



Dudley Plan (Regulation 18)

Housing Need and Supply

Report to CPRE West Midlands Region by *Gerald Kells*

December 2023

1. Introduction

1.1 In March 2020 I reviewed the Black Country Plan Review housing evidence for West Midlands CPRE, including the Urban Capacity Study and the Strategic Housing Land Availability Assessments for the four boroughs

1.2. Further to that I reviewed the updated Urban Capacity Study and SHLAAs which informed their Black Country Plan Regulation 18 consultation in 2022 as well as the evidence presented in the Chilmark Report, which suggested significant additional brown field housing supply might be found in the sub-region.

1.3 However, the plan was subsequently abandoned and individual plans pursued. The Borough of Dudley has now published its Regulation 18 Plan (November 2023) and is currently consulting on it. This report considers housing need and supply in the Borough of Dudley and takes account of the most recent 2022 Strategic Housing Land Availability Assessment (SHELAA) as well as the Urban Capacity Appraisal (UCA October 2023)

1.4 Dudley is a largely urban area which had a surplus of housing to meet its own need under the Black Country Plan but now considers it has a small shortfall based on the Standard Methodology Calculation.

1.5 Policy DLP1 of the Regulation 18 Dudley Plan assumes a supply of 10,876 (2023-2041) but there is a Standard Methodology need of 11,790 (655x18).

1.6 They increase this to 11,954 by adding a 5% buffer (164 dwellings) for the first 5 years. I am not sure why this is required for the full Plan calculation (as opposed to establishing a 5-year land supply). It has not been done by other authorities, such as neighbouring Sandwell) as the Plan's supply figures already include buffers for non-delivery so that this would amount to double-counting.

1.7 This calculation creates an assumed shortfall of 1,078 over the Plan period which the authority is seeking to export ‘sustainable locations’ in other local authorities under the Duty to Cooperate.

2. Housing Need

2.1 The housing need figure of 11,954 uses the Government’s standard methodology based on the 2022 affordability figures for Dudley and adds a 5% buffer to the first five years. This relies to an SM calculation of 655 dwellings per annum, of which 560 are required to meet demographic housing need (10,080 over the plan period) and 95 dpa (1,710 over the plan period) are added for the so-called ‘affordability’ correction. Notably the Standard Methodology varies by year, so in 2021 it would have been only 607 dpa, 864 less over the Plan Period, almost all the proposed shortfall.

2.2 Even more importantly the SM calculation relies on the outdated ONS2014 housing calculations. However, if one uses either of the more up to date household projections 2016 ONS and figures, the need is considerably lower, for Dudley and for the Black Country overall. The ONS2018 figures are higher for Dudley, but would lead to an overall lower Black Country figure

Table 1: Need Calculations for Dudley /ONS Figures (2022 affordability)

Dudley Need 2022-2041 (including affordability uplift)	Annual rate	Demo-graphic In-crease	Plan Period (19 Years)	5% Buffer	Shortfall based on 10,876 supply
SM ONS 2018	763	652	13,734	191	3,049
SM ONS 2016	517	442	9,306	129	-1,441
SM ONS 2014	655	560	11,790	164	1,078

Table 2: Need Calculations for Black Country/ONS Figures (2022 affordability)

Black Country Housing Need 2030-2039 (including affordability uplift)	Annual rate	With 35% extra for Wolverhampton	Plan Pe-riod (19 Years)	Plan Period (19 Years +35% for Wolver-hampton)	Shortfall based on brownfield supply of 40,117 (BCP 2021)
SM ONS 2018	3440	3679	65360	69901	29,784
SM ONS 2016	3068	3293	58292	62567	22,450
SM ONS 2014	3872	4151	73568	78869	33,451

2.3 Notably, in the most recent ONS household projections for the UK (2018) the population reaches 72.4 million by mid-2043, an even slower growth rate than in the 2016-based projections, that is to say a reduction of 0.9 million in mid-2043. However, those projections also substantially alter the distribution of houses.

2.4 A key reason for this is changes in the underlying NHS registration data which means the 2018 figures rely on only two-year trends. As a result, the Black Country urban shortfall (not including Green Belt) with similar supply assumptions rises but not to the same level as the ONS2014 figures and Dudley's shortfall rises.

2.5 It can be seen, however, that the use of the 2014ONS figures dramatically impacts on Dudley's housing need and that consideration could be given to using a figure closer to the 2016ONS figure.

2.6 It should also be noted that, while the current National Planning Policy Guidance (not yet updated discourages to match the new NPPF) discourages the use of a methodology which results in a lower housing requirement, there have been appeal decisions (e.g., Appeal Ref: APP/Y2620/W/20/3248468 Land off Beresford Road, Holt) where a Council has successfully argued that the 2014-based ONS household projection figures are not appropriate to use.

2.7 Moreover, the use of outdated figures has been criticised by the Office for Statistics Regulation who said:

'We recognise that ultimately ONS cannot control the decisions of policy makers but ONS should be vocal in speaking up against those who choose not to use the most up to date and comprehensive figures, where there is not a reasonable argument for them to do so.'

2.8 Moreover the recently published updated NPPF (December 2023) says:

There may be exceptional circumstances, including relating to the particular demographic characteristics of an area which justify an alternative approach to assessing housing need; in which case the alternative approach should also reflect current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for. (Para 61)

2.9 In that regard, the 2021 Census Results include population and housing figures for all the Black Country Authorities. Table 3 sets out the differences when compared with the Office for National Statistics (ONS) 2014, 2016 and 2018 housing projections.

2.10 While the distribution is slightly different, the Census gives a similar overall baseline population figure for the Black Country to all the ONS figures, but it is most closely aligned to the ONS2016 household figure and household size. The ONS2014 is by far the poorest match with the census with nearly 9,000 additional households in 2021 in the ONS2014 figures.

2.11 In the case of Dudley, the CENSUS suggests the number of households is currently higher than all the ONS figures but this is balanced by the other BC authorities.

Table 3: Comparison of CENSUS and ONS Projections for the Black Country Boroughs

Population				
2021	Census	ONS2014	ONS2016	ONS2018
Dudley	323,500	321,700	321,800	325,147
Sandwell	341,900	335,600	335,000	333,731
Walsall	284,100	285,400	287,400	289,406
Wolverhampton	263,700	263,100	265,200	267,530
Black Country	1,213,200	1,205,800	1,209,400	1,215,814
Difference to Census		7,400	3,800	-2,614
Household				
2021	Census	ONS2014	ONS2016	ONS2018
Dudley	137,100	134,789	134,682	135,821
Sandwell	130,200	134,074	128,790	128,571
Walsall	112,200	115,825	113,626	113,951
Wolverhampton	105,100	108,673	106,757	107,664
Black Country	484,600	493,361	483,855	486,007
Difference to Census		-8,761	745	-1,407
Household Size				
2021	Census	ONS2014	ONS2016	ONS2018
Dudley	2.36	2.39	2.39	2.39
Sandwell	2.63	2.50	2.60	2.60
Walsall	2.53	2.46	2.53	2.54
Wolverhampton	2.51	2.42	2.48	2.48
Black Country	2.50	2.44	2.50	2.50
Difference to Census		0.06	0.00	0.00

2.12 The view of ABCA, (expressed at the Shropshire Local Plan Examination), was that these figures should not be given weight because they are, as yet, considered interim results. They do, however, bear out evidence (previously available to ABCA) which supports the contention that the ONS2014 projections are likely to be exaggerated, even when one excludes the additional affordability housing added to the Standard Methodology.

2.13 Paragraph 39 of the National Planning Policy Guidance (NPPG) on Housing and Economic Needs Assessment says that local authorities should not use lower projections but can choose to use an alternative methodology which results in lower housing need if there is robust evidence to support it¹.

2.14 My own view is that, for the moment, the ONS2016 figures give a robust overall housing projection across the Black Country and so the test can be met. It is the approach I advocate in my partner report on Sandwell's Plan so represents a consistent position, which seems to be confirmed by the Walsall and Wolverhampton results.

2.15 This would remove the need for exporting unwarranted housing need outside the Black Country and would also indirectly have wider benefits in supporting regeneration, protecting the Green Belt. Indeed, Dudley itself would be in a position to accommodate 1,441 (1,570 if the unneeded buffer is removed) homes within its allocations as part of the Duty to Co-operate.

2.16 Because the NPPF has only been updated just before the close of this consultation there has not been time to fully digest it and we may want to make further comment in due course.

2.17 However, we believe there is a clear case for considering housing numbers across the Black Country and adopting a more consistent approach based on something close to the ONS2016 housing projections.

2.18 We also understand that the Government may review the SM approach when the next ONS figures are released in 2024 which will need to reflect the CENSUS results and this may need to be taken into account at the next stage of the plan.

2.19 Given the state of the evidence, I consider the need for Dudley to be currently overstated (as it is across the Black Country) and there is strong justification for reducing that need, perhaps in line with the ONS 2016 projections, and, consequently, the extent of the shortfall identified in the plan.

2.20 This would result in more sustainable land-use patterns and help protect the Green Belt.

¹ Where an alternative approach results in a lower housing need figure than that identified using the standard method, the strategic policy-making authority will need to demonstrate, using robust evidence, that the figure is based on realistic assumptions of demographic growth and that there are exceptional local circumstances that justify deviating from the standard method. This will be tested at examination.

3. Housing Supply

3.1 In terms of housing supply the total housing supply in the Dudley Plan is identified in Policy DLP1 as 10,876 (given also on the UCA), of which the UCA says 8,551 is committed or allocated, 2,685 are identified as small windfalls and 360 are deducted for anticipated demolitions.

3.2 The figure of 8,551 includes 200 homes assumed from a large windfall in Brierley Hill as well as 138 homes from a centres uplift calculation. The latter is not included in Table 5.1 of the Plan (I assume this is a simple error) and as a result it doesn't add up correctly.

3.3 It also does not seem to include the 50-dwelling density uplift, as calculated in the SHELAA/UCA even though Para 8.5 of the Plan includes it as an element.

3.4 I now review a number of issues: densities, housing on employment land, housing in centres, windfalls and discounts to consider whether these elements might increase supply.

3.1 Density

3.1.1 The committed and allocated supply is based on the 2022 SHELAA assessment.

3.1.2 The Black Country used a density assumption of 35 dwellings per hectare, where there was no development brief (Para 8.3). However, Policy DLP11 sets out higher minimum densities for Dudley:

All developments of ten homes or more should achieve the minimum net density set out below, except where this would prejudice historic character and local distinctiveness as defined in Policy DLP55:

- a. 100 dwellings per hectare where Table 8.2 accessibility standards for very high-density housing are met and the site is located within a Strategic Centre or Town Centre,*
- b. 45 dwellings per hectare where Table 8.2 accessibility standards for high-density housing are met,*
- c. 40 dwellings per hectare where Table 8.2 accessibility standards for moderate-density housing are met.*

3.1.3 This suggests that the yield of sites is likely to be higher. Dudley undertook an exercise as part of the SHELAA to review sites where the yield might be higher but only concluded a further 50 homes could be added.

3.1.4 This seems to me conservative and CPRE should suggest further work is undertaken prior to the next stage of the Plan to get a better understanding of the potential of increased

densities, including applying this to future sites which may come forwards in the centres which I discuss further on.

3.2 Housing on Industrial Land

3.2.1 The anticipated housing supply from industrial land across the Black Country was reduced from 14,800² to 3,826 as part of the development of the Black Country Plan based on work undertaken in the BEAR (Black Country Employment Area Review, July 2021) a report which CPRE suggested at the time was too biased towards protecting employment land.

3.2.2 That supply did not include any industrial land from Walsall, which CPRE also questioned at the time. CPRE considered it unlikely that no land in the borough would be released from employment usage over this time but clearly there is uncertainty.

3.2.3 In terms of Dudley specifically the BC Urban Capacity Study (May 2021) reduced the anticipated housing from employment land from 4,123 dwellings to 1,224 (a fall of 2,443). Although not the greatest reduction in the Black Country it is still highly significant.

3.2.4 Unlike the adjacent Sandwell Plan, the latest Dudley SHELAA does not include an overall figure for houses removed from the plan following the EDNA, BEAR and land owner engagement. However, it does include a list of discounted sites, in Appendix G of the SHELAA. In total those amount to a theoretical figure of 4,784 dwellings. Various reasons are given for discounting these sites, mainly they are unavailable and the landowner does not currently wish to release them.

3.2.5 While none of these sites can, therefore, be relied on in themselves, it seems unlikely, over such a long period, that change of use will not be sought on any of these sites. Indeed, Policy DLP22 of the Plan identifies the key policy tests where that happens.

Para 9.45 explains the justification for this:

Policies DLP10 and DLP18 allocates sites for residential, and employment uses based on the anticipated availability of land for development at the time of the preparation of the Plan. However, there will always be windfall sites put forward for development in areas where it is not currently anticipated, and it is important that such development is brought forward in a comprehensive way.

3.2.6 This is such a large potential source of supply compared to the Plan's shortfall that it should not, in my view, have been simply discounted. The obvious policy approach would be to allow for larger windfall (as I discuss further on) using this as part of the evidence base to justify that approach.

² This is higher than the figure in the Issues and Options of 10,400 and the 12,350 from the 2018 SHELAA in the previous update, I assume it may include sites not in current use or be based on the 2020 SHELAA's or may have different assumptions about density. The BEAR may in due course make this clearer

3.3 Centres

3.3.1 The last Black Country Urban Capacity report also considered the four strategic centres and reviews those allocations.

3.3.2 8,173 homes were already identified across the Black Country and a number of centres had area action plans in place which would expire before the end of the plan period.

3.3.4 A further 1,300 houses were identified as potentially coming from this source, with a significant uplift, although Walsall which had recently adopted its Town Centre AAP did not identify any additional supply, something which clearly may need to be reviewed in the light of post-COVID retail contraction. Moreover, it was clear that other smaller centres in Walsall (and the other three boroughs) might also contribute to housing supply.³

3.3.5 The Chilmark Black Country report on Brownfield housing supply (March 2022) suggested town centres could provide a substantial additional housing supply and specifically identified a potential for 1009 additional homes in Sandwell's Tier 1 centre, West Bromwich (discounted to 910) and also suggested that could in fact be higher. They also considered that other Black Country 'Tier 2' centres could also increase their housing contribution, choosing the example of Willenhall in Walsall which they suggested could provide 230 homes.

3.3.6 Additionally, they pointed to Wolverhampton's allowance for housing over shops of 812 and suggested this might be a further significant source elsewhere in the Black Country.

3.3.7 The Dudley SHELAA (Table 5) seeks to address the issue of housing in centres by firstly assessing current vacant space in its various centres and then considering how much to that might come forward as housing and concludes only 136 additional units could be provided between 2027 and 2041.

3.3.8 This figure is a very long way from the potential suggested by the Chilmark results, (although Dudley's centres were not specifically examined) and there is no commentary to address why the conclusions are so different.

3.3.9 It seems to me that the approach of the SHELAA may be overly conservative and that the likely houses from change of use, mixed use and upper stories conversions is likely to significantly exceed the current vacant space, especially if the Council proactively addresses issues such as long-term and newly-arising vacancy.

3.3.10 Again, this seems such a large potential source of supply the correct policy approach to me would be to allow for upper storey conversions, as Wolverhampton has one, and also allow for larger windfall (as I discuss further on) using this as part of the evidence base to justify the approach.

³ Urban Capacity Study Para 3.1.22-3.1.33

3.4 Windfalls

3.4.1 At the time of BC Urban Capacity Report, I raised concerns about the level of windfalls. I suggest an overall figure of $577 \times 16 = 9,232$, a difference of 1345 on the BC Plan figure.

3.4.2 The Dudley Plan relies on 10 years of windfall figures from 2013/13 onwards which leads to an average of 179 dpa. It includes these from 2027-2041 making 2864 dwellings. In my view the start date should be 2025 as it may be correct to exclude the first three years of windfalls (on the assumption that those sites are already in the system,) but since the SHELAA's start date is 2023, that means there is a year's discrepancy and the approach is not consistent.

3.4.3 When the plan is adopted the supply should be higher because of windfalls for that two year. Furthermore, 2022-2023 is an anomalous year, with very low windfalls. Why that is, is not clear but if it is excluded the average rises to 191 dpa, giving in my calculation a total of 3,247, an increase of 383 dwellings.

3.4.4 I also raised the question of larger windfalls when I commented on the Black Country Urban Capacity Report which still do not seem to feature in the Dudley Plan even though, for reasons given above, one might expect it to constitute a serious source of supply, which could be evidenced by past data and would involve housing being built where it is most needed on brownfield sites.

3.4.5 Both the reduction in the amount of anticipated housing on industrial land and the approach to centres would support the assumption that larger windfalls would come forwards, and that this could be estimated based on historic larger windfall provision.

3.4.6 At the very beginning of the Black Country Plan the Housing Supply Background Report at the BC Options Stage (Para 4.22) said that, based on the number of large windfall sites not in industrial use which came forward in 2011-2016, a further 5,089 homes could come from that source between 2026-2036 if the trend were to continue. However, they cautiously suggested half that rate and (after a small amount of other discounting), came up with a figure of 2,233 which they divided into 636 for each borough (2016-2036) ⁴.

3.4.7 That source of supply was excluded in the later BC evidence, but no justification was given for why such an assumption has not been continued with and it continues to be the case in the Dudley SHELAA.

3.4.8 It does not appear to me that this fulfils the NPPF requirement to give 'great' weight to windfall provision (Para 68) and to consider whether there is robust evidence for a windfall allowance (Para 70) which can be included in the calculation of housing supply, and which may impact both on whether there is a shortfall and how great that shortfall is.

⁴ Paras 4.22-4.25

3.4.9 The NPPF clearly defines Windfall sites as Sites not specifically identified in the development plan. Despite the approach taken in the Black Country and other plans it does not define windfalls as only sites under 10 dwellings.

3.4.10 Taking the figure of 636 for large windfalls from the BC evidence as well as the 383 from my small windfall calculation would add 1,019 dwellings to the supply.

3.4.11 However, I suspect this is overly cautious, not least because the 636 figure is both historic and excluded industrial land.

3.4.12 A review of large windfalls, taking account of both quantitative and qualitative evidence, including the likely higher densities on windfall sites in centres, may provide robust evidence of significantly great supply which can be adopted in future iterations of the Dudley Plan.

3.5 Discount Rates

3.5.1 The discount rate in the SHELAA assume 5% for all sites, 10% for allocated sites and 15% for sites in occupied employment use.

3.5.2 There may be some question about the validity of the later discount given that so many employment sites have now been excluded from the calculation one might assume the remaining sites are more likely to be developed than in the previous Black Country Plan consultation and a figure of 10% might be justified which would have some beneficial impacts on supply.

3.6 Total Supply

3.6.1 At the time of the 2020 Urban Capacity Report, I suggested it did not seem unreasonable to consider the overall Black Country housing shortfall to be closer to 25,000 homes, if one relied on the 2014 ONS household need figures, and perhaps only 15,000 if one relied on the 2016 figures.

3.6.2 Removing the somewhat arbitrary Wolverhampton increase of 35% would reduce the figures to potentially 20,000 (ONS2014) and 10,000 (ONS2016)

3.6.3 I also said that, as well as reducing pressure on the Green Belt (and the countryside more widely,) a more realistic supply figure would encourage housing to be in sustainable locations and help reduce the need to travel.

3.6.4 Taking account of the Chilmark review I suggested a potential BC brownfield supply of 52,321. The resulting shortfall using the SM approach varied between 10,000 and 23,000 approximately, depending on which ONS figures you used and the inclusion of the 35% Wolverhampton addition. The highest based on the current Government Guidance was 23,408.

3.6.5 At the time there was none of the shortfall was in Dudley and there is still only a small shortfall assumed in the Dudley Plan.

3.6.6 In terms of the current Dudley supply, the assumptions on density remain, in my view, cautious, there is also a very significant likelihood that more homes can be delivered on both industrial land and in town centre locations. There may be a further adjustment on discounting rates which would also have a more minor impact.

3.6.7 I have specifically identified 1,019 additional homes which could be added to the supply, but I expect that is an under-estimate.

3.6.8 Based on a ONS2016 need of 9,306, the very lowest supply side figure would then be 11,895 giving a surplus of 2,589 which could assist with meeting any unmet need in neighbouring Black Country authorities, notably Sandwell. However, I consider this may still be a substantial under-estimate of the surplus and further work should be undertaken to review this, especially as Government guidance on housing calculations may change before the next iteration of the Plan.

Neighbouring Authorities

4.1. In terms of neighbouring authorities, we do not have up-to-date housing data from either Wolverhampton or Walsall. South Staffordshire (currently at hold) and Shropshire (at examination) both included in their plans some housing provision for Black Country need. Birmingham has previously claimed to have a shortfall but CPRE has been concerned that this at least partly results from an under-estimate of supply, particularly windfalls.

4.2 That being the case it is inappropriate to speculate at this stage on the extent to which any authority could, or should, accommodate housing to meet any remaining shortfalls in Black Country authorities.

4.3 However, in general terms it is clear that the needs of the Black Country are best met in the Black Country itself or in Birmingham.

4.4 My analysis suggests that Dudley may be able to assist in meeting the needs of other Black Country authorities without releasing additional land, especially in the protected Green Belt.

4. Dudley Plan Policies

5.1 In terms of the Policies in the Plan CPRE should, therefore consider objecting to the housing supply figure give in Policy DLP 1, 1a, suggesting it is too low and that Table 5.1 should be reviewed to take account, in particular, for large windfalls.

5.2 Paragraph 3 should also be changed to emphasize the primary role of brownfield land in Birmingham and the Black Country in meeting any additional housing need rather than other authorities, although I consider that Dudley has identified enough land that it should be able to identify some of that as meeting neighbouring authorities' needs, and in particular Sandwell.

5.3 Policy DLP10 set outs the current supply of housing and this should also be reviewed in line with the comments above.