

## **VALE OF THE WHITE HORSE LOCAL PLAN EXAMINATION MATTER 2 – OBJECTIVELY ASSESSED NEEDS FOR HOUSING AND EMPLOYMENT LAND**

2.1 Is the identified objectively- assessed need for housing of 20,560 new dwellings (an average of 1028 per year), as set out in policy CP4, soundly based and supported by robust and credible evidence?

The cooperation by the Oxfordshire authorities in the preparation of the joint SHMA 2014 is an important element of the evidence base to demonstrate that there has been effective cooperation on cross-boundary strategic planning matters. Inevitably, SHMAs are based upon the evidence that was available at the time the assessment was undertaken. The SHMA is still up-to-date notwithstanding the recent publication of the new 2012 Household Projections. The Government has stated that the release of new evidence or the publication of a new SHMA does not automatically invalidate the evidence produced to support an adopted plan (as in the case of Cherwell). The NPPG at paragraph 016 Ref ID 2a 016 makes the same point. The letter from the Minister to the Planning Inspectorate dated 19 December 2014 also observes:

*“Many councils have now completed Strategic Housing Market Assessments either for their own area or jointly with their neighbours. The publication of a locally agreed assessment provides important new evidence...”*

Importantly, the Oxfordshire SHMA uses consistent assumptions. This is essential for effective planning across the HMA. A stand-alone assessment looking at the Vale in isolation would invalidate effective cross-boundary working. A stand-alone assessment, based upon a different set of assumptions to those deployed in the Oxfordshire SHMA, would prevent effective cooperation with Oxford City since the Vale would be able to dispute the OAN findings for Oxford City.

The HBF argued at the Cherwell Local Plan examination that demonstration of effective cross boundary working demanded that the Oxfordshire authorities to use the 2014 SHMA as the appropriate basis for the OAN. It was inappropriate for the Oxfordshire authorities to plan in isolation. To illustrate the consistency of our argument, the HBF is opposed to West Oxfordshire’s emerging local plan which does not use the mid-point in the 2014 SHMA as the basis for its OAN.

To put it another way, without the joint SHMA the VWHC would have nothing in its evidence base to demonstrate that it has cooperated effectively.

Oxford City, Cherwell Council and the VWHC do not dispute the 2014 SHMA. They agree that it provides a reliable assessment of housing needs.

Therefore, the HBF agrees that the OAN for the VWHC is 20,560 dwellings for the period 2011-2031.

If a different methodology is considered necessary to assess the OAN then this will have implications for all the local plans of the HMA. This would require a new Joint SHMA to be commissioned, resulting in cost and delay. Furthermore, the only evidence available to date of tangible and effective cooperation would be removed from the evidence base. If the 2014 SHMA is dismissed as unreliable it would be hard for VWHC to argue that cooperation across the HMA has been effective on the strategic question of housing.

In particular:

(a) Are the SHMA's demographic adjustments to the 2011 DCLG Household Projections soundly based?

Yes they are necessary and accord with the NPPF (paragraph 17) and the guidance in the NPPG. The adjustments are justified to: a) compensate for poor past delivery and the effect this has had on the affordability of housing; b) to ensure that planned housing supply is aligned with the economic objectives of Oxfordshire; and c) to help support the supply of dwellings in the affordable housing tenure.

The adjustments provide a significant boost to housing supply in Oxfordshire in the manner required by the NPPF. The planned level of supply in the VWHC will also provide a contingency for London and a contingency in case housing demand actually exceeds what has been assessed by the plan-makers through the SHMA (thereby addressing the requirement in paragraphs 14 and 17 of the NPPF).

Adjustment for affordability

The SHMA considers that the adjustment made for past under-delivery is necessary to counter the deterioration in affordability across Oxfordshire. Paragraph 17 of the NPPF requires plan-makers to take account of market signals such as land process and affordability.

The DCLG index of lower quartile house prices to lower quartile earnings shows that in the Vale the ratio was 4.35 in 1997. By 2013 this has risen to 8.33. The ratio has almost doubled in the last 16 years. Lower quartile house prices are eight times more expensive than lower quartile earnings. The position in Oxford City and South Oxfordshire is even worse, and is not much better in Cherwell and West Oxfordshire.

Overcrowding is also a symptom of worsening affordability. Table 12 of the SHMA shows that overcrowding has increased by 30% in Oxfordshire between 2001 and 2011. In the Vale overcrowding has increased by 35%. This speaks to the scale of the housing crisis in the HMA.

An adjustment to account for past under-delivery is therefore warranted to help alleviate the problem of affordability in the HMA and how this will have suppressed household formation.

Balancing jobs and homes

The adjustment for employment is necessary to ensure that the Oxfordshire local plans complement the LEP's City Deal that it has signed with the Government. The programme requires an acceleration in housing delivery to support business growth (paragraph 3.34 of the SHMA Summary). The LEP has secured significant investment from Government for transport enhancements to help implement the economic strategy. Therefore, to plan for fewer homes than are required under the Committed Economic Growth Scenario would renege on this commitment. The VWHC has commendably honoured this commitment, unlike West Oxfordshire Council.

The SHMA considers a range of economic forecasts and relates this to population growth (SHMA Summary, paragraph 3.36). The SHMA Summary, however, notes how rolling forward past employment trends would be insufficient (paragraph 3.37). There are a range of policy initiatives and investments that will change the structure of the economy. These include the City Deal and the Science Vale Enterprise Zone. An objective assessment of need may take into account these initiatives and it is necessary to ensure there is an adequate housing supply to maintain the necessary labour supply (NPPG, paragraph ID 2a-018). Paragraph ID 2a-017 of the NPPG also says that while the household projections serve as the starting point they should be adjusted to account for local changes. These local changes can include where migration levels will be affected by "changes in employment growth".

We therefore consider that the adjustments made in the SHMA to the baseline demographic need to account for the committed programme of economic growth is justified and necessary in view of the commitment of public resources.

#### The need for affordable housing

The SHMA examines whether it is necessary to increase overall housing supply to support the delivery of more affordable dwellings. The SHMA considers the Supporting Committed Economic Growth Scenario will provide sufficient supply to help meet the assessed affordable housing needs. In the case of the Vale the total annual delivery required to meet the affordable housing need in full exceeds the benchmark baseline demographic need. Clearly, therefore, using the baseline demographic projection as the basis for the OAN would be inadequate since it would fail to provide sufficient homes to address the affordable housing need. Therefore the SHMA is justified in assessing the OAN to be 1,028 dwellings for the Vale.

#### The London factor

There is also the London dimension to consider. Paragraph 3.88 of the SHMA refers to how London has a major impact on Oxfordshire's housing market.

The London problem is an issue that demands attention. The Census has recorded a major increase in London's population since the last Census in 2001. The TCPA report titled *New Estimates of Housing Demand and Need in England, 2011 to 2031* (by Alan Holmans) identifies that London will be responsible for nearly a quarter of all new housing need (23% - see page 5) – or 56,400 households per year based on the 2011-interim household projections (table S3 of the TCPA report). Although

London is not an immediate neighbour the London housing market casts a long shadow. Paragraph 180 of the NPPF states that local planning authorities need to take into account different geographic areas including travel-to-work areas. Paragraph 3.89 of the SHMA refers to the direct train links between London and the east of Oxfordshire – e.g. Oxford City, Didcot, Banbury, Bicester, Henley-on-Thames.

The problem with London is that it is not only an issue of commuting relationships with the Oxfordshire HMA but also two other factors: a) the migration assumptions that underpin the Mayor of London's demographic projections that informed the OAN for the Further Alterations to the London Plan (FALP) – now adopted in the new London Plan; and b) the problem of London's undersupply compared to need on the basis of the above OAN. The gap between supply and need is about 7,000 dwellings a year (6,600 dpa to be more precise – see the inspector's report at paragraph 31). The unmet need in London may be greater still by a factor of an additional 1,000 dpa on the basis of the lower range because Southwark Council's latest draft plan argues that it cannot meet the London Plan targets of 3,000 dpa but only 2,000 dpa.

The unmet need may be greater still on the basis of the upper range of the Mayor's OAN scenario which posits a need for 62,000 dpa. This is the level of supply that would be necessary to address the backlog in affordable housing need over the next ten years in London (see paragraphs 28 and 40). The OAN is only as low as 49,000 dpa if one assumes that the London Plan 2015 targets remain in place for the next 20 years. The scale of the undersupply in London is going to fuel an increase in migration into the Oxfordshire authorities most likely from relatively affluent households unable in search of appropriately sized accommodation that they cannot afford in London.

The Mayor has also made an adjustment in his forecast of need for London with an assumption of increased out-migration of 5% from London and decreased in-migration of 3% to London compared to the official 2011-Interim Household Projections. This is his Central Variant C demographic scenario (see paragraph 1.10C of the consolidated London Plan). It results in a difference between 56,000 households in the 2011-interim projection and 40,000 in the Mayor's projection. The Mayor, therefore, assumes on the basis of his calculations that household formation will be 16,000 households fewer than the official projections owing to lower net migration. The inspector accepted that this was a reasonable assumption for the Mayor to make (paragraph 20) although he cautioned the GLA that it ought to engage urgently with the authorities of the south east as this assumption *"is also likely to be material to the preparation of local plans outside London."* (my emphasis – see paragraph 8 of the inspectors report – attached as an appendix).

The inspector examining the London Plan has reported. He published his report in November 2014. The inspector agrees that London realistically only has the capacity to provide for 42,000 dpa (paragraph 34). This is the amount of housing that can be realistically accommodated without the environmental health impacts become adverse (see paragraphs 41 and 42). The inspector of the FALP considered that the GLA needed to embark upon an immediate review of the plan utilising the duty to cooperate to engage with the authorities of the wider south east to discuss how to

address London's undersupply and how to account for the Mayor's migration assumptions (See paragraph 8).

The recent Maldon local plan has made an adjustment in its assessment of housing need to account for the London influence.

The SHMA has not made any allowance for London. The HBF is not arguing that a specific allowance needs to be added to the SHMA to account for the undersupply in London plus the Mayor's migration assumptions but the housing problem in London does support the need to make upward adjustments to the baseline demographic need as the 2014 SHMA has done. By contrast planning on the basis of an unadorned demographic projection without making any further adjustments would be wholly inadequate. Projections merely replicate into the future what has transpired in the past based on the record provided by the 2011 Census. The current situation in Oxfordshire is one of deteriorating affordability, poor labour supply, and substantial under-performance against the objectives of the SEP. Forward planning on the basis of just a trend projection would just carry forward these negative trends into the next generation of plans ensuring that these problems would continue to get worse until 2031. This would not represent a significant boost to housing supply to counteract the problems of affordability and falling home ownership, or to increase housing supply to provide affordable homes and to aid the growth of the economy. Supporting home ownership and the growth of the economy are issues that the Government wishes to see addressed, as articulated in the NPPF and the more recently in its *Fixing the Foundations: Creating a more prosperous nation* (HM Treasury, July 2015).

(b) Is it appropriate to include an allowance for addressing past shortfalls in the delivery of housing against the South East Plan housing requirements?

Yes this is wholly appropriate in the case of Oxfordshire. The NPPG advises that plan-makers consider the effect of planning under-performance on the household projections. The NPPG states that:

*"...formation rates may have been suppressed historically by under-supply and worsening affordability of housing. The assessment will therefore need to reflect the consequences of past under delivery of housing. As household projections do not reflect unmet housing need, local planning authorities should take a view based on available evidence of the extent to which household formation rates are or have been constrained by supply."*

This is an important issue that should be considered on an HMA-wide basis as well as considering the Vale's own performance against its SEP targets. For example, the move by South Oxfordshire to delete the extensions to Oxford City into the Green Belt on grounds of procedural irregularity (upheld in the High Court) which had been conceived under the SEP to provide a strategic answer to the Oxford City problem would have contributed greatly to a significant under-performance by the HMA against the targets in the SEP.

When one considers the performance of the Vale in isolation, then the Vale's performance against the SEP targets have not been especially good. Table 1 in the

Council's *Assessment of Five Year Housing Land Supply*, April 2014, shows that the Council has persistently under-delivered against the SEP target of 578 dpa (the Council is forecast to exceed this SEP target in 2014/15, but the figures are not yet in). There have been 4,120 completions compared to a SEP-based target of 5,202 (578 x 9 years) – a 1,100 dwelling shortfall. This performance, in combination with under-performance elsewhere in the Oxfordshire HMA, plus Oxford City's own long-standing inability to accommodate its needs in full, will have exerted a major influence on the propensity for households to form in the HMA. The evidence of affordability problems in Oxford City and elsewhere in the HMA speaks to the failure of past planning.

A district that has failed to meet the targets set out in the South East Plan will have contributed to an undersupply of housing compared to the size of the housing need in the region and sub-region as it was assessed at the time. This will have suppressed household formation and this in turn will have fed-back in to the 2011 Census results. An adjustment to allow for the suppression of household formation as a consequence of planning failure is necessary.

(d) What are the implications of the 2012-based household projections for the objectively-assessed need for housing?

The DCLG 2012 Household Projections indicate a growth of 8,000 households between 2011 and 2031 or 400 households per year. This is broadly compatible with the 2011-Interim Household Projections which projected a growth of 388 household per annum (see Figure 8 on page 14 of the *SHMA Summary – Key Findings on Housing Need*, March 2014). The 2011 interim projections were one of the datasets considered by the 2014 SHMA. The difference between the various household projections is marginal and this does not invalidate the 2014 SHMA and its baseline modelling.

In relating growth in households to need for homes it is necessary to make a small allowance for vacant and second homes. This is usually between 3-5% based on the 2011 Census. The 2014 SHMA makes this adjustment.

**James Stevens, MRTPI  
Strategic Planner**

Email: [james.stevens@hbf.co.uk](mailto:james.stevens@hbf.co.uk)  
Tel: 0207 960 1623