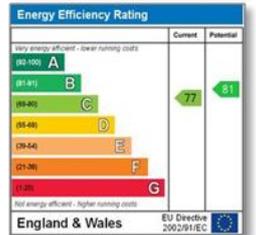




Review of the Oxfordshire SHMA 2014 and Oxford City SHMA Update 2018

Report of Findings

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Summary.

- 1.1 The Oxford City SHMA Update 2018 identifies an OAN for Oxford City of 776 dwellings per annum. This figure is in line with adopted plan figures for similar areas across the South East of England. The figure of 1,400 dwellings per annum in the Oxfordshire SHMA 2014 was an outlier and should be disregarded.
- 1.2 The figure proposed by Oxford City of 1,356 dwellings per annum to meet all affordable housing need is based upon a substantial over-estimation of affordable housing needs and is also an approach which is flawed and without precedent across the country.

Introduction

- 1.3 Opinion Research Services was commissioned by the Cherwell Development Watch Alliance to review the level of Objectively Assessed Need (OAN) identified in the Oxford City SHMA Update 2018 and compare this with the figures found for Oxford City in the Oxfordshire SHMA 2014.
- 1.4 This review does not include any new research undertaken by ORS as to what we consider to be the true OAN for Oxford City. Instead we consider the information provided in the two SHMAs, explore why the figures have varied over time and assess the plausibility of the outputs.
- 1.5 Since ORS was formed as a spin-out company from Swansea University, we have prepared housing needs assessments for 140 local planning authorities (including 124 in England, 15 in Wales and one in Scotland) and also the States of Guernsey Housing Authority. Of the assessments in England, ORS has undertaken work for a total of 64 local planning authorities during the past three years. This includes an assessment of overall housing need (OAN) for 56 authorities, and an assessment of affordable housing need and housing mix (but no assessment of OAN) for the other eight authorities.
- 1.6 ORS has successfully defended its SHMA methods and assumptions at all Examinations and Inquiries that we have attended. Evidence from our SHMA work has been endorsed by 12 Local Plan Inspectors (including two where examinations were adjourned and we were commissioned at short notice to replace unsatisfactory work); and we have supported local authorities at 24 public inquiries, with the Council's evidence being endorsed by the Inspector on 17 occasions, the appellant withdrawing their objection to the Council's evidence on four occasions and no view on OAN being given by the Inspector on two occasions (the one remaining inquiry is currently adjourned).

Overview

- 1.7 The chart below compares the outputs from the Oxfordshire SHMA 2014 and Oxford City SHMA Update 2018 for OAN for Oxford City. The figures have been annualised to aid the comparison and it should be noted that the Oxfordshire SHMA 2014 covered the period 2011-2031, while the Oxford City SHMA Update covered the period 2016-2036. However, this difference in time periods appears to have had a very limited impact on the outputs.

Stage	Oxford 2011-2031 from SHMA 2014: Annual Figure	Oxford 2016- 2036 from SHMA 2018: Annual Figure
HOUSEHOLDS		
Dwellings linked to baseline Demographic starting point Includes adjusted migration trends, adjusted headship rates and a vacancy rate	755	554
Adjustment for previous shortfall. SHMA 2018 correctly acknowledges not needed due to Winchester v Zurich	+27	0
Additional Dwellings required for jobs uplift	0 (700 dpa sufficient)	0 (527 dpa sufficient)
Housing need based on demographic and employment projections	782	554
Uplift for market signals and affordable housing	79% = 618dpa	40% = 222 dpa
Full Objectively Assessed Need for Housing	1,400	776

- 1.8 The chart shows that the OAN for Oxford City has fallen from 1,400 dwellings per annum to 776 dwellings per annum between the two studies. A drop of this magnitude requires explaining and there are a number of factors behind the changes.

Demographics – The Oxfordshire SHMA 2014 utilised the household representative rates from the 2008 based CLG household projections. The SHMA Update 2018 uses the figures from the 2014 based CLG household projections. It was already known in 2014 that the 2008 based CLG household projections were too high, so they should not have been used. Therefore, the Oxford City SHMA Update 2018 is perfectly correct to move to the 2014 based rates.

Backlog - the Oxfordshire SHMA 2014 added under-delivery from the previous plan to the OAN figures. However, as noted in the Oxford City SHMA 2018, the Winchester v Zurich judicial review confirmed that this approach is not correct and the Oxford City SHMA Update 2018 is correct not to add these dwellings to the figures.

Market Signals/Affordable Housing Need response. The Oxfordshire SHMA 2014 added an uplift of 79% to the OAN (85% when the backlog of need is also included) to address market signal pressures and as an uplift for affordable housing. This was on top of the uplift for household representative rates and the backlog of housing need from the previous plan. The scale of the uplift in the Oxfordshire SHMA 2014 was unprecedented at the time and never repeated in any further SHMAs across the country. Therefore, the Oxfordshire SHMA 2014 has always stood alone in terms of the rate of growth identified in the context of other SHMAs across the country. The Oxford City SHMA 2018 Update proposes a 40% uplift which is still high compared to similar authorities, but is more plausible

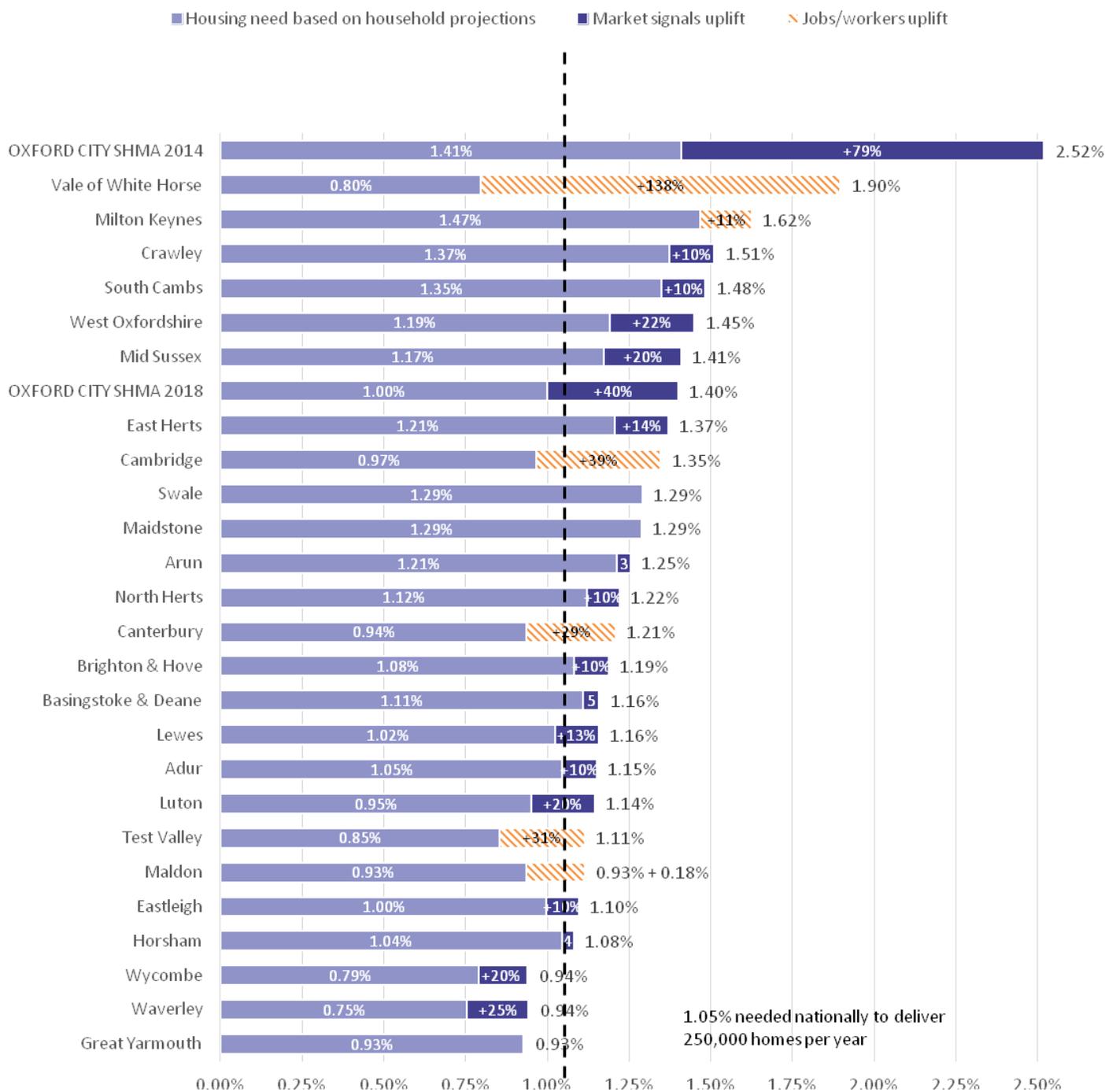
than the 79-85% proposed by the previous study. As noted in the Oxford City SHMA Update 2018 the previous study was produced at a time when the author's understanding of the issues was less developed:

9.40 It is worthwhile to briefly make a comparison between the findings in this report and the last assessment of affordable housing need which was written under a less evolved understanding of its relationship with OAN as previously defined.

- 1.9 On the basis of the above analysis, the OAN of 776 dwellings per annum identified in the Oxford City SHMA Update 2018 represents a much more plausible and realistic figure than the 1,400 dwellings per annum found in the Oxfordshire SHMA 2014.
- 1.10 We would also note that the government introduced a new standard methodology for assessing housing need in the National Planning Policy Framework July 2018, paragraph 60. Based upon the consultation draft of this method in September 2017, the housing need for Oxford City was 746 dwellings per annum. However, based upon a revised consultation issued by MHCLG in October 2018 and not yet adopted, the figure would be 743 dwellings per annum. Therefore, the figure in the Oxford City SHMA 2018 of 776 dwellings per annum is in line with this figure.

Comparisons with Other Areas

- 1.11 The only effective way to compare the OAN across different authorities is to consider the overall rate of growth of dwellings in relation to the existing dwelling stock. The following chart identifies the rate of growth in dwellings necessary to meet the housing need based on household projections together with the uplifts applied for market signals (including suppressed household formation) and aligning jobs and workers. The areas chosen are all adopted Local Plans across the South East and East of England since 2015, or areas which are currently seeing their Local Plans examined and the inspector has confirmed acceptance of their housing figures.
- 1.12 The numbers relate only to the OAN for the area and not their adopted housing target which may be higher or lower due to land supply constraints or accepting overspill from other areas.
- 1.13 It is clear that the rate of growth identified for Oxford City based on the 2018 OAN (1.4% per year) is in the upper end of those in the Wider South East, but it is not out of line with adopted figures. For example, the 1.4% growth per annum is in line with those seen in West Oxfordshire, Cambridge City and South Cambridgeshire despite the 40% uplift being higher than that used anywhere outside of Oxfordshire.
- 1.14 However, the 1,400 dwellings per annum identified in the Oxfordshire SHMA 2014 for Oxford City is wholly out of line with any adopted plan, even that for Vale of White Horse which is itself well above any other adopted plan. Therefore, the scale of growth represented by the Oxford City OAN in the Oxfordshire SHMA 2014 should be seen as a complete outlier which has never been repeated elsewhere.



Oxford City Council’s interpretation of OAN

^{1.15} Oxford City Council’s draft local plan quotes the need figure of 1,356 dwellings per annum to meet their full affordable housing need. The council consider that the figure of 1,356 dwellings per annum is comparable to the figure of 1,400 dwellings per annum in the Oxfordshire SHMA 2014. For clarity, this is incorrect and this point is addressed at paragraphs 9.46 and 9.47 of the Oxford City SHMA 2018 which state:

9.46 The SHMA then went on to identify a housing need of 2,058 dpa to meet affordable housing need in full based on a policy of 50% delivery. The equivalent figure using the latest assessment of affordable housing need (678 affordable dpa) would be 1,356 dpa.

9.47 The SHMA report then went on to consider the range of housing need taking into account the above plus an adjustment to address local affordability issues/market signals. For Oxford a range of 1200-1400 dpa was identified.

- 1.16 The equivalent figure to the OAN of 1,400 dwellings per annum in the Oxfordshire SHMA 2014 is 776 dwellings per annum.

Meeting Affordable Housing Need

- 1.17 The figure of 1,356 dwellings per annum is different and assumes that all affordable housing need is met given that the identified affordable housing is 678 dwellings per annum.
- 1.18 ORS would very strongly dispute that the correct figure for affordable housing need is 678 dwellings per annum and consider that this figure is around double the correct number. The figure of 678 dwellings per annum affordable housing need amounts to 87% of the OAN for Oxford City and is more than demographic growth before the market signals adjustment is applied. This in turn implies almost no net new households will be able to afford their housing costs.
- 1.19 There are two key factors which explain why the affordable housing needs figures are so high. The Oxford City SHMA 2018 assumes at Table 32 that 51.5% of newly forming households are unable to meet their housing costs. That is a very high figure compared to ORS's findings in similar areas such as Buckinghamshire and Bedfordshire and it implies that more than half of all newly forming households require affordable housing. The mostly likely explanation for this figure is that the model does not appear to have adequately considered migrating households who are likely to arrive with equity and higher incomes. Therefore, too many households are assumed to not be able to afford their housing costs.
- 1.20 The second key figure is shown at paragraph 6.32 which shows 331 households fall in to need each year. These are households who were previously meeting their housing costs, but are now unable to do so for reasons such as they have lost a source of income. However, there is absolutely no allowance for any households leaving need when their circumstances have improved, and our experience elsewhere has shown that this group frequently offset the numbers falling in to need.
- 1.21 As an example a single person may have been paying their own private rent in Oxford City, but they then lose their job and are unable to keep up their rent payments. They can then be assisted with their rent payments through the Local Housing Allowance granting them housing benefit support. This household would have fallen into need. However, the same person may then get a new job and start to be able to pay their own rent again. This person would have climbed out of need.
- 1.22 The model used in the Oxford City SHMA 2018 counts their need as they lose their job, but doesn't count their improved circumstances as they find a new job. Therefore, it is an unbalanced model which is over-counting affordable housing need. If the figures were to be properly counted the level of affordable housing need in Oxford City would fall sharply, to around half of the 678 dwelling per annum figure.
- 1.23 On this basis we consider that the figure of 678 dwellings per annum for affordable housing need is an overstatement and therefore, a figure of 1,356 dwellings per annum to meet this affordable need is also an overstatement of need.

- ^{1.24} We would also note that the Oxford City SHMA Update 2018 covers some of the caselaw around affordable housing need. We would note that OAN and FOAN are used interchangeably in SHMAs and High Court judgments. The Kings Lynn and West Norfolk v Elm Park Holdings case outlined at paragraph 9.32 of the SHMA Update 2018 is particularly important because at paragraphs 33 and 34 it states:

33 This consideration of an increase to help deliver the required number of affordable homes, rather than an instruction that the requirement be met in total, is consistent with the policy in paragraph 159 of the Framework requiring that the SHMA “addresses” these needs in determining the FOAN. They should have an important influence increasing the derived FOAN since they are significant factors in providing for housing needs within an area.

34 Insofar as Hickinbottom J in the case of Oadby and Wigston Borough Council v Secretary of State [2015] EWHC 1879 might be taken in paragraph 34(ii) of his judgment to be suggesting that in determining the FOAN, the total need for affordable housing must be met in full by its inclusion in the FOAN I would respectfully disagree. Such a suggestion is not warranted by the Framework or the PPG for the reasons which I have just set out.

- ^{1.25} A further High Court judgment, Hinckley and Bosworth Borough Council v Jelson Ltd is even more clear at paragraphs 40 and 52:

40. Like the other figures in the column headed “Annual Housing Need” in Table 48, the figure of 980 dwellings per annum is the product of arithmetic driven by current development plan policy for the provision of affordable housing as a percentage of the total number of dwellings in a proposal above a given size. The “need” here is elastic. The figure of 980 dwellings per annum is the notional amount of housing that would have to be delivered to bring forward the number of dwellings in the column headed “Affordable Need” – 245 dwellings per annum – on the basis of an average requirement of 25% affordable housing in relevant developments under the current applicable policy in the development plan. If that policy was changed, the arithmetic would change too, and different figures would emerge in the columns headed “Annual Housing Need” and “Total Housing Required Based on Current Policy”: the lower the percentage requirement in the policy, the higher the total “need” for housing – potentially far beyond the “full, objectively assessed needs” for housing to which NPPF policy refers.

52. The outcome of the proceedings in Oadby and Wigston Borough Council turned on the lawfulness of the approach taken by the inspector in the particular circumstances of that case. I should add, however, that it makes no difference here that the figure of 800 dwellings per annum for “Annual Housing Need” for Oadby and Wigston in Table 48 was not put forward in that case as representing the “full, objectively assessed needs” for housing. But one can well understand why it was not. Like the figure of 980 dwellings per annum for Hinckley and Bosworth, in the same column in the same table, it was the product of arithmetic based on policy: the level of housing delivery that would theoretically be required each year to meet an “Affordable Need” of 160 dwellings assuming an “Affordable Housing Policy (Mid-Point)” of 20%. It had no better claim to be regarded as representing the “full, objectively assessed needs” for housing in the borough of Oadby and Wigston than did the figure of 980 dwellings per annum in the borough of Hinckley and Bosworth. That was the gist of Green J.’s relevant conclusions (in paragraphs 60 and 61 of his judgment).

^{1.26} Therefore, the approach proposed by Oxford City council is not necessary. High Court judges have been very clear that the approach adopted by Oxford City Council does not give the OAN and it is in fact again without precedent across the country. No Council that we are aware of has sought such a large uplift to their OAN to meet their affordable housing need.