



Planning for Real **NEED** not Speculator **GREED** in Oxfordshire

Need Not Greed Oxfordshire (NNGO) response to the Consultation on ‘Planning for the right homes in the right places’

Additional comment and explanation

Introduction

NNGO is deeply concerned about the forced economic growth agenda for Oxfordshire, outlined in the revised Strategic Economic Plan (SEP). A recent Infrastructure Plan for the County shows that there is considerable underfunding of the infrastructure needed to support the proposed development plans. While there has been some growth in the number of jobs in Oxfordshire, many of these are part-time, poorly paid, and offer zero hours and poor working contracts. These jobs don't support families in the long-term and low and erratic pay contributes further towards affordability problems.

NNGO is therefore very concerned about the issue of providing affordable housing in Oxfordshire. The affordability ratio for the whole county is 10.23 in 2016¹ (this compares to a figure of 7.72 for England).

Detailed comments on Question 1a)

NNGO has for some years argued that the figures provided for Oxfordshire in the SHMA are far too high – some 5,005 new houses each year (if average figures are used for the ranges in the SHMA). We believe only around half of this growth is for local needs or to increase affordability.² The rest assumes levels of economic

¹ Ratio of median house price to median gross annual (where available) workplace-based earnings by county, England, 1997 to 2016. Tables 1C and 3C.

² 'Oxfordshire SHMA Note on Local Needs', NNGO, June 2017: <http://www.neednotgreedoxon.org.uk/resources/>

growth and investment that with an indeterminate Brexit looming, are now even less credible.

The massive scale of development proposed will have damaging effects on our local environment. Key infrastructure in Oxfordshire, notably roads, social care and hospitals cannot absorb growth on the scale envisaged without investing around £9Bn – and this is not clearly funded. Many thousands of people would have to move into Oxfordshire to achieve the planned growth. It is not clear where they will come from or what the effect on the areas they leave will be. Basing local plans and overspill levels from Oxford to its surrounding districts on this exceptionally high level of growth is an extremely risky thing to do – for both developers and local people.

We are therefore pleased that the new figures for Oxfordshire say that local plans should now be based on a figure of 3,415 dwellings per year. This is 32% less than the SHMA figures and it goes some way towards what we would consider reasonable – around 2,500pa.

Four of our five points on this issue are explained in more detail in the following sections. NNGO's key conclusions are highlighted in bold text:

1.1 Zoning a lot of land for housing may meet 'demand' but not 'need'

We note the allowances for affordability in the new calculations. Of the 3,415pa dwellings for Oxfordshire, 1,004 (29%) are added by the affordability allowances. That may seem a lot, but it is much less than 1% of the overall Oxfordshire housing market. New housing in Oxfordshire tends to be comparatively more expensive than the existing stock and since developers have an incentive to keep prices high, building lots of large expensive houses seems unlikely to solve affordability issues in Oxfordshire.

A recent paper by the Campaign to Protect Rural England (CPRE)³, makes a clear distinction between 'need' for housing and 'demand'. '**Need**' is based on basic standards that society considers should be satisfied for citizens to be considered adequately housed, in terms of price, size and suitability; housing need is therefore calculable and finite. '**Demand**' in contrast is based on what individuals and households are able and willing to pay for housing in the market. This responds most efficiently to those with higher spending power. Demand is finance-driven and often excessive, with frustrated downsizers, investors, speculators, foreign investors and high-earning households willing to hold or purchase large properties, second and holiday homes. Meanwhile the needs of those with lesser means are not met. So 'need' can be - and in recent years has been - pushed out of the market by 'demand'.

³ See: 'Needless demand, how a focus on need can help solve the housing crisis', Foresight paper No. 8, CPRE, September 2017.

Existing targets count any house constructed, whether it meets 'need' or not. In Oxfordshire, many new houses tend to be 3-5 bedroom 'executive homes' - these new houses tend to meet 'demand' but not 'need'. The CPRE paper suggests changes that are worth considering in place of those in this consultation paper. Just zoning a lot of land for new housing will not necessarily be sufficient to improve affordability.

Recent Government policies have helped to push house prices to unaffordable levels. These include low interest rates and quantitative easing that have pushed up asset prices (notably including housing). 'Austerity' has been achieved in part by cutting benefits - undermining the financial position of the poorest people in society who find it even more difficult to pay for their housing needs. Austerity will continue for many years.

Detailed government policies to help a few individuals into home ownership often tend to push up prices. 'Help to buy' adds more money to the market, pushing up demand, but not necessarily reducing 'need'. 'Right to buy' gives large handouts to people who are already well housed and reducing the stock of social housing. Considering that rents at up to 80% of market rates are 'affordable' is ridiculous. All these policies need to be reconsidered.

Insecurity in the labour market (ie part-time work, low pay and zero hours and poor working contracts) also needs to be addressed, so people have reasonable and stable incomes to pay for the housing they need. This would also encourage more stable relationships, reducing one of the causes of homelessness.

Recent plans announced by Theresa May on 4 October 2017, to spend £2bn on a "new generation" of council houses and affordable homes for rent, are a short-term but welcome change in approach. However, it was only a fifth of the amount given to the 'Help to Buy' scheme. The new funding for council/affordable houses should help address the affordability issue. In the longer-term though, more radical policies are needed that will allow more councils to fund and build more social housing to meet local need.

Another key but radical change would be to capture, for society, more of the increase in the value of land when it is zoned for development. This would reduce the cost of land for housing, so reducing the overall cost of housing.⁴ The current approach gives huge windfall gains to landowners at the expense of society.

Many changes need to be made if affordability is to be addressed. The government should focus on 'need' not 'demand'.

⁴ See: 'Land Value Capture – Briefing Paper for NNGO', NNGO, February 2017: <http://www.neednotgreedoxon.org.uk/resources/>

1.2 71% of the growth in households in Oxfordshire is in households led by persons aged 65 and over

A particularly interesting feature of the government's household projections for Oxfordshire is that they show that a very large percentage of the growth arises from households whose representative is an older person⁵.

During the period 2016 to 2026 (the ten years period used for the figures) and based on past trends, 24,587 extra dwellings will be required in Oxfordshire according to the household projections. However, 17,574 of them would be led by people aged 65 and over. Thus **71%** of the extra houses needed would be for older people. This is well above the national figure of 60%.

Older people require quite different sorts of housing. They may live in under-occupied houses and may be interested in downsizing or moving to accommodation that has no stairs, provides care or otherwise caters for their changing needs.

Thus, as well as the widely recognised affordability issue, which tends to focus on younger people, the projections clearly show that there is a housing problem for older people.

The effect of the increasing numbers of aging households on the proposed housing needs figure is illustrated by the following table. This shows how the proposed need figure for Oxfordshire can be broken down by the age of the household representative:

Oxfordshire proposed housing need figures (per year)

	Household projections	Affordability Addition	Cap on increases	New OAN figure	%
Oxfordshire	2,459	1,004	-48	3,415	100%
Age of household representative					
Aged 65 & over	1,757	717		2,475	72%
Under 65s	701	286		988	29%
Cap			-48	-48	-1%

⁵ One person in each household is considered to be the 'household representative'. Years ago, they were known as the 'head of the household' but this term was dropped as it implied that one person was 'in control':

<https://www.gov.uk/guidance/household-projections-notes-and-definitions-for-data-analysts>

Thus, of Oxfordshire's household projection of **2,459**pa, **1,757** (71%) are households with a 'representative' aged 65+. That leaves just 701 households with a representative younger than 65.

The household projection figure is multiplied by an 'adjustment factor' to give the 'affordability addition'. The adjustment factor is calculated from the local affordability data. As examples:

Local affordability data	Adjustment factor
4.00	0.00
8.00	0.25
12.00	0.50

For Oxfordshire overall, the Local affordability ratio is 10.53 so the adjustment factor is 0.4083 $((10.53-4) / 4) \times 0.25$. This gives the affordability addition for Oxfordshire as **1,004** (= **2,459** x 0.4083). And of that 1,004, 71% (or **717**) arises from the representatives aged 65+ in the household projection figure of **2,459**.

There is also a cap on the increases, which only applies to Oxford. This reduces the figures by **48**.

So, the total new OAN figure for Oxfordshire is **3,415** houses pa. And of that, 2,426 arise from increases in the number of households with a representative aged 65+ (**1,757 +717 - 48**).

It follows that growth in the households with a representative aged 65+ is responsible for 71% of the growth in Oxfordshire's OAN.

As an illustration of the consequences, if the Oxfordshire figure of 71% was at the national average of 60%, then Oxfordshire's OAN figure would be 3,036⁶ (11% less than the proposed figure).

The growth in housing needs for the elderly mostly arises from demographic aging of the population. Increasing wealth may mean that more elderly people can afford to live independently. Or maybe more relationships will break down, so couples separate to form two households.

NNGO considers that there is little justification for using the increase in the number of households with representatives age 65+ to drive 71% or 717 of the increase in the affordability requirement. That is 21% of the total proposed figure of 3,415.

Why should areas with more of an aging problem (like Oxfordshire) be assumed to need more houses to deal with affordability? Affordability is

⁶ 3,036 = (2459 x 89% x 1.4083) – 46.

surely more critical for younger people trying to get their first step onto the housing ladder by renting or buying?

More information is needed about which age groups are affected by affordability. We estimate that basing all the affordability addition on households aged under 65 would reduce the overall need figure for Oxfordshire by up to 351 houses pa, which is 10% of the total. NNGO therefore strongly suggests that a more disaggregated set of calculations, which take account of the aging and affordability issues separately would be fairer and more precise.

NNGO also considers that any revised figures should be moderated by local ability to decrease or increase them, where this is clearly justified.

NNGO does not see much acknowledgement or understanding of the implications of this rapid increase in older households in local plans.

Most of the increase in future demand for houses in Oxfordshire (71%) will be driven by people who become older than 65. Older people's needs are different as noted above. Local plans should identify and cater for the implications of this demographic change much more clearly.

1.3 Redistribution of growth may put pressure on the South-East region

The adjustment for affordability increases housing requirements for areas with high affordability ratios. The current formula assumes that affordability issues need to be 'solved' in the areas where it is highest. But this may well not be easy or possible, for example if land is NOT available.

As an example, consider the City of London with an affordability ratio of 14.44. Does the City of London have a lot of land to spare to construct affordable dwellings? Is it one of the best places to sort out affordability by building more houses? Perhaps some of the existing buildings could be cleared or adapted for housing?

NNGO also note that many London Boroughs tend to have very high affordability ratios so they will be expected to play a key role in addressing that issue. The following table shows the top 20 least affordable areas – and thirteen of them are London Boroughs. Will all these Boroughs have land to spare to build more houses?

Highest affordability ratios in 2016

Local authority	2016
Kensington and Chelsea	38.50
Westminster	24.00

Hammersmith and Fulham	20.92
Camden	19.64
Wandsworth	18.55
Richmond upon Thames	18.32
South Bucks	18.23
Chiltern	16.77
St Albans	16.76
Hackney	16.38
Merton	16.23
Epsom and Ewell	16.18
Ealing	15.79
Haringey	15.63
Elmbridge	15.39
Islington	15.00
Waverley	14.84
Kingston upon Thames	14.81
Brent	14.80
Tandridge	14.78

The lowest London Borough affordability ratio is Barking and Dagenham at 8.81. The most affordable area is Copeland (on the West side of the Lake District) at 2.79.

NNGO has concerns about the resulting increases expected from several London Boroughs. An increase of 848% in house building is expected in Greenwich for example. We don't have regional figures from the consultation, so are concerned that increasing pressure on London to find land, where they may have little to spare, will lead to growth over-spilling into the rest of the South-East region.

NNGO would like to see some more careful regional planning of growth. The South-East is already busy and overcrowded. Economic development might better be encouraged in other areas such as the Midland Engine, or the Northern Powerhouse.

Finally, in areas where there is a lot of growth in housing needs for older people in the projection – retirement and seaside areas perhaps - this irrationally gears up the affordability allowance, as noted in the previous section.

1.4 The consultation paper suggests that the new figures might be a floor, not a ceiling.

NNGO is concerned that the consultation paper suggests that opportunities for a local plan to adopt a figure that is **less** than the new figures will be very limited as:

- The government might remove the existing opportunity mentioned in paragraph 9 (and later in paragraph 48), for local authorities to consider if *'there are any environmental designations or other physical or policy*

constraints which prevent them from meeting this housing need. These include, but are not limited to, Ancient Woodland, the Green Belt, Areas of Outstanding Natural Beauty and Sites of Special Scientific Interest.'; and

- That there may be very limited grounds for adopting an alternative method which results in a lower need than that proposed. As reasons for doing so will be *'tested rigorously by the Planning Inspector through examination of the plan'*. (Para 47).

In the end, the figure produced by the calculations in the consultation is simplistic and clearly deficient in various respects. By ignoring aging issues, it is a gross simplification of the actual need in that area, as has been explained above. Also, it takes no account of many local circumstances, such as actual land supply, the ease or desirability of developing that area rather than another and whether existing infrastructure there has any spare capacity or can be easily developed. It ignores the other key element of appropriate, available land supplied with infrastructure. So, it is quite wrong and utterly unreasonable to pretend that these figures should be a strict floor on any local plan.

It is therefore inappropriate for a figure set by a local council below the targets for good reasons, to be excessively and 'rigorously tested' by a Planning Inspector. Rigorous testing should not result in the more or less automatic rejection of any figure below the target.

Conversely, NNGO is concerned that the consultation paper suggests that opportunities for a local plan to adopt a figure that is **more** than the new figures will not be restricted as:

- Local planning authorities can plan for a higher number than set out by the proposed method. For example, *'where there is a policy in place to substantially increase economic growth'* (Para 28); and
- That CLG propose to amend planning guidance so that where a plan is based on an assessment of local housing need *in excess* of that which the standard method would provide, *'Planning Inspectors are advised to work on the **assumption** that the approach adopted is sound unless there are compelling reasons to indicate otherwise'*. (Para 46) (Our emphasis).

We believe there should be no 'assumption' by planning inspectors. Any area could claim that they have a policy to substantially increase economic growth, but it needs to be founded in fact, be justified, considered and be consulted on with local people, and have demonstrable public support. It needs to fit in with nearby, regional or national trends or forecasts. **In other words, the assumptions used to increase figures should be as rigorously tested as those used to reduce the figures.**

As an example of possible problems with the existing proposals, it would be unrealistic if many authorities across the country said they would rely on large amounts of in-migration, from unspecified locations, to generate more demand for housing as an essential part of their economic growth plan. Since, in a post-Brexit world, there may be few migrants from other countries.

NNGO recommends that there should be strong and clear justification and rigorous testing for any deductions from or additions to the local housing need figures.

Any changes to the simple calculated OAN figure:

- **Should consider land supply in the local authority, in particular, Local Wildlife Sites, Ancient Woodland, the Green Belt, Areas of Outstanding Natural Beauty, Sites of Special Scientific Interest, land likely to flood and so forth⁷;**
- **Must consider availability of infrastructure and the cost of improving it;**
- **Might be justified by a more precise local analysis of local ‘need’ than the simplistic formula suggests, taking into account the fact that most of the growth in household numbers is driven by an aging population; and**
- **Should be supported by a factual, strong and clear justification, particularly if substantial increases in economic activity are planned and these will add to the housing growth figure. This should fit in with any nearby, regional or national plans. It should also demonstrate that there has been local consultation on this issue and that there is a wide local consensus in support of the additional growth.**



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⁷ Including if possible, swathes of interconnected land and water at landscape scale to retain a natural world.