

DRAFT

To: City Executive Board

Date: 12 March 2014

Report of: Head of City Development

Title of Report: Oxfordshire Strategic Housing Market Assessment

Summary and Recommendations

Purpose of report: This report summarises the findings and the planning implications of the new Oxfordshire Strategic Housing Market Assessment (SHMA). It sets out the implications of the SHMA projections for future housing provision and the process for accommodating any unmet need. It also advises on the implications for adopted planning policies.

Key decision? No

Executive lead member: Councillor Colin Cook

Policy Framework: The City Council's Corporate Plan priorities include a Vibrant, Sustainable Economy and Meeting Housing Needs. The City Council has just signed the Oxford City Deal. Relevant to the whole Oxford Local Plan/Local Development Framework, but especially to Policy CS22 (Level of Housing Growth) in the Oxford Core Strategy

Recommendation(s): That City Executive Board:

1. Notes that the City Council will continue to apply the housing requirement figure from Policy CS22 of the Core Strategy for the purpose of calculating Oxford's five-year housing land supply;
2. Endorses the general approach to accommodating Oxford's unmet housing need set out in the report; and
3. Notes that a further report will be presented to full Council setting out the forecast level of Oxford's unmet housing need that will need to be met by the other Oxfordshire districts.

Appendix 1 – Summary of the recent evidence base for Oxford's development plan

Appendix 2 – Risk Register

Introduction

1. Working through the Oxfordshire Strategic Planning and Infrastructure Partnership, the Oxfordshire Districts and the County Council have jointly commissioned consultants to prepare a new Strategic Housing Market Assessment (SHMA) to supersede the previous SHMA published in 2007. A SHMA is one of the key pieces of evidence underpinning the production of Local Plans, and publication of the new SHMA will have implications for all of the local authorities in the county. This report is brought forward to City Executive Board ahead of the likely publication of the SHMA so that the City Council is aware of the process and the next stages in that process. The report then addresses the process by which unmet housing need in Oxford will be taken forward jointly with the other districts, and highlights legal advice received in relation to the implications of the SHMA for the City Council's adopted planning policies.

What is a SHMA?

2. The National Planning Policy Framework (NPPF) indicates that local planning authorities in a single housing market area should work together to prepare a SHMA to assess their full Objectively Assessed Need (housing needs), working with neighbouring authorities where housing market areas cross administrative boundaries. Paragraph 159 in the NPPF outlines that the SHMA should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period, which:
 - meets household and population projections, taking account of migration and demographic change;
 - addresses the need for all types of housing, including affordable housing and the needs of different groups in the community; and
 - caters for housing demand and the scale of housing supply necessary to meet this demand.

Background to the Oxfordshire SHMA 2014

3. Oxfordshire has long been identified as a relatively cohesive housing market area and in December 2007 an Oxfordshire SHMA was published on behalf of all the Oxfordshire local authorities. The 2007 SHMA has not been updated and there have been some significant changes in circumstances since it was prepared, most notably the revocation of the South East Plan and the publication of the National Planning Policy Framework (NPPF). In light of these factors the Oxfordshire Spatial Planning and Infrastructure Partnership (SPIP) Board resolved in December 2012 to commission a new SHMA.
4. Consultants were appointed to prepare the new SHMA. In relation to the appropriate geographical scale to take forward joint working on the SHMA, the consultants' analysis concluded that the county still remains the most appropriate geography for analysis of housing markets in terms of a functional housing market area.

5. Paragraph 158 of the NPPF emphasises the alignment of the housing and economic evidence base. A key requirement of the brief for the new SHMA was to understand the interaction between the housing market and economy and to examine what level of housing provision might be required to support economic growth within Oxfordshire. The Oxfordshire authorities commissioned Cambridge Econometrics to develop a local economic forecasting model in order to ensure that robust data on anticipated economic growth was used to inform the housing requirements for the housing market area.

Findings of the Oxfordshire SHMA

6. Publication of the SHMA report has been delayed and while expected to be published fairly shortly, at the time of writing the date of publication remains to be confirmed. The SHMA will set out annualised projections of Objectively Assessed Need for the whole housing market area and for each of the individual districts. The projections will cover the period 2011-2031. The SHMA will cover a period five years beyond the end of the adopted Oxford Core Strategy period.
7. For comparative purposes, the provision made in the former South East Plan for Oxfordshire over the 20-year period from 2006 to 2026 was 55,200. This figure includes the original allocation of 4,000 homes to an urban extension south of Oxford.
8. The Oxford Core Strategy 2026 makes provision for a minimum of 8,000 new homes over the period 2006 to 2026, which represents an annualised average of 400 homes per annum.

Housing land supply in Oxford

9. In 2008 the City Council published its first Strategic Housing Land Availability Assessment (SHLAA), which set out realistic assumptions about the likely availability, suitability and viability of land to meet the housing requirement in the then draft Core Strategy. Each year since 2008 the City Council has published an annual SHLAA update each December to reflect the latest housing land supply trajectory.
10. In the first five years of the Core Strategy period (2006-2011) Oxford over supplied against the Core Strategy target by building 2,472 homes against a target of 2,000, leaving a balance of 5,528 to be provided by 2026. The latest SHLAA update published in December 2013 identified that completions in the seven years up to March 2013 numbered 2,913. This leaves a current residual balance of 5,087 homes to be provided over 13 years, an average of 391 per annum. Although housing completions in Oxford have slowed down in the last few years, in line with the national downturn, officers are confident that we have both a five and a ten year housing supply against current targets.
11. The latest SHLAA identifies a total supply of 7,587 homes up to 2026 without relying on windfalls (previously unidentified housing sites), which rises to 8,687 homes when windfalls are factored in.

12. Officers have started work on a full review of the current SHLAA covering the period up to 2031 to correspond with the timeline of the new SHMA. The review includes a new 'call for sites' to landowners, developers and agents across the city and will provide a robust up-to-date assessment of housing land supply to 2031.
13. While it is possible that the call for sites may lead to a few additional sites coming forward, given the extensive land trawls conducted for the first SHLAA and for the Sites and Housing Plan, it is considered unlikely that any significant new source of housing supply will emerge that will comply with the NPPF. Other factors may lead to some increase in future housing supply, such as an improving housing market, conversions from office to residential carried out under national changes to permitted development rights, and Government clarification that certain types of student accommodation should be counted as part of the dwelling stock in housing returns. Nonetheless, the intrinsic constraints that existed when the Core Strategy was prepared are essentially the same now as they were then, for example areas liable to flood, or areas protected for biodiversity reasons. Any increases in supply are likely to be comparatively limited and are likely to fall a long way short of meeting the need identified in the SHMA when it is published.
14. It will come as no surprise to anyone that the forecast housing need in Oxford is likely to be well beyond the physical and environmental capacity of the city to accommodate it. On the demand side, Oxford's population increased by around 10% between 2001 and 2011 and the city has a much younger age profile than the rest of the county. Pressures on the housing stock continue to intensify with 6.2% of households classed as overcrowded according to the latest Census, a large housing waiting list and increasing breaches of HMO and private rented stock regulations. According to the Centre for Cities Outlook 2013, Oxford has overtaken London as the UK's least affordable city for housing, with average house prices now nearly 15 times higher than average annual incomes.
15. On the supply side, the City Council and successive Local Plan Inspectors have acknowledged that the city's housing need cannot be met within Oxford's administrative boundaries because of the lack of suitable development land. The Panel that conducted the South East Plan Examination in Public accepted the case for an urban extension in the Green Belt to the south of the city, in part because of the lack of capacity in Oxford. The Panel who concluded the last Oxfordshire Structure Plan also raised issues about the housing need which could not be met within Oxford, and the failure of the County Towns policy to satisfactorily address this.
16. The City Council has a pro-growth planning strategy and has sought to maximise the delivery of housing across the city by proactively allocating sites for development. This strategy has been developed within the context of the many opportunities and constraints that exist in Oxford. These include:
 - enabling development needed to sustain Oxford's reputation as a world class centre of excellence and innovation in sectors such as higher education, healthcare, research and manufacturing;

- ensuring that Oxford continues to be a vibrant city with a wide range of employment, services, cultural and leisure facilities to meet the needs of its residents, workforce and visitors;
 - facilitating the efficient use of scarce development land and helping to tackle deprivation by promoting physical regeneration and investment;
 - protecting and enhancing the character of the internationally important historic core and the diversity of townscapes across the city;
 - safeguarding Oxford's high-quality natural environment, including the extensive areas of floodplain, parks and other important green spaces, and areas designated for their high biodiversity value;
 - minimising as far as feasible congestion and pollution in a city that is sensitive to traffic pressures because of its physical form and constraints.
17. The planning strategy has therefore sought to balance the urgent need for housing with these other important and potentially conflicting objectives. As the few remaining large development sites such as Barton, the Northern Gateway and Oxpens are developed in the coming years, the available land for new development will inevitably become even more constrained with consequent increased pressure for greater density and scales of development. This is a point noted in the Roger Dudman Way review report, in which Vincent Goodstadt observes that development is constrained "*in a three dimensional sense, since the need to protect Oxford's unique skyline makes tall buildings inappropriate in some parts of the city*". It could be added that downwards development is also constrained by flood risk issues and by Oxford's important archaeological heritage.
18. In this context, the case for outward expansion of the city is becoming ever more compelling and is being made by a range of organisations. For instance the University of Oxford and Science Oxford, with support from the Oxfordshire Local Enterprise Partnership, published a report last year titled "*The Oxfordshire Innovation Engine; Realising the Growth Potential*". This makes the case for significant further growth in and around Oxford to support the city's function as an internationally significant knowledge and science hub. A key recommendation within the report is to allow housing and employment development to the north and south of the existing Oxford urban area, i.e. the area around Begbroke Park and the Northern Gateway to the north, and Grenoble Road/Oxford Science Park to the south. It acknowledges that both locations would require Green Belt adjustments.
19. A further report will be brought to full Council once the SHMA is published setting out the conclusions of the SHLAA review in relation to housing supply within Oxford up to 2031. That report will quantify the extent of Oxford's unmet need and will seek approval to request the other Oxfordshire districts to allocate land to meet that need under the duty to cooperate. This will clearly have implications for those adjoining authorities that will be undergoing Local Plan examinations in the near future.

20. Cherwell District Council has submitted its Local Plan to the Planning Inspectorate for examination, covering the period to 2031. This has been submitted in advance of publication of the SHMA, and without being able to undertake informed discussion with Oxford City Council about their duty to cooperate on the housing numbers.

The process for accommodating unmet housing need

21. In advance of production of the SHMA the Oxfordshire authorities agreed an Oxfordshire Statement of Cooperation, the purpose of which was to set out the scope and structure of cooperation between the parties on a range of issues. In particular it outlines the process and arrangements for cooperation between the local authorities in meeting the objectively assessed housing need identified in the SHMA.
22. Applying the principles of the legal duty to cooperate, the Oxfordshire Statement of Cooperation indicates that if any of the local planning authorities are unable to accommodate their objectively assessed need then the remaining Oxfordshire authorities must seek to accommodate this unmet need. A process is set out for this purpose, which involves all of the authorities working together to jointly identify and test spatial strategy options, agreeing a preferred spatial strategy and then testing site options in accordance with the preferred spatial strategy. The Statement indicates that the parties will act expediently when undertaking joint working in order to avoid unreasonable delay.
23. The Statement of Cooperation indicates that the parties will use the existing partnership arrangements of the Spatial Planning and Infrastructure Partnership (SPIP) to act as a co-ordinating body for joint working and to resolve any disputes. SPIP, however, is not a formal decision-making body and each local authority would need to agree the outcomes of this work. Any additional land allocations would be brought forward by the relevant local planning authorities through the preparation/review of their Local Plans.
24. While the stated commitment of all the Oxfordshire authorities to work together to accommodate any unmet housing need within the county is welcome, the duty to cooperate does not carry with it a duty to agree. At this stage there is no guarantee that the above process will lead to an eventual outcome that is acceptable to the City Council.

Implications of the SHMA for adopted planning policies

25. Given the importance attached to SHMA's in the NPPF, it is possible that when the new SHMA is published some landowners and developers may seek to argue that the five-year housing land supply required by paragraph 47 of the NPPF should be based upon the SHMA figures rather than upon the current development plan requirements. This is likely to be a particular concern to those districts that do not have an up-to-date development plan. Nevertheless, the same argument could also be made in support of planning applications on unallocated sites within the city in an attempt to outweigh other policy objections to residential development.

26. The City Council has obtained Counsel's advice on this matter. That advice is clear that there is no basis for suggesting that an updated SHMA renders a recently adopted development plan out of date. The relationship between a SHMA and a development plan has been clearly expressed by the Court of Appeal in the recent case of St Albans v Hunston Properties Ltd and another [2013]. The Court recognised a distinction between an objectively assessed need for housing and a requirement figure which is subsequently adopted in a development plan. It is the function of the SHMA to advise on the need figure and it is the function of the development plan to decide on the requirement figure. The 'need' is simply the "...*unvarnished figures of household projections*" as the judge put it in this case, whereas the requirement figure is heavily varnished. It takes account of the restrictions, limitations and compromises which are inherent in the production of the development plan.
27. Counsel's advice goes on to observe that Oxford has an up-to-date development plan including a Core Strategy and a site allocations document, and Inspectors have adjudged these plans to be sound notwithstanding that housing provision would not match actual need. For instance, the Core Strategy Inspectors observed that actual need would be well in excess of current supply and targets but that land availability is the key restraining factor. The Inspectors concluded in Part two, paragraph 18 of their report that 8,000 homes represented an "*appropriate and justified housing capacity target, balanced against environmental and other constraints*".
28. Counsel is unequivocal in advising that, in Oxford's circumstances, an increased housing need arising from the SHMA would not justify the grant of planning permission on application or on appeal on a site not allocated for residential development where otherwise permission would be refused.
29. While it may become appropriate in due course to review the Core Strategy, officers consider that at the current time it remains a robust plan and we have not identified any areas of conflict with the NPPF. The Sites and Housing Plan and the Barton Area Action Plan were both examined after publication of the NPPF and were adjudged to be consistent with it. In addition, the City Council and partners have maintained an ongoing refresh of the evidence base underpinning its planning strategy. A number of examples are listed in Appendix 1.
30. Officers consider that the City Council is required to calculate its five-year housing land supply with reference to the housing requirement figure set out in Policy CS22 (Level of Housing Growth) of the Core Strategy. The housing requirement figure of 8,000 in Policy CS22 is expressed as a minimum and will not be used to prevent housing coming forward on sites that are otherwise acceptable in planning terms. Members of Planning Committees can also be confident in continuing to apply full weight to the range of policies contained in Oxford's development plan when determining planning applications, including refusing planning permission for residential development proposals on greenfield sites that are not allocated in the development plan.

Level of risk

31. The risk register is attached as Appendix 2. All risks have been mitigated to an acceptable level.

Climate change and environmental impact

32. The approach advocated in this report is to maximise housing delivery within the scope of the existing adopted policy framework, but not to relax the environmental policies that are currently in place. Given the many environmental and physical constraints that apply in Oxford, the unmet need would need to be accommodating in adjoining districts. The extent of the unmet need will be addressed in a further report to Council in April.

Equalities impact

33. As this report is simply advising on the implications of a jointly produced evidence base document, there are no equalities impacts identified.

Financial implications

34. There are no direct financial implications arising from this report. The SHMA itself was jointly funded from existing budgets by all the Oxfordshire local authorities, with the Local Enterprise Partnership also contributed to the economic forecasting work.

Legal implications

35. The report summarises Counsel's advice to the City Council on the relationship between the new SHMA and the City Council's adopted planning policies. There are no other direct legal implications arising from this report.

Conclusion

36. The publication date of the SHMA is not yet confirmed but officers consider it important to update CEB on the work that is being undertaken and on the process that the Oxfordshire Spatial Planning and Infrastructure Partnership will implement under the duty to cooperate once the SHMA has been published. In addition, this report seeks confirmation from CEB that the planning strategy towards housing delivery in the city, as articulated in the Core Strategy, remains as valid now as it was when the Core Strategy was adopted in March 2011. This is required because the SHMA will postdate the Core Strategy. That strategy is based on an appropriate balance between maximising the delivery of housing and safeguarding Oxford's high quality natural and built environment, including floodplain, parks and other important green spaces, and areas of high biodiversity.

Name and contact details of author:-

Name: Adrian Roche
Job title: Team Leader Planning Policy
Service Area / Department: City Development
Tel: 01865 252165 e-mail: aroch@oxford.gov.uk

List of background papers:
- Oxfordshire Statement of Cooperation
Version number: 1.3

Appendix 1 – summary of recent updates to the evidence base for Oxford’s development plan

Housing

Oxford Strategic Housing Land Availability Assessment, Oxford City Council, December 2013

Updated Oxford Strategic Housing Land Availability Assessment, Oxford City Council, due to be published March/April 2014

Oxfordshire Strategic Housing Market Assessment, Oxfordshire Strategic Planning and Infrastructure Partnership, due to be published Feb/March 2014

Economy

Oxford Economic Growth Strategy, Oxford Strategic Partnership, January 2013

The Oxfordshire Innovation Engine; Realising the Growth Potential, The University of Oxford and Science Oxford, October 2013

Oxford Strategic Employment Land Availability Assessment, Oxford City Council, April 2013

Oxford and Oxfordshire City Deal, January 2014

Economic Forecasting to inform the Oxfordshire Strategic Economic Plan and Strategic Housing Market Assessment, SQW and Cambridge Econometrics, due to be published Feb/March 2014

Retail

Retail Statement, Aecom on behalf of Barton Oxford LLP, May 2013

Retail Statement, Westgate Oxford Alliance and Turley Associates, September 2013

Viability

Affordable Housing Viability Study, Oxford City Council, and King Sturge, June 2011

Update note to Affordable Housing Viability Assessment , Oxford City Council and Jones Lang LaSalle, September 2012

Affordable Housing Viability Assessment – Smaller Sites, Jones Lang LaSalle, October 2012

Community Infrastructure Levy Analysis, Jones Lang LaSalle, July 2012

Residential Community Infrastructure Levy Analysis – Addendum to Housing Viability Evidence Report, Jones Lang LaSalle, January 2013

Affordable Housing Viability Study – Student Accommodation, CBRE, December 2011

Student Accommodation – Community Infrastructure Levy Analysis, CBRE, March 2012

Updated Viability Evidence Report Community Infrastructure Levy Assessment (also

Community Infrastructure Levy - Non-residential assessment, Jones Lang LaSalle, January 2013

Leisure

Oxford Green Spaces Strategy 2013-2027, Oxford City Council, February 2013

Playing Pitch and Outdoor Sports Strategy 2012-2026, Oxford City Council, 2012

Built environment

The Heritage of Oxford; A Preliminary Statement, Oxford City Council and Oxford Preservation Trust, April 2011

Oxford Character Appraisal Toolkit, Oxford City Council, Oxford Preservation Trust and English Heritage, 2012

Oxford Archaeological Plan (OAP), Oxford City Council, includes various reports published 2011 and 2012

Oxford Views Study, Oxford City Council, Oxford Preservation Trust and English Heritage, due to be published for consultation Feb/March 2014

Oxford Heritage Asset Register (OHAR), Oxford City Council and English Heritage, adoption of register for four pilot areas due to be completed April 2014

Character Appraisals for East Oxford, West Oxford, Blackbird Leys and Summertown, Oxford City Council, due to be published 2014

Natural environment

Oxford City Level 2 Strategic Flood Risk Assessment, Oxford City Council and Atkins, February 2012

Environment Agency Flood Map, 2013

Low Emission Strategy 2013-20, Oxford City Council, May 2013

Infrastructure

Oxfordshire Local Investment Plan, Oxfordshire Strategic Planning and Infrastructure Partnership, May 2013

CIL Infrastructure List and Residual Funding Gap, Oxford City Council, January 2013

This page is intentionally left blank