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*Housing Need  
including  
exceptional  
circumstances*

**Oxford Local Plan  
2040**

**BACKGROUND  
PAPER 1**

## This topic addresses

SA objective: 4. To meet local housing needs by ensuring that everyone has the opportunity to live in a decent affordable home.  
SEA theme: Material assets and population.

### 1. Introduction

1.1 This topic paper begins with a review of the national, regional and local policy context relating to housing. It then goes on to look at the current situation in Oxford and includes a discussion on housing need and how it has been calculated, and also Oxford's housing requirement and unmet need.

1.2 Historically Oxford has been unable to meet its calculated housing need, and this continues to be the case. The Housing and Economic Needs Assessment 2022, commissioned jointly with Cherwell District Council, assesses the overall need for housing in Oxford. It also looks at the need for different sizes of dwelling and for specialist housing accommodation, and these outputs have informed policies explained in Background Paper 3 and Background Paper 5. Oxford's capacity for housing is estimated in the Housing and Employment Land Availability Assessment 2023, and this shows that Oxford's total capacity for housing was less than its calculated need.

### 2. Policy Framework

#### NPPF, PPG

2.1 National Planning Policy Framework ([NPPF](#)) states the Government's objective of significantly boosting the supply of homes and stresses the importance of bringing forward a sufficient amount and variety of land where needed (paragraph 59). At paragraph 60 the NPPF sets out that to determine the minimum number of homes needed, strategic policies should be informed by a local housing needs assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach. The NPPF also considers that the needs of groups with specific housing requirements are addressed. Paragraph 62 provides an indication of those groups which includes, older persons, students and gypsies and travellers. Paragraph 66 sets out that a housing figure for the whole local authority area should be included by strategic policy making authorities and Paragraphs 68-73 provide the national policy position on identifying land for homes. Paragraphs 74-77 discuss how strategic policy making authorities should maintain the supply and delivery of new homes.

#### National Planning Practice Guidance (PPG)

2.2 Practice Guidance (PPG) includes additional guidance on the following housing topics relevant to housing need and supply:

- Housing and economic land availability assessment;
- Housing and economic needs assessment;
- Housing needs of different groups;

- Housing needs for older and disabled people;
- Housing supply and delivery.

2.3 The PPG re-iterates the expectation for strategic policy-making authorities to follow the standard method for calculating housing need and that “any other method will only be used in exceptional circumstances” (paragraph 003 Reference ID: 2a-003-20190220). The NPPG also highlights the difference between the calculating housing need which should be “an unconstrained assessment of the number of homes needed in an area” and assessing land availability and establishing a housing requirement figure, which is a separate process (001 Reference ID: 2a-001-20190220). The NPPG also provides advice about assessing land availability within the boundaries of a plan-making authority including setting out the purpose of this assessment. Paragraph 001 Reference ID: 3-001- 20190722 of the NPPG sets out that “an assessment of land availability identifies a future supply of land which is suitable, available and achievable for housing and economic development uses over the plan period.” In relation to whether or not a site should be allocated, the NPPG sets out that the role of the land availability assessment is to provide information on the range of sites which are available to meet the local authority’s requirements but it is for the development plan itself to determine which of those sites are the most suitable to meet those requirements.

### 3. Regulation 18 part 1 and 2 consultation

3.1 A range of responses were received to these consultations relating to housing need and the HENA. A number of people said that the Standard Method should be used, or that there was no evidence of exceptional circumstances to depart from it. It was also suggested by some that capacity assumptions should be increased, in particular regarding density and windfall allowances. Views on the HENA were, however, mixed. There was some agreement that the methodology should take account of the city’s economic needs and pressures that arise from forecast economic growth, although others thought worsening conditions in the jobs market and the current cost of living crisis reduce demand for housing.

3.2 Others disagreed that a Census adjusted scenario should be considered given that it is based on preliminary and incomplete data and inflates projections of housing need to over 60% above household increase 2012-2021.

3.3 There was some disagreement about the approach of looking at the whole Oxfordshire area and apportioning that need.

### 4.Likely trends without a new local plan

4.1 Oxford’s constrained capacity for housing land has traditionally meant that there is strong competition for land for housing, student accommodation, employment and other uses. This has been exacerbated by changes to national policy in recent years which include permitted development for residential conversions from other uses including offices and shops. Such changes of use are not subject to the same planning considerations in relation to supporting infrastructure to support the new homes formed. Work with the other Oxfordshire authorities during the last round of local plans has resulted in a number of strategic allocations being made in the plans of our neighbours to help meet housing need.

## 5. Exceptional Circumstances for departing from the Standard Method to assess housing need.

### **What is the standard method?**

5.1 The National Planning Policy Framework sets out that, in preparing local plans, local planning authorities should determine the number of homes needed, and that the Standard Method should be the starting point for assessing housing need. The standard method uses a set formula to identify the minimum number of homes expected to be planned for. It is intended to address projected household growth.

5.2 The Standard Method uses mainly demographic factors to forecast household formation and therefore housing need. The Standard Method takes data from the 2014-based Household Projections for individual districts, which is used to calculate the average annual household growth. The Standard Method formula then makes an adjustment for previous undersupply. It does this by applying a percentage uplift, which is based on the latest median house price-to-income ratio for the area, based on the extent to which an area's median house price-to-earnings ratio is above 4 (it is 12 in Oxford). A cap is applied to this affordability uplift in some circumstances to ensure the figures derived are deliverable, and this applies in Oxford. The Standard Method for Oxford results in a figure of 762 units per annum as the housing need.

### **What are 'exceptional circumstances' for departing from the standard method**

5.3 The NPPF sets out that there may be exceptional circumstances that justify departing from the standard method and using an alternative method to assess housing need. Any alternative approach used should also reflect current and future demographic trends and market signals.<sup>1</sup>

5.4 The NPPF does not set out what these circumstances may be. It is left to the Local Planning Authority to consider whether there are any exceptional circumstances locally that mean that an alternative method of calculating housing need is more appropriate.

5.5 The Planning Practice Guidance provides slightly more detail. It states: *'The government is committed to ensuring that more homes are built and supports ambitious authorities who want to plan for growth. The standard method for assessing local housing need provides a minimum starting point in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore, there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates.'*<sup>2</sup> It then includes a short list, which is explicitly not exhaustive, of possible reasons for departure. One of these is having a growth deal in place, which was cited as a reason for departing from the standard method for the Local Plan 2036. Whilst this is no longer a reason for departing from the standard method in

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<sup>1</sup> NPPF Paragraph 61

<sup>2</sup> PPG Paragraph: 010 Reference ID: 2a-010-20201216

Oxford, the underlying conditions that led to the Oxfordshire Growth Deal are still in place, and there are additional reasons that justify use of an alternative method of housing need assessment.

### **The need in Oxford to give particular consideration to whether the SM is appropriate**

5.6 There is no doubt that 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. This is evident in particular in the cost of housing, the need for affordable housing and the amount of in-commuting. The housing crisis exacerbates inequalities by leading to high property prices (to buy and rent) and a limited supply of affordable housing. It can result in some residents being forced into overcrowded and unsuitable accommodation.

5.7 Oxford is an international city with a world-renowned university and hospitals, and it is an important part of the knowledge economy. Without a sufficient supply of available and affordable housing, the economy, including the healthcare and education sectors, will not be supported as staff will not be attracted or retained. Services, facilities, cultural and leisure venues and so on cannot continue to run without sufficient staff. Some employers experience high staff turnover and vacancy rates which can affect their operation. This is particularly apparent in the city's schools, hospitals, care homes, public transport services, the building industry, the service and retail sectors and the universities. Oxford's important economic role cannot continue to be realised without workplaces being able to attract the necessary staff. There is also an important environmental element to providing enough homes, as providing homes near to jobs minimises the need to travel by less sustainable modes.

5.8 For these reasons, it is important that housing need is established robustly and not underestimated. The right level of housing need is the basis for strategic policies. Because of the importance in Oxford of delivering new housing, the Housing and Economic Needs Assessment 2022 (Cambridge Econometrics, Icen, JG Consulting) (HENA) was commissioned jointly with Cherwell District Council.

### **The principal factors justifying a departure from the standard method**

#### ***2021 Census data shows that the 2014-based demographic projections are inaccurate in Oxford***

5.9 The Standard Method does not yet reflect the releases of updated demographic information from the 2021 Census. The Standard Method uses the ONS's 2014-based Sub-National Population Projections (SNPP). The HENA shows a comparison of the projection to 2021 based on this dataset with the 2021 Census data. This shows that in Oxford there were actually 4,300 fewer people in 2021 than had been projected in the 2014-based SNPP. In comparison, in Oxfordshire there were 18,700 more people than projected in the 2014-based SNPP. The HENA states that '*This data does suggest the 2014-SNPP no longer reflects a reasonable view about demographic trends...*'<sup>3</sup> and that it '*...may not be the best source to use when looking at need based on demographic trends*'.<sup>4</sup>

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<sup>3</sup> HENA Paragraph 3.1.11

<sup>4</sup> HENA Paragraph 3.1.12

5.10 A further interrogation of the 2021 Census data suggests reasons that the projections are not right for Oxford. One key consideration is whether there could be an impact on the timing of the Census in 2021 because of the impact of Covid on universities and student numbers. The HENA considered this and found that the 20-24 age range in the Census was lower than the ONS estimate; however, there is still a spike in the population in that age range, reflecting the inclusion of students in the Census, so the impact overall was considered likely to be minimal.

5.11 The PPG says that: *'The 2014-based household projections are used within the standard method to provide stability for planning authorities and communities, ensure that historic under-delivery and declining affordability are reflected, and to be consistent with the Government's objective of significantly boosting the supply of homes.'*<sup>5</sup> The degree to which the 2014-based household projections have actually overestimated growth in Oxford suggests that they do not adequately factor in past under-delivery, and the affordability adjustment does not alone properly address this.

### ***Historic suppression of household formation***

#### *Evident in demographic data*

5.12 The Standard Method, being based on projections, effectively factors in historic suppression of household growth (i.e. households that would have formed but were unable to because of the unaffordability or unavailability of suitable housing), which is an effect particularly seen within Oxford.

5.13 The data suggests there is a significant suppression of household growth in Oxford. That there were in actuality c.4,000 fewer people than the projections suggested, is highly likely to be a function of this suppression. The growth in population of 6.7% from 2011-2021 is the smallest of all the Oxfordshire authorities and compares to the Oxfordshire average of 10.9%.<sup>6</sup> The economy in Oxford and job availability continues to grow strongly, it is lack of housing that restricts household formation.

5.14 This issue seems to be further illustrated by the percentage loss of young people in Oxford, particularly in the 0-4 age bracket. There was a 7.1% decrease of children under 15 in the city and a 23% decrease in children 0-4 in Oxford, compared to a decrease of 7% in England (ONS Census 2021<sup>7</sup>). The decrease of children, particularly very young children, does suggest that households with young children are leaving the city in order to find suitable housing, because it is not available within the city.

#### *Evident in affordability issues*

5.15 The impacts of the suppression of household formation due to an insufficient supply of housing are clear in the data showing the need for affordable housing. This is calculated in the HENA to be 1,010 affordable homes needed in Oxford per annum.<sup>8</sup> This number alone

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<sup>5</sup> PPG paragraph 2a-005; see also paragraph 2a-015

<sup>6</sup> HENA Table 3.3

<sup>7</sup> <https://www.ons.gov.uk/visualisations/censuspopulationchange/E07000178/>

<sup>8</sup> HENA Table 9.11

is greater than the standard method calculation of Oxford's overall housing need (762). Whilst the Standard Method already includes an affordability uplift, government guidance doesn't argue that the affordability uplift will increase the affordability of homes, but suggests that it will "*start to address*"<sup>9</sup> the issue. Its primary focus is to increase the overall supply of homes and the intention of the uplift is not to increase the supply of affordable homes, but to start to address the issue and to factor in under-supply.

5.16 It is clear that in Oxford the affordability uplift is inadequate in addressing under-supply (as well as in addressing affordable housing need, although that is not its intention). The affordable housing need is a symptom of the lack of supply. The sheer scale of the affordable housing need demonstrates that the standard method calculation, including the small affordability adjustment, is not an accurate representation of housing need in the case of Oxford.

#### *Evident in high levels of in-commuting*

5.17 Commuting trends reflect the balance of labour demand and labour supply, which are defined through job creation and housing supply. As such, this is a crucial aspect of determining current and future housing and employment needs. Oxfordshire currently has a net commuting inflow of 20,500 people<sup>10</sup>, which reflects the strength and attractiveness of Oxfordshire's labour market and its high employment density. This number has rapidly increased over recent years from 9,000 in 2011, as people reporting to work in the county continues to exceed the number of employed residents. Between 2011 and 2018, the number of people working in Oxfordshire is estimated to have increased by 36,100, whilst the number of employed residents increased by only 25,200. With some 82.8% of working age residents in active employment (the highest employment rate in the country), Oxfordshire's already tight labour market has been reliant on workers residing outside the county to sustain its economic growth.

5.18 Oxford itself has a very large net inflow of workers, larger than the county as a whole, which in the 2011 Census was 29,839 workers, up from 25,581 in 2001 (see HENA 2022). The high level of in-commuting to Oxford and to Oxfordshire is a symptom of the supply of housing not keeping up with the supply of jobs and a historic and on-going undersupply of homes.

#### ***Economic growth is not well factored into SM***

5.19 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...*'<sup>11</sup>. The NPPF is also clear that '*planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt*'<sup>12</sup>, and that '*significant weight should be placed on the need to support economic growth and productivity, taking into account both local*

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<sup>9</sup> PPG Paragraph: 006 Reference ID: 2a-006-20190220

<sup>10</sup> HENA Paragraph 7.4.19

<sup>11</sup> NPPF paragraph 82

<sup>12</sup> NPPF paragraph 81



*business needs and wider opportunities for development*<sup>13</sup>. 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'<sup>14</sup>, 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*'<sup>15</sup>

5.20 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.

## 6.How housing need has been calculated

6.1 The Housing Need Consultation (Regulation 18 part 2, 13th February-27th March 2023) document<sup>16</sup> summarises the scenarios considered for calculating housing need in the HENA and explains the scenario considered to best represent Oxford's housing need.

6.2 The HENA considered 4 scenarios for calculating the housing need. These scenarios look at the need for housing based on the anticipated additional population and formation of households. The first two scenarios are based on demographic projections, with affordability considerations also factored in. The projected population increase is then used to estimate the number of additional households. The other two scenarios consider how many additional jobs may be created. From this, the population needing homes is estimated (with an assumption about how many will be commuting into the county and therefore not needing homes in the county), and from that the number of additional households and therefore homes required is calculated.

### **Scenarios**

**6.3 The Standard Method:** The Standard Method was introduced by Government in 2018. It uses a formulaic approach to calculate housing need. The Standard Method takes data from the 2014-based Household Projections for individual districts, which is used to calculate the average annual household growth. This Standard Method collated figure for Oxfordshire shows a need for 3,388 dwellings per annum.

**6.4 The Census-adjusted Standard Method:** This scenario adjusts the Standard Method to reflect the release of the population results from the 2021 Census. The Census-adjusted Standard Method scenario Oxfordshire shows a need for 4,721 dwellings per annum.

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<sup>13</sup> NPPF paragraph 81

<sup>14</sup> NPPF paragraph 81

<sup>15</sup> PPG Paragraph: 010 Reference ID: 2a-010-20201216

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[https://www.oxford.gov.uk/downloads/file/8354/housing\\_need\\_consultation\\_regulation\\_18\\_part\\_2\\_document](https://www.oxford.gov.uk/downloads/file/8354/housing_need_consultation_regulation_18_part_2_document)



**6.5 Cambridge Econometrics baseline trend scenario:** Cambridge Econometrics have used their model to forecast jobs growth from which the level of associated housing need is derived. This looks at the performance of a very broad range of economic sectors (representing Oxford's economy) and makes an individual forecast for each of these, which is then aggregated. The 2022 update of Cambridge Econometrics' (CE) projection of economic growth for Oxfordshire, which is what has been applied, takes into account the level of uncertainty associated with the current downturn and the unpredictability of the recovery. The new projection, while accounting for the County's strong past performance (and as a general rule, factors that lead to strong local economic performance such as high skill labour markets, high rates of innovation and investment tend to remain strong and support ongoing growth), also reflects the negative GDP shock of the Covid-19 pandemic, plus the economic uncertainties surrounding 'Brexit'. The CE baseline trend scenario for Oxfordshire shows a need for 4,406 dwellings per annum.

**6.6 Economic development-led scenario:** This scenario starts with an anticipated jobs growth based on the Local Investment Plan (LIP) that supplements the Local Industrial Strategy (LIS). From the predicted jobs growth, the level of associated housing need is derived. The NPPF, in Para 82, says that in setting out an economic vision, planning policies should have regard to local policies for economic development and regeneration. It is a valid exercise to assess the needs of a growth-focussed development strategy. The LIS was pre-Covid, but the more recent Local Investment Plan (LIP) followed the LIS in late 2020. That means it was produced before the more recent economic downturn. The LIP cites a modest goal to add £1.2bn to Oxfordshire's annual GVA by 2030. In effect, the LIP halves the GVA growth target originally outlined in the LIS. This £1.2bn increase is based upon only the more concrete economic development and investment plans in the area that have either already begun or are close to coming forward. The £1.2bn increase in GVA by 2030 has been modelled within Cambridge Econometrics projections to produce corresponding growth and employment outputs, aiming to show the housing and employment impacts of a realistic, growth-led scenario. The Economic Development-led scenario for Oxfordshire shows a need for 5,830 dwellings per annum.

6.7 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.

6.8 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. Given the current economic uncertainties, this scenario is not considered to be the most appropriate housing need scenario.

6.9 The Census-adjusted Standard Method and the CE Baseline Trends forecast give very similar results, which are in the middle of the other two scenarios. The robustness of these scenarios is demonstrated by their similarity. Either could be selected as an appropriate

scenario for identifying Oxfordshire’s housing need. On balance, because the Census releases are not complete, and because one exceptional circumstance that justifies departing from the Standard Method is because it does not directly account for economic needs and therefore runs the risk of making existing housing shortages worse, the economic baseline trend scenario is the most appropriate scenario.

### 6.10 Accounting for previous undersupply

The HENA scenarios calculate housing need at an Oxfordshire level. This is because Oxfordshire operates as a Functional Economic Market Area (FEMA) and Housing Market Area (HMA). The individual districts do not operate as self-contained areas within which people live and work and carry out their daily lives, instead the labour and housing markets function over the whole Oxfordshire area (with some commuting into and out of the county also). The other advantage of calculating need for Oxfordshire is that this irons out issues with calculations by individual district. Applying the two demographic projection scenarios to each district individually factors in part suppression of household formation. This is very evident in Oxford particularly, where the limited land supply has suppressed household formation over a long period of time. The Housing Market Area is a long-established principle in government guidance on calculating housing need. Although it has been removed from the NPPF, we consider it remains a helpful concept in the Oxfordshire circumstances. Its removal from the NPPF does not mean that the concept of an HMA ceases to exist or becomes irrelevant or that it cannot justifiably still be referred to.

### 6.11 Detailed assumptions behind the Cambridge Econometrics baseline trend scenario

The Cambridge Econometrics baseline trend scenario starts with an assessment of future employment growth and then considers what that particular level of employment provision would demand in terms of housing, based on certain labour-supply assumptions. The estimated level of employment is converted into workers and then resident workers. To do this, ratio assumptions must be made for the numbers of jobs per worker, economic activity rates and imported labour (Table 1 explains ratio assumptions used). The amount of imported labour must be set in order to deduce how much of the Functioning Economic Market Area (FEMA, taken as Oxfordshire) workforce is to be housed locally. Areas with active and dynamic labour markets such as Oxfordshire will always rely on imported labour to some degree. The level of commuting is subsequently determined by the level of imported labour, adjusted to reflect previous housing under-delivery and post Covid-19 homeworking estimates.

*Table 1: Ratio assumptions used in HENA*

	Ratio used	Basis/rationale
Residents per dwelling	2.36	Average ratio. This uses the ONS 2014 household projections for 2040 and divides that number by the 2021 Census population. This produces a very similar number to if the 2018 population projections are used, which declines from a ratio of 2.4 in 2022 to 2.35 in 2040. The ratio used is considered most appropriate.
Dependency ratio	0.63	Current ratio of working age population in Oxon. For employment-led scenarios, the larger the local labour

		supply, the fewer homes are needed to house additional workers. The 16-66 population is considered more accurate, as it reflects the state pension age since 2020. This increases the working age population from 62.3% to 63.3%, which lowers the housing requirement in the employment-led scenarios by 300-400 dpa.
Economic activity ratio	0.77	Current ratio of working-age to working people in Oxon. This is derived from the number of working people from the population of working-age people. These have been at historic highs nationally and in Oxfordshire, but these activity rates are volatile, so a single point in time figure is not robust. The rates are less volatile regionally than in Oxfordshire. Therefore, an average of the regional economic activity rate over the full period since the Annual Population Survey has been in use has been applied.
Job to worker ratio	0.955	Number of workers per job. This converts number of jobs to number of workers (i.e. it accounts for people who may have more than one job) This is taken from the Annual Population Survey.
Home based working	20% remote, 30% hybrid, 50% workplace	CE analysis
Commuting (in employment-led scenarios)	9,000 in-commuters	Return to 2011 levels. A certain amount of commuting into the county is to be expected, particularly in areas of high labour demand, and needs to be factored into the employment-led scenarios to derive a housing need figure. Commuting levels began to substantially increase above the ten-year trend from 2004, which mirrored the observed trend of workplace employment growth (labour demand) accelerating ahead of resident population growth (labour supply), creating an imbalance reflected in market pressures and commuting trends. 2011 commuting levels, which equated to a ratio of 1.03 workforce workers per resident worker, is considered both achievable and less imbalanced relative to the position that was shown to have developed subsequently. Maintaining the 2011 ratio creates a labour supply deficit across the FEMA of around 14,000 workers by 2040 and an estimated commuting flow of 9,000 workers once homeworking is accounted for.

## 6.12 Apportionment

Once a need figure for Oxfordshire is established, it is necessary to apportion that to each district, so that it can inform establishment of a housing need for Oxford’s Local Plan. The HENA explores ways of apportioning need. One of these is based on the proportion of each district’s Standard Method need calculation. This approach essentially apportions need by existing patterns of development. This builds-in the flaws of the Standard Method and therefore misdirects housing need towards the districts because of household formation suppression.

6.13 The alternative approach to apportionment is to apportion need by the distribution of jobs. The HENA explores two ways of apportioning by jobs, one of which is to look at the current distribution of jobs and the other is to look at the forecast distribution of jobs in 2040. Given that the geography of employment growth will influence that of housing need this approach helps balance the provision of homes and jobs. Table 2 shows the housing need apportioned by the forecast 2040 jobs distribution.

*Table 2: Housing need for each scenario, apportioned to each district*

CE Baseline Trend Employment Based Distribution Projected (2040) Distribution		Housing Need Scenario			
		Standard Method	Census-Adjusted SM	CE-Baseline	Econ Dev't-led
Oxfordshire	100%	3,388	4,721	4,406	5,830
Cherwell	22.9%	776	1,081	1,009	1,335
Oxford City	30%	1016	1,416	1,322	1,749
South Oxfordshire	18%	610	850	793	1,049
Vale of White Horse	16.2%	549	765	714	944
West Oxfordshire	12.8%	434	604	564	746

## 7.Setting a capacity-based housing requirement

7.1 The calculation of a Local Housing Need figure is not influenced by any implications of meeting a housing requirement, i.e. the LHN comes first before any consideration of whether it can be planned for. This means the LHN is expected to be identified by using the standard method unless it can be justified by ‘exceptional circumstances’. A Local Housing Need (LHN) figure is different to the housing requirement.

7.2 The National Planning Policy Framework (NPPF) advises that “a housing requirement figure should be established for the whole area, and the extent shown to which the identified housing need can be met over the plan period (paragraph 66)”. The need is established first, before any work is undertaken to see whether it can be planned for.

7.3 The housing requirement figure is the figure set out, justified and planned for in the Local Plan, and in the case of Oxford it is not the same as the locally assessed housing need (LHN). Supporting Planning Practice Guidance (PPG) on ‘Housing and economic needs assessment’ advises an assessment of local housing need (LHN) as “the first step in the process of deciding how many homes need to be planned for” and that “It should be undertaken separately from... establishing a housing requirement figure...”. Work is then undertaken on how to meet this need. In the case of Oxford, in spite of all efforts to identify

sites for housing, there is not enough capacity to meet the identified need. For this reason, the housing requirement is below the need.

7.4 In Oxford, successive plans have set a housing requirement less than the identified need because of capacity constraint, and this has been justified through local plan examinations. An interim Housing and Economic Land Availability Assessment (HELAA) was undertaken to inform the Preferred Options consultation that took place in October/November 2022. The updated HELAA reflects the proposed policies of the Plan. This identified capacity in the city for 9,612 homes to 2040 (481 per annum). Background Paper 15 explains the site selection process and capacity calculation methodology.

## 8. Unmet need

8.1 Because the housing requirement figure set in the Local Plan 2040 is below the need figure, this means there is unmet housing need, as set out in Table 3.

*Table 3: Calculating Oxford's unmet need*

		Total for plan period 2020-2040	Homes per annum
	<b>Oxford's Need (HENA)</b>	26,440	1,322
<b>Minus</b>	<b>Oxford's Capacity (HELAA)</b>	9,612	481
<b>Equals</b>	<b>Oxford's Unmet need</b>	16,828	841

8.2 The majority of the 2040 plan period overlaps with that of the previous round of Local Plans; the adopted Oxford Local Plan runs until 2036, the Local Plans in other districts run to 2031 or 2035. The housing need identified in the SHMA for Oxfordshire over the previous period (2011-2031) was 100,060 homes. 14,300 homes were apportioned to other districts to meet Oxford's unmet need 2011-2031, as agreed in a Memorandum of Understanding (shown in Table 4)

*Table 4: Apportionment of Oxford's unmet need*

District	Apportionment (2011-2031)
Cherwell	4400
South Oxfordshire	4950 (South Oxfordshire did not sign the MoU although this figure is incorporated within the South Oxfordshire Local Plan 2034)
Vale of White Horse	2200
West Oxfordshire	2750
<b>Total</b>	<b>14,300</b>

### Calculating Additional Unmet Need:

8.3 A series of sites to accommodate Oxford's unmet needs were identified and adopted in the neighbouring Oxfordshire districts' Local Plans following Duty to Co-operate conversations, joint cross-county work on the Oxfordshire Strategic Housing Market Assessment 2014 (SHMA) and the signing of the Oxfordshire Housing and Growth Deal with

the government in 2018. These sites had not delivered housing before the 2020 baseline date of the Local Plan 2040. Beyond the already allocated sites for Oxford’s unmet need in current Local Plans, the figures above lead to additional unmet need of 1,404 homes over the plan period calculated as follows:

*Table 5: Calculating Oxford’s Additional Unmet Need*

		Total for plan period 2020-2040
	Oxford’s Unmet Need	16,828
Minus	Already allocated sites for Oxford’s Unmet Need	14,300
Equals	Oxford’s Additional Unmet Need outside of already allocated sites	2,528

8.4 Whilst the overall unmet need for Oxford over the plan period (2020-2040) totals 16,828, 14,300 of those homes have already been allocated in Local Plans, the vast majority of which did not (or will not) deliver before the end of current plan periods. These allocations could therefore be re-allocated to meet the new unmet need. The additional unmet need above this, to cover the whole period to 2040, is 2,528.

## 9. Conclusions

9.1 The housing requirement in the Oxford Local Plan 2040 Policy H1 is based on the identified capacity. The capacity has been found to be below the level of need identified in the HENA. It is considered the existing unmet need sites in the surrounding districts have the potential to meet this level of unmet need.

### Policy H1 – Housing Requirement

**Provision will be made for at least 9,612 new homes to be built in Oxford over the plan period 2020-2040 (average of 481 per annum).**

**Housing capacity in the city has been maximised in the local plan by:**

- a) making site allocations for housing in this Plan (see Chapter 8: Site allocations);**
- b) promoting the efficient use and development of land/sites, including highest appropriate densities and building heights in appropriate locations;**
- and**
- c) allowing an element of housing on all employment sites if suitable.**