



Oxford City Local Plan 2040 Examination

Further Written Statement: Matter 3 Housing need and the housing requirement
(Representor Ref: 143)

On behalf of **L&Q Estates, Cala Homes, Vistry Group, Peabody, Gladman Developments,
Ptarmigan Land and Pye Homes**

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	Name	Position	Signature	Date
Prepared by:	James Donagh	Development Economics Director		22 nd May 2024
Reviewed by:	Michael Knott	Planning Director		22 nd May 2024
Approved by:	Michael Knott	Planning Director		22 nd May 2024
For and on behalf of Stantec UK Limited				

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Contents

1. Response to Matter 3	1
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1 RESPONSE TO MATTER 3

This statement has been prepared on behalf of the following clients:

- L&Q Estates
- Cala Homes
- Vistry Group
- Peabody
- Gladman Developments
- Ptarmigan Land
- Pye Homes

This statement should be read in conjunction with the other statements submitted on behalf of our clients and the representations submitted in response to the Regulation 19 consultation. Our clients are actively involved in the delivery of new housing and mixed use developments across Oxfordshire.

The HENA and housing need

Q1. Why does the HENA seek to assess the housing need for Oxfordshire and all of the individual authorities? Is this justified?

1.1 Yes, for the following reasons:

- i. It is an established fact that Oxford City is the core of a functional economic market area (FEMA) and housing market area (HMA) that corresponds with the Oxfordshire area. Thus, key economic strategies, for example the Strategic Economic Plan (SEP), published December 2023 address the economy of Oxfordshire as a whole. There is clear precedent for this joined up approach, including Oxfordshire's Economic Recovery Plan (February 2021), The Oxfordshire Local Industrial Strategy, 2019 (which highlights the challenges posed by housing affordability in Oxfordshire) and the previous edition of the SEP, published in 2016, the forward to which recognises the need to provide more affordable housing across Oxfordshire.
- ii. Evidence to support the existence of an Oxfordshire FEMA and HMA is presented in the appendices to the Oxfordshire Strategic Housing Market Assessment, 2014 (SHMA), which, following review of the pertinent factors, concludes as follows:

"The evidence clearly points to an Oxford-focused housing market area which extends across much of the County, reflecting the economic influence of the City. The county still remains the most appropriate geography for analysis of housing markets in terms of the 'best fit' of local authority boundaries to a functional housing market area.¹" (para 1.38)

1

<https://www2.oxfordshire.gov.uk/cms/sites/default/files/folders/documents/communityandliving/ourworkwithcommunities/oxfordshirepartnership/spatialplanninginfrastructure/Final%20SHMA%20Report%20Appendices.pdf>

- iii. For the purpose of facilitating effective cooperation, statements of common ground are prepared. Planning guidance advises that the appropriate functional areas can be used to determine the geographical area that the statements cover (PPG 61:017). Further guidance sets out the procedure for defining FEMA and HMA (PPG 61:018, 61:019) and reflects the approach taken by the SHMA.
- iv. It is necessary for Oxford to address its own needs and that of its neighbours, first because they are inextricably linked (migration and commuting patterns confirm this), and second, because the resolution of capacity constraints requires assessment of a consistent basis (assumptions and inputs) across Oxfordshire. This provides a starting point to understand the scale of Oxford's unmet need and where that need can be addressed.

Q2. *How does the HENA arrive at the four scenarios for housing need? What evidence sources and assumptions are used? Are these appropriate and justified?*

- a. The basis for the scenarios is as transparent and straightforward as it is possible to make such exercises whilst ensuring that they are also robust.
- b. Three scenarios are set alongside the results of calculating local housing need using the standard method, to help answer the question, is standard method right for Oxfordshire and Oxford City?
- c. All three scenarios identify needs higher than using the standard method and can be considered sound on the basis that they adequately reflect current and future demographic trends and market signals (PPG 2a:015, 2nd paragraph).
- d. HENA analysis of Census 2021 population data shows that Oxfordshire's population in 2021 exceeds that predicted by the 2014-based and 2018-based population projections. To reflect the indication of higher population growth indicated by the 2021 Census, HENA develops an alternative demographic projection (HENA page 19 to 26). The approach follows that used by ONS, uses the latest available data from ONS (natural change and migration) and results in alternative standard method (2022 to 2032).
- e. For Oxfordshire the HENA alternative Census adjusted standard method is 4,721 dwellings per annum, compared to planning guidance standard method's 3,388. The HENA calculation applies the same uplift (44%) and cap mechanism as the planning guidance standard method, and so can be said to pass the 'tests' of adequately reflecting demographic trends and market signals.
- f. Further guidance on assessing housing states that there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates. These circumstances are said to include situations where increases in housing are likely to exceed past trends, because, for example growth strategies (PPG ID2a:010).
- g. The HENA has regard to recently published economic growth projections and concludes that, assuming baseline growth, local housing need calculated using the standard method produces a substantial labour supply deficit across Oxfordshire. This provides a further justification to plan for a housing need figure than the standard method indicates.

- h. The HENA establishes the existence of substantial labour supply deficits using the following assumptions:
- i. **Dwellings to population** factor, using average household size derived from the latest household projections (2018-based)
 - ii. **Total Population to working age population (aged 16 to 66)**, using a ratio termed 'dependency ratio, based on data from the ONS and CE analysis.
 - iii. **Working age population to resident workforce** (the population aged 16 to 66 that is economically active) ratio, derived from regional economic activity rates published by ONS, from the Annual Population Survey. Regional estimates are used because of volatility in the Oxfordshire data.
 - iv. **Resident workforce to job capacity (the number of jobs that sustained by the resident workforce)** using a 'double jobbers' ratio derived from ONS Annual Population Survey.
 - v. **In commuting** (or the labour supply deficit) is equal to job demand less job capacity, *less*:
 - **Remote and home working** factor, based on CE analysis pertaining to the prevalence of working from home (35% of the workforce are assumed not to commute, either because they work remotely or are home based)
- i. The data sources described above are routinely used for this type of analysis and are typically quality assured (ONS). They have been subject to scrutiny by the HENA authors and a reasoned justification provided to support their use in the HENA housing need scenarios.
- j. The approach to working age population (the assumption that all persons 16 to 66 could be part of the workforce) is consistent with state pension age. The dependency ratio is within the bounds of the 2018-based population projections for Oxfordshire² and ensure that the 'working age' yield is relatively robust in that context.

Q3. What is the basis for choosing the CE Baseline scenario and departing from the standard method scenario? Is this justified?

- a. Departure from the standard method is justified, on the basis that it does not accord with economic growth prospects. We support the position as stated at paras 5.19 to 5.20 in the City Council's 'Housing Need including exceptional circumstances' Background Paper 1 (BGP.001):

² 64% in 2022, 63% in 2032 and 60% in 2042.

The Standard Method does not account for actual economic trends or strategies that reflect the importance of Oxford and Oxfordshire to the regional and national economy. The NPPF emphasises that plans should ‘set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth...’ The NPPF is also clear that ‘planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt’, and that ‘significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development’. The NPPF is clear that this is ‘particularly important where Britain can be a global leader in driving innovation and in areas with high levels of productivity’, this would evidently include Oxford and other parts of Oxfordshire. The inter-relationship between economic growth potential and housing need are recognised in the PPG through reference to ‘changing economic circumstances’

The NPPF recognises that economic factors can be taken into consideration when assessing need. Oxford and Oxfordshire clearly demonstrate strong economic performance and a buoyant labour market. Employment growth has been running ahead of housing delivery in Oxfordshire, resulting in a growing surplus of workforce workers over resident workers and growth in net commuting into Oxfordshire and deteriorating housing affordability resulting from the associated supply/demand imbalance.

- b. We note that all the HENA alternative scenarios are described as realistic, and that the City Council conclude that baseline economic growth is the preferred scenario. However, for the reasons set out in our Proposed Submission Draft (Regulation 19) representation letter (008 REP3 143), we find that 5,000 dwellings per annum across Oxfordshire should be planned for, including 1,500 dwellings per annum in Oxford City.
- c. This would be an appropriate response to the limited degree of uncertainty that the City Council attach to the Economic Development-Led scenario (see BGP.001; paras 6.6 to 6.8):

The Economic Development-led scenario for Oxfordshire shows a need for 5,830 dwellings per annum...

The four scenarios tested cover the realistic range. The Standard Method represents the low end of the range, and the economic development-led scenario represents the highest realistic level of growth, and there are two scenarios in between.

The economic development-led scenario has the objective to estimate and understand the development needs associated with a realistic expectation of Oxfordshire's economic development goals and projects set out in the LEP's Investment Plan. These projects are important to Oxfordshire and of national significance and value. However, there are potential downside risks to economic growth, and it remains possible that macro economic events and funding constraints may slow projects down or lead to some not progressing.

Q4. *What is the basis for choosing the apportionment between authorities based on the distribution of forecast jobs? Is this justified?*

4.1 As a starting point, apportionment based on job distribution, presumably to ensure commuting distances are minimised is reasonable, but other factors would also need to be considered that are beyond the scope of this response.

