

Local Plan 2040 Preferred Options

Background Paper: Overall housing numbers- housing need and requirement (2022)

1. Introduction

Oxford has acute housing pressures that need to be addressed. The city has an urgent need for more housing, and it is widely recognised that demand continues to outstrip supply. Oxford is an international city with a world-renowned university and hospitals, and it is an important part of the knowledge economy; increasing the supply of available and affordable housing is a priority in supporting the economy, including healthcare and education needed for the city, because it means that staff can be both attracted and retained more readily. Meeting the needs of those in high housing need, or those who may struggle to afford to remain in the city, is also important in order to meet social objectives such as overcoming inequalities and improving health and wellbeing.

Topic Paper 4 Housing Need and Supply from the Issues consultation 2021 set out the key issues which need to be explored in the new Plan, and some options to consider. This paper sets out the updates since that consultation in relation to housing need. The process for identifying potential sites for housing is now explained in a separate background paper (Site Assessment Process, 2022).

2. What is housing need and housing requirement

Housing *need* must be established and confirmed through the evidence base and planned for. We may not be able to meet all the housing need in Oxford, so the calculated need won't necessarily be the same as the housing target in the Plan- that is the housing *requirement*. To illustrate this, in the Oxford Local Plan 2036 the housing requirement over the plan period is 10,885 homes, with an unmet housing need of 15,000 (the neighbouring districts have allocations in their adopted local plans which will accommodate this unmet need – as set out in Figures D2 & D3 of Chapter 8 Development Sites, Areas of Focus and Infrastructure).

3. Updates since 2021

National policy changes since 2021

The previous housing background paper set out the key national policy context for this topic (as at summer 2021) and is still relevant. Since that time, the main change to national policy which are relevant to the policy options in the Local Plan 2040, is the introduction of the **First homes requirement**.

Since the consultation in 2021, the national First Homes Requirement has come into effect. First Homes are a new form of affordable housing, introduced in a Ministerial Statement in May 2021, intended to help with home ownership. First Homes are offered for sale at a discounted rate but must meet certain criteria set out in national policy: First Homes are discounted (40% discount required in Oxford) to a sales price of no more than £250,000 and are available to first-time buyers/households earning no more than £80,000.

As such there is now a requirement for First Homes to be provided as an element of any affordable housing secured. As set out in national policy, a minimum of 25% of all affordable housing units

secured using developer contributions for a site should be First Homes. Where a development cannot provide affordable housing units on site, 25% of the financial contribution should be used to provide First Homes elsewhere. The First Homes requirement has only recently come into effect, so there is less evidence available to inform the delivery of this element. However, we are aware that there is strong risk that the First Homes delivered in Oxford will be mostly one-bed homes owing to the combination of the (nationally-set) price cap and the high house price values in Oxford, which have the potential to skew housing mix on sites and produce fewer one-bed socially rented flats on a site, thus not meeting the housing needs of single people and couples that would require such accommodation in Oxford.

A Technical Advice Note sets out more details about how the First Homes requirement is being implemented in Oxford¹.

Local context changes since 2021

At the local level, there have been two significant changes to the context in which the Local Plan 2040 is being prepared and the evidence base which informs the plan:

- **Oxfordshire Plan 2050 and Oxfordshire Housing and Growth Deal.** It had been anticipated that the Oxfordshire Plan 2050 would set out district-level housing requirements, which would've determined the overall housing numbers for the Local Plan 2040. As of August 2022, work on the OP2050 is now not proceeding so this part of the policy context is not yet available and further evidence base work needs to be undertaken.
- **Oxford-Cambridge Arc Spatial Framework.** Work on the Oxford-Cambridge Arc has also not progressed as anticipated, with a seeming shift in Government priorities to focus on the Levelling Up Agenda (February 2022). So whilst the project is still supported by Government there may not be the levels of Government funding available to support the project that were originally anticipated², and the Government target of 1 million homes across the whole Arc has been dropped. Linked to this, the Expressway Government project has also been dropped.

The main impact of these two unforeseen changes is that the strategic planning context for determining housing requirements for Oxford is now not set out as clearly as had been anticipated, and additional evidence base work will need to be undertaken at the local level instead to inform the housing requirement.

4. Consultation and engagement

There were a wide range of comments in relation to housing, received at the consultation in 2021. The majority however were not about the overall number of homes per se, but rather about the affordability of homes, what sort of land new homes are delivered on, and how to build strong communities and neighbourhoods:

¹ https://www.oxford.gov.uk/downloads/file/7907/tan_16_first_homes

² OxCam Arc Leaders Meeting, 28 January 2022 noted that whilst revenue funding has been made available to continue the ongoing operations of the Arc (ie funding the small team of officers) there is no long term Government commitment to the funding and no commitment at all to capital funding

Affordability – comments highlighted the unaffordability of homes in Oxford, especially private rental prices, and also the need to tackle homelessness.

Types of land – several comments about the need to protect the Green Belt from further encroachment, and prioritise brownfield sites. People also highlighted that disused offices can be repurposed and renovated to provide homes.

Building communities and the wider context of delivering new homes – was a strong theme in many comments. For example, people raised the importance of having localised community facilities to reduce travel and help foster a sense of community, similarly the importance of local green spaces (parks but also allotments were mentioned) for recreation and biodiversity. Some people also raised that an increase in people working from home, has made the importance of local facilities even more important, and places for communities to come together to tackle loneliness and isolation which have resulted from covid-related restrictions. There were also quite a few comments about the impacts of the LTNs that have recently been introduced in Cowley and elsewhere in the City, and the perceived (generally negative) impacts that it has had on communities, such as rat runs and being harmful for those in communities who cannot – for example elderly – carry weekly shopping on foot from the supermarket. The issue of large concentrations of HMOs or Airbnbs in certain areas was also raised, in terms of negative impacts on communities, rental prices and availability of homes.

Energy efficiency, carbon off-setting, and use of renewable energy in homes, was also raised in comments, and this is considered in more detail in those background papers.

5. Calculating housing need and requirement for the Preferred Options

The Local Plan must set out a total housing requirement for the plan period, setting out the number of houses that are required to be delivered each year. The Government checks delivery of housing in each planning authority in the Housing Delivery Test and there are sanctions if the requirement is not met.

In order to set out a housing figure in the Local Plan 2040, the starting point is to calculate the minimum local housing need, and then use this to help inform a policy decision about what an appropriate housing requirement figure could be (possibly considering levels beyond the minimum figure in certain circumstances). The housing requirement is a policy decision, whilst the housing need is a calculation.

The minimum housing need figure for Oxford is calculated by using the “standard method” as set out in National Planning Policy Framework which states that “to determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment conducted using the standard method in national planning guidance ...” (paragraph 61).

Paragraph 61 then sets out a caveat “ – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals”. We consider that circumstances are likely to exist in Oxfordshire that justify using an alternative method to calculate housing need, owing to its important role in the local and national economy and the issues with affordability (relating to this economic role, and also having potential to impact on future economic success).

Currently the basic Standard Method calculation can be undertaken for Oxford, but the further evidence to justify an alternative approach or to inform a decision about an appropriate level of housing requirement for the Local Plan has yet to be undertaken due to recent changes in circumstance locally across Oxfordshire. The work was being undertaken as part of the Oxfordshire Plan 2050, but since August 2022 the OP2050 is now not proceeding. As it is considered there are reasons to diverge from the Standard Method in Oxfordshire, instead we will commission a piece of work to assess housing need, with a methodology agreed with as many of our neighbouring Oxfordshire districts as possible. However, what is known at the current time is that the capacity of Oxford to accommodate housing is lower than even the lowest housing need figure (which would be the figure from the Standard Method calculation).

The housing need and the housing requirement set in the plan will differ because capacity is limited, and the full housing need cannot be met within the constraints of the City. As Oxford cannot meet its housing need in full, it should ideally be demonstrated how the need will be met outside of the authority's boundaries. This work would also have taken place as part of the Oxfordshire Plan 2050 process. However, in the absence of that, other means of joint discussion will be needed. Therefore, more detail about the housing needs evidence base, alongside a better indication of the magnitude of the unmet need, will form part of an additional consultation, most likely in early 2023.

6. Background evidence

There are two main elements to the evidence base to consider in arriving at a housing requirement figure for the Local Plan 2040: the need for homes, and the likely realistic supply of sites to deliver new homes.

Need

A joint study was undertaken to consider the housing requirement across Oxfordshire and the Oxfordshire housing market area as a whole – the **Oxfordshire Growth Needs Assessment (OGNA, 2021)** to inform the work on the Oxfordshire Plan 2050. Whilst the work on the Oxfordshire Plan 2050 has now stopped, and some of the context has since moved on, the OGNA still provides some useful data and analysis about housing need across Oxfordshire, including the Standard Method calculations. The study also includes an addendum to consider the potential impacts of covid on people's living arrangements and the economy (based on the emerging situation as at 2021) and how those might impact on future housing needs numbers.

Table 7.3.1: Standard Method local housing need in Oxfordshire (adjusted demographic baseline projections)

	Cherwell	Oxford	South Oxon	VoWH	West Oxon	Oxfordshire
Households 2020	64,191	59,992	60,150	56,834	47,832	288,999
Households 2030	70,227	64,969	64,554	62,668	50,506	312,923
Change 2020-30	6,036	4,976	4,404	5,834	2,674	23,924
Change 2030-30 per annum	604	498	440	583	267	2,392
Affordability ratio (2019)	10.43	11.45	11.6	9.57	10.38	-
Affordability Uplift	40%	47%	48%	35%	40%	-
Local Housing Need	846	729	650	786	374	3,386

Source: Justin Gardner Consulting, Icenii Projects.

Source: OGNA (2021), Table 7.3.1

The next step to build on this, in light of the Oxfordshire Plan now not proceeding, is to commission a piece of work to assess housing need for Oxford, with a methodology agreed with as many of our neighbouring Oxfordshire districts as possible. This work will also consider housing mix (which types of homes we need and sizes/number of bedrooms) and affordable housing needs (including tenures).

Supply

In terms of considering the likely supply of future sites and the capacity for new homes in Oxford, there is relevant data in reviewing housing delivery rates in recent years (completions and permissions granted), and in the Housing and Economic Land Availability Assessment (HELAA), which assesses future potential sites and helps to inform the trajectory.

The Authority Monitoring Report (AMR) 2020/21 considers housing delivery rates in recent years. In terms of residential completions, it shows that 743 (net) dwellings were completed in Oxford in 2020/21, and the cumulative number of dwellings since 2016/17 is 2691 (net) dwellings.

AMR Table 7:

Year	Dwellings Completed (net) applying new student and care home ratios from Housing Delivery Test measurement rule book	Housing Type			
		Market Dwellings Completed	Affordable Dwellings Completed	Student Rooms Completed (Number of Equivalent 'dwellings') <i>See table 11 below for further details</i>	Care Home Rooms Completed (Number of equivalent 'dwellings') <i>See table 12 below for further details</i>
2016/17	435	300	20	295 (118)	-6 (-3)
2017/18	373	166	18	472 (189)	0 (0)
2018/19	356	158	105	183 (73)	36 (20)
2019/20	784	118	104	1337 (535)	48 (27)
2020/21	743	320	144	712 (285)	-11 (-6)
TOTAL:	2691	1062	391	2999 (1200)	67 (38)

Table 7: Net additional dwellings completed broken down by housing type, since the start of the Local Plan period.

It is also relevant to consider planning permissions and the likely supply of future sites and capacity. In the last five years planning permission has been granted for 1887 (net) new dwellings.

AMR Table 13:

Year	Dwellings permitted (net)
2016/17	304
2017/18	524
2018/19	504
2019/20	277
2020/21	278
TOTAL	1887

Table 13: Net additional C3 dwellings permitted since the start of the Local Plan period

This data can then be used to calculate the housing land supply for the next five years, which is currently 7.78 years (AMR Table 17).

An interim update to the HELAA has also been undertaken to help to understand the future supply of new sites looking forwards during the Plan period, and to ensure the assumptions about capacity in the city to deliver new homes is as up to date as possible. The 2022 Interim HELAA report updates the information about sites, and aligns the assessment to the 2020 base date of the Local Plan 2040.

Work on the interim HELAA has involved contacting landowners to check their intentions for developing (or not) their sites and anticipated delivery timescales where applicable, as well as aligning the HELAA methodology to a methodology developed as part of the Oxfordshire Plan process through an officer steering group from across the Oxfordshire districts to help ensure a consistent and robust approach to the assessment.

The full assessment process and methodology for the HELAA is explained in the covering report for the interim HELAA 2022.

The capacity identified from sites in the HELAA 2022 interim update is 9,147 dwellings (including an allowance for windfall). The updated windfall assumption is 127.

It is anticipated that a further update to the HELAA will be undertaken in 2022/23 to incorporate any further changes to landowner positions that emerge as a result of the Preferred Options consultation and the latest data from planning applications.