

OXFORDSHIRE COUNTY COUNCIL

South East Plan: District Housing Distribution

Affordable housing and meeting the Backlog of Housing Need

Introduction

1. Policy C04 in the draft South East Plan set a target that 50% of all new housing in the Central Oxfordshire sub-region should be affordable, including for key workers. SEERA have asked the County Council to prepare advice on appropriate targets, including the nature of the backlog of housing need. This paper draws on and updates the County Council's advice on affordable housing submitted to SEERA in July 2005.

Housing need and target

2. The County Council defines affordable housing broadly to include housing for rent, shared ownership and low cost market housing (Oxfordshire Structure Plan 2016). This is consistent with the definition in the draft South East Plan, and is what is meant by the term affordable housing in this paper. The extent to which the County Council, Oxfordshire Community Partnership and the District Councils have placed increasing the availability of affordable housing as a top priority also reflects the views of communities in Oxfordshire that housing need is a major issue.
3. Policy CO4 is based on policy H4 proposed in the Oxfordshire Structure Plan 2016 deposit draft, debated at the Examination in Public (EIP) in October 2004. While the EIP Panel did not consider that it was appropriate for the Structure Plan to include a target in a policy, they concluded that the target of 50% while challenging was not unreasonable.
4. As no countywide assessment of housing need has been undertaken, a range of indicators is used to demonstrate need and the high degree of housing stress in the county, and to justify the proposed target. These indicators relate to county or district level and while it is not possible to break this data down further, the issues illustrated apply just as greatly to the central Oxfordshire sub-region which contains most of the county's main settlements. The indicators include the following:
 - House prices – according to the Land Registry, at November 2005 Oxfordshire was the seventh most expensive area in the South east in which to purchase an average semi-detached three bedroom dwelling (£217,164) and the fifth most expensive for a terrace home (£204,194).
 - House prices to income ratio - the updated affordability models in the Oxfordshire Key Worker Study show that at April 2005, and assuming a market value of £186,743 for a two bedroom home in Oxfordshire, a social worker on a salary of £26,800 would need 7 times his/her income to be able to afford such a property, while a Grade E nurse would need 9 times his/her salary. Bus drivers earning £21,800 a year would require 8.6 times the salary in order to purchase a two bedroom home. This means that most key and essential workers in housing need in Oxfordshire cannot access a home in the open market.
 - Research for SEEDA in 2003 – showed that to enter into the market on average 4.6 to 6 times income is needed to purchase a terraced house in Oxfordshire, and only in Windsor and Maidenhead was the gap higher (The Economic Impacts of Housing Affordability, Roger Tym and Partners for SEEDA, 2003).

- Research by the Joseph Rowntree Foundation – estimated in 2003 that over 50,000 households across the five districts in Oxfordshire could not afford to purchase at lower quartile prices (Wilcox, Can Work, Can't Buy, JRF 2003).
- District Council housing needs surveys – including backlogs of provision these indicate higher levels of housing need per year than the average annual building rate planned for. The surveys for the five districts have all been carried out or updated in 2004 (Affordable Housing Monitor 2004).

	Annual housing need (district housing need surveys)	Planned annual building rate 2001-2016
Cherwell	686	623
Oxford	1,757	433
South Oxfordshire	835	500
Vale of White Horse	1,470	477
West Oxfordshire	1,470	453
Total	5,503	2,487

- Homelessness – the number of homeless households in Oxfordshire has been increasing, particularly in Cherwell, Oxford and the Vale of White Horse (figure 9, Affordable Housing Monitor 2004), and between April 2004 and 2005 district councils in Oxfordshire accepted a further 929 households as being homeless.
- Provision of affordable housing – the backdrop of actual affordable housing completions at relatively low levels, 19% of all completions 1996 – 2004. The majority of affordable dwelling built were for rent (85%), with 14% shared ownership, and 1% low cost market housing. (Affordable Housing Monitor 2004)
- Housing waiting lists - nearly 15,000 households on waiting lists in 2004 (Affordable Housing Monitor 2004)
- Housing needs of key workers – amongst the many findings of the Oxfordshire Key Worker Study 14% of key workers in organisations sampled were considered to be in housing need with the true extent of key worker housing need likely to be higher. 44% of key worker respondents planning to move outside Oxfordshire are in the age group 20 - 34, which has implications for developing and retaining skills. Housing affordability is an issue identified by employers as having implications for recruitment and retention. Employers identified additional key worker requirements in the future, with most of the increase likely to be within Oxford. (Oxfordshire Key Worker Housing Study 2004 Final Report, Key Worker and Employer perspectives: housing needs, demand and affordability, November 2004)
- Publication of the Oxford Local Plan Inspector's report backing the 50% target for the provision of affordable housing proposed in the Oxford Local Plan. (Oxford City Council, Oxford Local Plan 2001 – 2016, Inspector's Report, January 2005)

Backlog of unmet need

5. The draft South East Plan estimates that there is a backlog of housing need in the region of 29,000 houses. Due to the data sources used to compile this estimate it is not possible to disaggregate this figure to a county, sub-regional or district level. The district council housing needs surveys include an estimate of how much of the housing need identified is backlog – a total of 4,222 dwellings. The District Councils have estimated the number of dwellings needed

to be built annually if the backlog is to be reduced by 20% each year – a total of 844 per year. However these figures bear no relation to the regional estimate. The regional backlog is included within the total housing requirement for the region and SEERA have agreed that the backlog should be addressed in the first ten years of the Plan. It is difficult to see how this can be addressed at the sub-regional level. The District Councils are better placed to assess the proportion of backlog and how this should be addressed through their housing needs assessments and preparation of their local development frameworks and housing strategies, as they are already doing.

Type of housing need

6. Overall the Steering Group consider that setting specific targets at the sub-regional level for the proportion of affordable housing to be provided as rented and other tenures, such as shared equity housing, is too prescriptive and should be left for local determination. The most recent draft local plans in Oxfordshire do not contain policies that specify what proportion of affordable housing provided should be for rent, shared equity or other types. Instead they say that the type and size of affordable housing will be considered on an individual site basis in light of local information about the needs in the area and other local circumstances.
7. The most recent published housing need surveys in Oxfordshire have all identified the main need in terms of the tenure of affordable housing provision is for social rented accommodation. This ranges from 61% social rented need as a proportion of affordable housing need in Cherwell to 80 and 81% in South Oxfordshire and Oxford City respectively. (See table 3, Affordable Housing Monitor 2004). This translates into a range of between 18 to 40% social rented housing as a proportion of all new housing (compared to 25% in policy H4 of the draft SE Plan).

Mechanisms for delivery and resources

8. Funding is the main constraint to increasing the provision of affordable housing. For the foreseeable future it seems unlikely that the amount of public subsidy available will match demand. The local planning authorities are trying to maximise what can be achieved through S106 agreements, either to find that there is no Housing Association grant available or contributions towards other infrastructure required are reduced. Whether funding is secured through public subsidy or provision is made through the planning system, this should not be at the expense of securing the provision of other important infrastructure that is needed. A significant increase in the level of funding available from Government is needed to address this issue.
9. The development and implementation of detailed policies in local development frameworks will be the starting point for delivery through the planning system. The district councils are already developing more sophisticated policies for securing affordable housing provision in their most recent draft local plans and this is expected to be carried forward under the new arrangements. As well as setting the proportion of affordable housing to be sought, most of the plans also seek to create balanced and mixed communities, for example by encouraging affordable housing to be spread through developments.
10. At the county level it was assumed in proposing the 50% target that this rate would not be sought uniformly across Oxfordshire and higher or lower levels would be sought by district councils according to their identified needs. The same would be true at the sub-regional level, as policy CO4 allows flexibility for local authorities to decide their own policy approaches. However, increased co-ordination and joint working between local authorities to identify need in the sub-region and manage delivery across district council boundaries and through individual Local Development Frameworks might need to be considered in order to make significant progress towards the target level. The draft South East Regional Housing Strategy

2006 – 2009 published for consultation in January 2005, expects this type of approach and Oxfordshire is in a good position to capitalise on existing partnership working arrangements such as are mentioned below.

11. However, the planning system is an imperfect tool for delivering affordable housing. It can create the opportunity for it to be provided but this generally requires a subsidy of some kind to become a reality. The level of public subsidy available that must be bid for is a constraint to provision. By way of illustration, the bids from district councils in Oxfordshire for Housing Corporation funding for 2006-2008 are as follows:

District	Bid	Dwellings	Average grant per dwelling
Cherwell	£31.8m	759	£41,875
Oxford	£43m	785	£54,777
South Oxfordshire	£42m	892	£47,085
Vale of White Horse	£8.6m	255	£33,725
West Oxfordshire	£18m	384	£46,875
Total	£143.4	3075	£46,634

12. If the average grant per dwelling is applied to 50% of the housing provision for the Central Oxfordshire sub-region for the period 2006 - 2026, this would imply funding of over £792m over the 20 year period. The funding available to support affordable housing for the whole of the South East region for 2006-2008 is £805m. While a crude calculation this illustrates the potential scale of the funding issue and the continued need to press the Government for adequate funding increase. SEERA, with its links to the Regional Housing Board and Government, can play an important role in this.
13. In addition innovative approaches to the provision of affordable housing will have a role to play in delivery, for example through partnership and other joint working arrangements. The Oxfordshire Community Partnership Key Worker Housing Ambition Group will be exploring alternative and innovative ways of financing intermediate, key worker and low cost market housing without public subsidy through the Local Area Agreement process, and the Oxfordshire Members Affordable Housing Group is looking at ways to improve the operation of S106 agreements for the provision of affordable housing. The Oxfordshire Members Affordable Housing Group are also applying for Pathfinder status to carry out a countywide Housing Market Assessment.
14. It was argued by some participants at the Structure Plan EIP that a mechanism for delivery of increased provision of affordable housing is through the choice of spatial strategy. The EIP Panel did not agree with this, but did consider that creating substantial neighbourhoods including appropriate affordable housing was a material factor. This could be taken into account in developing the housing distribution in terms of the scale of development to be accommodated in broad locations and the opportunity to create such neighbourhoods. The draft South East Regional Housing Strategy says that the availability of land will be an additional factor that determines where resources will be allocated. It may further help the provision of affordable housing if locations can be designated as strategic sites in subsequent reviews of the Regional Housing Strategy.