

## **Oxford City Council summary of GLH approach to calculating affordable housing (AH) need**

### **Existing Need at Base Date**

GL Hearn's (GLH) approach follows paras. 20 to 24 of the PPG (ID Ref: 2a-020-20190220 onward). GLH assesses existing need as 6,639 households (11% of estimate of all households in the City) (HOU.5 para.6.19). From this the following are discounted: (a) households already in affordable housing; (b) 90% of owner occupiers and (c) students (para.6.20-6.21). As a result of these exclusions, the number of households in AH need is reduced to 4,035 (Table 30). Furthermore, in recognition that some of this cohort may be able to afford alternative market housing, the number of households in AH need has been further reduced by a third, by reference to the income distribution (lower quartile) of those in unsuitable housing compared to local housing costs as per the PPG (Reference ID: 2a-021-20190220). The ORS report confirms that this figure is "perfectly plausible" (para.1.48).

### **Newly Forming Households**

Includes 51.5% of newly forming households aged under 45 (but no newly forming households over 45), derived from core demographic projections, with 48.5% of newly forming households therefore excluded from the assessment. This 51.5% amounts to 669 new households per annum to 2036 (HOU.5 Table 32 and para.6.29). This reduction is calculated on the basis of local income and house price and income modelling drawn from the English Household Survey, which reveals that incomes distributions of newly forming households are around 84% of that of all households (see 2018 SHMA paras 6.38-6.29). The assessment is based on to Oxford-specific evidence and is therefore robust and reliable. Reliance on evidence applicable to other HMAs (e.g. Buckinghamshire) is not relevant to Oxford nor is it directly comparable..

### **Migrant Households**

The assessment of AH need from newly forming households is derived from the core demographic projections set out in HOU.5. The assessment takes account of new households that form in Oxford by moving to Oxford, i.e. in-migration, some of whom will have come to Oxford in affordable housing need. Moreover, the assessment excludes new households forming from existing households within Oxford but where they form outside of the area, i.e. out-migration. As such, the effect of both inward and outward migration on household growth is fully accounted for in the demographic-based assessment and therefore in household formation and does not require any further adjustment as part of the AH needs assessment. Migration projections reflect various income bands and takes account of migration by lowest earners.

### **Existing Households Falling into Need**

Includes 331 existing households falling into AH need each year (para.6.32). The figure is derived from MHCLG CoRe data (para.6.30) which records the annual average of those who are provided with affordable housing over a 3-year period. Those in short-term need are thus excluded. In light of the annualised nature of the assessment, it is highly unlikely that a new household will establish in the private sector and be given affordable housing in the same year. Newly forming households are also excluded. No double counting arises.

### **Households dissolving and households climbing out of need**

A re-let allowance is required to be made by the PPG at paragraph 22 (Ref ID: 2a-022-20190220). This will include reflect households falling out of need. This has been arrived at using Oxford-specific evidence from CoRe (HOU.5 para.6.34-6.36 & Table 33). Thus, those who fall out of need and release an affordable home are accounted for by the relet allowance. GLH also consider it appropriate to take account of "supported housing" as source of supply (contrary to Barton Willmore's approach). Households fall out of affordable need principally for two reasons: (a) the household dissolving or (b) their economic circumstances changing for the better. For (a), dissolving households usually arise through death or moving in with a partner, thereby releasing accommodation formerly occupied, and which is addressed through the re-let allowance. For (b), those who fall into affordable housing need and whose economic circumstances change such that they climb out of affordable need are also accounted for in the re let allowance as those falling into need are derived from CoRe (above) and are those who take up affordable housing. Those existing households and newly forming households in affordable need whose circumstances improve are also accounted for in the re-let allowance where they release an affordable home and by the large discounts at the point of assessment to reflect those who may be able to afford and access market housing (see above). Students are also excluded, representing the group whose circumstances are most likely to change positively over time. In terms of out migration by those who cannot afford a home, the GLH approach (consistent with the PPG) clearly seeks to record an affordable housing need at the point which it arises. Some people may leave the area over time due to lack of supply but this is not a basis to reduce need that exists now as it is a supply side constraint. GLH consider this adequately captures these groups and anything not captured by this would be extremely small over the period.

The assessment above is derived from GLH's model, used in the 2014 SHMA and 2018 Update. This model has been accepted by other LPA's in Oxfordshire and elsewhere and has been found sound at examinations. The GLH assessment is derived from Oxford specific information. No other party to the examination has offered an assessment of affordable need based on the specific circumstances of Oxford but rather on the basis of general, unmodelled, assumptions.