

## Planning & Regulatory

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FOA the Vale of White Horse Local Plan Examination Inspector  
c/o Ian Kemp  
Programme Officer  
By email

Vale of White Horse LP Examination

6<sup>th</sup> January 2016

Dear Sir

### **Vale of White Horse Local Plan Examination: Letter from Simon Emerson to West Oxfordshire District Council**

We anticipate you will have seen the recent letters (dated 15<sup>th</sup> December attached) from your colleague, Simon Emerson, sitting as the appointed inspector examining the emerging West Oxfordshire District Council (WODC) Local Plan. We believe that these letters are significant, being of direct relevance to your concern at the Vale of White Horse Local Plan Stage One hearing sessions; that is the issue of an adopted local plan being out of date immediately (or very soon after) adoption, and also more generally that it would seem crucial that a consistent approach to taking forward local plans within the Oxfordshire HMA is maintained.

Mr Emerson specifically addressed the issue and the consequences (see IN 015 section 7). His conclusions are drawn from the same information provided to the Vale of White Horse District Council (VWHDC) examination on the ongoing work of the Oxford Growth Board (OGB). The crux of the issue appears to be the first sentence of paragraph 7.7.

***“If the local plan were to proceed to adoption without having regard to any apportionment that had been made by the OGB, it would immediately be out of date.”***

That conclusion is based on the earliest possible date for adoption being July 2016, as set out in the OGB's Statement of Cooperation setting out an agreed approach to the distribution of Oxford's unmet housing need (paragraph 7.1 of Mr Emerson's letter, final sentence). For VWHDC it is extremely difficult to see how any earlier adoption date could be realistically attainable. Even if VWHDC could adopt in June they would, given Mr Emerson's conclusions, have an out of date plan before the end of the following month. That is before even the statutory challenge period has expired and before the determination of any significant application submitted on or around the date of adoption, let alone its consideration on appeal. Mr Emerson noted in his letter that some of the core evidence for apportioning the unmet HMA housing need is due for completion by April 2016. Hence there seems to be no possibility of the housing supply policies currently proposed in VWHDC's submitted Local Plan ever being up to date. To cite the second sentence of paragraph 7.7 of Mr Emerson's letter:

***“Such a plan would be inconsistent with one of the aims of the plan-led system which is to bring more certainty as to where development would take place”***

We submit that this must be equally applicable to the VWHDC context. Mr Emerson continued:



***“In addition, the development strategy of the plan may well not be appropriate to accommodate any significant needs from Oxford and additional new greenfield sites would need to be found.”***

This second conclusion would appear directly applicable to the Vale situation. Whilst VWHDC stated in the examination hearings that the submitted development strategy was sufficiently flexible to appropriately accommodate unmet need from the City, they also clearly stated that it was no part of the objectives of the submitted plan to address that need. In addition the County Council on two occasions unequivocally stated that, whilst the submitted development strategy was appropriate for the development proposed to meet the Vale of White Horse’s own OAN, the same could not be said for any materially increased level of growth. With regard to these points, we believe no material distinction can be shown between the WODC and VWHDC situations.

Mr Emerson did recognise that ***“...if the OGB were to decide that no share of Oxford’s needs should be accommodated in West Oxon and all the City’s needs were to be met in other districts then this difficulty would not arise. However, it would be a very high risk strategy to rely on that outcome.”*** (paragraph 7.8 of Mr Emerson’s letter, last two sentences).

In this instance the VWHDC situation again appears to be identical to the WODC situation. With some of the core evidence to be completed by April 2016 and the publication of an agreed distribution of the unmet need in July 2016 it is also clear that this risk will have crystallised by that time.

Mr Emerson’s letter is also clear on the significant difference in circumstances compared with the Cherwell Local Plan timetable. In paragraph 7.3 he notes *“the position of Cherwell where the Plan will have been adopted for a year before the final apportionment is made by [Oxfordshire Growth Board].”* But in relation to the West Oxon Local Plan he states in paragraph 7.5: ***“It was only after submission that the OGB reset the timetable with a new deadline for completion of its work by March/April 2016. The date of adoption in the Council’s Addendum LDS (DS6a) is now Spring 2016. So the Council should have been conscious that the local plan would not be adopted until after the OGB had made its final apportionment and should have considered the implications.”*** [our emphasis]

The situation with the Vale Local Plan is the same. The Vale LPP1 was submitted in March 2015, at which time the publication of an agreed distribution was due to happen soon after in September 2015. We appreciate that the soundness of a submitted draft local plan will rest in part on issues of planning judgment. However the formal conclusions of another inspector are a relevant issue that can be expected to carry significant weight.

Mr Emerson’s conclusions are on matters which are, in all material respects, identical and based on the same primary facts which make the previous conclusion especially relevant and even more influential. It would seem crucial that a consistent approach to taking forward local plans within the Oxfordshire HMA is maintained to ensure that all development plans adhere to the principles of sustainable planning across boundaries, and to minimise the risk of these Local Plans being successfully challenged as out-of-date. Because of the timing of the West Oxfordshire examination we have needed to raise this at this time. It is a recent event that post-dates Stage 1 of this examination, but is fundamental to the issues before you in your consideration of the Vale’s LPP1.

We request that you invite the VWHDC to submit, at the appropriate time, amendments to the draft Plan to address Oxford’s unmet housing need to ensure consistency across the housing market area.

Yours Faithfully



Executive Director, Regeneration & Housing



**WEST OXFORDSHIRE LOCAL PLAN EXAMINATION****INSPECTOR'S PRELIMINARY FINDINGS – PART 1****The Housing Requirement, the needs of Oxford City and the Duty to Co-operate****1. Introduction**

1.1 As previously indicated, following the first week of hearings in November, I am publishing these Preliminary Findings to establish how the Examination should proceed. This note focuses on the crucial matters of the housing requirement, the needs of Oxford and the Duty to Co-operate. It focuses on those matters where I have identified shortcomings and on which I consider further work is required. It does not seek to address all points raised on these matters. Part 2 of my Preliminary Findings address, so far as is necessary at this stage, other matters covered in the first week of hearings.

1.2 I conclude in this Note that the housing requirement in the submitted local plan of 10,500 dwellings is not justified and has not been derived from a process which complies with the requirements of the NPPF. Accordingly, further work is required which, if the Council wishes to proceed, will mean a suspension of the Examination. I will confirm arrangements for any suspension once the Council has considered how it wishes to proceed and how long the further work will take.

1.3 The Secretary of State's letter to the then Chief Executive of the Planning Inspectorate of 21 July 2015 and the Minister of State's Written Statement on Local Plans both indicate that Inspectors should be highlighting significant issues at an early stage to give Councils a full opportunity to respond. This Note has been prepared in that context.

**2. Background to the Council's justification of the housing requirement**

2.1 The National Planning Policy Framework (NPPF) paragraph 159 requires Councils to prepare a Strategic Housing Market Assessment (SHMA), working with neighbouring authorities where housing market areas (HMA) cross administrative boundaries. The Oxfordshire SHMA (G L Hearn Limited, April 2014, HOU2) was produced on behalf of all the Oxfordshire authorities acting together through the Oxfordshire Spatial Planning and Infrastructure Partnership (SPIP), the predecessor to the Oxfordshire Growth Board (OGB). West Oxfordshire Council was the lead authority for this task. The SHMA identifies a HMA for the whole of Oxfordshire, including West Oxfordshire (West Oxon). There is no evidence of substance to come to a different view on the extent of the HMA.

2.2 The Council accepts (eg WOLP29, 4.3 and the Statements of Common Ground, SCG, with the other Councils) that the Oxfordshire SHMA provides the most up-to-date, comprehensive, objective assessment of housing need, including affordable housing needs available for the Oxfordshire HMA and that it is an appropriate basis on which to progress cross-boundary work to identify and accommodate Oxford City's unmet housing need.

2.3 The SHMA identified a range of housing needs for each of the Oxfordshire authorities derived from demographic evidence, economic projections and affordable housing need. Its recommendations are based on the midpoint of the identified range (eg HOU2, Table 90). For West Oxon, the SHMA's recommendation was 660 dwellings

per annum (dpa) which would total 13,200 dwellings over the whole plan period. The local plan's proposed 10,500 dwellings (525 dpa) thus falls significantly short of the SHMA's recommendation. All the other authorities in Oxfordshire have accepted the SHMA's mid-point recommendation as the basis for the progression of their local plans; Cherwell's local plan has already been adopted on this basis. Equally importantly, the SHMA is accepted by all the authorities as the basis for identifying the needs of Oxford City, a substantial portion of which cannot be met within the City's boundaries.

2.4 The starting point for the Council's decision not to follow the SHMA is in 9.17 of the SHMA: *West Oxfordshire stands out as having delivered significantly higher housing provision relative to its South East Plan targets over the 2006-11 period. It delivered almost 1,400 additional homes over and above its housing target. This level of growth was a result of several urban extensions coming forward at the same time, resulting in high levels of in-migration which have influenced household projections moving forward. As such, the District Council may wish to further consider this in light of the Planning Practice Guidance which highlights the need to consider previous over-supply as well as under-supply. No adjustment to figures has been made at the SHMA, but there is potentially a good basis for doing so with reference to previous household projections and needs' assessments alongside the South East Plan targets.*

2.5 It is unfortunate that this issue was not dealt with expeditiously at the time, either as an integral part of the final production of the SHMA, or as an immediately following Supplement, which could have made any necessary technical adjustments to the demographic starting point whilst remaining consistent with all the other assumptions in the SHMA. Any such Supplement could then have been put to the other Oxfordshire Authorities for agreement.

2.6 The Council's approach was to commission further work from other consultants. In particular *An Analysis of West Oxfordshire's future housing requirement (2011-2029)* by Dr K Woodhead, June 2014 (HOU3). This is a wide-ranging piece of work. Amongst other matters, it explores the extent to which the higher rates of house building in the mid-2000s influenced migration rates and thus population projections; it makes various methodological criticisms of the SHMA generally; and seeks to develop household projections based on the then recently published ONS 2012 Sub National Population Projections (SNPP) in advance of the household projections from DCLG. The Council also commissioned a *Validation of Objectively Assessed Housing Need* (Cambridge Centre for Housing and Planning Research, CCHPR, January 2015, HOU4).

2.7 The Council's criticisms of the SHMA and the basis for selecting a different figure is summarised in its *Housing Position Statement* July 2015 (HOU1) with a summary at 2.9. This paper included new demographic modelling from a third consultant (Demographer John Hollis) which compared the most recent DCLG Household Projections with projections based on alternative migration rates. In response to my Preliminary Questions and Comments (July 2015, IN 001) the Council published WOLP1, August 2015.

2.8 The 3 consultants' reports produce a variety of projections and/or recommended figures/ranges for a housing requirement. None specifically explain why the plan's figure of 525 dpa is justified. The Council draws selectively on this evidence. WOLP1, paragraph 2.23 highlights the main elements of HOU3 (Woodhead) and HOU4 (CCHPR) on which it still relies. However, the diversity and complexity of the evidence and the lack of a coherent, single evidential narrative (such as found in the SHMA) has made it difficult to weigh all aspects of the Council's evidence in testing the soundness of the

plan's housing requirement. I have therefore focussed on the main elements in contention. In as much as the Council highlighted national guidance which indicates that the most recent Government projections should be the starting point for housing needs assessments, I have given particular attention to the work of Hollis comparing the DCLG 2012 SNPP based household projections with his alternative migration projections (HOU1, Table at p20 and App1 Table 1).

### **3. Is the *process* by which the Council developed its housing requirement sound?**

3.1 The Council indicates that it had consistently expressed concern about aspects of the SHMA at the OGB, which is co-ordinating joint working on housing across Oxfordshire, and at its predecessor, the SPIP (see WOLP1, 3.4-3.13). I have seen no written reports in which these concerns were set out, but I accept that various concerns were raised, at least orally, with varying weight. I also accept that the Council has consistently been concerned that the demographic starting point used in the SHMA is unreasonable because the methodology projects forward a household migration rate derived from a period when there was a spike in house building. But there is nothing to indicate any formal dissent by the Council when the SHMA was approved by all the Councils for publication as just that, a SHMA for Oxfordshire. Indeed, the Council's SsCG with the other Oxfordshire Councils confirm that West Oxon, along with the other Councils, *signed off the consultant's methodology developed to produce the SHMA* (WOLP 28, 29 and 30, paragraph 4.2). Other documents indicate a long-standing shared commitment to take forward the SHMA in local plans (eg the *Oxfordshire Statement of Cooperation*, SD4, App 3, paragraph 5.3 and the *Oxford and Oxfordshire City Deal* p5, SD11).

3.2 There is no evidence that the Council has shared with its OGB partners the need for new evidence from other consultants; the methodologies to be employed in that new evidence; the Council's decision to rely on matters peripheral to the thrust of the SHMA's recommendations (eg the economic baseline; the 40% income threshold for affordable housing); or the Council's criticisms of some of the methodology of the SHMA. Most importantly, the Council has not explored with its HMA partners the potential implications of the Council's approach for the continued legitimacy of the SHMA as evidence to support local plans in the rest of Oxfordshire.

3.3 Accordingly, there has been a clear failure to accord with the NPPF's requirement to work with neighbouring authorities across the HMA. This is a significant concern for Oxford City, as expressed at the hearing and in its SCG with the Council (WOLP 37, paragraph 3.3). Whatever the technical merits of the various points put forward by the Council, I could not endorse them as a sound basis for the Council's housing requirement unless there had been a clear process of joint working with its partner authorities to consider the implications for the continuing validity of the SHMA's recommendations for those authorities.

3.4 Joint working across an HMA is essential to ensure a reasonably consistent approach and to avoid unintended distortions in the market. In addition, the credibility of the SHMA is the foundation on which much of the current planning work for the rest of Oxfordshire is based. That does not mean it should be beyond criticism, but a Council should be particularly mindful of the wider implications of criticisms and of the reasoning supporting any local adjustments.

#### 4. The demographic starting point and the significance of past high rates of housing delivery

4.1 The demographic starting point identified in the SHMA for West Oxon is 541 dpa. The SHMA was prepared when the latest household projections were the interim DCLG 2011 based SNPP. These covered only a 10 year period and are widely recognised as not as robust as the previous or subsequent projections. The SHMA had to make a number of assumptions and adjustments to produce robust projections for the plan period to 2031. It therefore makes sense to check the SHMA's demographic assumptions against DCLG 2014 household projections (based on the 2012 SNPP). This latest projection indicates annual growth of 458 households per annum (hpa) which, with a vacancy rate of 5.17%<sup>1</sup>, equates to 483 dpa. However, the Council's now preferred demographic starting point is 423 hpa/446 dpa (Hearing Statement p4). This is the mid-point of the output of the 2 alternative projections prepared by Hollis (HOU1, Table at p20 and App 1 Table 1). One projection is based on average long term migration trends (2004-2014) and the other on short term migration trends (2009-2014).

4.2 National guidance states: *If a Council has robust evidence that past high delivery rates that inform the projections are no longer realistic – for example they relied on a particular set of circumstances that could not be expected to occur again – they can adjust their projections down accordingly.* (Paragraph: 036Reference ID: 3-036-20140306) The Council's view is that there were abnormally high rates of house building which have unfairly influenced projections, particularly as used in the SHMA. The Council explains this spike in building by reference to a number of large allocations coming on stream at a similar time. However, Table 9 in HOU3 indicates that delivery on previously unidentified sites was also making a significant contribution. I do not regard that particular past situation as one which could not be expected to occur again. Indeed, the plan makes several large allocations which the Council expects to be delivering at the same time (see WOLP14, 15, 16, 17, 18 and 19). In the period before the plan is adopted and any necessary allocations are made, development is also likely to occur on a number of previously unidentified sites. So a spike in housing delivery may well occur again. In part at least, this would be the result of the long gap without an up-to-date plan in place. Nevertheless, bearing in mind that ONS population projections are largely based on the past 5 years, it is right to be alert to any unusual factors in the period which feed into a particular projection. I explore this further below.

4.3 Table 10 in HOU3 compares the number of homes built and the ONS assumptions of net migration for the years 1991-2010.<sup>2</sup> There has been considerable variation in annual completions<sup>3</sup>. The 3 years 2005-2007 delivered very high numbers (733, 810 and 865 dwellings respectively), whereas recent years have all been below the overall average and below the current annual housing requirement of 525. In 2013 only 186 dwellings were built. With regard to net migration, peak years were 2002 (1,000 persons) 2005 (1,300) and 2006 (1,500). Other years since 2002 were either 700 or 500 persons per

<sup>1</sup> This figure is taken from the Census 2011. Whilst the Council suggests (WOLP1 2.23), that a lower vacancy rate could be applied, it has not done so in the projections it relies on by Hollis. I see no reason to use a rate lower than that in the most recent evidence.

<sup>2</sup> More recent figures on completions are included in HOU1, Table 13.

<sup>3</sup> It was highlighted at the hearing that the Council's figures for housebuilding HOU3, Table 10/HOU1, Table 13 are generally higher than the figures recorded by DCLG, as set out in the hearing statement from Barton Willmore, Table 2. However, these differences are not material for the reasoning in this Note.

annum (ppa). So there is no simple, direct correlation between the 2 factors. Woodhead demonstrates that to get a reasonable correlation, a 2 year moving average for migration has to be used (HOU3 ,Table 5 6, paragraphs 6.21-2), but his analysis is in danger of making the issue unduly complicated.

4.4 The interim household projections based on 2011 SNPP (which were the starting point used in the SHMA) would have drawn on migration from the years between 2005-6 and 2009-10 (HOU1, App1, paragraph 4.6) so they would have included at least 1 year with the highest migration flow. The ONS 2012 projection would not have included a peak migration year. This change is illustrated in the lowering of the net average migration figure used in these 2 projections from 720ppa to 595ppa (Barton Willmore Hearing Statement, Table 1)<sup>4</sup>.

4.5 But the SHMA did not use the 2011 SNPP uncritically and made a downward adjustment to the migration assumptions used in its projection, giving a revised net migration figure for West Oxon of 593 ppa (SHMA, Table 20), which is almost the same as that in the latest ONS projection. Thus there is not the evidence to support the Council's contention that the SHMA's revised demographic starting point was biased by untypically high migrations flows. The difference in outcomes between the SHMA's adjusted projection and the latest DCLG projection must be the result of other factors, such as different Household Representative Rates (HRR) (see below).

4.6 The PAS Technical Advice Note<sup>5</sup> indicates (6.24) that it is generally advisable to test alternative scenarios based on a longer reference period of 10-15 years, but not to go back earlier than the 2001 Census. That approach would seem appropriate here to even-out over a longer period the very high numbers for net migration in 2005 and 2006. The projection produced by Hollis based on average migration 2004-2014 serves this purpose (HOU1, Table 1).

4.7 Both Hollis' alternative projections adjust for Unattributable Population Change (UPC) as a component of migration. UPC for West Oxon is an overall negative difference of 527 between 2001-2011. Its inclusion by Hollis will have lowered the net migration figures used in his long and short term projections compared with those in Barton Willmore Table 1. There is no right or wrong answer as to whether an adjustment should be made for UPC. ONS do not include it in its projections because it cannot be ascribed with certainty to any one component of change. In any case, UPC will become less relevant in future projections. The PAS Technical Note (6.33-6.35) advises that the default option is to ignore it, but that this may be overridden by local evidence. UPC is not a substantial factor for West Oxon, but I consider that it is reasonable to have regard to it given that the SHMA (HOU2, paragraph 5.23) took it into account. Consistency of approach across the HMA is important. In any further work arising from this Note it would be best to model projections with and without UPC to test its significance.

4.8 Hollis' projection based on short term trends (2009-2014) should not be used to establish a demographic starting point. The net migration figure for the recent short term period is 472 ppa (excluding UPC). In each year of this period housing delivery

<sup>4</sup> None of Barton Willmore's figures include any adjustment for Unattributable Population Change (UPC) whereas John Hollis' alternative projections in HOU1 do adjust for UPC as a component of migration. This is discussed later in this Note.

<sup>5</sup> Planning Advisory Service *Objectively Assessed Need and Housing Targets* Technical advice Note Second Edition July 2015.

was considerably below the housing requirement in the plan. In as much as there is a link between the 2 factors, a projection based on this short term migration figure would be too low, since it would be embedding a significant trough in delivery - the opposite effect to the Council's concern with the SHMA. The selection by the Council of its preferred demographic starting point based on the average outputs of the long term and short term projections is therefore also unjustified, since it skews the outcome too much to a period of very low delivery. The next round of ONS population/DCLG household projections could well be lower than the current figures because of this drop in delivery. A cautionary approach will be needed to avoid low delivery arbitrarily justifying a lower future requirement.

4.9 The DCLG 2012 based household projection results in a need for 483 dpa over the plan period. John Hollis' projection based on migration over 10 years indicates a need for 491 dpa. These outputs are remarkably similar and both avoid being unduly influenced by untypically high migration. Subject to my comments on Household Representative Rates (HRR) below, they indicate that an up-to-date demographic starting point is around 490dpa. Whilst this is a material reduction from the adjusted demographic figure used in the SHMA, there is no evidence to indicate whether the use of such a figure would result in a change to the figure recommended in the SHMA, if all other assumptions had remained constant.

4.10 I am not going to give preference to one of these 2 projections over the other. In part this is because, as modelled by Hollis, the 2 projections produce very different projections for the resident labour force (HOU1, Table 5). This difference raises considerable uncertainties when trying to compare the likely increase in the local labour force with projections for economic growth and jobs. In any further work, the Council needs to be alert to the reasons for this disparity of outcomes.

4.11 Hollis uses the HRRs from the DCLG 2012 based projections and he specifically endorses the appropriateness of their use. The PAS Technical Note (6.36 -6.43) also generally endorses the latest HRRs as a new starting point and discourages any attempt to blend these with earlier rates - a practice that emerged because of the perceived shortcomings of the rates used in the interim 2011 SNPP based projections. Criticism of the 2014 HRRs focuses on the 25-34 age group. This still projects a substantial difference from the 2008 HRR for this group, whereas for all other age groups they are more closely aligned (see Hearing Statement by GL Hearn, Appendix 4). The continued decline in HRR for this younger age group may well reflect some suppression of household formation as a result of the recession, but it is difficult to judge the extent to which structural changes arising from the recession have in fact produced a permanent change to household formation. Recently proposed Government initiatives may have an effect (but these were not discussed at the hearing). There is not the evidence to recommend any specific adjustment, but in any further work the Council should be mindful that a demographic starting point of around 490 dpa may be embedding some suppression of household formation.

4.12 I need to comment on 2 further matters. Woodhead (HOU3, paragraph 6.32) and some other representors suggest that the extent by which West Oxon "over delivered" housing in the period 2006-2011 compared with the requirement applicable at the time in the South East Plan should be taken off the housing requirement. This over delivery amounted to about 1,400 dwellings. I do not consider that any such subtraction would be justified. As already highlighted, the thrust of National Guidance on this point is to

review the appropriateness of projections which might contain periods of unusual high growth. I have already done so. The residents of the additional 1,400 dwellings are now an integral part of the population of West Oxon and need to be included in future projections of population and household change. I note that the SHMA (HOU2, Table 90) added to the demographic starting points the shortfalls in delivery that occurred in the other Oxfordshire districts. However, those additions did not make any material difference to the recommended housing requirements for those districts because the housing needs arising either from the committed economic growth projection or to meet affordable housing needs were much greater. Conversely, subtracting a substantial figure for past "over delivery" from the calculated housing requirement for West Oxon would make a significant difference and mean that assessed needs would not be met. This would be contrary to Government policy.

4.13 Finally, I note that several representors consider that the SHMA is fundamentally flawed and suggest alternative methods for determining a housing requirement, which they consider should be lower than that proposed in the plan. However, much of the reasoning in those radical approaches simply does not reflect the aims of Government policy expressed in the NPPF to meet housing needs of all types (subject only to the test in paragraph 14) or national guidance on the appropriate methodology for assessing housing need.

## **5. Affordable Housing**

5.1 The SHMA identifies a net annual need of **274** affordable dwelling for West Oxon (HOU2, Table 54). The Council recognises that the SHMA provides the most up-to-date, objective assessment of affordable housing need across the Oxfordshire HMA; that the assessment methodology is consistent with national guidance; and was agreed by all partners, including West Oxon (WOLP1, 2.36). However, the Council suggests that the figure for need should be lower, in contradiction to this general endorsement of the SHMA. In particular, the Council considers that it would be reasonable to apply an income threshold of 40%, rather than the 35% which is the basis for the SHMA's recommendation. In my experience, the 35% threshold is higher than thresholds commonly adopted in this type of exercise elsewhere, but is justified for the reasons set out in the SHMA (HOU2, paragraphs 6.17-6.20). I have seen no evidence of substance to suggest that a lower threshold is necessary here.

5.2 The Council highlights the reference in the SHMA (paragraph 6.81) to the fact that, in practice, some households are likely to be adequately housed whilst paying more than 35% of their income on housing and that if a 40% threshold were to be used then the need would be reduced, as shown in SHMA Table 57. However, the fact that some households do spend more than 35% of their income on housing is not a good reason to take a 40% threshold as justified for assessing the need for affordable housing. There is no evidence to indicate that circumstances in West Oxon are so noticeably different to the rest of the HMA as to justify a different threshold here, nor any real assessment by the Council as to whether it is reasonable to do so. In my view it is not, given that it represents such a substantial proportion of income.

5.3 The Council highlights (WOLP1, paragraph 3.39 and at the hearing) that with the inclusion of the pipeline of affordable housing developments, the identified need would be lower (SHMA, Table 55). However, in relying on the pipeline supply identified in the

SHMA there is a considerable risk of double counting and confusion when considering likely affordable housing delivery. I consider delivery further below.

5.4 The SHMA addresses the current backlog of affordable need over the 18 year assessment period. This approach is broadly accepted by most hearing participants in the context of the overall recommendations of the SHMA. In that context, I see no reason to disagree, given the substantial uplift in housing that the SHMA was recommending to address affordable housing need, amongst other matters.

5.5 I consider that the SHMA's recommended figure of a need for 274 affordable dwellings per annum is justified for the period 2013-2031. There are inevitably some weaknesses in a model which uses a detailed assessment of short term needs as part of the assessment of needs over the whole plan period, as acknowledged in the SHMA and highlighted by the Council (eg WOLP1, paragraphs 3.48 -3.49). But the SHMA follows national guidance. In any case, it is inevitable that needs will be reassessed during that period and the figure is not intended to remain fixed for 18 years without review.

5.6 I turn now to affordable housing delivery, to compare with the level of need. The Council's position is set out clearly in WOLP1, paragraphs 3.56-3.79 and accompanying tables. Some key points in using this data are as follows. Firstly, affordable housing delivery should be counted only from 2013, since that is the base date of the SHMA's assessment of such needs. Secondly, if actual provision in 2013-2015 is to be counted along with existing commitments at 1 April 2015 (as per WOLP1, pp19-20) then the pipeline supply referred to in the SHMA must be ignored. Thirdly, I have deferred to later hearings the viability and deliverability of the Strategic Development Areas allocated in the plan. Some of the landowners/promoters of those sites dispute their ability to deliver policy compliant levels of affordable housing as well as major items of infrastructure. Thus the delivery figures in WOLP1 (table at paragraph 3.62) have not been tested at this stage and these figures are accepted only for the purposes of the present calculation. Finally, the implications of the Housing Bill and of the Government's Autumn Statement on the delivery of affordable housing have not yet been taken into account, but will need to be in due course as the consequences of both become clearer.

5.7 The Council's assessment of delivery of affordable housing includes affordable housing expected to be delivered from suitable SHLAA sites (WOLP1, paragraph 3.64). These are not allocated in the plan, but are needed to make-up overall housing delivery to the requirement of 10,500. Assuming that the affordable housing policy remains unchanged, the assumption of delivery from this source is reasonable.

5.8 In addition, the Council has included in its calculation 300 affordable dwellings from large site windfalls (WOLP1, paragraph 3.67)<sup>6</sup>. Before and at the hearings, I indicated that I could not see the justification for large site windfalls. If the SHLAA is robust it should have captured most large sites likely to come forward. In as much as some suitable SHLAA sites might not come forward, alternative large site windfall sites would be a substitute for them and any affordable housing provision they make would be a replacement for any lost from the assessment made in paragraph 3.64. Alternatively, if the SHLAA sites referred to in the plan were translated into allocations (as discussed at the hearing and on which I comment in my Part 2 Note) then any large site windfalls that were permitted would, in effect, be increasing housing provision/delivery above

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<sup>6</sup> These are sites above the SHLAA threshold of 10 dwellings.

10,500. Clearly, if overall housing provision/delivery increases, more affordable housing can be expected. That is the reason national guidance indicates that consideration should be given to such an uplift to boost affordable housing delivery.

5.9 If the Council is confident of large site windfalls then that weighs in favour of an additional uplift to boost affordable housing delivery. For present purposes, I have excluded the 300 figure in paragraph 3.67 from expected delivery. Finally, the Council estimates that 100 additional units will come from "other sources". Given the modest nature of this figure in the overall balance, it was not discussed at the hearing, but I have included it for this calculation.

5.10 Taking off the 300 dwellings for the reasons given above, about 2,689 affordable units are expected to be delivered in the period 2013-2031 (WOLP1, paragraph 3.76, adjusted downwards). This compares with an assessed need for 4,932, based on the SHMA's 35% income threshold. There is clearly a very substantial shortfall. Given the NPPF's definition of affordable housing, private rented accommodation, where households unable to compete in the market may be in receipt of public subsidy (housing benefit), should not be taken into account in determining the need for affordable housing or how to respond to that need.

5.11 I have seen no evidence of any careful, balanced consideration by the Council of the extent to which the gap in affordable housing provision should be narrowed by an uplift in market housing. Any assessment previously made by the Council has been on the basis of a new demographic starting point that is too low (446 dpa, WOLP1, paragraph 3.29); on an unjustified income threshold (40%); and with undue regard to the past limited success in delivering affordable housing (see below). The Council needs to address this matter afresh in the light of these Preliminary Findings and the need for consistency with the SHMA's core assumptions.

5.12 The Council consider that the SHMA adopts a too mechanistic approach in uplifting housing to ensure that the needed affordable housing is delivered. The Council considers that the SHMA's assumption of 40% delivery of affordable housing from all housing development in West Oxon is unrealistic given the policy threshold of 10 dwellings at which the policy takes effect (as proposed in the local plan) and different percentages to be applied in different parts of the district. The SHMA had to make an assumption of the appropriate percentage to apply in advance of local plans coming forward. If the SHMA was too optimistic, it would point to a need for a *greater* uplift to be considered, not a lower uplift as the Council suggest. The Council also highlights relatively low levels of affordable housing delivery in the past (HOU1, Table 13) which have averaged 20% over the past 14 years. However, given that national policy seeks a step-change in housing delivery and for all needs to be met where possible, the limited success of the past should not be used to justify continued under-provision. I have seen no specific evidence, such as from Registered Providers, of insurmountable difficulties in stepping-up delivery and the Council should be actively considering how to maximise the delivery of affordable housing.

## **6. Economic growth and jobs**

6.1 The SHMA took account of housing needs based on securing a sufficient workforce to deliver the jobs anticipated to arise under what it terms the *Committed Economic Growth* scenario (eg SHMA, Table 90). This scenario took account of factors expected to

stimulate above-trend growth in employment in Oxfordshire (SHMA, 4.19-4.20). This scenario was assessed in more detail in *Economic Forecasting to Inform the Oxfordshire Strategic Economic Plan and SHMA* February 2014 (ECON2). This scenario underpins the stated ambitions of the Local Economic Partnership (LEP) and provided the justification for bids for substantial public investment to help bring about this growth (such as through improvements in critical transport infrastructure). A number of strands of such investment are being co-ordinated by the OGB. The Council is part of the LEP and OGB (as already highlighted) and there is no evidence to suggest that the Council is seeking to formally dissociate itself from the economic aims of these bodies.

6.2 Notwithstanding the above, the Council now considers that this *Committed Economic Growth* scenario should not be taken into account in deriving the housing requirement for West Oxon. The Council considers that the plan's housing requirement appropriately aligns with the baseline economic projection. As explained in ECON2, the baseline projections assumes the continuation of the historical relationship between growth in the local area relative to the South East or UK (dependent on the type of business concerned).

6.3 I recognise that, as highlighted by the Council, economic forecasts for Oxfordshire/West Oxon have changed considerably over recent years, must be treated with a degree of caution and will no doubt change again over the plan period. Nevertheless, the Government's aim, as expressed in the NPPF, is that the planning system should facilitate economic growth and Councils must plan positively to secure it. Strategies for housing, employment and other uses should be integrated (NPPF 158). Local Plans should be aspirational, but realistic (NPPF 154). For the following reasons I consider that the Council is not justified in planning on the basis of the economic baseline.

6.4 Firstly, it is inconsistent with its support for the LEP and work of the OGB. As with housing issues across an HMA, so economic issues are best addressed consistently across an economic area, as those bodies seek to do, and as reflected in the recommendations of the SHMA. There is no evidence of the Council seeking, let alone obtaining, the agreement of partner authorities to it assuming a lower rate of economic growth in West Oxon than the rest of the County, or of considering with them the wider implications of doing so. Indeed, the Council states that it remains fully supportive of the LEP and the overall economic ambitions contained in the Strategic Economic Plan (WOLP1, paragraph 3.84). I cannot see how both positions are tenable.

6.5 Secondly, my understanding is that the other emerging local plans in Oxfordshire and Cherwell's adopted local plan are all planning to accommodate the *Committed Economic Growth* scenario. Such commitment across most of Oxfordshire is a strong factor in making that level of growth become a reality and not remain only an aspiration.

6.6 Thirdly, the *Committed Economic Growth* scenario is based on the identification of a range of significant planned projects likely to boost economic development (ECON2, chapter 4). It is not an arbitrary increase over the baseline. In the light of the unique opportunities for economic development in parts of Oxfordshire, it is surely a location where there is considerable economic potential to be realised, but which might be inhibited if not actively planned for. Planning to meet the *Committed Economic Growth* scenario fits well with the NPPF's aim to: *respond positively to wider opportunities for growth* (paragraph 17, 3<sup>rd</sup> bullet).

6.7 Fourthly, the growth rate in the economic baseline (0.6% to 2021 and 0.5% pa thereafter, ECON2 p9) is below the most recent economic forecasts for West Oxon from 3 leading forecasting bodies. These project rates of 0.8% or 0.9%. These forecasts and related predicted job growth match the predicted 0.8% growth for West Oxon in the *Committed Economic Growth* scenario (Barton Willmore Hearing statement, Tables 4/5).

6.8 Fifthly, in as much as West Oxon has suffered some specific job losses in high profile sectors since the SHMA's assessment<sup>7</sup>, I consider that this negative impact has been more than offset by another opportunity. Employment growth (contractors and indirect effects) has taken place and is likely to continue to arise from major changes at RAF Brize Norton (WOLP32, particularly pp6-7) which are not referred to in the justification for Committed Economic Growth scenario

6.9 The Council has other concerns with the economic modelling in the SHMA. HOU3 and some of the other submissions from the Council contest that the whole model is too circular and is flawed. On reflection, however, the Council did not pursue this fundamental criticism of the SHMA at the hearing. In my view, the SHMA rightly seeks to integrate economic and housing projections. It is nevertheless right to be alert to the fact that the economic projections themselves incorporate a population projection. In this case, the baseline projection incorporates ONS 2011 based SNPPP (ECON 2, p2). A substantial proportion of the predicted economic growth in West Oxfordshire is a product of population growth (eg retail and health sectors). In as much as a revised demographic starting point is now justified and is lower than that used in the SHMA then there would be less growth from this factor.

6.10 The Council emphasises that West Oxon is not closely related to the key locations for growth in Oxfordshire, but this is reflected in the different growth rates for the districts in the *Committed Economic Growth* scenario. For example, the Vale of White Horse has a growth rate of 1.5% compared with West Oxon's 0.8% (ECON2, Table 5.2).

6.11 The Council considers the *Committed Economic Growth* scenario is a "policy-on" position and therefore should not be taken into account in identifying the objective assessment of need. But any necessary distinction between policy-off and policy-on considerations does not change the position on this matter here. In identifying the appropriate housing requirement in the Plan, "policy-on" matters relating to an agreed economic strategy (as expressed by the LEP and OGB) should be taken into account so that there is effective integration between housing and employment strategies.

6.12 I accept that if West Oxon were to plan for 525 dpa rather than the 660dpa recommended in the SHMA, then across Oxfordshire as a whole there would still be sufficient housing to support a labour force consistent with *Committed Economic Growth* because of the additional housing also recommended to meet affordable housing need (WOLP1, paragraphs 3.93-3.94). However, such an argument could be used by any of the other Councils to justify a lower housing requirement. There is no justification for an exception to be made for West Oxon. Collective and consistent action across the HMA would soon unravel if such arguments prevailed.

6.13 The Plan does not contain any figure for job growth. Although I am firmly of the view that the Council should adopt the *Committed Economic Growth* scenario to plan for

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<sup>7</sup> eg the closure of Caterham F1 which was an advanced engineering company highlighted for growth in the Committed Economic Growth scenario (ECON2, p23).

higher growth than the baseline, I am not in a position to specifically endorse the related projection of job growth of 7,900 for West Oxon (ECON2, Table 5.2). If the Council chooses to adopt a new demographic starting point then that projection may be different.

6.14 The baseline scenario now preferred by the Council projects job growth of 5,100 additional jobs. The Council see this as compatible with increase in the local labour force arising from the proposed 10,500 dwellings. The modelling by Hollis (HOU1, App 1, Table 2) projects a resident labour force of just over 6,000 which, allowing for commuting and other adjustments, equates to sufficient local workers to support about 4,755 jobs (Hearing Statement, p15). However, as already highlighted, labour force projections vary widely depending on the particular demographic inputs, even for a similar overall housing figure. Accordingly, in any further work, the Council should be alert to these variations and may need into take account of a range of possible labour force projections in determining whether the plan's housing provision would provide sufficient local workers to support the *Committed Economic Growth* scenario.

6.15 The plan refers (paragraph 6.18) to evidence that around 60ha of employment land is required over the plan-period. The Council's most up to date evidence on employment land requirements is in ECON1 (*West Oxfordshire Economic Snapshot* January 2015). In section 6.5 this sets out employment land requirements based on the SHMA's *Alternative Population Scenario* and then sensitivity tests its conclusions against the *Committed Economic Growth Scenario*. On current evidence, the quantum of 60ha is about right to facilitate the higher growth that I consider should be planned for, but there appear to be issues with the availability of some of the land. The distribution and deliverability of employment land is a matter for later consideration and was not discussed at the November hearings.

## **7. The needs of Oxford City**

7.1 The SHMA identifies substantial housing needs for Oxford City. Very recently the OGB has agreed a working assumption of 15,000 homes to be found outside the City within the adjoining districts to meet the City's unmet needs (WOLP37 and WOLP34). The OGB has been coordinating work to meet the City's needs since the beginning of 2015. Unfortunately, the timetable for completing the various work streams has been progressively slipping. The most recent timetable (WOLP34, Appendix *Post SHMA Strategic Work Programme*) indicates July 2016 for the publication of a statement of cooperation setting out an agreed distribution, but some of the core evidence should be completed by April 2016.

7.2 The submitted plan does not identify or seek to address any unmet needs of Oxford City. The Council envisages a local plan review as the vehicle to address any apportionment made by the OGB next July. The Council is now committed to completing such a review within 2 years and a review is included in the Council's Local Development Scheme (LDS). The Council sees its approach as consistent with that accepted by the Inspector for the Cherwell local plan. However, I can understand the concerns of those, including Oxford City, who consider that such a timescale may easily slip, given how long it has taken to produce the current local plan. Whilst Oxford City considers that the Duty to Cooperate has been *broadly complied with*, it considers the local plan to be unsound in not addressing Oxford's needs in some way (WOLP37, paragraph 2.3c).

7.3 I consider compliance with Duty later in this Note. The NPPF refers to planning strategically across local boundaries in paragraphs 178-181. The soundness test of *positively prepared* states that the plan should be prepared based on a strategy which seeks to meet objectively assessed development and infrastructure requirements, including unmet requirements from neighbouring authorities where it is reasonable to do so and consistent with achieving sustainable development. In my view, this requirement would normally mean that a plan should seek to address the needs of an adjoining area where there is clear evidence of unmet need, as is the case here. However, where well before submission of the plan, the relevant authorities have made a commitment to address those needs; have established a firm mechanism to assess the most sustainable distribution of such needs; and intend to apportion them to the adjoining districts, then it is not unreasonable for plans that are already well advanced not to be delayed whilst that process is completed. That was the position at Cherwell where the plan will have been adopted for a year before the final apportionment is made by OGB.

7.4 Following the process established by the OGB is more likely to lead to the most sustainable pattern of development compared with each local plan independently exploring how to meet some element of the unmet need. The latter would most likely result in the last local plan to be prepared having the largest share of unmet needs to accommodate. Oxford City did not seek provision for any of its needs to be met in West Oxon at an early stage in the plan process<sup>8</sup>. In addition, I have not seen any specific subsequent request from the City to the Council to make provision for a specific figure or share of its needs. In this context, it was not essential for the Council to have included in this plan at the outset a figure for the unmet needs of Oxford, since any such figure would have been fairly arbitrary. Unfortunately the position is more complicated than this.

7.5 The timescales for the adoption of this plan and the finalisation of the apportionment of unmet needs have always overlapped. Prior to submission, the Council should have been alert to the likely difficulties that could arise. When the Council published this local plan in Spring 2015, the OGB timetable for apportioning Oxford's needs was September 2015 (WOLP34, Appendix *Post SHMA Strategic Work Programme*), well before this plan could have been adopted. The Council's LDS of January 2015 (SD6) indicates an adoption date of March 2016. It was only after submission that the OGB reset the timetable with a new deadline for completion of its work by March/April 2016. The date of adoption in the Council's Addendum LDS (DS6a) is now Spring 2016. So the Council should have been conscious that the local plan would not be adopted until after the OGB had made its final apportionment and should have considered the implications. As a result of my conclusions in this note, I cannot see how this plan could be adopted before July 2016, which is the latest date for the final decisions of the OGB.

7.6 In eventually considering the soundness of this plan (following the further work and consultation on the matters of concern in this Note) regard would have to be given to any apportionment to West Oxon made by the OGB. If any such apportionment is made then that would become part of the housing need for the district. Any such apportionment is not immediately a definitive housing requirement, since it must be taken through a local plan process to test its deliverability and environmental impact. Nevertheless, it will be a figure of considerable significance and weight, since it will have

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<sup>8</sup> See for example the letter from Oxford City Council to West Oxon, 16 April 2013 confirming that the Duty is regarded as fulfilled (SD4, App 2).

emerged from an evidence-based process to inform spatial options for growth outside Oxford City. My initial view is that it would need to be taken into account in calculating the 5 year land supply.

7.7 If the local plan were to proceed to adoption without having regard to any apportionment that had been made by the OGB, it would immediately be out of date. Such a plan would be inconsistent with one of the aims of the plan-led system which is to bring more certainty as to where development would take place. In addition, the development strategy of the plan may well not be appropriate to accommodate any significant needs from Oxford and additional new greenfield sites would need to be found. It would not be conducive to planning for sustainable development for potential additional sites to meet West Oxon's needs (arising from an increased housing requirement) to be considered in isolation from sites required for Oxford City's needs. The combination of needs might well result in a different scale/location of site being required, changing the mix of relevant considerations in the choices that have to be made.

7.8 Having identified this problem, I cannot be prescriptive as to how it should be resolved. In WOLP37, paragraph 4.2, the Council and Oxford City Council agree that if I concur with the City's concerns (which, on this point, I largely do) then the matter can be addressed through main modifications to the plan. I recognise that if the OGB were to decide that no share of Oxford's needs should be accommodated in West Oxon and all the City's needs were to be met in other districts then this difficulty would not arise. However, it would be a very high risk strategy to rely on that outcome.

## **8. Duty to Cooperate**

8.1 The Council's position is set out in its *Statement of Compliance with the Duty to Cooperate* (SD4). The only aspects in serious dispute relate to its approach to the SHMA and the unmet needs of Oxford City.

8.2 I consider that the joint commissioning and joint endorsement of the SHMA for the Oxfordshire HMA and the mechanism and work streams put in place (before submission of this plan) by the OGB to address the needs of Oxford City are very important elements in demonstrating compliance with the Duty.

8.3 However, the Council's actions (before submission) in commissioning and using evidence and argument that criticised the methodology of the SHMA in several key respects (as explained above) were in danger of jeopardising the use of the SHMA across the rest of Oxfordshire and thus of undermining the effectiveness of strategic planning in the County. But as I have been largely unconvinced by those arguments, the actual damage caused by the Council's actions in this regard should not be too great. Accordingly, strategic planning can continue to be effective on the basis of the SHMA (or any subsequent joint update). On this basis, I am able to conclude that the Council has fulfilled the Duty. This favourable conclusion does not however change my view that the Council has not sufficiently worked with its neighbours across the HMA in determining its own housing requirement and thus fails soundness in this regard.

## 9. Other Statutory Matters

### *Sustainability Appraisal (SA)*

9.1 At submission, I consider that the SA had adequately addressed reasonable alternatives for a plan seeking only to address the needs of West Oxon. Two alternative options (a *new village* and *concentration of development along transport corridors*) were dropped following the Issues and Options Stage in 2008 (CD2 paragraphs 4.7-4.10). I consider that the rejection of these 2 options was reasonable for the reasons the Council gives in the context of meeting the needs of West Oxon alone. If any further work undertaken by the Council anticipates some apportionment of Oxford's needs to West Oxon, then the range of alternative strategies to be considered in the SA will need to be reviewed.

9.2 Other, more generic criticisms were made regarding the SA. The Council's response to these criticisms is in WOLP3. For the reasons given by the Council, I am satisfied that the SA is adequate in its general scope and approach. (I am not however commenting here on its assessment of individual sites.)

### *Habitat Regulations Assessment (HRA)*

9.3 In my prehearing questions I sought clarification regarding the HRA and the Oxford Meadows SAC. WOLP31 confirms that Natural England are content with the HRA. To ensure consistency between the assumptions/recommendations made in the HRA and the plan, additional text is needed along the lines proposed by the Council (WOLP38, FMs 1, 21 and 24). These should be included in any future consultation on changes.

9.4 I am satisfied that all other statutory requirements have been met.

## 10. Overall Conclusion and Way Forward

10.1 The local plan's housing requirement of 10,500 has not been justified. The Council's evidence to support its housing requirement has been worked-up independently of its partners in the rest of the HMA without due regard for consistency across the HMA and the potential wider implications of its actions.

10.2 The Council's new preferred demographic starting point is too low because it has been unduly influenced by recent years of very low delivery (well below the annual rate proposed in the plan).

10.3 The Council has not given explicit consideration, based on appropriate assumptions, to an uplift in housing provision to narrow the substantial gap between the need for affordable housing (as identified in the SHMA) and the likely delivery of affordable housing from the plan's proposed 10,500 dwellings.

10.4 The Council's preference for a *baseline* economic growth rate rather than *Committed Economic Growth* outlined in the SHMA and endorsed by all the other Councils in Oxfordshire is unjustified and out of step with the Government's aims for economic growth. I am not satisfied that the local plan's housing requirement would provide sufficient labour force to support Committed Economic Growth.

10.5 I am unable to identify what the housing requirement should be. It is likely to be between the recommended figure in the SHMA (660dpa) and that in the plan (525dpa).

The SHMA provides a recommended housing figure for West Oxon developed on assumptions that would largely overcome the above shortcomings. If, however, the Council wants to do further work in the light of the above findings, then it is essential that the methodology is first shared with its partner authorities in the HMA and that the Council considers any concerns raised. The conclusions of the Council's work will also need to be shared and the implications considered. If the housing requirement increases, then additional sites and/or changes to the existing site allocations will need to be made.

10.6 In any further work, the Council will need to consider the implications for the plan of any apportionment to West Oxon of Oxford City's unmet housing needs due to be made by the OGB in July 2016. If this is not taken into account the plan would be out of date before it can be adopted (assuming that some apportionment is made to West Oxon).

10.7 Once the Council has reflected on these findings, it will need to decide whether to withdraw this plan or put forward changes to make it sound. If it wishes to proceed with this plan, it should set out an indicative timetable for the further work which is necessary, including public consultation on proposed changes and appropriate recording and commentary on the further representations made. Once I receive that indicative timetable, I will be able to determine for how long I should suspend the Examination.

10.8 Part 2 of my Preliminary Findings comment on matters considered under Issues 3 and 4 at the hearings in November. Some further work will be identified in that Note, although it does not have the strategic significance of the matters in this Note.

**Simon Emerson**

**Inspector**

**15 December 2015**

**WEST OXFORDSHIRE LOCAL PLAN EXAMINATION****INSPECTOR'S PRELIMINARY FINDINGS – PART 2****Housing supply and delivery; affordable housing and requirements for particular housing needs; viability; and Traveller policy****1. Introduction**

1.1 As I made clear at the hearings on Issues 3 and 4, many of the matters being discussed at those hearings may need to be discussed again if the Examination is suspended for further work on the housing requirement. If the housing requirement is increased the deliverability of a 5 year supply will need to be reassessed. If the Examination is suspended for 6 months or so, circumstances affecting the likely start on various sites may well change. Consideration of the detail of the affordable housing policy and viability will need to be reviewed in the light of the Government's emerging proposals, particularly with regard to Starter Homes. Accordingly, on many matters in this note, I do not come to a firm conclusion, but aim to highlight matters of potential concern and to encourage the Council to be alert to possible difficulties that may arise which should be addressed during any suspension.

**2. Housing supply and delivery***Allocations in the plan and other major sites*

2.1 The *merits* of the allocations made in the plan were not discussed at the hearings in November 2015. The position of the Council and of the site promoter/landowner regarding the likely start date and subsequent rate of housing delivery on each major site/allocation is set out in WOLP14, 15, 16, 17, 18, 19. The Council is relying on some delivery from all of these sites to contribute to the current 5 year supply assessment, so the likelihood of an early start on these sites is an important consideration.

2.2 The landowners/promoters of the greenfield sites allocated in the plan at East Witney, North Witney and East of Chipping Norton are all seeking to increase the residential capacity of the allocations and to make various other changes to the policy for their allocation. Accordingly, there is the possibility that they will delay the submission of planning applications until well after the completion of the Examination. But at the hearing they all indicated that they wanted to make progress on their sites rather than wait. I accept that if they use the period of any suspension to progress master plans in discussion with the Council, then those may help resolve some of the current disputes and minimise delays. The Council will need to be alert to slippage in likely start dates on these major sites.

2.3 In relation to East Winey, the Council envisages an application in Autumn 2016 and the first dwellings complete in Spring 2018. The developer envisages first completions in Winter 2018 (WOLP16). I consider that there is currently a high risk of delay to progressing this site because the main parties involved have some conflicting aims.

2.4 The Council expects the developer to pay for the whole cost of the Shores Green Slip Roads (SGSR). The landowner accepts that the site could not be built-out without this scheme in place, but disputes having to meet its full cost, given that it is needed to address existing traffic problems. So the landowner may not want to progress the

matter quickly unless the Council's position changes. In any case, the landowner of the allocation does not own all the land needed to deliver the SGSR to the design required by the Highway Authority (HA). Whilst the landowner does control sufficient land for an alternative slip road design, this is not acceptable to the HA.

2.5 One of the owners of the additional land necessary for the slip road design required by the HA is promoting an additional/alternative housing site nearby and so may, understandably, have little interest in facilitating the East Witney scheme by resolving the land ownership issue quickly. The Council has indicated a willingness to use a CPO to acquire needed 3<sup>rd</sup> party land, but a CPO should always be a last resort and is unlikely to be a speedy process.

2.6 Whilst all the main parties agree that some (as yet unassessed) housing could be built before the SGSR are open, I cannot see that the landowner would want to submit a planning application, let alone the Council grant permission (assuming all other matters are satisfactory) unless there is the ability to deliver a road scheme which is acceptable to the HA and with secure funding in place to meet the full cost. All these difficulties might be resolved expeditiously, but the Council needs to be more aware of the risk of delivery slipping considerably.

#### *Windfalls*

2.7 The plan (paragraph 5.34) relies on 2,000 dwellings as small site windfalls (below the threshold of 10 dwellings used in Strategic Housing Land Availability Assessment) in the period 2015-2031 to help deliver 10,500 homes overall. The assumed annual rate is 125 dwellings per annum (dpa). Since 2001 the annual rate of delivery of small site windfalls has averaged 175 dpa. There is little evidence either way to indicate whether this level might be sustained over the plan period, but given the test in NPPF (paragraph 48), it is right to take a fairly cautious approach. I consider that the assumed rate of 125 dpa is a reasonable and necessary discount from the past average to reflect inevitable uncertainty, including how the emerging policies in this plan (see below) might affect decisions on planning applications for small housing sites.

2.8 In the Council's calculation of the 5 year supply, only 130 additional windfalls are assumed for the whole 5 year period to 2020 to avoid double counting with small site permissions (HOU5, Table 1 line Q). This is necessary and reasonable. So the annual rate of 125 is applicable for 11 years only from 2020. The total to be delivered from small sites windfalls is thus 1,505 ( $11 \times 125 + 130$ ), not 2,000. In the plan, each housing delivery table for each of the 5 sub-areas includes homes completed and existing commitments (permissions and Council resolutions to grant) at 1 February 2015, but also 400 windfalls (one fifth of 2,000). There is therefore double counting in these tables. The tables need adjusting to reflect the correct approach adopted in the 5 year supply assessment.

2.9 Finally, the equal apportionment of the windfall allowance between the 5 sub-areas is not justified by evidence. For example, the table in the Council's hearing statement shows that small sites windfalls in the Chipping Norton sub-area have been significantly fewer than elsewhere. The apportionment should reflect actual likely delivery (pro-rata for the discounted rate of 125 dpa). It will be for the Council then to consider what consequential changes need to be made to the housing delivery tables (ie whether to identify more housing to be delivered on allocations or adjust sub-area totals).

2.10 In my Part 1 Note I have already questioned the Council's expectation of large site windfalls in relation to affordable housing delivery.

#### *SHLAA sites*

2.11 The local plan makes several strategic allocations, but does not allocate all the remaining sites necessary to deliver the housing requirement over the plan period. However, in each of the sections dealing with 5 spatial sub-areas, the text of the plan lists specific sites which were identified as suitable/deliverable/developable in the SHLAA, July 2014 (HOU6). The housing delivery tables for each sub area include a figure for delivery from SHLAA sites which is precisely the total capacity of the listed SHLAA sites. The SHLAA sites listed in the plan are the *only* sites identified in the SHLAA as suitable/deliverable/developable, so there is no menu of SHLAA sites from which possible allocations can be chosen. The listing in the plan are de-facto allocations, but without the clarity created by allocations properly made. In a commentary on my hearing agenda (IN 011) I set out my concern with this approach to identifying and relying on specific SHLAA sites in the plan, but not actually allocating them. My concern is shared by a number of parties and the Council accepted the general thrust of the point, noting that this situation arose from the evolution of the document from a strategic plan to a more comprehensive local plan.

2.12 I therefore confirm that in any further work the Council will need to include in this plan sufficient additional site allocations to support the delivery of an on-going 5 year supply. As a minimum, allocations should ensure adequate delivery for sufficient time to allow for any subsequent plan to be adopted which made further allocations. No specific SHLAA sites should be identified in the text. The tables on housing delivery should clearly identify the various sources of supply, such as allocations made in the current plan and then a quantum of housing to be delivered by allocations in a subsequent plan (if this is the chosen way forward).

2.13 The SHLAA (or any subsequent update) would remain important evidence to demonstrate that the scale and general location of any further required allocations was achievable. Not listing specific SHLAA sites in the plan allows for other sites to be considered fairly in the future (such as where additional information demonstrates that a previously rejected SHLAA site is now suitable/developable). Given the need for these changes, I do not need to make any comment on the assessment of sites in the SHLAA. Any new allocations made in the plan would need to be assessed for soundness in the usual way. The choice of any such allocations would also need to be informed by Sustainability Appraisal, which had assessed reasonable alternatives.

#### *5 year supply calculation*

2.14 It is appropriate to consider whether there has been persistent under delivery over a long time period, such as 10 years or more, to incorporate the full economic cycle. In my Part 1 Note, I referred to the substantial over-delivery that had taken place between 2006-2011 compared with the requirement of the South East Plan. Delivery in recent years has been well below the requirement in the submitted local plan, but taking a 10 year period as a whole it would not be reasonable to conclude at present that there had been persistent under-delivery. Accordingly, only the normal 5% buffer is currently required. If delivery continues to be below that which is required, future decision makers may take a different view. The Council would be in a more robust position going

forward if the plan creates a 5 year supply with a buffer greater than 5%, thus allowing for any unexpected delays on some sites.

2.15 On the basis of the plan's current requirement of 525 dpa there has already been a shortfall in delivery since 2011 of 885 dwellings. National Guidance seeks any such shortfall to be made up in the next 5 years. On the Council's own assessment of land supply this is achievable and so the Council accepts that an alternative approach could not currently be justified. If the housing requirement is increased, the shortfall will be greater and may need further action to address. The Council needs to have particular regard to National Guidance on this matter, as the "Liverpool method" (spreading the shortfall over the whole plan period) is not mentioned. In passing, I would comment that the Council's calculation (HOU5, Table 1) appears to apply the 5% buffer only to the normal annualised requirement and not to the shortfall. It should apply to both since the buffer is intended to boost supply to give greater confidence that the overall housing requirement will be delivered.

### **3. Other housing related policies**

#### *Settlement Hierarchy and Rural Areas*

3.1 The 3 tiers of named settlements in table 4.1 of the plan is justified on the basis of the *Settlement Sustainability Report 2013*. I have seen no evidence of substance to undermine the Council's assessment.

3.2 The 4<sup>th</sup> tier of this table and policies OS2 and H2 group together small villages (unnamed), hamlets and open countryside. In these areas, new residential development would be limited to those categories listed in H2, part 2 (eg reuse of buildings, dwellings necessary for rural workers/businesses, rural exceptions sites and a few other specific exceptions).

3.3 National Guidance on Rural Areas states: *However, all settlements can play a role in delivering sustainable development in rural areas – and so blanket policies restricting housing development in some settlements and preventing other settlements from expanding should be avoided unless their use can be supported by robust evidence.* (Paragraph: 001 Reference ID: 50-001-20140306). Many of the small villages and hamlets being treated as open countryside may have no services or facilities.

Furthermore, even if some do have some provision, I have seen no evidence that a small amount of additional housing would make any real difference to the viability or long term retention of services or facilities. I thus consider that the Council is justified in taking a cautious approach to further residential development in such small settlements. Policy HS2 provides a number of opportunities to meet locally justified needs. Providing indiscriminately for further additional development in these small settlements, such as by an overall quantum of development to be shared between them, would not directly contribute to sustainable development.

3.4 Neighbourhood plans enable communities to identify their own development needs, but such plans must be in general conformity with the strategic policies of the development plan. To ensure that communities in small villages have the opportunity of identifying small-scale residential (or other) development in addition to the categories in policy HS2, the policy should include an additional category, along the lines of: *such other small scale development as identified in a made Neighbourhood Plan*. This would provide the strategic policy 'hook' for such neighbourhood plans to remain in conformity

with the development plan. Any such housing would be additional to the 10,500 dwellings proposed in the plan and so any uncertainties about delivery would not have any wider implications.

*Development management requirements in relation to housing delivery*

3.5 I had previously indicated (IN 006, paragraph 3.13) that the parallel, but overlapping lists of criteria for development management in policies OS2 and H2 are confusing and will undermine effectiveness. I invited the Council to prepare an amended list, with any criteria in H2 being only those additional criteria necessary for housing developments. This suggested revised list was discussed at the hearing. I remain of the view that duplication and lack of clarity in the submitted policies needs to be avoided as it is likely to hinder rather than facilitate clear decision-taking. The lists should be simplified. There are probably several sound ways of rewriting the criteria. The Council should have regard to the following in proposing changes.

3.6 Firstly, are all the criteria necessary (eg on protecting local landscape and flooding) given the specific policies in the plan on a number of these matters (eg policies EH1 and EH5)? The plan should be read as a whole. Not all the later general policies of the plan are given a 'hook' in the general principles in OS2/H2, so why highlight some of them at all? It is often difficult to express correctly in a short summary criterion the comprehensive and balanced policy approach which is required, which has to be covered in a full policy. Where any such criteria are retained, great care is needed to be consistent with wording in national policy and with the other policies in the plan on the same topic.

3.7 Secondly, consider whether some of the criteria are intended to apply only to unallocated sites, since necessary allocations might result in some adverse impact on matters such as the setting of settlements and so on. Thirdly, be clearer as to the purpose of the criterion and how it would actually apply in practice - what does it require an applicant to do, is this reasonable and how would it be applied in decision making? For example, what does the requirement to *make use of previously developed land where available* mean in relation to a small scale housing proposal on a greenfield site on the edge of an identified settlement? This consideration would seem more relevant to plan-making and the selection of allocations than individual applications. Finally, the Council has already accepted that the criterion to *be of demonstrable benefit to the local community*, is not needed (WOLP38, FM14) and that the criterion relating to superfast broadband needs amending to be deliverable by developers (FM15).

3.8 In the light of the National Productivity Plan and the outcome of the Housing Standards Review, the Council has suggested amendments to policy OS3 and related text (eg WOLP38 FMs 6, 7, 8, 9, 10, 11, and 12). However, I am concerned that the suggested requirement for all development proposals to be *sustainably designed and constructed* is too generalised and vague for applicants to know what has to be achieved. Given that energy efficiency standards for housing are to be set only in the Building Regulations and the demise of the Code for Sustainable Homes, I consider that the requirement is not justified.

3.9 To avoid contradictory aims, the clarification proposed on solar gain is necessary (WOLP38, FM13). Given the background evidence on water stress and the concern of the Environment Agency, the Council accepts that the local application of the nationally

prescribed standard on water efficiency appears to be justified (WOLP13). A suspension for further work would enable the Council to properly consider introducing this change.

3.10 OS5 states, among other matters that: *development proposals that fail to make adequate or timely provision for necessary supporting infrastructure will be resisted.* The Council has submitted its Draft CIL Charging Schedule for Examination. As and when CIL is introduced, infrastructure included in the Council's Regulation 123 list would be provided by the Council and other agencies, funded in whole or in part by CIL. Developers would not control the delivery of such infrastructure. Some necessary supporting infrastructure may thus be outside the scope of *development proposals*. Accordingly, the policy needs to be amended to reflect this position.

#### **4. Affordable Housing, housing to meet particular needs and viability**

4.1 Policy H3 on Affordable Housing sets out 3 different percentage rates for the provision of affordable housing based on the 3 value zones identified in Fig 5.1 of the plan. The justification for this approach is in the Council's Viability Study (Aspinall Verdi February 2015 VIAB 1 and 1a, which is also CIL document CIL4 and 4a). It is likely that the viability evidence will need to be up-dated during any suspension to take account of the proposed requirements of the current Housing Bill in relation to Starter Homes. In this note, I particularly highlight other matters which should be incorporated in any such up-dated evidence.

4.2 I consider that the 3 value zones and the inclusion of Witney in the medium value zone, are justified at present on the basis of the Aspinall Verdi Study and, in particular, the table of sales prices in Table 5.9. I accept that the boundaries between the 3 zones could have been drawn differently and note that in an earlier study Witney had been included in the low value zone. However, this does not make the Council's inclusion of Witney in the medium value zone unsound, given the updated evidence. Later hearings will need to assess whether the combination of affordable housing and infrastructure requirements and the proposed CIL charge are justified for particular allocations.

4.3 At the hearing it was agreed that the Aspinall Verdi Study had sensitivity tested a 25% increase in build costs (to encompass likely increases such as zero carbon homes), but that its recommendations were not based on the consequences of these higher costs. It was also agreed that the Government now has no current plans for any further increases in energy efficiency standards or for zero carbon homes. Accordingly, the Building Regulations Part L 2013, which came into force in April 2014, will remain for the foreseeable future. There is thus no need for the recommendations of the Viability Study to take account of zero carbon homes. This position is not reflected in the Statement of Common Ground on build costs (CIL 04). In my Post-Hearing Housekeeping Note I have requested the parties to this SCG to update it to try to agree the above position.

4.4 Policy H4 includes 2 requirements for developments of 11 or more units. Firstly, a minimum of 25% of new dwellings are to be accessible and adaptable housing and secondly a minimum of 5% are to be wheelchair user dwellings, in both cases the policy indicates that such provision would be a matter for negotiation. These policy requirements raise issues relating to the justification for the requirement and the impact on build costs and thus on viability.

4.5 The Written Ministerial Statement of March 2015 introduced a new regime for planning policies to incorporate local requirements for housing construction. They can

do so only by reference to the Nationally Prescribed Standards. The Council have confirmed that these 2 requirements are intended to relate to the optional Building Regulations M4(2) - accessible and adaptable dwellings and M4(3) - wheelchair user dwellings. This needs to be made clear in the policy and the supporting text.

4.6 National Guidance requires Councils to assess and demonstrate the need for these requirements locally. The Council accepted that there was limited evidence and the requirements in the policy were an informed judgement. I recognise the importance of meeting the housing needs of an ageing population and of those with disabilities. It is also important to ensure that the required evidential justification for such policies is not disproportionate. However, I consider that the Council does need to draw clearer conclusions from any evidence which is available, coupled with a brief explanation of how the Council sees the policy requirements actually working in practice to meet those requirements. For example, to what extent are the proportions being sought directly related to likely needs among the local population or intended to embed a degree of flexibility, recognising that people may not be willing or able to move if their needs change and that some of the dwellings meeting these standards might be occupied by households who do not currently require that particular type of accommodation.

4.7 In relation to M4(3) wheelchair user dwellings, National Guidance states (Paragraph: 009 Reference ID: 56-009-20150327): *Local plan policies for wheelchair accessible homes should be applied only to those dwellings where the local authority is responsible for allocating or nominating a person to live in that dwelling.* There is no local justification for departing from this guidance and applying the policy to both market and affordable dwellings as proposed in policy H4. The policy therefore needs to be amended. The text of the plan will need to make very clear to which types of affordable housing the standard applies. The appropriateness of the proposed percentage requirement will need to be reviewed given the much smaller number of dwelling to which it would apply. Consistent with National Guidance, the text should also acknowledge that there may be sites or types of development (eg non lift-served flats) where the application of the requirement would not be appropriate.

4.8 In relation to viability, National Guidance indicates that Councils can take account of the evidence in the recent Government Impact Assessment (*Housing Standards Review Final Implementation Impact Assessment* DCLG, March 2015). For the M4(2) standards the estimated cost is £521 for a 3 bedroom house (paragraph 157). In isolation, I would not see this as requiring any further viability work, but if the Viability Study is updated for other reasons regard should be had to this cost factor. For M4(3) the estimated cost is £22,791 (paragraph 160). This is clearly a more significant factor. The Council needs to consider carefully how this affects the viability modelling in relation to the cost of providing affordable housing and the assumed "value" of those to the developer. The Council should also consider overall deliverability in discussion with Registered Providers.

4.9 Policy H5 concerns custom and self-build housing and requires 5% of plots on sites of 100 units or more to be serviced and made available for this purpose. National Guidance states that local planning authorities should plan to meet the strong latent demand for custom and self-build housing. Amongst other matters, it also suggests that in order to assess the local need for this type of housing Councils should compile a local list or register of people who want to build their own homes. Such a database is referred to in the text of the plan.

4.10 In principle, I consider that the aim of the policy is justified. Whilst there is not currently evidence specifically to justify the 5% requirement (or any alternative figure), it is a reasonable starting point. Critical to the acceptability of the proposal, is that the policy would allow the developer to build-out any plots that had not been sold after 12 months marketing. This is essential to ensure that development is not delayed. The requirement should also be kept under review in the light of emerging evidence of need from the database.

4.11 At the hearing, it was explained that for the purposes of the Viability Study, it had been assumed that self-build could include units to be made available for self-finish (as referred to in policy H5), thus enabling the developer to accrue a builder's profit. Thus the policy was considered unlikely to make much difference to viability overall. However, it was acknowledged that internal self-finish may not come within the definition of self-build in the current Housing Bill. Accordingly, I consider that the viability implications should be reassessed in any update of the Viability Study.

4.12 Other aspects of the Viability Study, such as the assumed market land value (and related issues such as land promotion costs) were not discussed at the November hearing. From the representations, these issues are closely related to other aspects of the viability of some of the Strategic Development Areas and will need to be discussed in the context of those sites in due course.

4.13 The rural exceptions policy within H3 does not specifically refer to allowing any market element to facilitate provision. NPPF paragraph 54 indicates that Councils *should in particular consider* whether allowing some market provision would facilitate delivery on such sites. The text of the plan (5.57) refers to developers having to demonstrate why market housing is needed to subsidise the delivery of the affordable housing. However, unless the policy itself acknowledges this possible need, any proposal which included some justified market housing, may not be policy compliant. The Council has accepted that policy H3 could be better articulated on this point and this should be pursued as a change.

## **5. Travelling Communities**

5.1 I expressed some concerns/raised some preliminary questions on this policy in ID 001 and the Council's response is in WOLP1. The Council has suggested some changes to the policy, namely: extrapolate the figures of need to cover the full plan period and include them in the policy; and make clearer and more certain the means to deliver the additional pitches required. Subject to the need for further adjustment in response to points below, these changes are necessary for soundness to make the policy effective and should be included in any consultation on changes.

5.2 No evidence has been submitted to undermine the assessment of future need for Gypsy and Traveller pitches as set out in the *Cherwell, West Oxfordshire and South Northamptonshire Gypsy and Traveller Needs Assessment* January 2013 (HOU14). I consider that this is a sufficiently thorough and informed study to identify future needs. My conclusion is consistent with that of the Inspector reporting on the Cherwell Local Plan.

5.3 HOU14 did not include Travelling Showpeople. For those needs the Council relies on *A Need Assessment for Travelling Showpeople* November 2008 (HOU15). I am concerned that there has been no attempt to refresh this evidence and, in a particular,

no recent formal engagement with representatives of Travelling Showpeople as to their accommodation needs or the continued reasonableness of the evidence in HOU15. Active engagement is required by *Planning Policy for Traveller Sites* (PPTS) (paragraph 7).

5.4 At the hearing, it was apparent that the Council's planning officers did have a good knowledge of the Travelling Showpersons' sites in the district, likely future household needs, changes in circumstances since 2008 and related issues. This could form the basis of a succinct update on need without undue additional work. Particular consideration should be given to how to respond to the potential "need" suggested by a waiting list for plots at the Cuckoo Wood site. If these are from families outside West Oxfordshire, care will be needed to ensure that any such need is being appropriately included in a needs assessment somewhere else if they are not being included in that for West Oxfordshire. This will require liaison with relevant Duty to Cooperate partners. Any such update of needs should be informed by appropriate engagement with local representatives of Travelling Showpeople and their views recorded. The update should set out clearly needs over the whole plan period and enable any 5 year supply requirement to be calculated.

5.5 HOU14 identified a pitch requirement of 6 for the 5 year period 2012/13-2016/17. The need should now be rolled forward taking account of any new permanent pitches granted permission in that period. WOLP1 (paragraph 5.9) refers to a number of permissions granted since 2011, but this includes a year before the base date of the assessment (31 March 2012). It refers to 2 sites where additional caravans have been permitted, but unless these were to enable the creation of new pitches for new households they cannot count as meeting part of the assessed need. Likewise the removal of the personal occupancy condition at Little Willow cannot count because Little Willow is already included in the count of authorised sites in Table 4.1 of HOU14. There would therefore appear to be a continuing unmet current need. There is not a 5 year supply of sites to meet this need. When the need for Travelling Showpersons' plots is updated there may also be a current 5 year need for additional sites for that group.

5.6 PPTS (paragraph 19) states that in producing a local plan, local planning authorities should identify and update annually a supply of specific deliverable sites to provide 5 years worth of sites against their locally set targets and sites or broad locations for growth for years 6-10 and, where possible, 11-15 years. This is comparable to what local plans need to do in relation to the requirement for conventional housing. The submitted plan does not make any allocations for sites for Travelling Communities. The Council envisages making allocations in the local plan review. In this regard the plan is not consistent with national policy.

5.7 On the basis of its currently identified housing requirement and the Council's own assessment of the 5 year supply, the local plan does provide a 5 year supply of housing and the Council is not reliant on any further development plan to meet West Oxfordshire's own housing needs (although that may change in the light of my conclusions in Part 1). I cannot therefore see why it is fair and justified to disadvantage one group by delaying provision for their needs alone to a later plan. Opportunities to provide sites in sustainable locations may be lost if not considered at the same time as the allocation of large areas of land for other purposes.

5.8 I acknowledge the very real difficulties the Council face in finding appropriate and deliverable sites that reflect the identified need (WOLP1 paragraph 5.6). But there is no reason to envisage these difficulties being any more readily overcome in the future than at present. Given that further work is now needed in relation to the housing requirement, the Council should make further efforts to find and allocate deliverable sites to provide at least a short term rolling 5 year supply until further sites could be allocated in a later plan. Alternatively, of course, the 5 year supply of pitches/plots could be met prior to the adoption of the plan by the grant of planning permissions for additional sites. In the absence of provision of a 5 year supply I cannot endorse as sound the criteria in policy H7 since considerable flexibility in the assessment of site suitability may be required to achieve necessary delivery.

**Simon Emerson**

**Inspector**

**15 December 2015**