensure that banks held additional capital and better controlled risks – refer paragraphs 54 to 63 below. **Tighter regulation of mortgage lending** ensures that banks limit their exposure to risky loans and that individuals do not take on debts that they will struggle to service. The draft local Plan 2040 needs to take account of the new regulatory environment and ensure that the housing target can be delivered within these policy constraints.
- (vii) **To remedy the unsoundness of the Regulation 19 draft Plan**, we recommend that:
- A test of the draft Plan's demand side deliverability be added to the evidence base;
 - The Sustainability Assessment (SA) should consider historic evidence of actual policy impact, rather than judging sustainability based on the policy impact that the Council intends;
 - That the SA "*reasonable alternatives*" should include scenarios which encourage inward migration, i.e. a broader range of locations (less constrained by mortgage availability).

4.2 Full representation – Housing Provision

4.2.1 Dwellings delivered vs. adopted Plan housing target

- 36 The proposed housing target (SP12 2018–2040) varies significantly from that of current adopted Plan (CP6 2008–2029). We note that:
- (i) **Local housing need is 25% lower** – The draft Plan's Local Housing Need (LHN) for the District is 321dpa. This compares to the adopted Plan's Objectively Assessed Housing Need (OAN) of 430dpa¹⁵, a reduction of 25%
 - (ii) **The adopted plan's housing target will only be delivered in 2035, six years late** – Adopted Plan policy CP6 states that 10,030 homes will be delivered over the Plan period (2008–2029). Given historic net dwelling completed of 4,076 homes (2008–2020) – refer Table 7 below, combined with the proposed housing trajectory (policy SP12: 321dpa to 2027 & 526dpa thereafter), the adopted plan target of 10,030 homes (by 2029) will not be delivered until 2035, six years late.
 - (iii) **Actual housing completions are 29% below target and 23% below trend** – To date the adopted Plan has significantly reduced the supply of homes. The adopted Plan housing target is 478dpa. Actual permanent dwellings completed (2008–2020) average 340dpa (23% below target) – refer Table 7 below, a significant reduction in the supply of homes compared to the District's long term average of 386dpa – refer Table 8 below. Other authorities (who are expected to help address the HMA's unmet housing need), are also struggling to achieve their adopted Plan housing targets.

¹⁵Local Plan Strategy, Inspector's final report 16/Jan/2015, paragraph 57



- (iv) **Lichfield District's expected migration levels (2018–2040) are half what the 2012 SHMA assumed** – The District's population growth is almost entirely determined by net inward migration – refer Table 10 below. Over the draft Plan period (2018–2040) the ONS expect a population growth rate of only 48% of the adopted Plan's assumed rate – see Table 9 below.

Table 7: Lichfield District Housing Supply Shortfall vs. Adopted Plan (housing target (Policy CP6): 478dpa)

Adopted Plan period-to-date (years)	Cumulative Net Completions (dwellings)	Average Net Completions adopted Plan period-to-date (dwellings/p.a.)	Cumulative Shortfall (dwellings)	Cumulative Shortfall (%)	
2008–2020	12	4,076	340	-1,660	-29%
2008–2019	11	3,495	318	-1,774	-34%
2008–2018	10	2,755	276	-2,205	-43%
2008–2017	9	2,203	245	-2,126	-49%
2008–2016	8	1,881	235	-1,975	-51%
2008–2015	7	1,681	240	-1,700	-50%
2008–2014	6	1,455	243	-1,449	-50%

Source: Lichfield District Council: Authority Monitoring (AMR) reports (after Inspector's interim findings Sep/2013)

Table 8: Long-term trends in housing supply across the HMA (excl. Birmingham & Black Country)

Local Authority	Housing Supply long-term average 1981-2000 (dwellings p.a.)	Housing Supply before Northern Rock 2001-07 (dwellings p.a.)	Housing Supply after Northern Rock 2008-2020 (dwellings p.a.)	Housing Supply Change 1981-2000 vs. 2008-2020
Bromsgrove	345	463	246	-29%
Cannock Chase	352	389	260	-26%
Lichfield	386	505	299	-23%
North Warwickshire	206	94	98	-52%
Redditch	448	309	169	-62%
Solihull	685	557	429	-37%
Stratford-on-Avon	491	592	548	12%
Tamworth	385	220	156	-59%
South Staffordshire	444	272	200	-55%
Total	3,741	3,401	2,405	-36%

Source: ONS Table 253: Permanent Dwellings completed by Tenure and District

- 37** So, according to the District Council's own evidence, **no significant boost in housing supply is expected before 2028, i.e. 21 years after Northern Rock's collapse.** In the interim (2008-2027), the Council's evidence suggests there will be a significant reduction in housing deliveries compared to long-term trends (1981–2000). Yet, the draft Plan proposes a continuation of broadly the same policies.
- 38** The significance of the two paragraphs above (together with paragraphs 42 to 63 below) is that while Birmingham and the Black Country look to the rest of the Housing Market Area (HMA) to address their unmet housing needs, the HMA's remaining local authorities¹⁶ are struggling to achieve their existing housing targets:

- (i) NPPF compliant plans have failed to increase the supply of homes, despite the additional housing land supply – see Table 1 below;

¹⁶Bromsgrove, Cannock Chase, Lichfield, North Warwickshire, Redditch, Solihull, Stratford-on-Avon, South Staffordshire, Tamworth



- (ii) Since 1989 the HMA's remaining local authorities¹⁶ failed to consistently achieve their adopted Plan housing target of 3,751dpa – see Figure 2 below;
- (iii) Migration has slowed to locations where mortgages are more difficult to obtain (higher Loan-to-Income ratios), thus depressing house building rates and putting the deliverability of existing plans in doubt.

Table 9: Migration impact on population change: Lichfield District vs. neighbours with cheaper housing

Local Authority	Age band	Adopted Plan	Draft Plan	Change
		ONS 2008 projection 21 years (2008-29) change (persons '000)	ONS 2018 projection 22 years (2018-2040) change (persons '000)	
Lichfield	0–14	1.5	0.5	
	15–64	1.1	0.9	
	65+	12.8	6.6	
	All ages	15.4	8.0	-48%
Cannock Chase	0–14	-0.4	0.3	
	15–64	-2.3	4.3	
	65+	8.9	8.8	
	All ages	6.5	13.4	+106%
Walsall	0–14	4.4	3.3	
	15–64	0.2	20.2	
	65+	12.5	13.3	
	All ages	17.3	37.0	+114%

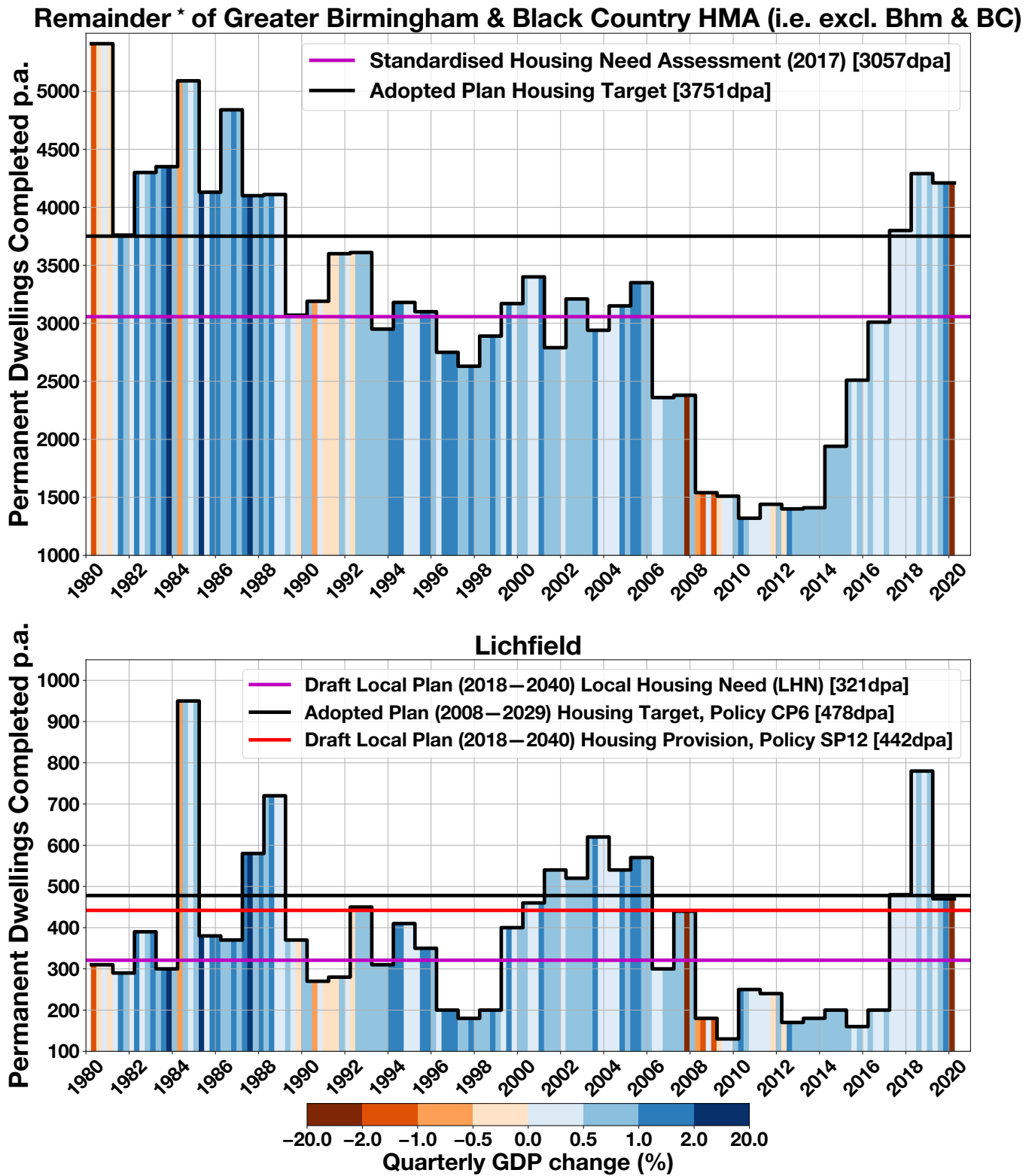
Source: ONS – Table 2: Subnational Population Projections; Adopted Plan (2008-based); Draft Plan (2018-based)

4.2.2 Short-term housing supply spike (2017–2019)

- 39 Short-term factors (unrelated to Plan policies) caused housing completions to spike 2017–2019:
- (i) **Housing starts are a lagging economic indicator** – House building activity lags the economic cycle, peaking as growth slows / a recession starts. Peaks occurred before each downturn/recession – see Figure 2 below, e.g. 2019 (EU single market exit & Covid-19 pandemic), 2007 (Northern Rock collapse), 1989 (before £ ejected from ERM) and 1980 (Thatcher era economic reforms).
 - (ii) **Bulk disposals to Housing Associations** – As a (once-off) defensive measure (hedging against a Brexit related recession), national house-builders did bulk disposals of sites under construction to Housing Associations (presumably at a significant discount) – see Figure 3 below.
 - (iii) **“Help to Buy” & stamp duty holiday** – To mitigate the initial Brexit effects, the government has used temporary fiscal measures e.g. a stamp duty holiday and mortgage credit expansion schemes (a.k.a. “Help to Buy”) to boost a weak economic recovery. These are by definition short term policies.
- 40 Figure 3 below clearly shows the District's significant long-term under performance in housing supply compared to the adopted Plan's housing target (478dpa 2008–2029). It also reveals that a fall in net migration into the District is the root cause which led to the District's housing need being reduced by 25% from 430dpa (adopted Plan) to 321dpa (draft Plan). Despite a much larger residential land allocation, inward migration to the District failed to accelerate until 2017 when short-term factors on the demand side (stamp duty holiday / “Help to Buy”) coincided with a once-off increase in supply (pre-Brexit bulk sales by national house-builders to housing associations).
- 41 Figure 3 below shows the cyclical nature of housebuilding across the local authorities expected to accommodate Birmingham and the Black Country's unmet housing needs. In the short-term policies like the stamp duty holiday / “Help to Buy” are associated with a fall in house-building in Birmingham and the Black Country while stimulating house-building in more expensive areas. This shows that these policies allowed households to buy more expensive properties rather than expanding housing supply. Over the medium term Bank of England regulations will restore market discipline.



Fig. 2: Permanent Dwellings Completed over the Economic Cycle
(Lichfield District & the Housing Market Area excluding Birmingham & Black Country)

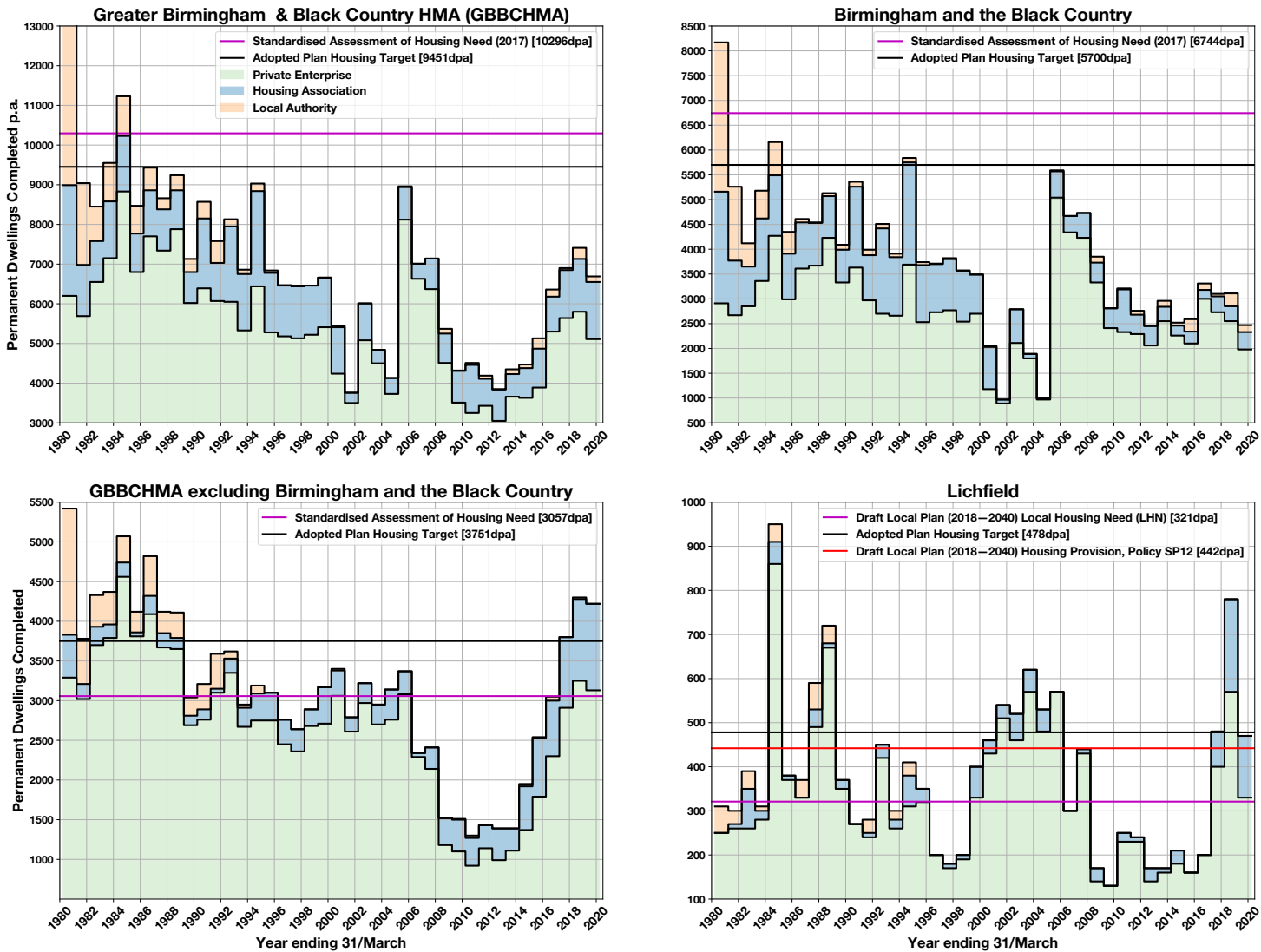


* **Local Authorities:** Bromsgrove, Cannock Chase, Lichfield, North Warwickshire, Redditch, Solihull, Stratford-on-Avon, South Staffordshire, Tamworth

Source: Dwellings completed (ONS Table 253), GDP growth qtr on qtr (ONS Series IHYQ)



Fig. 3: Dwellings completed by Tenure
Housing Market Area excluding Birmingham & Black Country



Source: ONS – Housebuilding: permanent dwellings started and completed (Table 253)

4.2.3 Market Signals

42 National policy requires that the “*preparation and review of all policies ...[be] focused tightly on supporting and justifying the policies concerned, and take into account relevant market signals*”¹⁷ [our emphasis].

43 Summary of the Civic Society’s observations concerning market signals:

- **Price/tax increases cause a fall in demand (and visa versa)** – Rising (real) house prices combined with falling (real) earnings have reduced affordability – refer Figure 4 below, leading to a fall in transactions – refer Figure 5 below, both in Lichfield and across the GBBCHMA. This remains true after excluding a 5 year window surrounding the Northern Rock collapse. ONS household growth projections reflect this, refer Figure 8 below, with household and population growth slowing since the millennium in both Lichfield & other authorities surrounding Birmingham + the Black Country. The 2008-based projections should be excluded due to a distortion created by a once in a century credit bubble. Despite increased housing land availability (in authorities surrounding Birmingham & the Black Country) an increasing proportion of population growth in Birmingham & the Black Country is being absorbed by increased household size,

¹⁷NPPF(2019) paragraph 31



refer Table 9 below. As a consequence outward migration to neighbouring authorities fell – a clear market signal that prevailing market prices exceed what many potential migrants are able to bear.

- **Price/tax increases encourage a switch to substitutes (other areas with cheaper housing)** – Across the GBBCHMA, property websites enable efficient price discovery (with mortgage underwriting imposing market discipline). This steers demand toward areas with better mortgage availability and away from areas with restricted mortgage availability. This is reflected in changing migration patterns and in ONS growth projections – refer Table 9 above. Lichfield is at a competitive disadvantage because its high house-price-to-earnings ratio deflects migration to more affordable areas. This makes developers more cautious, meaning the District's cyclical increases in housebuilding are more volatile and of shorter duration than that of the housing market area as a whole – refer Figure 5 below.
- **Lichfield District's new homes supply lacks flexibility compared to the GBBCHMA as a whole** – After Q4/2012, Lichfield's existing dwelling sales rose in tandem with those in the GBBCHMA (both new build & existing dwellings). But Lichfield's new build sales lagged 4 years behind – refer Figure 5 below. Much of Lichfield's new build volume, post 2017 is associated with (Brexit related) bulk disposals to housing associations – refer paragraphs 39 to 41 above. Private enterprise purchases of new build housing in Lichfield District only exceeded the adopted plan's housing target once in the last 14 years. The sluggish nature of Lichfield District's new build market is explained by restricted mortgage availability combined with concentrated ownership of a few large sites in a small geographic area.
- **Mortgage demand is subdued due to household expectations & credit conditions** – The global financial crises & Brexit uncertainty reduced confidence levels; households are less willing to take on high levels of mortgage debt and banks avoid risky (high loan-to-value & high loan-to-income) mortgage loans. This pushed up minimum deposit requirements. The result has been subdued demand for mortgage finance – refer Figure 6 below, which in turn caps the ability of house builders to supply new homes. Actual build-out rates on the adopted Plan's strategic sites are significantly lower than the Plan assumes (excluding bulk disposal to housing associations), mainly because large sites around Lichfield City have been developed sequentially (not in parallel as the adopted Plan assumes).
- **Home ownership by young people has collapsed** – Following the financial crises the share of young people owning their own homes collapsed – refer Figure 7 below, due to a sharp reduction in first time buyers (for reasons stated above). Excluding a significant proportion of households from home ownership is observable in Lichfield District in a number of ways: (a) lower rates of inward migration / house building and (b) a more rapidly ageing population – the population of working & school going age is growing much more slowly – refer Table 9 above. This has implications for future economic growth.

44 The price signals above strongly suggest that the spatial strategy and settlement hierarchy are part of the problem rather than being part of the solution to addressing unmet housing needs elsewhere in the housing market area. There is clear evidence that the preferred strategy of town focussed development, resulting in a small number of large sites (in areas where homes are expensive), has exacerbated mortgage rationing, made the supply of new housing more inflexible and has depressed inward migration rates.

45 The Civic Society suggests the following **potential policy adjustments in response to market signals:**

- **A more flexible & diversified housing supply** – During the examination in public (Local Plan Strategy), the District Council said that strategic sites promoted by national house-builders were the most reliable way of securing housing delivery and that the urban extensions around Lichfield City could be developed in parallel to meet the housing trajectory. In reality these strategic sites have been developed sequentially (often after a considerable delay), with smaller sites across the District proving a more flexible and reliable source of supply. The Civic Society believes that "*Residential Growth Option 2*" (Town and Key Rural Villages focussed development) would be a more reliable source of supply because development could take place where housing was cheaper & mortgage availability was better. Additionally a larger number of smaller sites, developed by regional house-builders, would provide a more competitive market, lower risk and increase the flexibility of supply.
- **Increasing the % of housing supply within Bank of England mortgage lending limits** – To make a meaningful contribution to unmet cross-boundary housing needs, migration to the District must be

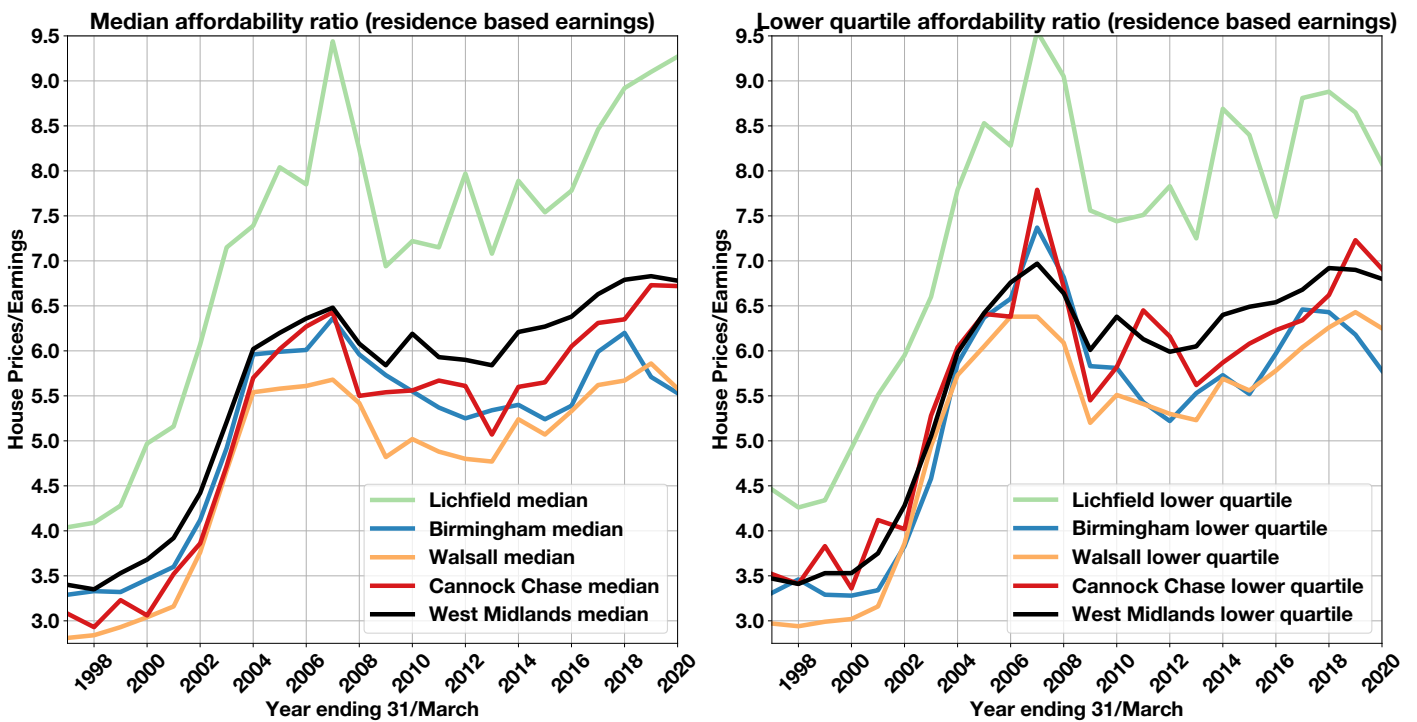


facilitated by ensuring that a greater proportion of sites are in locations where access to the mortgage market is maximised. This requires a more flexible settlement hierarchy and more / smaller sites.

- **Improving site viability by shifting some obligation back to the public sector** – At present, areas with high house prices are preferred because this maximise developer obligations (affordable housing, infrastructure, etc.) without threatening site viability. To maintain site viability while increasing mortgage market access, development in areas where houses are cheaper must be promoted. Consequently, some developer obligations should be shifted back to the public sector, for site viability to be maintained.
- **Accommodating shifting employment patterns: fewer offices / more remote working & less commuting** – The Covid-19 pandemic has shifted employer & worker attitudes in favour of remote working. If this structural shift endures, it will require larger homes and better broadband connections – both have been facilitated by recent relaxations in the planning regime (expanding homes as permitted development / reduced red tape to rolling out the fastest broadband). Over time this should reduce office space requirements, increase employment and reduce (ecologically damaging) cross-boundary commuting to work. It will also facilitate more development in smaller settlements.

46 Figures 4 & 5 below show how developers in Lichfield District sought to maximise profit margins while sacrificing construction volumes. Land earmarked for development is a good long-term investment, so – given limited mortgage availability especially around Lichfield City – house-builders choose to market to “deep-pocketed” house buyers while restricting construction volumes. Economists refer to this as an “oligopoly”, because limited competition among sellers (house-builders) allows new build supply to be restricted in order to maximise profits. This is why large sites have been developed sequentially. The District Council’s settlement hierarchy and the allocation of a small number of large sites (in a limited geographic area), means that the planning authority became an unwitting participant in this practice of restricting the supply of new homes.

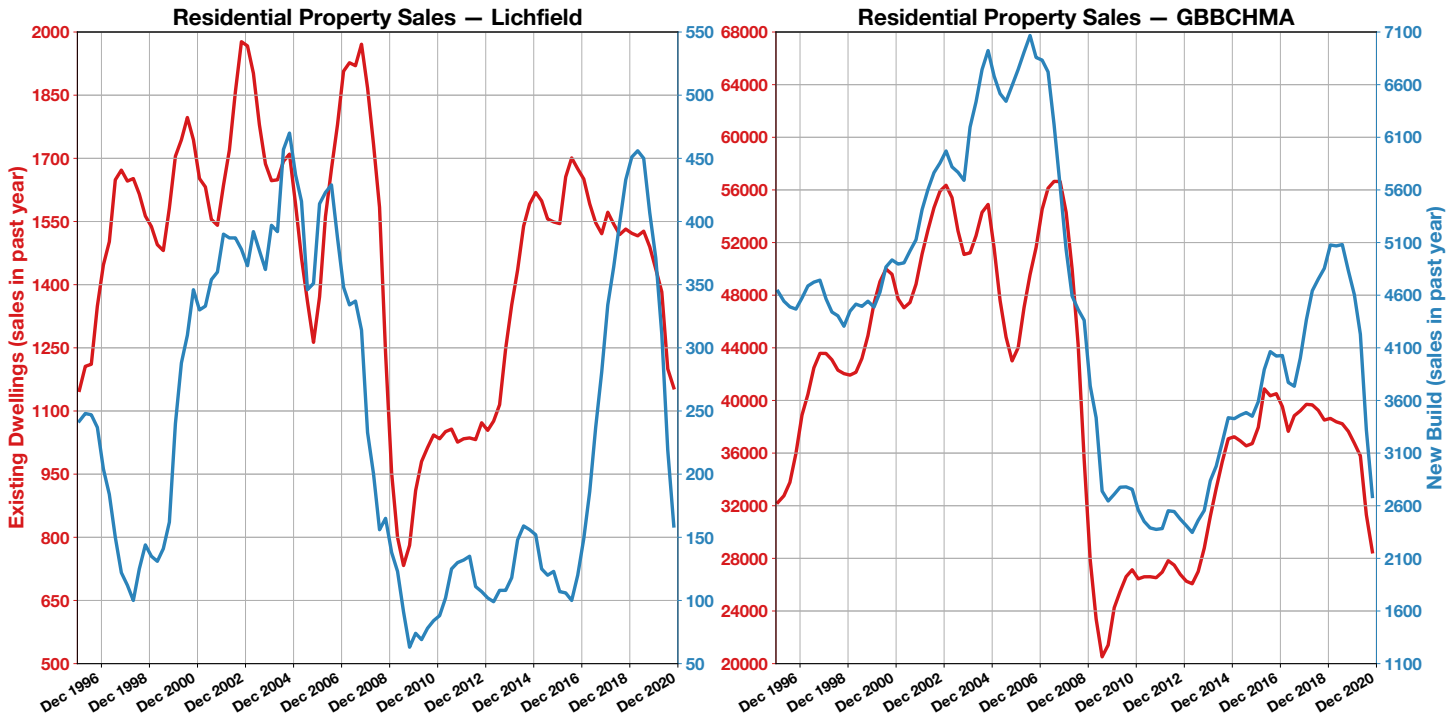
Fig. 4: Relative affordability of Lichfield District’s housing for outward migrants from Birmingham



Source: ONS – Ratio of house price to residence-based earnings

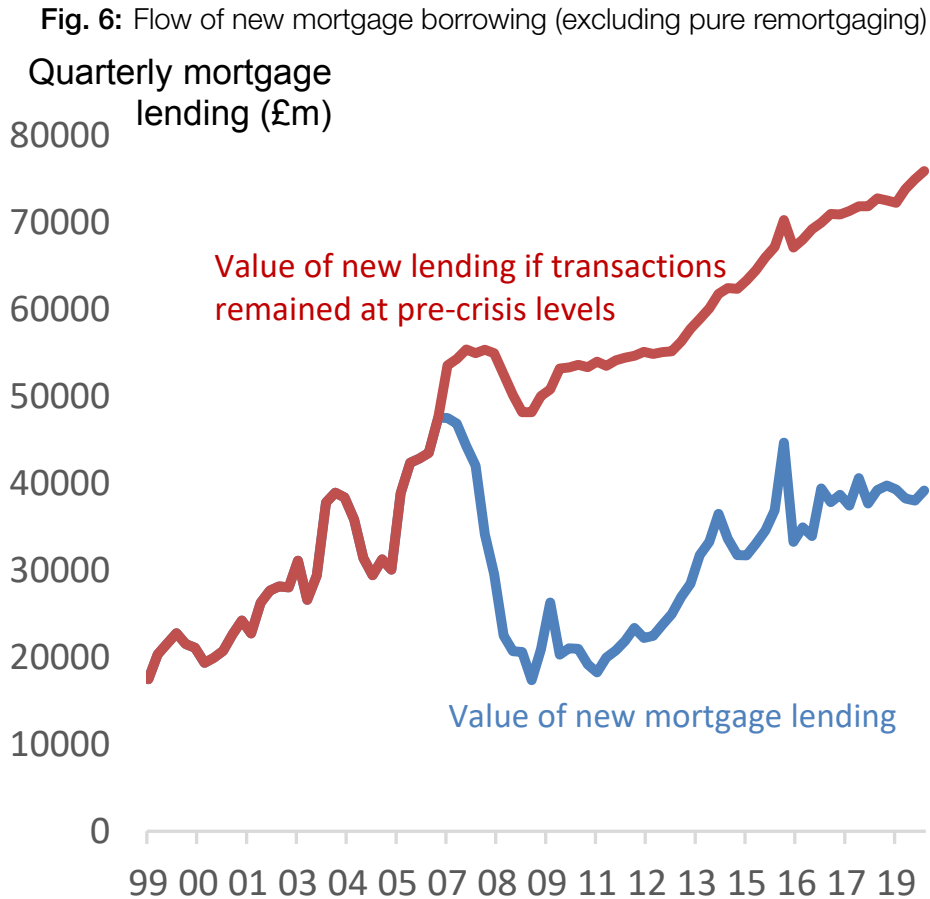


Fig. 5: Number of residential property sales – Lichfield District vs. GBBCHMA



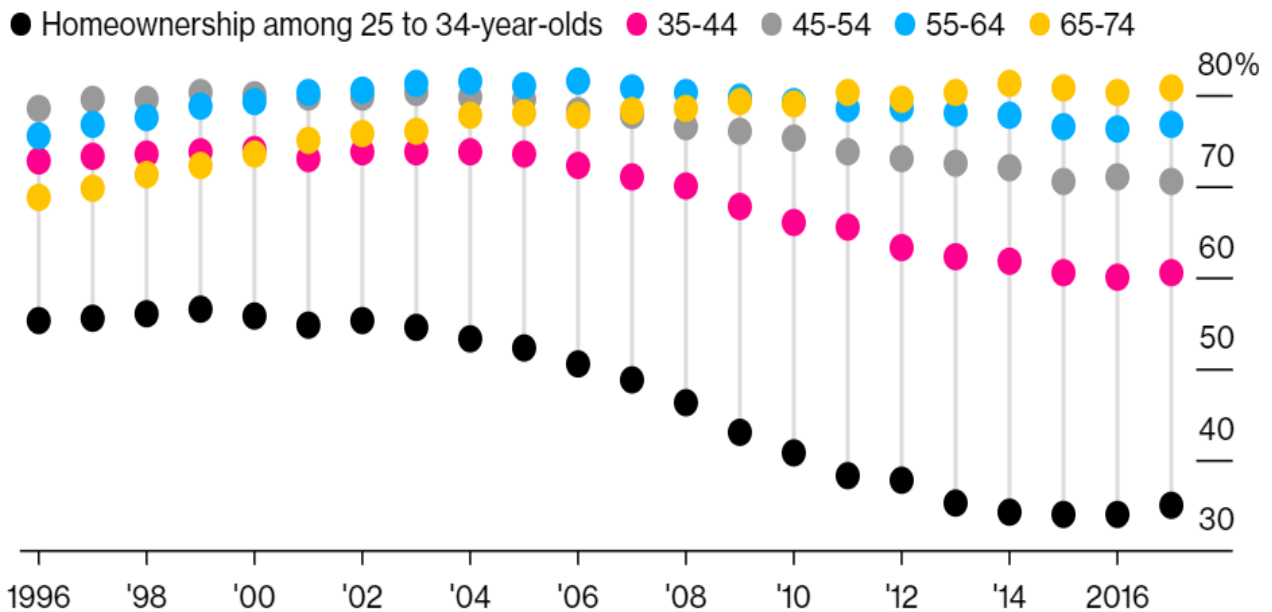
Source: ONS – Number of residential property sales by local authority (Table2a HPSS datasets 7 & 8)

- 47 It should be noted that the 2017–19 spike in new build sales in Lichfield District is due to (a) Brexit related bulk disposals to housing associations, and (b) short term stimuli e.g. the stamp duty holiday & mortgage credit expansion schemes (a.k.a. “help to buy”) – refer Figure 5 above. For a full explanation refer paragraphs 39 to 41 above.
- 48 Figure 6 below shows muted supply of new mortgage finance. With 70-80% of home buyers requiring a mortgage, a lack of finance will significantly constrain the supply of new homes. There is an inherent contradiction between planning policy (which encourages additional land supply in areas with high house price-to-earnings ratios) and the regulation of mortgage lending (which restricts mortgage availability based on risk e.g. high house price-to-earnings ratios). Taken together these policies seek to increase land supply where home buyers would find it most difficult to secure a mortgage. As explained in paragraph 46 above, the use of a small number of large urban extensions, results in limited competition between sellers (house-builders) since their preference is to sacrifice new build volumes in order to maintain profit margins. As a consequence new (large) urban extensions – allocated to address cross-boundary housing needs – are unlikely to boost the supply of new homes unless they are in locations with improved mortgage availability.
- 49 Figure 7 below shows that restricted mortgage availability is particularly acute for young people, most of whom are first time buyers. A lack of first time buyers reduces inward migration rates into Lichfield Districts. This reduces the number of workers & school children and causes the population profile to age more quickly.



Source: Bank of England – Speech by Sir Jon Cunliffe, Deputy Governor Financial Stability, 20th May 2021, “Housing – The Quiet Decade”, Law Societies online property section convention

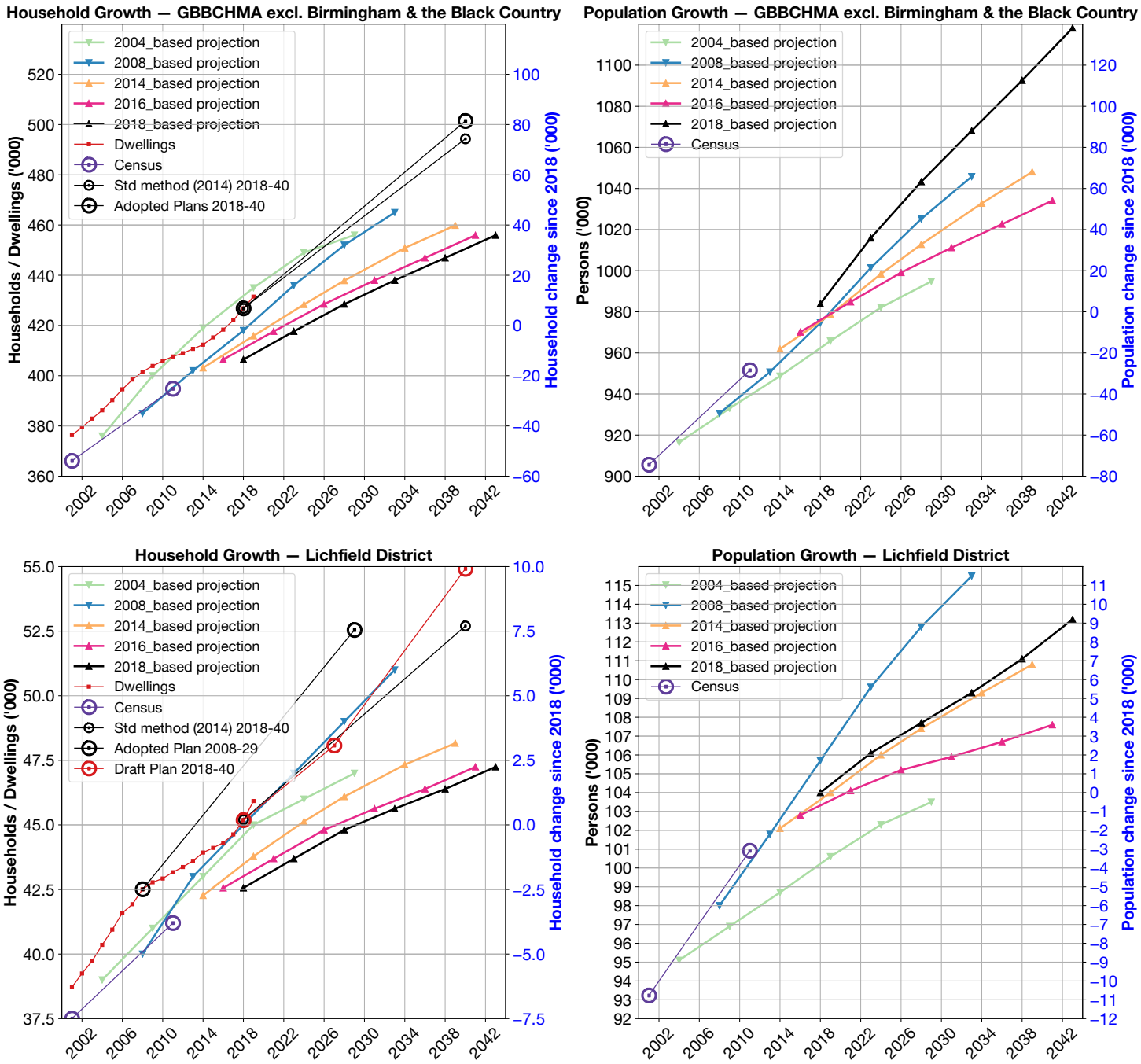
Fig. 7: The (UK) share of young people owning their own homes has collapsed in 20 years



Source: Bank of England / IFS – Speech by Sir Jon Cunliffe, Deputy Governor Financial Stability, 20th May 2021, “Housing – The Quiet Decade”, Law Societies online property section convention



Fig. 8: Household / Population growth: Lichfield District & HMA excl. Birmingham & Black Country

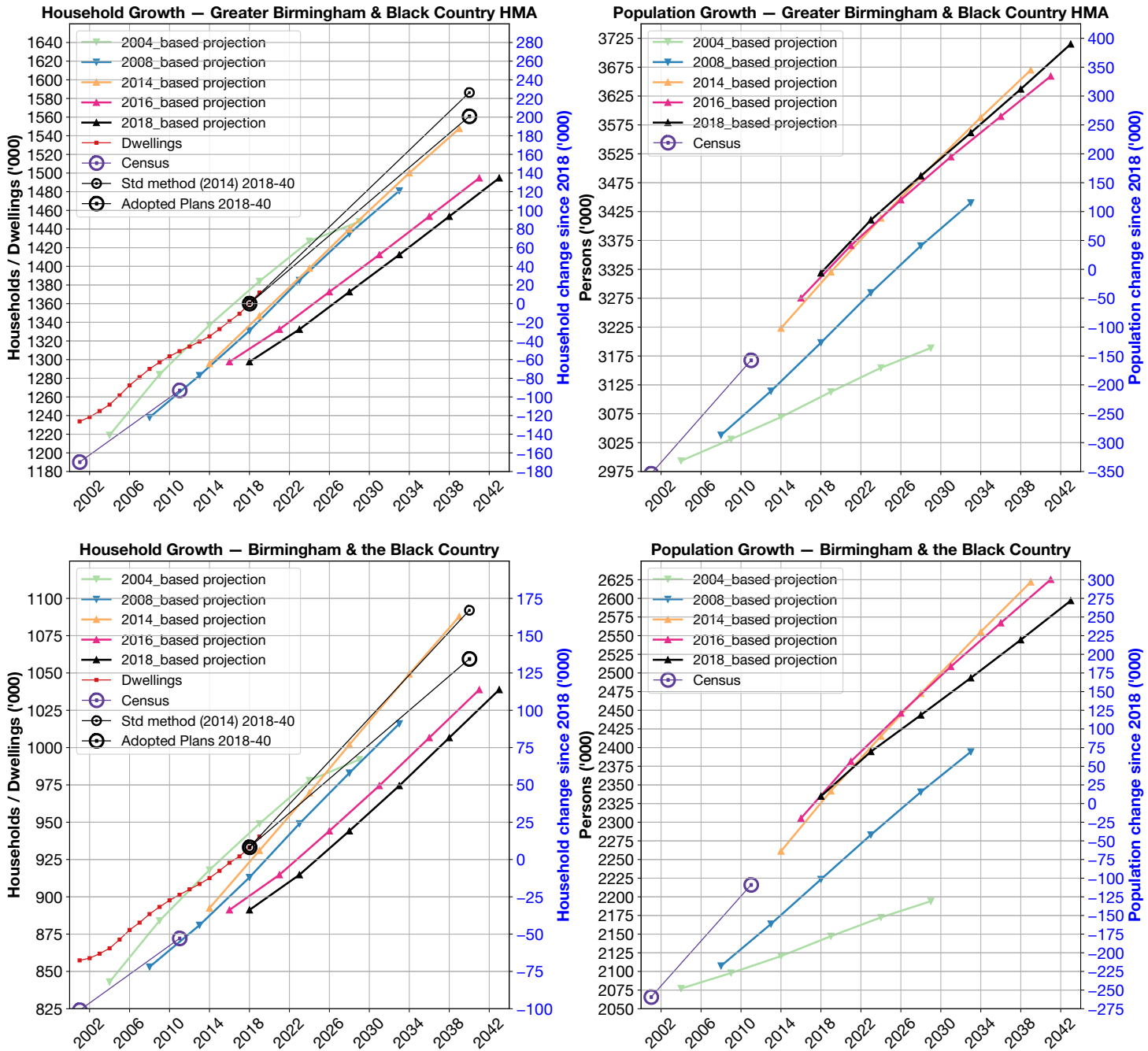


Source: Household projections (MHCLG/ONS), Population projections (ONS), Census data(ONS), Dwelling Counts (MHCLG/ONS Table 125)

- 50 Figure 8 above shows that population growth slowed, both in Lichfield District and in other authorities surrounding Birmingham and the Black Country. This is largely due to reduced levels of inward migration. As a consequence household growth and development of new housing also slowed down. Many local authorities surrounding Birmingham and the Black Country set housing targets (and made land allocations) derived from the 2008-based ONS household projection. This resulted in an accumulation of undeveloped housing land as they were not able to boost the supply of new homes.
- 51 N.B. the rise in the 2018-based household projection (housing market area excl. Birmingham & the Black Country) is in large part due to very high construction rates in Stratford-upon-Avon. It may be experiencing a similar effect to Ashford (Kent) where high speed rail put the area within commuter range of London.



Fig. 9: Household / Population growth: GBBCHMA & Birmingham + Black Country only



Source: Household projections (MHCLG/ONS), Population projections (ONS), Census data(ONS), Dwelling Counts (MHCLG/ONS Table 125)

52 Figure 9 above shows the remarkable consistency of population growth projections for the 20014/16/18 based projections. It is also associated with a reduction in household growth rates, as an increase proportion of population growth is absorbed into larger household, rather than creating more households. This also explains the reduced rates of outward migration to other authorities surrounding Birmingham & the Black Country. Noted that there has been now significant boost in the supply of new homes.

53 N.B. It should be noted that the 2001 census experienced enumeration errors (an under count) in Birmingham & the Black Country. This meant that the 2008-based projections inflated the actual rate of population growth, because residents omitted from the 2001 census were counted as inward migrants when their details showed up in administrative records (e.g. NHS patient lists).



4.2.4 Policy conflict: draft Local Plan vs. Bank of England mortgage market rules

- 54 The Bank of England has published an analysis¹⁸ concluding that high levels of household debt caused the last recession (after the global financial crises) to be deeper and the recovery to be slower than would otherwise have been the case. Mark Carney, Governor of the Bank of England, stated the following – see quote below – in an interview with Sky News:

Medium term economic risks centre in the housing market

“ The biggest risk to financial stability, and therefore to the durability of the expansion – those risks centre in the housing market, and that’s why we are focused on that. We don’t want to build up another big debt overhang that is going to hurt individuals and is very much going to slow the economy in the medium term. The level of higher loan-to-income mortgages, ones above four and a half, five times loan-to-income, potentially could store up bigger problems for the future and we need to be careful. [our emphasis] ”

Mark Carney, Bank of England Governor (17-May-2014)

- 55 As a consequence the Prudential Regulation Authority (PRA), part of the Bank of England, issued guidance in 2014, followed by binding rules (see quote below) restricting the capacity of banks to issue high loan-to-income mortgages. In addition the Financial Conduct Authority (FCA) introduced a new affordability test (“lenders should assess whether borrowers could still afford their mortgage if, at any point over the first five years of the loan, mortgage rates were to be 3 percentage points higher than the contractual reversion rate”).

Prudential Regulation Authority (PRA) amends mortgage rules

“ ... ensure that mortgage lenders do not extend more than 15% of their total number of new residential mortgages at loan to income ratios at or greater than 4.5 ... [our emphasis] ”
PRA policy statement PS5/17 (Feb-2017)

- 56 It should be noted that PS5/17 is a structural measure, intended to remain in place through cycles in the mortgage market.
- 57 The effect of these two measures has been to reduce the availability of high (>5) loan-to-income mortgages and to increase the size of deposits. This has had a detrimental effect on the ability of first time buyers (especially younger people) to get onto the property ladder.
- 58 This creates a conflict between Planning Policy (the “affordability adjustment” [a component of the standardised housing need assessment] increases the housing target if the median house prices-to-earnings ratio exceeds 4), while the Bank of England’s “flow test” (PS5/17) seeks to reduce mortgage availability if the loan-to-earnings ratio exceeds 4.5. Taken together this creates the bizarre situation where government policy requires land availability to be increased most where mortgages rationing is most acute. The result is entirely predictable – supply of new homes has fallen substantially short of adopted Plan housing targets while a glut of undeveloped housing land has accumulated.
- 59 The adverse effect on Lichfield District’s draft local Plan (2040) is severe. The District’s median house-price-to-residence-based-earnings ratio – refer Figure 4 above – was above 9 in 2020, more than double the Bank of England limit of 4.5. The planning authority is also strongly wedded to the existing spatial strategy / settlement hierarchy of town focussed development and has a preference for large (“strategic”) urban extensions. This happens to coincide with areas with high house prices and therefore where mortgage rationing will be most acute.

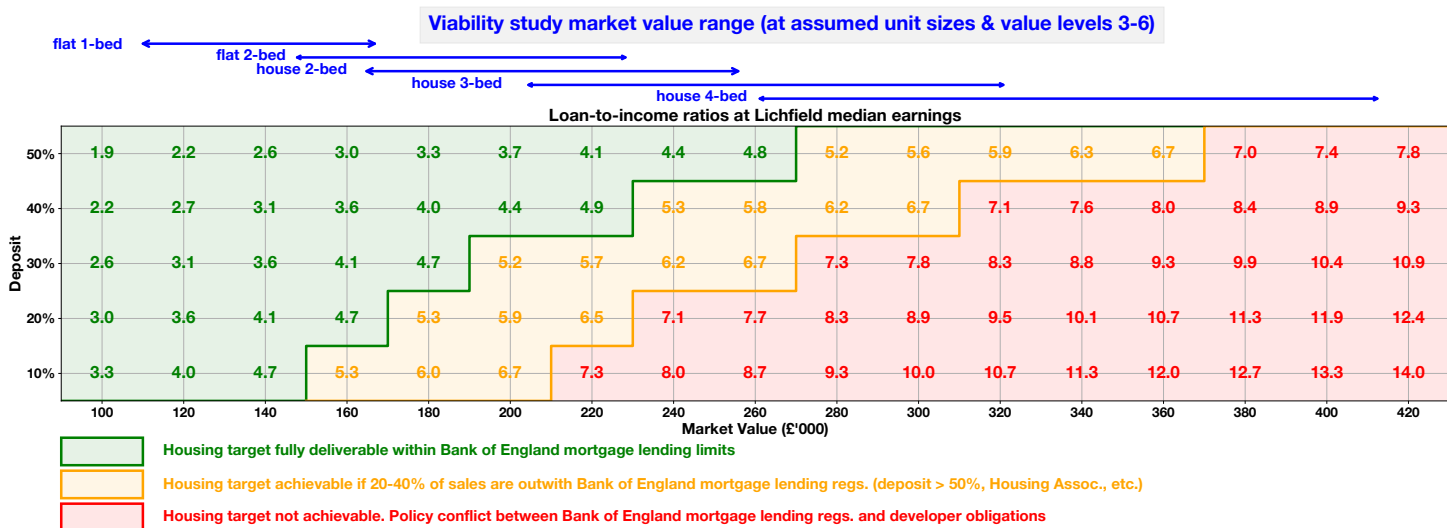
¹⁸[Bank of England Quarterly Bulletin 2014 Q3: Household debt and spending](#)



60 As noted in paragraph 43 above, Lichfield District's land supply lacks flexibility – a preference for large “strategic” urban extensions to existing settlements has concentrated land supply in the hands of a few house-builders and in a small geographic area. This has reduced competition amongst sellers (house-builders) and made them more risk averse given limited mortgage availability. House-builders fear over supplying the market, driving down prices and having to write down land bank values.

61 Figure 10 below quantifies the policy tension between adequate housing land availability (supply increases as house prices rise) and adequate mortgage availability (supply increases as house prices fall). The draft local Plan's evidence base includes a land viability assessment¹⁹. The purpose of the report is to ensure that sites remained viable given developer contributions (Affordable housing, highways, schools, CIL, etc.) set out in the draft Plan. The study suggests that most new build supply will be in “value ranges” 3–6. The implied selling prices are shown by blue arrows in the diagram below. Annual monitoring reports show that more than half the new build supply is for houses with 3+ bedrooms and, in the Society's experience, developments abutting Lichfield and Fradley tend to deliver most of their housing in the top half of the house selling price ranges indicated by the blue arrows.

Fig. 10: Housing Land Supply vs. Residential Mortgage Availability



Source: Lichfield District Local Plan and CIL Viability Assessment, Appendix 1 (Dixon Searle partnership, Sep/2020), Median house price-to-workplace-based-earnings 2020 (ONS), PRA policy statement PS5/17 (Bank of England)

62 In the Society's view, the draft Local Plan 2040 should seek to deliver at least 50% of the housing target within the Bank of England's mortgage lending limit – maximum loan of 4.5 times income with a 20% deposit. The remainder of the new build housing supply could be financed as follows:

- Housing Associations (with direct access to bond markets) – say 10–20%
- “Deep-pocketed” buyers (not constrained by mortgage rules) – say up to 20%
- Bank of England rules allow some mortgage lending above 4.5 times income – say up to 10%

63 In the Civic Society's view the draft Local Plan's housing target is not deliverable unless steps are taken to:

- Make land supply more flexible – Increase competition among sellers (house-builders), increasing the number of locations and increasing the number of smaller sites.
- Improve access to the mortgage market – Increase land supply where house prices are lower and shift developer obligations back to the public sector, if this is necessary to maintain viability.

¹⁹Local Plan & CIL Viability Assessment, Dixon Searle Partnership, Sep 2020



5 Employment & Economic Growth – Strategic Policy 13 (SP13)

5.1 Summary representation – Employment & Economic Growth

- 64 Set out below is a summary of the Lichfield Civic Society's comments regarding Employment & Economic Growth. For the full consultation response refer paragraphs 65 to 75 below:
- Policy SP13 will not “*enhance [the] local economy*” or “*provide employers with access to a skilled labour force*” because it is undermined by the Spatial Strategy / Settlement Hierarchy (Policy SP1).
 - The cumulative harm of the Spatial Strategy / Settlement Hierarchy is clearly evident – refer Table 10 below. Since the adopted Plan was prepared **the District's population growth rate has halved**.
 - Lichfield's population is ageing very rapidly – only 8.8% of the total population growth will be in the 25-64 year age band, compared to 37.6% for Birmingham and the Black Country – refer Table 11 below. This is caused by a shortfall in (younger) working-age migrants over a prolonged period. The reasons are set out in the Society's comments on policy SP1 (Spatial Strategy) – refer paragraphs 28 to 34 above – and policy SP12 (Housing provision) – refer paragraphs 36 to 63 above.
 - **Net outward migration from Birmingham and the Black Country has slowed significantly** – refer Table 10 below, although some authorities (with cheaper housing) performed strongly – refer Table 9 above.
 - **Net migration to South/South East of HMA has increased significantly**, probably due to more expensive housing in the Cotswolds, Oxfordshire & London (HS2) combined with well paid local jobs.
 - Strategic Policy 13 should recognise that high-speed broadband combined with homes suitable for remote working can boost economic and employment growth, reduce cross-boundary commuting (helping the environment) and reduce the need for retail and office space. This is especially true for Lichfield District with its high % of employment in the services sector.

5.2 Full representation – Employment & Economic Growth

- 65 The policy context is that, due to the Housing Market Area's (HMA) industrial past, most authorities have brownfield sites sufficient to meet employment land needs over multiple local plan periods. The economic growth constraint is employer land demand which is related to (suitable) worker availability. Authorities reliant on inward migration – to maintain or grow employee numbers – will experience lower economic growth if there is a persistent (i) under delivery of homes, and /or (ii) a significant shift to older migrants (who will spend less time in the labour market).
- 66 Historically there has been significant net outward migration from Birmingham and the Black Country matched by significant net inward migration to the HMA's outer (“*shire*”) authorities. Over the past decade net outward migration from Birmingham and the Black Country has fallen significantly – refer Table 10 below, particularly those of younger aged workers. Significantly higher house prices in (“*shire*”) authorities, have reduced mortgage availability, especially in authorities where the ratio of house prices to earnings is high. This trend is contrary to draft Plan which seeks to address unmet cross-boundary housing needs by accelerating net outward migration from elsewhere in the HMA. The difficulty first-time buyers / younger households experience in getting onto the mortgage ladder also skews migration to older age groups, which reduces worker availability and harms economic growth.
- 67 The cumulative effect of a Spatial Strategy / Settlement Hierarchy, in place for more than 20 years, is clearly evident – refer Table 10 below. Latest ONS projections (2018-based) show that **the District's population growth rate has halved** since the adopted Plan (that assumed 2008-based growth rates) was prepared. A rapidly ageing population is the result of years of inward migration skewed towards older age groups. **In Lichfield only 8.8% of the total population growth will be in the 25-64 year age band**, compared to 37.6% for Birmingham and the Black Country – refer Table 11 below.
- 68 The Lichfield Civic Society believes that Policy SP13 will not be effective in seeking to “*enhance [the] local economy*” or to “*provide employers with access to a skilled labour force*”. The extent to which Spatial



Strategy / Settlement Hierarchy (SP1) concentrates development where homes are expensive, strongly discourages inward migration especially at younger age groups – a critical labour pool demographic.

Table 10: HMA Population Growth Rate Changes: Levels of migration & age of migrants

Housing Market Area	Population Change Component	Adopted Plan (21yrs)	Draft Plan (22yrs)	Growth Rate Change (Persons '000)
		2008-2029 2008-based proj. (Persons '000)	2018-2040 2018-based proj. (Persons '000)	
Greater Birmingham & the Black Country HMA (GBBCHMA)	All Migration Net	-0.7	118.1	118.8
	Natural Change	331.1	216.6	-114.5
	Other		0.4	0.4
	Total Change	330.4	335.1	4.7
Birmingham & the Black Country only	All Migration Net	-90.6	-23.5	67.1
	Natural Change	336.1	244.9	-91.2
	Other		0.4	0.4
	Total Change	245.5	221.8	-23.7
HMA authorities excluding Birmingham & the Black Country	All Migration Net	90.0	141.6	51.6
	Natural Change	10.7	-28.3	-39.0
	Others		0.1	0.1
	Total Change	100.7	113.4	12.7
Lichfield	All Migration Net	17.6	14.3	-3.3
	Natural Change	-1.8	-6.8	-5.0
	Other		0	0
	Total Change	15.8	7.5	-8.3

Source: ONS subnational population projections 2008-based vs 2018-based (Table 5: Components of change)

69 The increase in net migration into HMA authorities (excluding Birmingham & the Black Country) is heavily skewed to the South/Southeast. This is due to inward migration from more expensive areas (Cotswolds, Oxfordshire & London (HS2 effect) combined with a stronger local economy (universities, science parks, biotech, advanced manufacturing, etc). It appears that higher levels of net migration into the South/Southeast of the HMA is partly due to increased migration from outside the HMA. Stratford in particular appears to be experiencing a house-building boom, which may be due to HS2 putting the area within London's commuter belt, i.e. similar to Eurostar's impact on Ashford in Kent.

Table 11: HMA Population Growth Rates in 25-64 year age band

Housing Market Area	Age Band	Population	Population	Population	25-64yr band % of total pop. change
		2018 (persons '000)	2040 (persons '000)	Change (persons '000)	
Greater Birmingham & the Black Country HMA	25-64	1,673.8	1,788.3	114.5	32.8%
	All ages	3,318.7	3,668.2	349.5	
Birmingham & the Black Country only	25-64	1,172.3	1,259.0	86.7	37.6%
	All ages	2,334.8	2,565.4	230.6	
Remaining authorities in GBBCHMA	25-64	501.5	529.3	27.8	23.4%
	All ages	983.9	1,102.8	118.9	
Lichfield only	25-64	52.0	52.7	0.7	8.8%
	All ages	104.0	112.0	8.0	

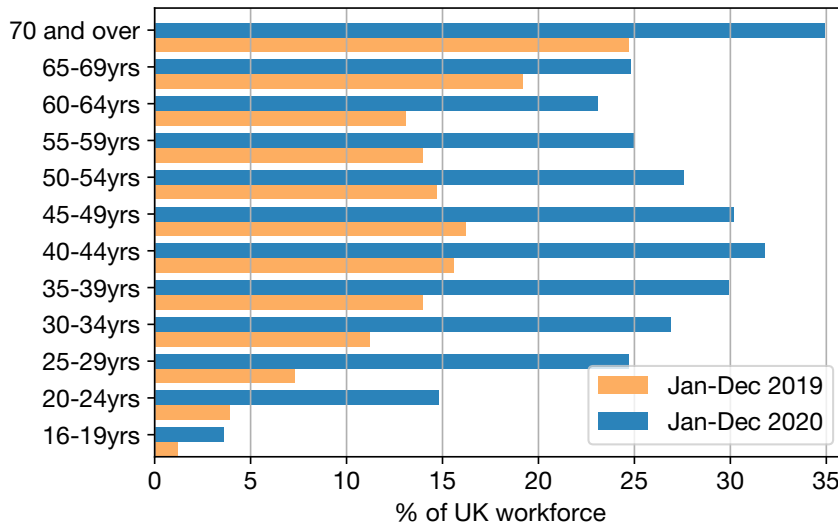
Source: ONS subnational population projection 2018-based (Table 2: Age quintiles)

70 The District continues to recover from / adjust to the effects of the Covid-19 pandemic. Containment measures (business closures, lockdowns and work from home) have caused significant economic harm,



but it has also demonstrated the resilience and flexibility of the UK economy / labour market. While high street retailers, restaurants, theatres, etc. have been hard hit with many insolvencies / business closures we have also seen a rapid rise in: (i) online retailing, (iii) online entertainment (video streaming) and (iii) remote working – refer Figure 11 below, mitigated the effect of other business closures.

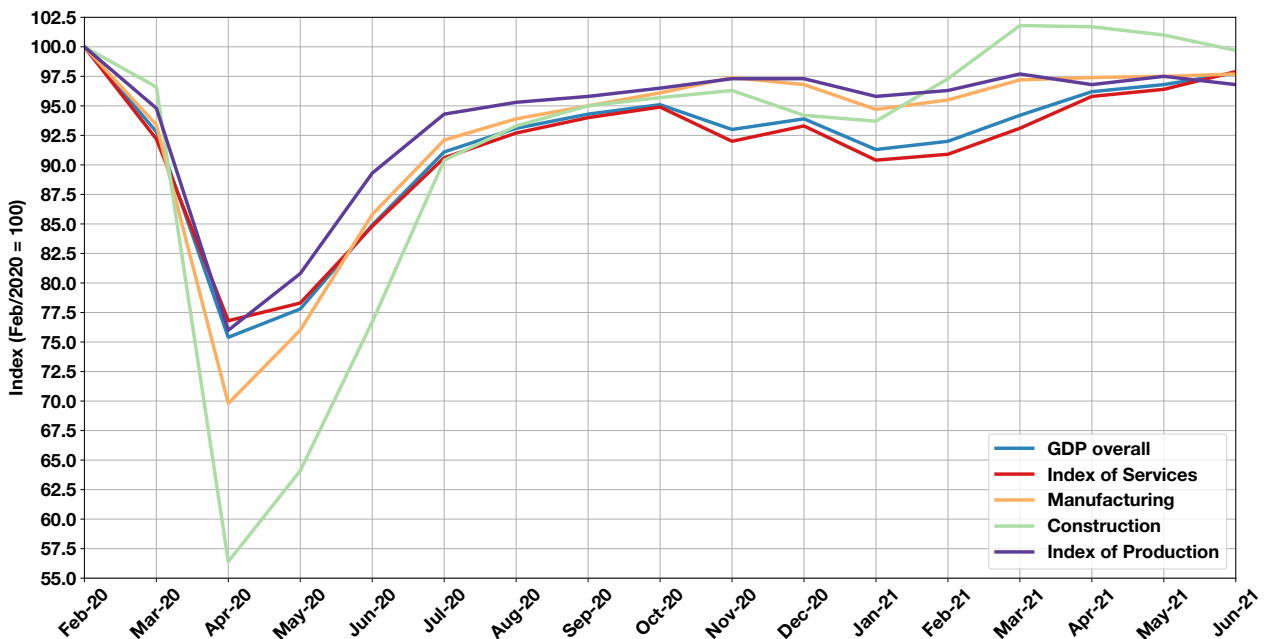
Fig. 11: Covid-19 restrictions – Impact on Working from Home



Source: ONS – Percentage of UK workforce that worked from home in the week prior to interview by age group.
Note: 2020 calendar year includes some pre-pandemic data

71 Compared to pre-pandemic levels (Feb/2021), economic activity declined by 25% during the first Covid-19 lockdown – refer Figure 12 below, but was only 5% lower during the third lockdown in Q1/2021, and was 2.2% down at Jun/2021. This is remarkable given some workers were still on furlough and many businesses operated with significant “social distancing” restrictions and with a large proportion of the workforce continuing to work remotely.

Fig. 12: Covid-19 restrictions – Impact on UK Gross Domestic Product
Jun/2021 GDP 2.2% below pre-pandemic levels



Source: ONS – Monthly Gross Domestic Product



- 72** In 2020, provisional ONS figures²⁰ show that greenhouse gas emissions from transport were significantly impacted by COVID-19, as people were instructed to stay at home as much as possible. UK territorial carbon dioxide emissions from the transport sector were 97.2 Mt, 19.6% (23.7 Mt) lower than in 2019. The large majority of emissions from transport are from road transport and do not include emissions from international aviation and shipping.
- 73** So it is clear that a wider geographic distribution of housing can support employment growth and combat climate change provided development plan policies support home working / hybrid working. In addition more electric vehicles can ensure that trips by car will be less environmentally damaging in future.
- 74** Lichfield District (with a high % service sector employment) has demonstrated the feasibility of maintaining cross boundary employment whilst reducing (environmentally damaging) cross-boundary travel to work by car. This has been made possible by high-speed broadband and associated remote working technologies. Whilst it is unclear what proportion of workers will eventually return to office based employment, it is clear that over the draft Local Plan period, more remote working combined with cleaner (electric) vehicles will permit economic and employment growth despite a reduced need for office space or high street retail.
- 75** The NPPF requires that “plans ...be sufficiently flexible to adapt to rapid change” (NPPF 2019 para. 11) and that “strategic policies should look ahead over a minimum 15 year period from adoption, to anticipate ...opportunities, such as those arising from major improvements in infrastructure” (NPPF 2019 para. 22). Given the enforced social experiment which Covid-19 has created, the draft Local Plan should recognise that a more flexible spatial strategy / settlement hierarchy can support employment and economic growth provided that planning conditions require homes more suitable for remote working and infrastructure requirements mandate high-speed internet connections. This should allow employment and economic growth to be supported whilst releasing employment land for other uses and combatting environmentally damaging cross-boundary commuting by (internal combustion based) vehicles.

²⁰ONS: 2020 UK greenhouse gas emissions, provisional figures, 25/Mar/2021