

Oxford Local Plan 2040: Examination

Matter 3

Housing need and the housing requirement

Statement on Behalf of Hallam Land Management Ltd

Respondent ID: 123

Matter 3 – Housing need and the housing requirement

Issue

Whether the Local Plan has been positively prepared and whether it is justified, effective and consistent with national policy in relation to housing need and the housing requirement.

Questions

HENA and Housing Need

1. Why does the HENA seek to assess the housing need for Oxfordshire and all of the individual authorities? Is this justified?

The HENA was jointly commissioned by Cherwell District Council and Oxford City Council and follows on from work by the same authors on the Oxfordshire Growth Needs Assessment (OGNA) to inform the now defunct Oxfordshire Plan 2050.

The scope of the HENA is appropriate. It updates on the OGNA and applies a number of assumptions that relate to the close and important relationships between economic growth and housing. As stated by the City Council [in BGP-001], a key rationale is that the study focusses on Oxfordshire as a single Housing Market Area (HMA) and Functional Economic Market Area (FEMA) - the individual districts do not operate as self-contained areas and therefore the HENA has and should not be focussed on Oxford or indeed Cherwell in isolation.

Given the important Oxfordshire-wide housing and economic functions, Hallam considers that the HENA is a valid and valuable approach in operating in a strategic wide-context to inform Oxford's housing needs.

2. How does the HENA arrive at the four scenarios for housing need? What evidence sources and assumptions are used? Are these appropriate and justified?

The scenarios reflect those first tested in the OGNA which have been updated in the HENA to reflect the latest data and economic circumstances.

A 2014 Standard Method Scenario is included as a key starting point. In accordance with the NPPF (para 61) and PPG, the HENA considers the close relationship between economic and housing growth to form an exceptional circumstance that justifies departing from the standard method with an alternative method to calculate housing need. In Oxford (and Oxfordshire given its county-wide housing and economic markets) there is a critical imbalance between homes and jobs which is manifest in commuting flows both into Oxfordshire and Oxford, housing costs and lack of affordable housing. In this context, the HENA extends from the 2014-based standard method to consider the labour demand/supply, commuting and housing market effects, as well as up-to-date demographic data from the 2021 Census to generate three additional scenarios.

- 2021 Census Adjusted Scenario – draws on the 2021 Census and reflects more recent demographic trends – shows how stronger population growth affects housing needs.
- Cambridge Econometrics Baseline Trend Scenario – based on the 2022 update of the Cambridge Economics projection of economic growth
- Economic Development Led Scenario – a more aspirational growth scenario, firmly embedded and linked to the Oxfordshire Local Industrial Strategy (LIS) and Local Investment Plan (LIP) and the development needs it would generate.

Hallam considers that these scenarios all assist in identifying the issues being experienced in Oxford and Oxfordshire. From this, it is apparent that it is inappropriate to rely upon the standard method to calculate housing need in an Oxford only context. Housing need must be determined in the light of needs across Oxfordshire as a whole, and in light of economic trends that apply to the city that cannot readily be de-coupled from the County. The HENA refers to distinctive characteristics and trends in population change and demographic data evidenced in Oxford which need to be addressed.

3. What is the basis for choosing the CE Baseline scenario and departing from the standard method scenario? Is this justified?

Hallam considers that calculating housing needs linked to economic growth ambitions is appropriate and supported in principle. However, Hallam considers that the HENA's preferred CE Baseline Trend is overcautious – it was chosen in part due to its alignment to the Census adjusted Standard Methodology. However, adopting this scenario will undoubtedly temper the economic goals and projects already adopted in the LEP's LIP, which sets out as a "realistic expectation" of Oxfordshire's economic development goals and projects. There is potential to make provision for a higher level of housing need than is assumed in the CE Baseline. Much of the housing need now being proposed is already planned for in the adopted Local Plans of the City and in particular in each of the surrounding districts.

Furthermore, it is also useful to consider the importance placed on economic growth in calculating housing needs, in this instance in the conclusion reached by the Inspector in examining the South Oxfordshire Local Plan 2035

"It has been argued that the plan's housing requirement is excessive because it has been driven by economic growth objectives. But economic growth in the Oxford region arises because of the area's social, economic and educational characteristics and its location, and it reflects many independent individual and business decisions. It needs to be taken into account when considering the housing requirement." (para 43 IR)

For the above reasons, the Economic Development Led scenario is preferred by Hallam. Although ambitious, it allows for growth that will support the economic growth ambitions. Critically, it provides headroom for a level of stronger economic performance that is aligned with the Oxfordshire LIS and LIP.

4. What is the basis for choosing the apportionment between authorities based on the distribution of forecast jobs? Is this justified?

If the location of homes is to be closely linked to jobs to improve housing affordability, reduce levels of unsustainable commuting, and lower carbon emissions then there is a strong and sound logic of apportioning housing need by district, based on the distribution of employment in 2040 – particularly with expectations of Oxford being a key driver of economic growth. The alternative methods will be less likely to address these key objectives.

5. What are the objectives of identifying a housing need of 1,322 homes per annum (26,440 over the plan period) for Oxford City and what are the intended outcomes?

The objectives are to:

- Fully understand housing need linked to economic growth for the city over the plan period,
- Determine the need that can be accommodated in the city, and plan accordingly, drawing on capacity identified through the HELAA; and
- Identify the levels of unmet housing need and additional unmet need that must be addressed by neighbouring authorities.

The outcome - understanding the scale of unmet need - is vital for establishing a firm agenda for conversations with the neighbouring authorities on how additional unmet need can be best met.

As answered in Question 3, the housing need should be based on the more ambitious Economic Development Led scenario if these objectives are to be properly addressed.

Capacity within Oxford City and the resultant housing requirement

6. How has the capacity to accommodate housing within Oxford City been assessed? Has the process been sufficiently thorough and robust? Could the capacity estimate be increased by altering assumptions or policy approaches? If so, what effect would this have?

Oxford's capacity (9,612 dwellings) has been assessed through the HELAA, which is considered by its authors to follow the methodology set out in the PPG, guidance in the Oxfordshire Joint HELAA Methodology, and reflects Oxford's unique circumstances. Hallam generally agrees with the method, assumptions, and calculated capacity, and considers the study to be generally robust, as a source to inform Oxford's housing requirement.

If there were scope to increase capacity by altering assumptions, Hallam is concerned that this may lead to overoptimistic calculations, which may be realised when, in planning for sites in more detail, requirements to achieve bio-diversity net gains and address other constraints may act against more optimistic and high level assumptions. This may have wider negative impacts on housing delivery if levels of housing expected cannot be delivered in practice and not delivered elsewhere if neighbouring authorities have failed to make provision for additional unmet needs.

7. Is it appropriate to set the housing requirement to exactly match the identified capacity (notwithstanding the use of some discounting)? What implications would this have for future assessments of housing land supply? Should more flexibility be built in between the requirement and the estimate of capacity?

The HELAA provides a valuable snapshot of the amount of housing needs that the city will be able to accommodate. Should more capacity be realised through the plan period, there are no policy reasons not to support the realisation of such opportunities. Should overall, the delivery of housing across the County exceed that set out in development plans, this would be in accordance with wider national guidance. Housing requirements in development plans are not intended as ceilings.

With the plan establishing a capacity-led housing requirement, it should also be able to demonstrate how this requirement will be met through a robust housing supply - commitments, allocations and an appropriate windfall allowance, and be supported with a housing trajectory that is able to demonstrate how housing supply will be delivered over the Plan Period. There is a risk, otherwise, that planned supply may fail to meet the assessed capacity. In the context of unmet housing needs, a planned supply and trajectory can help to inform neighbouring authority decisions on the allocation and release of sites linked to meeting Oxford's unmet needs in a timely fashion.

Unmet housing need

8. How and where is it intended to meet the unmet need of 841 homes per annum (16,828 over the plan period)?

Of the overall unmet need of 16,828 dwellings, provision is made in existing adopted Local Plans to provide 14,300 dwellings in neighbouring Districts up to 2036. As the Plan covers a period up to 2040, there is an additional four years unmet need - 2,528 dwellings. This is based on housing need arising from the CE Baseline Trend and assumes that the capacity-led requirement in Oxford's Local Plan can be met in full. Under an Economic Development Led housing needs scenario additional unmet need would be significant - 11,068 additional homes.

It is clearly evident in the responses by neighbouring authorities that no agreement has been reached. Key disagreements focus on the method, assumptions and conclusions of the HENA and HELAA. Therefore, 2,528 dwellings remain to be planned for, simply as a result of the extension of the plan period. An additional requirement is necessary to meet a higher estimate of housing need more focussed around an Economic Development Led outcome.

9. What agreements are in place to do this and what is the position of other authorities, including in relation to continuing commitments in existing adopted Local Plans?

The neighbouring districts remain committed in their existing and emerging Local Plans to meet Oxford's unmet needs. However, further provision to meet Oxford's additional unmet need is only offered in Cherwell – in its Consultation Draft Local Plan Review 2040, which draws on the same HENA that supports Oxford's emerging Local Plan.

Whilst South and Vale in its emerging joint Local Plan (January 2024) aims to fulfil the existing commitments, it makes no indication to meet additional unmet need.

Similarly West Oxfordshire's makes no indication on meeting any of Oxford's additional unmet need.

10. How do housing requirements in adopted Local Plans in other authorities compare with standard method calculations of housing need?

Housing requirements in adopted local plans were informed by the Oxfordshire-wide 2014 SHMA.

Subsequent and emerging Local Plans at differing stages of preparation:

- The housing requirement in Cherwell is informed by the same HENA supporting Oxford's Local Plan.
- West Oxfordshire remains at an early stage in its review and is yet to identify housing needs.
- South and Vale's Joint Local Plan reached Preferred Options stage in January 2024, with a housing requirement informed by its own Joint Housing Needs Assessment (JHNA) (November 2023).

Hallam raised significant concerns with the South and Vale's JHNA that underpins its housing requirements (see Policy HOU1). The JHNA considers unduly restrictive scenarios tied to the standard method and fails to consider a broader range of indicators. There is significant failure in linking housing need to economic growth projections. Indeed, the JHNA, in para 4, makes a key admission that a further reassessment of housing need may be necessary when projected jobs growth is understood **"to achieve balance between the number of workers in the areas and the numbers of jobs when sustainable commuting flows have been allowed for"**.

As such South and Vale's proposed housing requirement falls significantly below a requirement that is able to closely link housing and economic growth.

11. Will the full unmet need realistically be delivered by other authorities?

Full unmet needs will only be delivered if there is a renewed commitment to do so. The Oxfordshire Plan 2050 was a key opportunity for a collaborative approach to consider housing needs at an Oxfordshire-wide level – lined to expectations of the level and spatial geography of economic growth, and wider objectives to secure sustainable patterns of development. Indeed, the OGNA was key in this regard in considering housing need at this strategic level, which has evolved to become the HENA for Oxford and Cherwell.

In absence of the Oxfordshire Plan 2050, the delivery of unmet need could be achieved through a renewed Memorandum of Understanding which forms the basis of current commitments. In the absence of such an agreement, it will be for evidenced based plans, delivering a robust supply to address economically led housing need, to be insisted upon through the development plan process.

12. What are the implications for emerging Local Plans in these authorities?

Oxford's Local Plan is at a relatively advanced stage. The HENA and HELAA supporting the plan are considered to be robust and importantly helpful in informing Oxford's (and neighbouring district's) housing need and levels of Oxford's additional unmet housing need. It is important, therefore, for Oxford and the neighbouring district authorities to reach agreement, if possible, on how Oxford's additional unmet need can be provided

Furthermore, if Local Plans in other authorities are able to support the ambitions for growth in Oxfordshire, they must be supported with housing needs assessments that closely link patterns of homes and jobs and planned accordingly. The consequences of not doing so are severe. Not only the ability for the city to help take steps towards improving its affordability and providing homes for people in need, but so as not to frustrate employment and infrastructure needs of Oxfordshire, which in turn will limit private sector investment in environmental / transport transformation - fundamental in helping effect change in relation to resilience around climate change.

13. How would delivering unmet need in other authorities achieve the objectives and outcomes intended, for example in terms of commuting and addressing affordable housing needs in Oxford City?

If Oxford's additional unmet needs are to be met by other authorities to achieve the desired outcomes – a redressed balanced of homes and jobs, greater housing affordability, sustainable and shorter distance commuting patterns and reduced carbon emissions - Hallam believes this is best achieved if additional unmet needs are met through the allocation of sites that are closely located, where possible at the immediate edges of Oxford.

Explicit further provision should be made for sites that are able to accommodate Oxford's continued unmet needs through a selective review of Green Belt that can facilitate further strategic allocations. Combined with longer safeguarding over a 30-year period, such provision will ensure that any further changes are enduring. Whilst the newly published NPPF does not require Green Belt boundaries to be reviewed or changed during plan preparation, it does not prevent authorities from doing so should they wish (para 140). Clearly, decisions around releasing Green Belt land for development must be considered in the context of delivering sustainable development.

Hallam Land Management, on behalf of New College Oxford, is, in collaboration with Lincoln College, promoting land north of Headington, which not only lies immediately north of the Oxford City boundary but is also contiguous with the existing urban area and lies to the east of a strategic allocation in South Oxfordshire's Local Plan (in Policy STRAT13). North of Headington is therefore, best suited to meet the city's future needs – capable of delivering much needed residential development and integrating/co-locating employment development to contribute to Oxford's growth aspirations. The site offers opportunities for optimising connectivity with Oxford whilst, supporting key employment locations in the more immediate locality and contributing to the regeneration of adjacent residential areas with new and enhanced infrastructure, and ensure the establishment of permanent and enduring Green Belt boundaries. It offers the additional benefit of creating more flexibility in the overall range of sites that can support growth in Oxford and South Oxfordshire and support more effective and sustainable spatial strategies. The expansion of the allocation from the limited provision made in the existing South Oxfordshire Local Plan will greatly add to the sustainability of the existing allocation and the community that is proposed, not least in terms of transport but social and economic and environmental sustainability. It would establish a long term permanent green belt boundary in a manner that the limited allocation North of Bayswater Brook, failed to do in the South Oxfordshire Plan.

14. If Oxford City's housing need was calculated using the standard method, what would be the implications for the scale of unmet need and the potential for it to be met by other authorities?

Based on the 2014-based standard method scenario calculated in the HENA, the scale of unmet need would reduce to levels below the current identified unmet needs and would be significantly harmful, exacerbating the issues being experienced in Oxford and its neighbouring authorities of housing affordability. A lack of affordability undermines economic growth and prosperity and works against wider objectives in respect to healthy and inclusive communities and equal opportunities for access to all basic needs to include homes, health, employment, nature and community infrastructure.

The potential impacts underscore the rationale for the standard method to be considered as a useful baseline from which to fully test the needs arising from a wider range of wider considerations as allowed for in the NPPF – in the case of Oxford and Oxfordshire – these are the intricate close links between economic growth, housing and sustainability.