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**Oxford City  
Council Local  
Plan 2036**

*Affordable Housing*

BACKGROUND  
PAPER

## INTRODUCTION

Arguably the availability and provision of sufficient additional affordable housing in Oxford poses the greatest challenge to the Oxford Local Plan 2036; its achievement is fundamental to the achievement of the Plan and its Objectives.

In Oxford the local affordable housing need is extreme and it is well evidenced that Oxford is the least affordable area of the country. It is long established that Oxford has a housing crisis, and particularly for affordable housing. Oxford experiences high levels of housing need, and its residents face major affordability issues as a result of high and increasing house prices (to rent or to buy) compared to average incomes. Furthermore the urban and constrained nature of Oxford means that it is heavily reliant on small sites for the delivery of homes because there are so few medium or large sites.

As such, the provision of affordable housing is a major issue in Oxford. The affordability issue is such that it features regularly in the national press and academic research or discussion papers as a case study with headlines about Oxford as the least affordable city in Britain and topping even London as the most unaffordable city (illustrative examples are provided in Appendix 1).

This Background Paper brings together the various evidence documents and data which consider:

- The scale of the affordable housing crisis in Oxford
- Why the need for affordable housing is so great in Oxford
- The significance of small sites in the supply of affordable housing
- How it is ensured local policy requirements do not place disproportionate burden or impede delivery of homes.

These factors, which detail the particular local circumstances faced by Oxford, together explain why an exception to the 2014 Ministerial Statement and its subsequent embodiment within the 2018 Revised National Planning Policy Framework (NPPF) is justified when considering affordable housing contributions from small sites (less than 10 units) in Oxford and therefore, that due to these exceptional circumstances, that the revised and updated local plan policies should continue to be considered appropriate within the evolved national policy scenario.

## POLICY AND GUIDANCE

### National Planning Policy Framework (2018) <sup>1</sup>

The National Planning Policy Framework (NPPF) 2018, replaced the 2012 NPPF and all previous Planning Policy Statements and guidance. Some of the key paragraphs relating to Affordable Housing issues are set out in Appendix 2. NPPF identifies the provision of a supply of housing, including affordable housing, as a key element for delivering sustainable development (NPPF paragraph 20).

The definition of Affordable Housing was updated in 2018 NPPF in light of the 2017 Housing White Paper “Fixing our Broken Housing Market” in order that the Government’s latest thinking in respect of the increased number of models of provision of affordable housing is reflected (See Appendix 3). As such, there are additional specific categories such as “Starter Homes” and “Discounted Market Sales Housing”. These changes, whilst removing the explicit term “social rented” from the definition, does not, according to Government, exclude this mode of provision. However, for an area where the required scale of provision of affordable housing is as great as for it is in Oxford it is a matter of concern that there is now no explicit reference to this form of provision within Government’s definition.

The NPPF makes clear that local planning authorities should have a robust understanding of housing requirements in their area, and that Local Plans must support delivery of market and affordable housing to meet the needs of their area, unless this would compromise key sustainable development principles.

The specifics of adopted Planning Practice Guidance (as of May 2018) are that:

- a) Affordable housing contributions<sup>2</sup> should not be sought from sites of 10 or fewer dwellings with a maximum combined gross floorspace of no more than 1,000m<sup>2</sup>; and
- b) On larger sites, any existing vacant building floorspace to be demolished or brought back into use should be deducted from proposed floorspace for the purpose of calculating affordable housing contributions (the ‘vacant building credit’)<sup>3</sup>.

Other important references in NPPF to affordable housing are:

- Paragraph 61 which highlights the need to address market *and affordable* housing needs

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<sup>1</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/728643/Revised\\_NPPF\\_2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728643/Revised_NPPF_2018.pdf)

<sup>2</sup> Planning Policy Guidance Paragraph: 031 Reference ID: 23b-031-20161116 Revision date: 16 11 2016

<https://www.gov.uk/guidance/planning-obligations> accessed 04/06/2018

<sup>3</sup> Planning Policy Guidance Paragraph: 021 Reference ID: 23b-021-20160519 Revision date: 19 05 2016

<https://www.gov.uk/guidance/planning-obligations> accessed 04/06/2018

- Paragraph 62 goes on to encourage local policies which *seek to meet affordable housing need* either on site or via financial contributions to create mixed and balanced communities, whilst taking account of changing market conditions
- Paragraph 65 which states that major housing developments must make available at least 10% of their properties for affordable housing. To ensure that developers contribute to their affordable housing requirements the government is proposing a restriction on the use of viability testing of developments which do not comply with Local Plan Policy with respect to affordable housing provision. It is hoped this will prevent viability claims that negotiate down the proportion of off-market homes. Furthermore, ministers want to inject transparency into the affordable housing process by allowing the public to view viability assessments which remain an undisclosed procedure.

### National Planning Practice Guidance (PPG), Written Ministerial Statement and Legal Judgement

In November 2014, the Housing and Planning Minister issued a Written Ministerial Statement (WMS)<sup>4</sup> stating that for sites of 10 dwellings or less, and which have a maximum combined gross floorspace of 1,000 square metres or less, affordable housing and tariff style contributions should not be sought. This is as now reflected in PPG and is continued through to the 2018 revision of NPPF.

The introduction of new national policy by means of a WMS was challenged in the High Court by Reading and West Berkshire Councils and on 31 July 2015, a High Court judgement agreed with the plaintiffs that the introduction of these thresholds into PPG was legally incorrect. The relevant parts of the PPG were thereby quashed.<sup>5</sup> The Secretary of State subsequently submitted a case to the Court of Appeal seeking to overturn the High Court judgement. This challenge<sup>6</sup> succeeded, and in May 2016 the PPG was reinstated, stating that the WMS should be taken into account having been given legal effect by the Court of Appeal ruling. The current PPG advice has Reference ID: 23b-031-20161116.

However the Court of Appeal judgement<sup>7</sup> recognised that the WMS and PPG does not necessarily either outweigh the Local Plan, or prevent a different approach being taken through the plan-making process to respond to specific local circumstances. Specifically, the judgement stated in paragraph 31:

*“In our judgment, then, the policy stated in the WMS is not to be faulted on the ground that it does not use language which indicates that it is not to be applied in a blanket fashion, or that its place in the statutory scheme*

<sup>4</sup> <https://www.parliament.uk/documents/commons-vote-office/November%202014/28%20Nov%202014/2.%20DCLG-SupportForSmallScaleDevelopersCustomAndSelf-Builders.pdf>

<sup>5</sup> <http://www.bailii.org/ew/cases/EWHC/Admin/2015/2222.html>

<sup>6</sup> Reading Borough Council and West Berkshire District Council v Secretary of State for Communities and Local Government [2016] EWCA Civ 441 (Case no. C1/2015/2559)

<sup>7</sup> [http://www.landmarkchambers.co.uk/userfiles/documents/R%20\(West%20Berkshire\)%20v%20%20SSCLG%20-%20transcript.pdf](http://www.landmarkchambers.co.uk/userfiles/documents/R%20(West%20Berkshire)%20v%20%20SSCLG%20-%20transcript.pdf)

*of things is as a material consideration for the purposes of s.38(6) of the 2004 Act and s.70(2) of the 1990 Act, and no more. It does not countermand or frustrate the effective operation of those provisions. The judge has, with respect, conflated what the policy says with how it may lawfully be deployed.”*

National policy is a material consideration to which the Secretary of State considers that great weight should be attached. The Court of Appeal also made it clear that although the policy is expressed in absolute terms it must allow for exceptions. On behalf of the Secretary of State it was said in Court that:

*“In the determination of planning applications the effect of the new national policy is that although it would normally be inappropriate to require any affordable housing or social infrastructure contributions on sites below the thresholds stated, local circumstances may justify lower (or no) thresholds as an exception to the national policy. It would then be a matter for the decision-maker to decide how much weight to give to lower thresholds justified by local circumstances as compared with the new national policy.”*

It was also said on behalf of the Secretary of State that:

*“if in future an LPA submits for examination local plan policies with thresholds below those in the national policy, the Inspector will consider whether the LPA’s evidence base and local circumstances justify the LPA’s proposed thresholds. If he concludes that they do and the local plan policy is adopted, then more weight will be given to it than to the new national policy in subsequent decisions on planning applications.” (paragraph 26)*

The full text of Paragraph 26 of the High Court Judgement given on 11 May 2016 (referred to above) is contained at Appendix 4. The detail of the judgement has generally been taken to mean that it remains legitimate for local plans to take a different approach to that set out in PPG with regards to affordable housing thresholds, provided there is robust local evidence to support it.

There has also been guidance from the Planning Inspectorate to clarify the approach that should be applied in planning decisions, provided in the letter from the Planning Inspectorate to Richmond and Wandsworth Councils dated March 2017 (Full text at Appendix 5):

*“The statutory position is that planning applications must be decided in accordance with the development plan unless material considerations indicate otherwise. I have therefore had regard to the WMS as a material consideration and having taken*

*account of the views of the main parties on this matter I attach great weight to the WMS”*

*“... The correct approach, if minded to allow an appeal in such circumstances, would be for an Inspector to start with the development plan and any evidence presented by the LPA supporting the need for an affordable housing contribution, establish whether the proposal is in conflict with those policies if no contribution is provided for, and, if there is conflict, only then go on to address the weight to be attached to the WMS as a national policy that post-dates the development plan policies. An Inspector would then be entitled to find in the balancing exercise that the WMS outweighs the development plan policies, as opposed to discounting the development plan’s weight at the outset”.*

The Secretary of State subsequently clarified that the policy is not a blanket policy to be applied in all circumstances and, to use the Secretary of State’s example, that local circumstances may justify lower (or no) thresholds. The City Council is of the view that being the most unaffordable area of the country and coupled with a higher than normal dependence upon smaller sites, is precisely the sort of local circumstances contemplated by the Secretary of State as justifying departure from his national policy. This position was set out in the report considered by Oxford City Council’s full Council meeting on 25 July 2016<sup>8</sup>, and is further evidenced and updated in this Background Paper.

### **Implications of Written Ministerial Statement and Legal Judgement for NPPF 2018**

The 2018 NPPF (Para 63) would appear to confirm the continuation and formalisation of the approach expressed by the 2014 Written Ministerial Statement to developer contributions to the provision of Affordable Housing. This interpretation however depends on the phrase *“Provision of affordable housing should not be sought for developments that are not on major developments”* and in particular the term *“major”* which within NPPF 2018 is defined as sites of 10 or more dwellings. It is uncertain at this stage whether, as in the case of the WMS Appeal, the strength of local evidence and requirement for Affordable Housing would permit some local flexibility in the capture of such funds. This is especially important in Oxford owing to the following factors which are explored later in this paper:

- High house prices and rental prices
- The highest affordability ratio of anywhere in the country<sup>9</sup>
- The very constrained land availability for new development in the City
- The nature of the available sites for housing where a high proportion is only able to accommodate fewer than 10 dwellings.

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<sup>8</sup> Full Council Papers agenda; Oxford City Council 25 July 2016. See agenda item 11 pages 225-263  
<http://mycouncil.oxford.gov.uk/documents/g4106/Public%20reports%20pack%20Monday%2025-Jul-2016%2017.00%20Council.pdf?T=10>

<sup>9</sup> <http://www.centreforcities.org/data-tool/#graph=table&city=show-all&indicator=housing-affordability-ratio\single\2017&tableOrder=tableOrder\1,1>

As was stated within the quotation above on behalf of the Secretary of State in respect of the WMS

*“if in future an LPA submits for examination local plan policies with thresholds below those in the national policy, the Inspector will consider whether the LPA’s evidence base and local circumstances justify the LPA’s proposed thresholds. If he concludes that they do and the local plan policy is adopted, then more weight will be given to it than to the new national policy in subsequent decisions on planning applications.”*

The clear implication being, that should exceptional circumstances exist and be properly evidenced, local variation from national policy can be allowed.

### **Viability and Affordable Housing in the NPPF<sup>10</sup>**

In striking the balance between facilitating development and obtaining much needed affordable housing and infrastructure contributions, the original (2012) NPPF and accompanying guidance had built into it the principle that development should be able to provide competitive returns for the land owner.

The “viability loophole” as it became described by some commentators became a knotty practical and political problem. The policy was intended to increase supply by of housing by boosting a sluggish market. While some areas may have benefitted overall in terms of housing delivery, it came at the cost of affordable housing provision. Research by Shelter in 2017<sup>11</sup> estimated that as a result of re-negotiation of affordable housing quotas on the grounds of viability, 9 cities had lost out on 2,500 affordable homes in one year. On the other side of the argument, there is a need to allow for planning obligations and contributions to be adjusted to take into account changed economic circumstances, otherwise much needed housing schemes will not be built.

The new proposals have their basis in the government’s Planning for the Right Homes in the Right Places consultation. Consequently at the plan-making stage, there is a clear shift in emphasis in 2018 NPPF. The government has sought to push viability back into the jurisdiction of plan-makers and that issues associated with viability should be the exception, not the norm.

The tone of the guidance has also changed. Gone are the references to “proportionality” and “competitive returns” for landowners along with the definition which stated *“a site is viable if the value generated by its development exceeds the costs of developing it and also provides sufficient incentive for the land to come forward and the development to be undertaken”*. The focus has shifted to minimum returns and the message that developers

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<sup>10</sup> [http://www.39essex.com/content/wp-content/uploads/2018/03/NPPFNewsletter\\_March2018.pdf](http://www.39essex.com/content/wp-content/uploads/2018/03/NPPFNewsletter_March2018.pdf)

<sup>11</sup> <http://blog.shelter.org.uk/2017/11/the-high-cost-of-viability-assessments-2500-affordable-homes-lost-injust-one-year/>

will not be able to get out of their obligations lightly. The guidance also makes clear that overpaying for land cannot be used to justify a failure to comply with policy.

Further key changes come at the decision-making stage:

1. The general theme is that viability assessments should not be necessary.
2. Where a scheme complies with relevant policies in the local plan, no viability assessment should be required to accompany the application (see paragraph 57 of the draft NPPF). This effectively means that compliant schemes will be presumed to be viable.
3. The government has left it to local planning authorities to identify the circumstances in which viability assessments will be required in their local plans. It will also be up to local planning authorities to decide whether to identify how review mechanisms will be used when circumstances change and what those review mechanisms will look like. However, the examples given in the draft guidance suggest that the expectation is that viability assessments should only be required where the development proposed is out of the ordinary or where there has been a significant change in circumstances.
4. Where viability assessments are needed, the government has proposed new guidance which sets out a standardised approach.
5. Viability assessments should be made publicly available.

### **Housing and Planning Act 2016<sup>12</sup>**

The Housing and Planning Act (2016) introduced a number of changes designed to boost the supply of new housing nationally, to devolve significant new powers to a local level, and to support first time buyers to make home ownership more affordable.

The reforms, which affect the planning system and other policy areas, are likely to have significant implications for affordable housing provision in Oxford, but the details of the changes have not yet been set out in regulations. The Draft Revised NPPF definition of Affordable Housing (see above) is drawn from the Act and was intended to enable the introduction of alternative delivery models for Affordable Housing. Similarly the changes to the welfare system could affect people's ability to afford to buy or rent properties.

The changes proposed included:

- Introduction of 'Starter Homes' as part of Section 106 legal agreements, which would sell at 80% of market levels;
- Introduction of 'Pay to Stay' for social housing tenants whose income increases;
- Annual payments by local authorities for the highest value council homes (High Value Property Void levy);
- Caps on Local Housing Allowance/annual rent increases for social rent providers; and
- Extension of voluntary right to buy for social rent tenants.

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<sup>12</sup> <http://www.legislation.gov.uk/ukpga/2016/22/contents/enacted>



The Act also included provisions to require local authorities to establish and maintain registers of particular types of land in their area. Local authorities were required to publish a Brownfield Land Register by the 31 December 2017.

### **The Housing White Paper - Fixing our Broken Housing Market<sup>13</sup>**

Published in February 2017, the Housing White Paper set out the government's strategy to boost housing supply and create a more efficient housing market, with measures aimed at ensuring the right homes are built in the right places, speeding up build out rates and diversifying the housing market. Many of the proposed changes are reflected in the consultation Draft NPPF published in March 2018.

Measures included in the White Paper relevant to the preparation of the Local Plan include:

- Introduction of a standardised approach to calculating assessed housing needs to apply from April 2018. In September 2017, the government published a consultation on a proposed standard method for calculating local authorities' housing need;
- Ensuring Plans focus on having clear policies to address the housing requirements of particular groups such as older and disabled people;
- Requiring local authorities to provide a clear strategy to maximise the use of suitable land in their area and amending the NPPF to indicate that great weight should be attached to the value of using suitable brownfield land for housing;
- Supporting development of small sites with an expectation that local authorities will have policies to support small windfall sites;
- Requiring at least 10% of sites allocated in local plans to be 0.5 hectares or less;
- Amending the definition of affordable housing to include a wider range of products including social rented housing, starter homes, discounted market sale housing, affordable private rent housing and intermediate housing;
- Requiring local authorities to ensure that a minimum of 10% of all homes on individual qualifying sites are affordable home ownership products, with the appropriate mix to be determined locally; and
- Amending the NPPF to ensure plans and proposals encourage higher density development.

### **Oxford City Council Corporate Plan 2016-2020**

The City Council identifies housing affordability as a key issue facing the city, both for local people and local employers. This is acknowledged in the Corporate Plan which seeks to help deliver investment in new affordable homes to help key workers, those on low

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<sup>13</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/590464/Fixing\\_our\\_broken\\_housing\\_market\\_-\\_print\\_ready\\_version.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf)

incomes, and the most vulnerable to find a home that they can afford and that meets their needs.

### **Oxford City Council Housing Strategy 2015 - 2018**

Oxford City Council's Housing Strategy 2015-2018 includes objectives to deliver more affordable housing to meet housing needs. It sets out corporate actions to deliver this including delivering new council homes, Barton Park strategic site, and implementing strategies around affordable housing and empty homes.

## **THE OPERATION AND EFFECTIVENESS OF LOCAL PLAN POLICIES ON AFFORDABLE HOUSING DELIVERY IN OXFORD**

Oxford City Council has a full and 2012 NPPF-compliant local plan. The documents most relevant to affordable housing policies are:

- Core Strategy<sup>14</sup>, adopted 2011
- Sites & Housing Plan<sup>15</sup>, adopted 2013

The City Council also has an Affordable Housing and Planning Obligations Supplementary Planning document (adopted 2013)<sup>16</sup> to give additional guidance on the implementation of the Council's adopted affordable housing policies.

For developments of between four to nine dwellings Policy HP4 Affordable *Homes from Small Housing Sites* of the Sites & Housing Plan and Policy CS24 *Affordable Housing* of the Core Strategy are relevant. Specifically Policy HP4 requires that sites of between four to nine dwellings provide a financial contribution towards affordable housing equivalent to 15% of the total sale value of the development. See extract below.

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<sup>14</sup> <https://www.oxford.gov.uk/corestrategy>

<sup>15</sup> <https://www.oxford.gov.uk/sitesandhousing>

<sup>16</sup> [https://www.oxford.gov.uk/downloads/file/596/ahpo\\_adopted\\_spd](https://www.oxford.gov.uk/downloads/file/596/ahpo_adopted_spd)

**Policy HP4 from Sites & Housing Plan (Oxford City Council, Adopted 2013)**

**Policy HP4**

***Affordable Homes From Small Housing Sites***

*Planning permission will only be granted for residential development on sites with capacity for 4 to 9 dwellings, if a financial contribution is secured towards delivering affordable housing elsewhere in Oxford. The contribution required will be 15% of the total sale value of the development, and will be calculated using the formula set out in Appendix 2.*

*Where both the City Council and the applicant agree that on-site affordable housing is appropriate, planning permission will be granted if generally a minimum 50% of dwellings on the site are provided as affordable homes.*

*If it can be demonstrated to the City Council that the full contribution would make the development unviable, the City Council will accept a lower contribution, in accordance with Appendix 2 (paragraph 6).*

*Developers may not circumvent this policy by artificially subdividing sites. For mixed-use residential developments that include student accommodation and/or commercial floorspace, the overall development floorspace will be used to determine the contribution required.*

Oxford has over successive local plans successfully promoted policies for affordable housing within the context of national policy, to reflect the local circumstances and need for affordable housing.

The Oxford Local Plan 2001-2016 (adopted 2005) established an affordable housing policy threshold of 10 units or 0.25 ha. This was in the context of guidance in the Planning Policy Guidance 3 Housing and Circular 6/98 Planning & Affordable Housing, which generally affordable housing thresholds should be set at 15 dwellings. At that time the City Council presented evidence to the Inspector about the specific local affordability problems of Oxford, and the lack of medium and large sites. The Inspector fully supported the policy approach and evidence to justify the lower threshold.

A similar case was then presented to justify continued use of the same threshold in the adopted Oxford Core Strategy 2026, which again was fully supported by the Inspectors at examination (2009-10).

The City Council's Site & Housing Plan (adopted 2013) later then went on to establish the small site affordable housing policy for sites with a capacity for four to nine dwellings. The Sites & Housing Plan Inspector in her report stated in paragraph 29:

*"Policies HP3, HP4 and HP6 respectively detail how provision for affordable housing will be sought from large housing sites with capacity for 10 or more dwellings, small housing sites with capacity for 4-9 dwellings and from student accommodation development that includes 8*

*or more bedrooms, in order to achieve the Plan's first Objective; to increase the supply of affordable housing reflecting local demand for different types of tenure. This Objective is clearly consistent with the section 7 of the CS Spatial Vision to 2026, which acknowledges that Oxford has a major housing shortage and has a key priority to provide more affordable and family homes. It is also consistent with section 7 of the CS Strategic Objectives, to plan for an appropriate mix of housing tenures, types and sizes to meet existing needs and future population growth."*

The Inspector also states in paragraph 30:

*"Policies HP3 and HP4 provide the details necessary to increase the supply of affordable housing and to achieve Objective 1."*

Paragraph 31 continues:

*"In assessing whether the threshold for HP3 is still fit for purpose several matters have been taken into consideration, including the continuing very high demand for affordable homes in Oxford, which exceeds the anticipated annual delivery of general purpose housing, and the profile of sites that come forward for residential development. Annual Monitoring Reports (AMRs) indicate that over the five previous years from 2006, the majority of housing development has occurred on sites below the qualifying threshold size/capacity, which justifies retaining the current threshold. Higher and lower thresholds were tested at the Preferred Options stage and the reasons why those alternatives were rejected are provided in Background Paper 11: Affordable Housing [3.27]."*

As such, the City Council has sought affordable housing contributions from all small sites of four or more units since 2013, and there is no evidence that this has negatively affected the delivery of homes during that time. As previously noted this view is supported by the 2018 GVA Viability Study prepared as part of the 2036 Oxford Plan evidence base.

As evidenced by the Council's most recent Annual Monitoring Report<sup>17</sup>, the Council has a housing land supply in excess of 6 years. Whilst some development did slow during the years of the economic recession, the housing trajectory shows that housing delivery cumulatively over the plan period remains on track for achieving the Core Strategy target of at least 8,000 homes by 2026.

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<sup>17</sup> Oxford Annual Monitoring Report 2016-17 [https://www.oxford.gov.uk/downloads/download/420/annual\\_monitoring\\_report](https://www.oxford.gov.uk/downloads/download/420/annual_monitoring_report)

The housing trajectory also shows that there is a high level of anticipated development on track to deliver through in the next five years. These peaks and troughs in delivery rates are normal in Oxford, which is tightly constrained by the administrative boundary and has few medium or large sites to even out delivery rates. There has also been a steady flow of planning applications and completions, with normal annual fluctuations, on small sites in the period since local policies were introduced (Tables 1a and 1b below). Please note though that the data for Permissions Granted in 2013/14 was distorted by the large application for a total of 885 dwellings received in respect of the Barton strategic site.

**Table 1a: Breakdown of C3 Planning Permissions Granted by site size 2011/12-2016/17**

Year	C3 Units Granted Permission (Gross)										No of Planning Permissions Granted									
	Units from sites of 0-3			Units from sites of 4-10			11 or More Units			TOT	0-3 Units			4-10 Units			More than 10 Units			TOT
	M	A	T	M	A	T	M	A	T		M	A	T	M	A	T	M	A	T	
2016/17	16	2	16	6	2	9	11	12	131	389	90	1	91	1	3	1	3	1	4	109
	2		4	7	3	0	9							1		4				
2015/16	16	0	16	7	1	9	23	31	553	815	89	0	89	1	2	1	5	4	9	113
	7		7	6	9	5	8	5						3		5				
2014/15	78	0	78	4	0	4	13	17	151	233	56	1	57	1	0	1	6	2	8	66
							4													
2013/14	97	6	10	3	2	5	77	57	134	150	77	2	79	7	2	9	1	8	2	108
			3	4	0	4	4	3	7	4							2		0	
2012/13	12	0	12	2	0	2	14	0	14	157	10	0	10	5	0	5	1	0	1	106
	0		0	3		3					0		0							
2011/12			14			6			73	286			97			1			2	111
			9			4										2				

Source: Oxford City Council Monitoring Data

**Table 1b: Breakdown of C3 Planning Permissions Completed by site size 2011/12-2016/7**

Year	C3 Units Completed (Gross)										No of Planning Permissions Completed									
	Units from sites of 0-3			Units from sites of 4-10			11 or More Units			TOT	0-3 Units			4-10 Units			More than 10 Units			TOT
	M	A	T	M	A	T	M	A	T		M	A	T	M	A	T	M	A	T	
2016/17	310	0	310	130	0	130	43	20	63	503	164	0	164	21	0	21	3	1	4	189
2015/16	126	0	126	55	10	65	50	154	204	395	72	0	72	10	1	11	3	3	6	89
2014/15	85	6	91	53	0	53	135	11	146	290	48	2	50	9	0	9	2	1	3	62
2013/14	71	0	71	35	0	35	0	0	0	106	46	0	46	7	0	7	0	0	0	53
2012/13	84	0	84	79	8	87	0	82	82	253	67	0	67	15	1	16	0	2	2	85
2011/12	139	1	140	92	17	109	24	0	24	273	84	1	85	17	3	20	2	0	2	106

Source: Oxford City Council Monitoring Data

These indicators demonstrate there is no evidence that introducing the policies and the requirements for affordable housing provision or infrastructure contributions contained in the local plan policies has had a negative impact on the rate of housing delivery.

The potential impact of the requirements of Policy HP4 along with other policy requirements (eg. infrastructure contributions) was fully considered in the preparation and examination of the Sites & Housing Plan and the CIL Charging Schedule. The policy was based on viability evidence undertaken by experts at consultancy JLL<sup>18</sup>.

The viability study tested a range of developments of different sizes and types and found that the policy requirements would, in the terms of Paragraph 173 of the NPPF “*when taking account of the normal cost of development and mitigation, provide competitive returns to a willing landowner and willing developer to enable the development to be deliverable*”. The evidence demonstrated that development is viable and the policies do not impose “disproportionate” burdens on developers.

In considering this evidence at the examination for the Sites & Housing Plan, the Inspector in her report notes these points in paragraphs 32 and 33, in particular concluding that 100% of sites of 4-9 dwellings would be viable:

*“Evidence provided in the AMRs since 2006 indicate that both the threshold and the target for seeking on-site affordable housing provision have been quite successful, although not entirely met. However, to further justify the target for policy HP3 the Council commissioned an Affordable Housing Viability Study (AHVS) [4.1] to assess viability options, which are summarised in Background Paper 11. The methodology uses a bespoke financial model tailored specifically for Oxford which looked at a sample of 14 actual, potential sites having a capacity ranging between 1 and 180 dwellings. The model uses the standard approach of residual land value appraisals to arrive at a land value for each site for residential development, taking account of the cost of developing the site, including planning costs and requirements, and the profit margin expected by the developer, which is assumed to be 20%. It indicates that, assuming a tenure split of 80% social rented and 20% shared ownership, 9 out of 14 sites would be viable after making a 50% contribution. Of these, 7 of the 9 sites with capacity for 10 or more dwellings would be viable. Information on property sales values was based on ‘Hometrack’, which is a leading online valuation service, and was reinforced through discussions with local property agents.”*

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<sup>18</sup> Jones Laing LaSalle Affordable Housing Viability Assessment 2012

*“The AHVS was updated [8.49] in the light of changes to the market value of residential properties in Oxford since the original study was prepared in 2010. It also uses revised assumptions relating to financing and the sizes of affordable and market units. The update, which was consulted upon during the examination, indicates that 11 out of 14 (78%) sites overall would be viable whilst complying with either HP3 (threshold of 10) or HP4 (threshold of 4-9). It concludes that 78% of the sites above or at the threshold of 10 would be viable and that 100% of the sites of 4-9 dwellings would be viable. This confirms that the targets of 50% for the sites with capacity for 10 or more dwellings and for a financial contribution on sites of 4-9 dwellings, as detailed in Appendix 4, are appropriate in the current economic climate. Expressed as a minimum, it would not prevent the Council from seeking greater than 50% provision if justified by an upturn in the housing market.”*

Policy HP4 also provides flexibility that if the landowner or developer is able to transparently demonstrate evidence that the policy requirements for affordable housing contributions would impede delivery or are disproportionate, then a reduced contribution can be negotiated on a site by site basis (Policy HP4, and Annex 2 paragraph 6, of Sites & Housing Plan). At examination Policy HP4 was found sound on the basis of the NPPF test to provide competitive returns to a willing landowner and willing developer to enable the development to be deliverable.

The Oxford Community Infrastructure Levy Charging Schedule was also examined in 2013. In his report the Inspector clearly explains the process the City Council went through to appropriately test viability, which by the time of the CIL examination included the policies in the Sites & Housing Plan including Policy HP4. He states:

*“The Council has commissioned a number of viability studies to support the CIL charging rates. An Affordable Housing Viability Study (VS) published in June 2011 was updated in September 2012, including the re-testing of a number of sample sites to take into account changes to sale prices and revised assumptions about financing. A further supplement for smaller sites was published in October 2012. A residential addendum prepared specifically to support the CIL was available in July 2012 and updated as recently as January 2013.”*

Further at paragraph 10:

*“The detailed evidence of house prices city-wide was fed into a considerable number of housing viability scenarios. These assumed provision of affordable housing in full accordance with the policies set out in the CS and the recently adopted Sites and Housing Plan for a target of 50%, with a tenure split of 80% social rent and 20% shared ownership/intermediate. Robust assumptions about*

*the costs associated with the Code for Sustainable Homes (Level 4) and on-site renewable energy were incorporated. The scenarios did not include provision for Section 106 payments, which the Council does not expect to be significant once the CIL is approved. The results of the VS show that the majority of residential sites in the city will be able to support CIL at £100 psm with 50% affordable housing. Although three sites in the assessment were found to be unviable, potential CIL was not the determining factor in viability. Overall CIL would be a very small proportion of residential development costs (about 4% of base costs) and would not threaten residential development in the city as a whole.”*

As the evidence and Inspector’s reports illustrate, the Council has sought to ensure that affordable housing and other financial requirements including CIL do not make development undeliverable. It follows therefore that HP4 does not impose disproportionate burdens on developers, and is fully compliant with NPPF Paragraph 173.

This view was supported in the 2018 Viability Study<sup>19</sup> performed by GVA as part of the development of the evidence base for the Oxford Local Plan 2036. The Viability Study recognised that the Council’s policy requirements for affordable housing provision have now been embedded for a significant period in cost assumptions for development activity in Oxford. It concluded that development activity has continued in Oxford largely unhindered since the introduction of these policies. It was therefore considered prudent that development activity in Oxford has been able to absorb the planning gain requirements clearly set out in the currently adopted policies. It was also noted that the policy does include flexibility to respond to genuine viability concerns, consistent with national policy, so that development is not hindered and that, in practice, the local policy has withstood scrutiny from a number of challenges and appeals.

## **THE NEED FOR AFFORDABLE HOUSING**

The high need for affordable housing in Oxford, and the affordability of the market, is evidenced in the Oxfordshire Strategic Housing Market Assessment (SHMA, 2014)<sup>20</sup>. Section 6 covers affordable housing need in particular.

As set out in the extract tables below from the SHMA, the estimated annual affordable housing need for Oxford is 1,029 additional affordable homes per annum (net) taking into account supply (SHMA Table 54, reproduced as Table 2 below). To meet that need of 1,029pa would require a delivery rate of 2,058pa (SHMA Table 90, reproduced as Table 3

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<sup>19</sup> Economic Viability Assessment to inform the Oxford Local Plan 2036 and the Review of the Community Infrastructure Charging Schedule

<sup>20</sup> [https://www.oxford.gov.uk/downloads/download/495/strategic\\_housing\\_market\\_assessment](https://www.oxford.gov.uk/downloads/download/495/strategic_housing_market_assessment)



below), working on an assumption that 50% of all of the 2,058 is affordable homes. Therefore if the assumed delivery is only 1,400 pa (Table 90), and realistically not all of this is going to achieve 50% affordable housing (because that only applies to larger sites of 10+, and subject to viability), then this is only likely to at best meet two thirds of the need (paragraph 9.59 SHMA), and there is going to be a shortfall each year which gets compounded further over time and increases the backlog and urgency to address the issue. Further, it is reasonable to state within these parameters, that the delivery of the full affordable housing need is not realistic.

**Table 2: Estimated level of affordable housing need (per annum) (Table 54 of SHMA)**

Area	Backlog need	Newly forming households	Existing households falling into need	Total Need	Supply	Net Need (per annum)
Cherwell	44	491	153	688	280	407
Oxford	111	900	476	1,488	459	1,029
South Oxon	37	472	138	647	260	386
VoWH	28	385	138	551	278	273
West Oxon	28	356	106	491	217	274
County	249	2,604	1,011	3,864	1,494	2,370

Source: Census (2011)/CORE/Projection Modelling and affordability analysis

**Table 3: Conclusions regarding overall housing need (Table 90 of SHMA)**

Housing Needed per Year (2011-31)	A. Demographic Base + Shortfall	B. To Support Committed Economic Growth	C. To Meet Affordable Housing Need in Full	D. Range: Housing Need per Year	E. Midpoint of Range
Cherwell	682	1142	1233	1090-1190	1140
Oxford	782	700	2058	1200 - 1600	1400
South Oxfordshire	552	749	965	725-825	775
Vale of White Horse	508	1028	683	1028	1028
West Oxfordshire	541	661	685	635-685	660
Oxfordshire	3064	4280	5624	4678 - 5328	5003

In comparison to the rest of the Oxfordshire housing market area, Oxford has by far the highest annual affordable housing need. It is also higher than comparable constrained urban authority or city areas in the wider region, such as Reading, Slough, and Windsor & Maidenhead.

Further evidence of need is the number of households living in unsuitable housing, which highlights that Oxford has by far the highest numbers of such households in the housing market area (SHMA Table 46, reproduced as Table 4 below).

**Table 4: Estimated number of households in unsuitable housing (SHMA Table 46)**

Area	In unsuitable housing	Total number of households	% in unsuitable housing
Cherwell	1,513	58,253	2.6%
Oxford	2,600	55,956	4.6%
South Oxon	1,145	55,354	2.1%
VoWH	973	50,839	1.9%
West Oxon	928	44,649	2.1%
County	7,159	265,051	2.7%

Source: Census (2011) and data modelling

Another illustration of the need is the pressure for affordable housing from homelessness in Oxford and households approaching the council for housing support. Most recently the data for 2016/17<sup>21</sup> shows:

- Homelessness applications were received from 268 households, an average of 22 per month;
- 125 households were accepted as statutory homeless, an average of 10 per month;
- At 31 December 2017 there were 100 households in temporary accommodation;
- At 1 December 2017 there were 2,853 households on the housing register, compared to 516 lettings in 2016/17;
- The Council lost 25 properties from its stock through Right to Buy in 2016/17, and so far in 2017/18 have lost a further 29 properties.

## HOUSE PRICES AND AFFORDABILITY

The remainder of this statement sets out the particular local housing market circumstances that pertain in Oxford, and explain why the affordability situation is so extreme in Oxford.

Oxford currently is – and has been for several years – the least affordable city in the country to buy a home, as verified by various independent research reports, including most recently the Centre for Cities<sup>22</sup> and the University of Oxford<sup>23</sup> (Figure 1). With average house prices more than 17 times the average wage in the city, Oxford is even less affordable than London. In 2016 the average house price was £491,911 whilst the average income of workers was £29,900<sup>24</sup>. Consequently many who work in Oxford cannot afford to live here. This has many impacts, including on employers and key services who struggle to keep staff, such as schools and hospitals, and on families and communities who might be split up because of housing costs.

<sup>21</sup> Oxford City Council Housing monitoring data for 2016/17, correct at January 2018

<sup>22</sup> <http://www.centreforcities.org/city-by-city/>

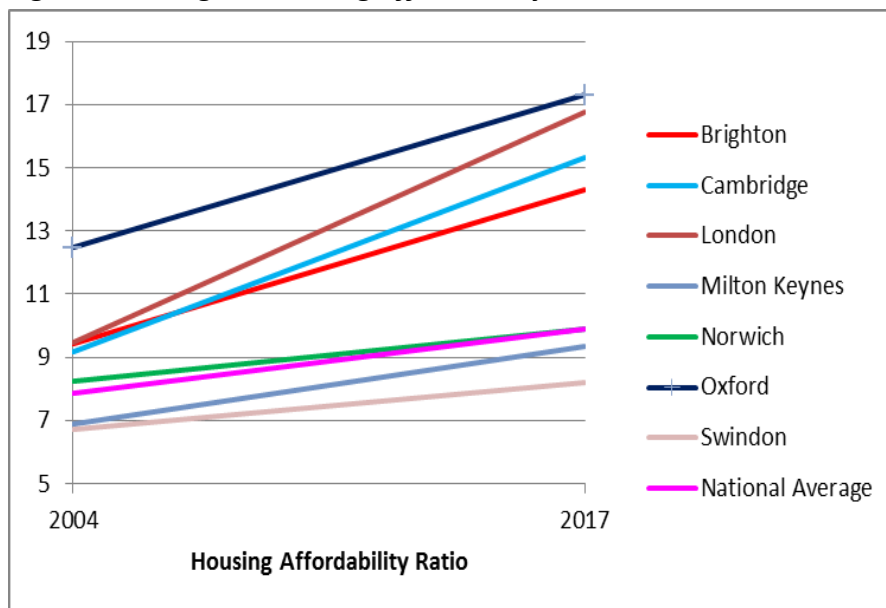
<sup>23</sup> Average house prices in Oxford become 'least affordable in Britain', University of Oxford 2015

<http://www.ox.ac.uk/news/2015-02-26-average-house-prices-oxford-%E2%80%98become-least-affordable-britain%E2%80%99>

<sup>24</sup> Average Survey of Hours and Earnings, ONS, and Land Registry data

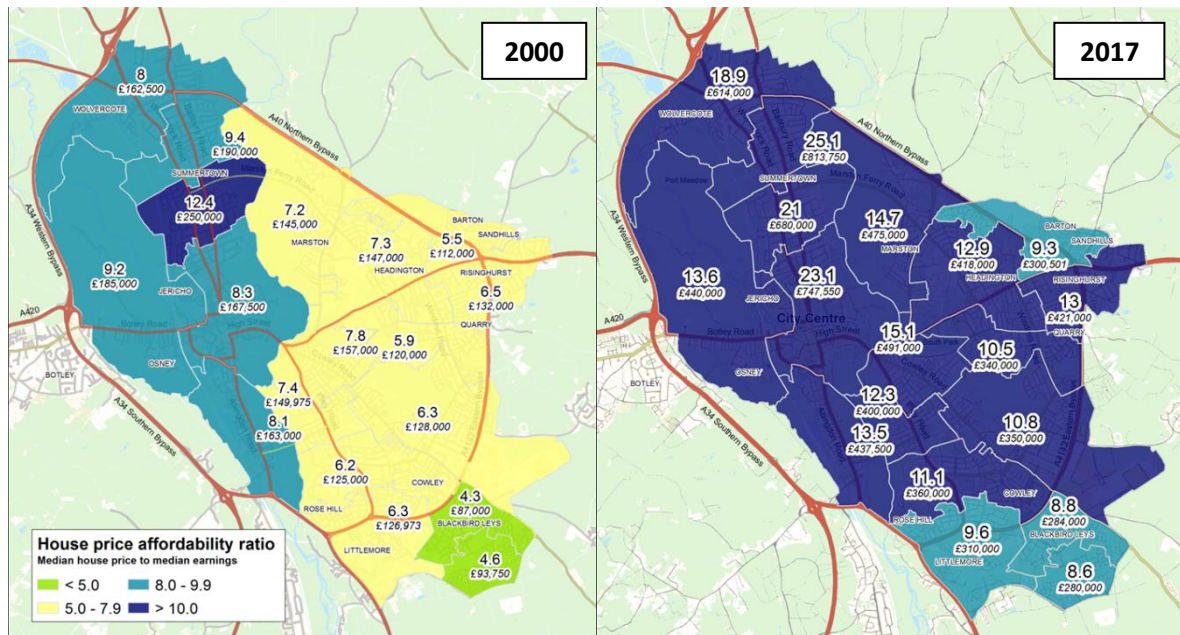
The change in local-level affordability is shown by Figure 2 which highlights the issue both in terms of the **scale** of lack of affordability and the **extent** of unaffordability of housing across the city of Oxford. It shows the average house price and affordability ratio in 2000 and compares this to the most recently available situation in 2017. It is very apparent that over this period the affordability of housing in Oxford has very considerably worsened with, in 2017, virtually the whole City (14 out of 18 wards) having an Affordability Ratio of greater than 10. In 2000 the equivalent figure was one out of eighteen wards. There is currently no sign of this observed trend towards worsening affordability being impacted upon.

**Figure 1: Change in housing affordability ratio 2004-2017**



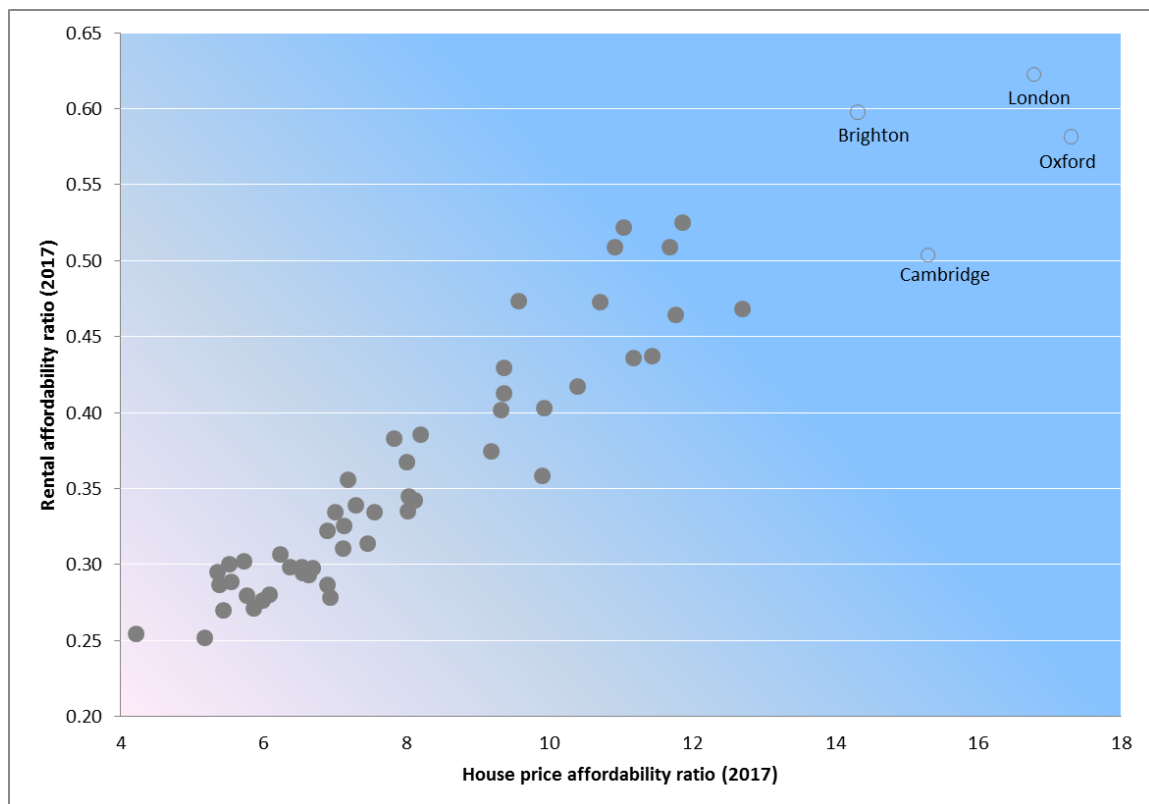
Source: Centre for Cities 2018

**Figure 2: Affordability ratios<sup>25</sup> and median house prices in Oxford, 2000-2017**



Data by Oxford City Council, 2018

**Figure 3: Rental affordability and house price affordability for UK cities in 2017**



<sup>25</sup> The Affordability Ratio is calculated as the median house price for the area divided by the median gross full time annual wage for an Oxford resident

- Sources:
- i) The mean wage used here is £30k for Oxford (based off 52 weeks of mean weekly wages for all employees residing in Oxford derived from Annual Survey of Hours and Earnings 2017).
  - ii) Mean monthly rent for a 3 bed is £1466, derived from the VAO, 2017.
  - iii) The affordability ratio of 17.3 is from the Centre for Cities, 2017.

High house prices mean that there is a large private rented sector in Oxford. Rent levels are so high that renting a home on the private market is also out of reach for many people with Oxford having the third highest rental affordability ratio after London and Brighton (Figure 3 above).

Table 5 shows the indicative income required by Oxford households to purchase or rent properties, and shows the contrast with the adjoining districts in the rest of the Housing Market Area.

**Table 5: Indicative incomes required to purchase or rent properties in Oxford**

Area	Lower quartile purchase price	Lower quartile private rent	Affordable rent	Lower quartile social rent
Cherwell	£52,900	£24,900	£19,900	£15,600
<b>Oxford</b>	<b>£61,700</b>	<b>£36,900</b>	<b>£29,500</b>	<b>£15,800</b>
South Oxon	£67,100	£30,700	£24,500	£16,700
VoWH	£56,900	£26,600	£21,300	£17,600
West Oxon	£53,700	£26,600	£21,300	£18,000

Extract from SHMA, Table 43: Indicative income required to purchase/rent without additional subsidy (based on 2013 data)

This indicates that in 2013 a household income of at least £36,900 was required to afford to rent market housing, or £61,700 to buy a property, even at the lower quartiles of the market. This was significantly higher than the national average cost of £21,800 to rent market housing and also significantly higher than the median household income in Oxford at the time of £30,429. This illustrates why home-ownership, and in many cases market rent levels, is beyond the means of many households in Oxford. Accordingly the SHMA takes an assumption of 35% of household income being used for housing costs, compared to a national average of only 25% (all figures from the SHMA 2014).

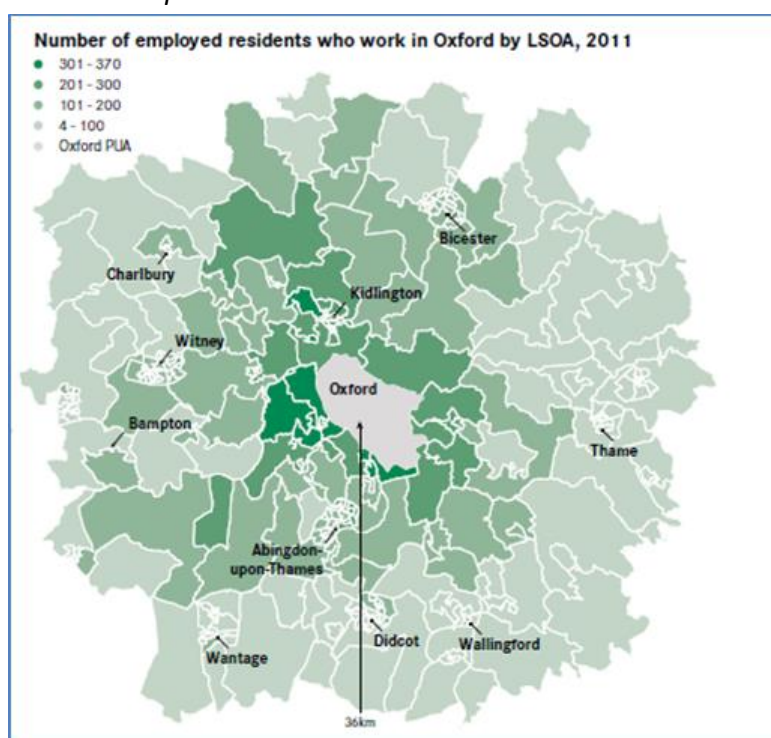
As a result of this combination of cost factors in Oxford, traditional intermediate affordable housing models (e.g. shared ownership or starter homes) are still out of reach for many residents. Consequently 'social rent' housing (rented from the City Council or a Housing

Association, usually at about 40% of market cost) plays an important role in meeting needs in Oxford.

The constrained housing supply and worsening affordability of housing have significant impacts for those living and working in the city, and for economic growth. It means that a high proportion of people working in Oxford have to travel in from areas outside of the city in order to be able to afford a home. Around 40,000 people travel into Oxford each day for work. The average distance travelled by those employed in Oxford is 36km, with people travelling into the City from a range of surrounding towns<sup>26</sup> (Figure 4). Housing provision is a well-known key determinant in attracting and retaining workers to support continued economic growth of the city and therefore also impacts the economy of the wider region, as does the congestion on roads into and within Oxford as a result of people living further away from their jobs in the city. It also puts pressure on welfare spending on housing benefit.

**Figure 4: Number of employed residents who work in Oxford by LSOA, 2011**

*Main origins of people commuting into Oxford, Extract from Centre for Cities Report 2016, based on Population Census 2011 data*

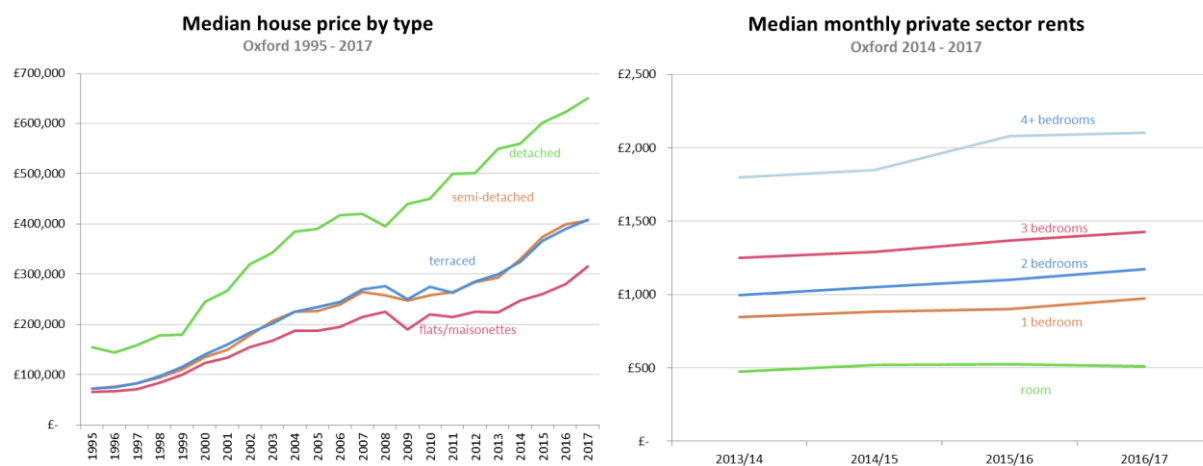


The affordability of housing in Oxford is likely to worsen in future as the lack of land for housing and increasing land values push house prices up further. Correspondingly market rental prices are likely to increase as the unaffordability of buying homes puts additional

<sup>26</sup> Cites Outlook 2016 report, by Centre for Cities <http://www.centreforcities.org/wp-content/uploads/2016/01/Cities-Outlook-2016.pdf>

pressure on the rental market. Figure 5 gives an indication of the potential trajectory and rate of increasing prices to buy or rent homes in the private sector:

**Figure 5: Indication of potential rate of increasing costs of purchase or rental in the private sector**



Source: Oxford City Council statistics 2018, based on Valuation Office Agency

Affordability will also be influenced by government changes around incentivising home ownership, and also the supply of new affordable housing (for rent or purchase). In the local context of Oxford, it is anticipated that the supply of affordable homes is likely to worsen, particularly social rent. This is due to the compounding impact of: losses through Right to Buy, especially since the increased discount introduced in 2012; combined with the lack of land to provide replacement affordable homes and changes to national policy which reduce the opportunities for delivering homes through developer contributions; and caps on rental incomes for local authorities or registered providers which have been introduced as part of the national Welfare Reform programme.

These factors are likely to impact on the overall numbers of affordable housing, as well as the mix and balance of communities in Oxford during the Plan period. The new Housing Company set up by the City Council aims to mitigate some of these impacts, and to ensure that the City Council can still continue to contribute towards provision of additional affordable housing, but it is likely to be more difficult to deliver affordable housing overall which will impact on the general affordability of homes in Oxford.

## DELIVERY OF AFFORDABLE HOUSING UNDER LOCAL PLAN POLICIES

In the last six years, residential development in Oxford on sites of 1-10 units has provided between 48% and 100% of housing delivery completions a detailed breakdown of which is shown at Table 6.



**Table 6: Breakdown of C3 completions (%) by site size 2011/12-2016/17**

	Proportion ( % ) of C3 completions by Site Size		
Year	0-3 dwellings	4-10 dwellings	11+ dwellings
2016/17	62	26	13
2015/16	32	16	52
2014/15	31	18	50
2013/14	67	33	0
2012/13	33	34	32
2011/12	51	40	9

*Source: Oxford City Council Monitoring Data*

This illustrates how small sites continue to make up a substantial proportion of the housing land supply in Oxford and are an important part of housing delivery. Reliance on small sites also results in fluctuations in housing delivery annually because there are so few large sites to even out the completions rates. Therefore to exclude smaller sites from the affordable housing supply would have a substantial and disproportionate effect on the delivery of affordable housing in Oxford.

Of those small sites, some fall below the threshold for Policy HP4 so are not subject to any of the affordable housing contributions policies. However from eligible small sites of 4 - 10 dwellings the Council has secured substantial financial contributions towards affordable housing.

The AMR shows that since the Sites & Housing Plan came into effect in 2013, financial contributions for affordable housing have been collected as shown by Table 7 below:

**Table 7: Oxford City Council Developer Contributions collected for Affordable Housing**

Year	Developer Contribution £
2013/14	460,154
2014/15	217,351
2015/16	375,620
2016/17	184,450
2017/18	1,717,018 <sup>27</sup>

*Source: Oxford City Council Monitoring Data*

These contributions are currently being used to boost the delivery of affordable homes through the Council's affordable housing build programme. This is explained in more detail

<sup>27</sup> Figure for 2017/18 is provisional and will be confirmed in the 2018 Annual Monitoring Report



later in this paper, along with the other direct measures that the City Council is applying to deliver affordable housing.

It is also relevant that in the period since 2013 wider changes to national planning policy have meant that the City Council has not been allowed to apply local policies to seek financial contributions towards affordable housing from certain developments that previously it could do. There are two main aspects to this: small sites were exempted from making contributions, and changes to permitted development means proposals are not assessed against the full range of local policies. Both of these changes in circumstance have had a negative impact on the level of contributions that could be sought towards affordable housing.

In response to the changes to the Planning Practice Guidance (28 November 2014) which exempted developments of 10 or less dwellings from making financial contributions towards affordable housing provision, the City Council temporarily suspended the application of Policy HP4 and stopped seeking financial contributions from developments of 10 or less dwellings. Affordable housing contribution requirements also began to be assessed on the basis of net additional units resulting from development (rather than the gross figure) in line with the changes to Government policy. When the High Court (31 July 2015) ruling later quashed the changes to the PPG, the City Council reverted back to requiring full financial contributions for affordable housing in line with adopted Local Plan policies. However as a result of the changing national position, it means that in the monitoring year 2014/15 and 2015/16 there was a proportion of the year when HP4 was not being applied, so contributions to affordable housing were lower than might have been possible if local policies had been applied throughout.

Furthermore in May 2013 the Government made changes to permitted development rights which allow the conversion of B1a office space to C3 residential dwellings without Oxford's full range of local policies being applied. This means that financial contributions towards affordable housing under HP4 can no longer be required from certain developments. This has meant that 363 dwellings in the period May 2013 to March 2017 have been granted prior approval without being able to seek an affordable housing contribution, and the number will have risen further in the monitoring year 2017/18.

These imposed exclusions and exemptions disproportionately impact on the affordable housing contributions that can be secured from development in Oxford, because, as referenced earlier in this statement, the supply of developable land in Oxford is so heavily reliant upon small sites. The results of these changes constrain even further the delivery of affordable housing in Oxford, and the efforts to address the exceptional levels of need of affordable housing. As such, it becomes even more important to capture contributions from the remaining small sites where the policies can still be applied.

## COUNCIL-LED INITIATIVES TO PROVIDE AFFORDABLE HOMES

Throughout this time the City Council has looked not only to developer contributions but has also implemented various other programmes and initiatives seeking to provide affordable homes.

The Council has a corporate commitment to maximise the provision of affordable housing in Oxford, and the Housing Strategy and Corporate Plan reflect this. The Oxford City Council Corporate Plan 2016-2020<sup>28</sup> sets out five inter-linked priorities which address the needs of the city including 'meeting housing needs'. Central to this is a greater supply and diversity of housing in and around the city, providing affordable homes for all with improved transport links to help local employers attract and retain employees; and investment in new affordable homes to help key workers, those on low incomes, and the most vulnerable, to find a home they can afford and meets their needs.

The results of this strong corporate commitment to tackle such an important issue for residents of Oxford are evident in the council's affordable housing build programme. In 2015/16, 164 new affordable homes (all social rent) were delivered under the Council's affordable build programme, in 2016/17, 20 (social rent) and in 2017/18, 45 (26 social rent). It is anticipated that in 2018/19 a further 135 further homes will be completed of which 126 are social rent. The contributions through S106 are also being used can help to improve value for money on Council programmes, and also improve the headroom on borrowing and funding bids (such as Local Growth Fund), which help the Council to deliver new affordable homes.

The City Council's adopted Housing Strategy 2018-21<sup>29</sup> is designed to maximise the provision of affordable housing in Oxford, and efforts are being made by the Council to directly increase affordable housing provision on its own land. However this is the context of a constrained land supply and sites, and also changes to Government rules on borrowing and the use of right to buy receipts, which are making more difficult for the Council to invest directly in new affordable housing.

The Council's commitment to deliver affordable homes is also reflected in the City Council joint venture with developer Grosvenor to directly deliver the strategic site allocation at Barton Park, including 354 homes for social rent. Phase 1 of the Barton Park development commenced on site in 2016 and was expected deliver 95 homes for social rent in 2017/18-2018/19. Furthermore the Council also in 2016 set up its own Housing Company to support the affordable homes build programme, as well as working with registered providers. The

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<sup>28</sup> Oxford Corporate Plan 2016-20 <https://www.oxford.gov.uk/corporateplan>

<sup>29</sup> The Housing and Homelessness Strategy 2018-21 (approved by Council on 29 January 2018)  
[https://www.oxford.gov.uk/downloads/file/4521/housing\\_and\\_homelessness\\_strategy\\_2018-21](https://www.oxford.gov.uk/downloads/file/4521/housing_and_homelessness_strategy_2018-21)

Housing Company will deliver new affordable homes with a range of tenures to help address Oxford's housing needs, including purchasing affordable rent homes, as well as developing new build homes on Council land and undertaking estate regeneration schemes<sup>30</sup>.

Developer contributions towards affordable housing achieved through the planning system are therefore crucial, because the City Council despite its best efforts cannot deliver enough affordable homes through its own funding programmes alone.

## CONCLUSION

The decision maker needs to consider the development plan and the local evidence of affordable housing need supporting the LPA's application of the policy. The decision maker has discretion in applying his or her judgment as to where the balance should lie, drawing on the evidence presented.

The City Council, as Local Planning Authority, has taken into account the WMS as well as the significant and substantial weight to the evidence supporting the need for continuing to seek an affordable housing contribution from developments. For the reasons set out in this statement, the City Council position is that if no contribution is provided for from a proposal relevant to HP4 then it would be in conflict not only with the policies of the development plan, but also with the fundamental objectives and strategy of the whole development plan.

This statement has set out clearly the specific local circumstances and evidence related to the need for and provision of affordable housing in Oxford, and the exceptional levels of unaffordability. In summary:

- a) The level of need for affordable housing (as identified in the SHMA) is extremely high, both as a proportion of the OAN for Oxford, and also in comparison with the affordable housing needs of the rest of Oxfordshire or the wider region. The very high need for affordable housing implies a pressure to continue to apply the Council's existing policy in full;
- b) Oxford suffers from extortionate house prices, the highest house price to earnings ratio in the country for the last few years, and very high private rent levels. These factors mean many households cannot and will not be able to afford market housing to buy or privately rent in Oxford. Many traditional 'affordable' housing tenures or government-backed initiatives such as starter homes are also out of reach for many Oxford

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<sup>30</sup> Report to City Executive Board 17 March 2016: A Housing Company for Oxford  
<http://mycouncil.oxford.gov.uk/documents/s29323/Housing%20Company%20Report%20FINAL%2017032016%20City%20Executive%20Board.pdf>

residents, and social rent plays a key role in meeting housing needs. This means that around 40,000 people have to commute into work in Oxford every day, because they are forced to live further distances away in order to be able to afford a home to rent or buy;

- c) Similar but less extreme conditions existing in several other authorities in the south-east region, however Oxford additionally faces huge challenges in providing any supply of affordable housing: Its urban nature, very tight administrative boundaries, and the almost complete absence of greenfield sites and heavy reliance on small sites for supply means that there are no 'easy' sites where policy-compliant provision of affordable housing can be achieved. In recent years small sites have provided up to 100% of completions;
- d) Financial contributions from development towards affordable housing are essential in tackling the affordability crisis in Oxford, and there is no evidence that local policies for small sites adopted in 2013 have negatively affected the rate of housing delivery (as shown in the housing land supply and housing trajectory) or on the engagement of small and medium sized developers in the local housing market. The policies are robustly evidenced and have been tested through examination (Sites & Housing Plan 2013), confirming they are compliant with NPPF and the flexibility in the policies ensures they do not place disproportionate burden on developers. The peaks and troughs in delivery during this period are within normal parameters of variation for an urban authority and Oxford's past delivery rates; and
- e) Changes in government policy in recent years, which has had particular implications for urban areas such as Oxford, has also severely reduced the ability of the City Council to deliver affordable housing from either developer contributions or directly from City Council programmes. Initiatives including Right to Buy, Welfare reform, and permitted development changes, have all negatively impacted on the supply of affordable homes in Oxford. It is clear that the Council will have to consider all means of achieving affordable housing provision in Oxford if it is to tackle the need for affordable housing. The provision of contributions towards affordable housing on small sites will be an essential part of this delivery alongside other programmes.

The culmination of these factors in the context of Oxford is that the financial contributions from small sites is making an essential contribution to the provision of affordable housing in the face of exceptional need and supply issues. As such, the City Council has demonstrated in this statement that local circumstances exist to justify its continued operation of local policies seeking the provision of affordable housing on sites of 10 or less dwellings, as an exception to the Ministerial Statement and the 2018 revised version of National Planning Policy Framework.

## **APPENDIX 1: SUMMARY OF EVIDENCE SPECIFIC TO OXFORD LOCAL CIRCUMSTANCES**

Oxford Core Strategy (2011)

Oxford Sites & Housing Plan (2013)

Inspector Report of Examination on Sites & Housing Plan (2012)

Oxford Affordable Housing and Developer Contributions Supplementary Planning Document (2013)

Oxfordshire Strategic Housing Market Assessment (2014)

Oxford Housing and Economic Land Availability Assessment (2016)

Oxford Strategic Housing Land Availability Assessment (2014)

Oxford Annual Monitoring Report 2015/16 (2016), and 2016/17 (2017)

Oxford City Council Corporate Plan 2016-2020

Oxford Housing Strategy 2015-2018

Report to City Executive Board 17 March 2016: A Housing Company for Oxford

### **Press articles and independent academic research:**

Oxford is just as expensive as London: how Help to Buy fails homebuyers and the market (2017)

<http://www.telegraph.co.uk/personal-banking/mortgages/oxford-just-expensive-london-help-buy-fails-homebuyers-and/>

Average house prices in Oxford become 'least affordable in Britain', University of Oxford 2015

<http://www.ox.ac.uk/news/2015-02-26-average-house-prices-oxford-%E2%80%98become-least-affordable-britain%E2%80%99>

Cities Outlook 2016 report, by Centre for Cities 2016

<http://www.centreforcities.org/publication/cities-outlook-2016/>

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Oxford once again tops list of UK's least affordable places to live, The Guardian 2017

<https://www.theguardian.com/business/2017/feb/25/oxford-once-again-tops-list-of-uks-least-affordable-places-to-live>

Lloyds Bank reveals least affordable cities for homebuyers, Daily Mail 2017

<http://www.dailymail.co.uk/property/article-4256322/Lloyds-Bank-reveals-affordable-cities-homebuyers.html>

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Oxford homes now the least affordable in Britain, The Guardian 2015

<https://www.theguardian.com/money/2015/feb/26/oxford-homes-now-the-least-affordable-in-the-uk>

UK's most expensive city facing 'catastrophe', BBC 2015

<http://www.bbc.co.uk/news/uk-34573656>

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<http://www.independent.co.uk/news/uk/home-news/oxford-the-least-affordable-city-in-the-uk-where-houses-cost-11-times-local-salaries-9180930.html>

## APPENDIX 2: NATIONAL PLANNING POLICY FRAMEWORK 2018 - KEY PARAGRAPHS IN RESPECT OF AFFORDABLE HOUSING ISSUES

### Strategic policies

20. Strategic policies should set out an overall strategy for the pattern, scale and quality of development, and make sufficient provision for:
- a) housing (including affordable housing), employment, retail, leisure and other commercial development;

### Development contributions

34. Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure ..... Such policies should not undermine the deliverability of the plan.

### Pre-application engagement and front loading

41. The more issues that can be resolved at pre-application stage, including the need to deliver improvements in infrastructure and affordable housing, the greater the benefits.

### 5. Delivering a sufficient supply of homes

59. To support the Government's objective of significantly boosting the supply of homes, it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay.
60. To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.
61. Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers people who rent their homes and people wishing to commission or build their own homes).
62. Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless:
- a) off-site provision or an appropriate financial contribution in lieu can be robustly justified; and
  - b) the agreed approach contributes to the objective of creating mixed and balanced communities.
63. Provision of affordable housing should not be sought for residential developments that are not major developments, other than in designated rural areas (where policies may set out a lower threshold of 5 units or fewer). To support the re-use of brownfield land, where vacant buildings are being reused or redeveloped, any affordable housing contribution due should be reduced by a proportionate amount.
64. Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups. Exemptions to this 10% requirement should also be made where the site or proposed development:
- a) provides solely for Build to Rent homes;
  - b) provides specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students);
  - c) is proposed to be developed by people who wish to build or commission their own homes; or
  - d) is exclusively for affordable housing, an entry-level exception site or a rural exception site.

### Proposals affecting the Green Belt

145. A local planning authority should regard the construction of new buildings as inappropriate in the Green Belt. Exceptions to this are:
- f) limited affordable housing for local community needs under policies set out in the development plan (including policies for rural exception sites);



## APPENDIX 3: 2018 NPPF DEFINITION OF AFFORDABLE HOUSING (GLOSSARY)

Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

- a) Affordable housing for rent: meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).
- b) Starter homes: is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute at the time of plan-preparation or decision-making. Income restrictions should be used to limit a household's eligibility to purchase a starter home to those who have maximum household incomes of £80,000 a year or less (or £90,000 a year or less in Greater London)
- c) Discounted market sales housing: is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.
- d) Other affordable routes to home ownership: is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.

**APPENDIX 4: HIGH COURT JUDGEMENT CASE NO: C1/2015/2559  
(SECRETARY OF STATE CLG VS WEST BERKSHIRE DC AND READING BC).  
DATE: 11/5/16**

Extract from Judgement – Paragraph 26

26. At this point it is illuminating to consider a statement made on the second day of the hearing before Holgate J by Mr Drabble on behalf of the Secretary of State. This was cited at paragraph 99 by the judge, who made observations about it at paragraphs 100 – 102. As set out by the judge Mr Drabble stated that
- “(i) As a matter of law the new national policy is only one of the matters which has to be considered under section 70(2) of TCPA 1990 and section 38(6) of PCPA 2004 when determining planning applications or formulating local plan policies (section 19(2) of PCPA 2004), albeit it is a matter to which the Secretary of State considers ‘very considerable weight should be attached’;
- (ii) Ministers did not pursue the option of using primary legislation to create the exemptions (See Ms. Everton Witness Statement 1, paragraph 33). Instead the changes were introduced as policy, not binding law;
- (iii) In the determination of planning applications the effect of the new national policy is that although it would *normally* be inappropriate to require any affordable housing or social infrastructure contributions on sites below the thresholds stated, local circumstances may justify lower (or no) thresholds as an exception to the national policy. It would then be a matter for the decision-maker to decide how much weight to give to lower thresholds justified by local circumstances as compared with the new national policy;
- (iv) Likewise if in future an LPA submits for examination local plan policies with thresholds below those in the national policy, the Inspector will consider whether the LPA’s evidence base and local circumstances justify the LPA’s proposed thresholds. If he concludes that they do and the local plan policy is adopted, then more weight will be given to it than to the new national policy in subsequent decisions on planning applications.”

NB ***Italic/bold/underlined text*** is authors’ emphasis  
Yellow highlight is Oxford City Council emphasis

## APPENDIX 5: LETTER FROM THE PLANNING INSPECTORATE TO RICHMOND AND WANDSWORTH COUNCILS DATED MARCH 2017



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Our Refs: APP/L5810/W/16/3142005  
3155064  
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By email to  
andrea.kitzberger@richmond.gov.uk

Date: March 2017

Dear Ms Kitzberger-Smith

### **CONSIDERATION OF AFFORDABLE HOUSING CONTRIBUTIONS FROM SMALL SITES IN APPEAL DECISIONS**

Thank you for your emailed letter of 13 December to our Chief Executive, Sarah Richards, raising concerns about consistency of approach by Inspectors regarding five appeal decisions made in 2016, regarding the weight applied to the Written Ministerial Statement where affordable housing contributions were a material consideration. Your correspondence has been passed to me for reply. Please accept my sincere apologies for the delay in replying.

You will appreciate that there will always likely be some material differences between proposals that are outwardly similar, which are capable of resulting in different outcomes. Moreover planning legislation and case law require that each appeal is determined on its own merits and on the basis of the evidence put before the Inspector. The law does not require all decisions to be "consistent" or the same, rather that, where proposals are similar, explanations are given for the differences. That said, and with the above principles in mind, I would nevertheless assure you that we do take complaints about lack of consistency of approach by our Inspectors most seriously and therefore my investigations have taken into account not only the comments of the individual Inspectors but also the views of our Director of Inspectors.

Of the five decisions that you have cited as examples of your concerns, I consider the approaches taken by the Inspectors in appeal references 3142005, 3155064 and 3151789 to be reasonable. In particular, the Inspector in 3142005 appears to encapsulate the current position succinctly in decision para 24:

*"The statutory position is that planning applications must be decided in accordance with the development plan unless material considerations indicate otherwise. I have therefore had regard to the WMS as a material consideration and having taken account of the views of the main parties on this matter I attach great weight to the WMS".*

This, in my view, mirrors the findings of the Court of Appeal, in terms of the approach that should be adopted. Having established the correct approach, he then

[www.gov.uk/government/organisations/planning-inspectorate](http://www.gov.uk/government/organisations/planning-inspectorate)