

Unsound and unsustainable

Why the SHMA will increase greenfield use but not meet housing needs Critique of Oxfordshire SHMA: Report to CPRE Oxfordshire

Executive Summary

I have examined the Oxfordshire Strategic Housing Market Assessment (SHMA) prepared by GL Hearn Associates, related reports and relevant Government policy and guidance. My analysis, evidence and findings are contained in the following pages. Key conclusions I would particularly draw to readers' attention are summarised below, with links to the more detailed content of this report.

Methodology (Chapter 2)

1. National policy allows for adjustment of official household projections for local data and market signals, but the SHMA is effectively a wholesale replacement. Housing needs are increased in five steps from 1,900 pa over 10 years to 5,003 pa over 20 years (2.7).
2. Each step is subject to serious criticism
 - a. *The 'Oxford adjustment'* accounts for about 20% of the increase. Trends in migration are derived from past differences between population change and natural change and build in the error ranges and assumptions of both. Allocation to local and international components is almost entirely arbitrary; (2.13-2.16)
 - b. *Adjustments for household formation and past delivery shortfall* amount to a further 16% of the difference. Both depend on an economic recovery that makes up lost ground without continuing the past decade's increasing inequality of income. (2.20-2.21)
 - c. The *economic baseline projection* is based on very optimistic views about global and national growth, and does not allow for the large part of the Oxfordshire economy that depends upon public sector expenditure; (2.25 – 2.27)
 - d. The *adjustment for planned jobs growth* accounts for 44% of the overall change. It relies on cases made by promoters for a catalogue of development projects, pays no attention to underlying economic dynamics, and lacks all credibility; (2.29 – 2.30)
 - e. The *'affordability' adjustment* (20%) is the largest overall number, and thus dictates provision of land. However, it is not valid (or feasible) to attempt to build additional houses over and above *overall* demographic or economic needs simply to secure provision of affordable housing. If such additional housing could be sold, it would be because it was meeting such needs itself. The treatment of the affordable housing figure of 5,003 pa as the overall target for housing provision in the SHMA, and so the benchmark for local planning, is therefore invalid. (2.36 – 2.40)
3. In my opinion, for the reasons set out above, the adjustments are not compliant with NPPF policy, which requires such adjustments to be 'reasonable'. (2.2)

Strategic implications (Chapter 3)

4. The level of completions implied at national level is completely outside the range of post WW2 experience. This casts considerable doubts on the reliability of the economic modelling and/or the relationship between the model and projected household formation (3.13);
5. Few new households can afford to buy or rent new houses at market prices. New build may help to free-up existing homes, but the impact on the quality and price of existing 'entry level' housing depends greatly on the planning context (3.16 – 3.19);

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6. National research suggests that even if outputs of new housing more than double recent levels were achieved, housing would still become less affordable, not more. ‘Help to Buy’ does not address the cause and runs the risk of inflating another housing bubble (3.19 - 3.20);
7. Because of the way the housing industry acquires land it has become dependent on rising house prices, and cannot viably build for sale except on the basis that price rises continue (3.31 – 3.32);
8. Major new housing areas such as New Towns and urban expansions may have a place in spatial strategy but are not a panacea for increasing housing output – costs are high and lead times long (3.33 – 3.34);

Risk analysis and implications for sustainable development (Chapter 4)

9. The SHMA contains no analysis of the risks associated with its proposed housing need targets and the risk analysis in the CE/SQW report on economic forecasting is trivial (4.16);
10. The strategic risks of acceptance of the SHMA are very high: allocation of housing land in Local Plans is essentially irrevocable and immediate, and acceptance would therefore pre-empt the local planning process (4.25);
11. NPPF requires that development planning promotes sustainable development, and specifies that this entails the pursuit of economic, social and environmental gains ‘jointly and simultaneously’. By pre-empting such joint consideration the SHMA contravenes NPPF, and makes trade-offs between economic, social and environmental aims that should receive democratic consideration in the local planning process (4.26);
12. The risk of serious harm from over-allocation is very great. Builders’ preference for greenfield land would lead to a more dispersed pattern of development and diversion of interest and investment in towns. This would be damaging to Oxfordshire as an attractive business location and as a place to live. It would particularly degrade the housing choices available to new households at market entry levels (4.29 – 4.30);
13. An approach built on the NPPF references to maintaining a 5-year supply could provide a more robust strategic framework if operated within a ‘plan, monitor and manage’ approach (4.33).