

**WEST OXFORDSHIRE DISTRICT COUNCIL**  
**ECONOMIC AND SOCIAL OVERVIEW AND SCRUTINY COMMITTEE**  
**THURSDAY 20 NOVEMBER 2014**  
**AFFORDABLE HOUSING TARGET 2015-2018**  
**REPORT OF THE HEAD OF PLANNING AND STRATEGIC HOUSING)**  
**(Contact: Ffyona MacEwan, Tel: (01993) 861156)**

(The committee decisions on this matter will be recommendations to Cabinet)

**1. PURPOSE**

To update Members with regard to progress in achieving the Council's current affordable homes target for the period 2013 - 2015 and to consider the proposed affordable housing target for the three year period 2015 to 2018 and the five-year period 2015 - 2020.

**2. RECOMMENDATION**

Members are asked to note the content of the report and agree to recommend to Cabinet that it adopts the proposed affordable housing target of at least 400 affordable homes in the period 2015 – 2018 and at least 800 affordable homes in the period 2015 - 2020.

**3. BACKGROUND**

- 3.1. National policy requires local planning authorities to boost significantly the supply of housing in their area by identifying the need for market and affordable housing and seeking to meet this need as far as is consistent with the policies set out in the NPPF.
- 3.2. The most recent assessment of housing need in West Oxfordshire is the Oxfordshire Strategic Housing Market Assessment (SHMA) published in April 2014. The study identified the need for around 274 affordable homes per year in West Oxfordshire, an increase from the previous West Oxfordshire Housing Needs Survey (2011) which identified a need for around 220 affordable homes per year within the District.
- 3.3. Both studies suggest there is a significant need for affordable housing in West Oxfordshire. This will be delivered in a number of ways, primarily as part of the overall mix on market housing schemes. In this regard, the emerging Local Plan seeks to ensure that with the exception of self-build (which is proposed to be exempt) all residential schemes involving a net gain of one or more dwellings will be required to provide towards affordable housing either in the form of a financial contribution (for smaller schemes) or through on-site provision (on larger schemes).
- 3.4. The emerging policy suggests that the level of on-site provision will range from 35% - 50% depending on location. The emerging policy is still under review pending consideration of a number of recent local plan consultation responses and also the potential introduction of a national threshold for affordable housing provision by Government.
- 3.5. Affordable housing is also delivered through the identification of rural exception sites (RES) which are developments of affordable housing to meet the housing need of applicants who have a connection to the parish or neighbouring parishes, built on sites that would not normally be granted planning consent for housing. Rural exception sites play a very important role in West Oxfordshire. Since 2006, of the total 824 affordable homes built, 197 (24%) have been on rural exception sites.

- 3.6. There may also be provision on sites owned by Registered Providers e.g. as part of a redevelopment scheme.
- 3.7. Alongside the emerging Local Plan the District Council has a separate corporate target for the delivery of affordable housing. The current target is at least 200 homes over the period 2013 to 2015.
- 3.8. To coincide with the Government's latest Affordable Housing Programme (AHP) a new corporate target for the delivery of affordable housing in the District has been identified for the period 2015 – 2018 and also for the extended period 2015 - 2020. Further explanation of the programme and proposed target is provided below.

#### **4. THE AFFORDABLE HOUSING PROGRAMME (AHP)**

- 4.1. The Government's latest Affordable Housing Programme (AHP) administered by the Homes and Communities Agency (HCA) runs for the period 2015 – 2018 and aims to increase the supply of new affordable homes in England. The overall aim of the scheme is to contribute to the delivery of 165,000 new affordable homes by March 2018. This will be achieved through the investment of £1.7 billion (outside London). Notably, this funding is intended as a method of balancing scheme feasibility rather than as a means of capital funding, as in the past.
- 4.2. Also, unlike previous AHPs, under the current programme the HCA will not make all of this funding available from the outset and will instead, make a proportion available via continuous market engagement. This will allow bidders the opportunity to bid for the remaining funding for development opportunities as these arise during the programme. Bidding for this part of the programme has now opened.
- 4.3. The majority of the new programme is being made available as Affordable Rent along with an element of affordable home ownership where that meets local needs. These tenures will include both general needs housing, and other types of specialist housing (for example, supported housing). No grants will be made to Section 106 schemes, as the Affordable Rent revenue model is intended to assist Registered Providers (RPs) deliver additional homes without overburdening the public purse.
- 4.4. Across Oxfordshire there were 188 'firm' units bid for in the 3 year programme commencing 2015, and 43 indicative. Firm means that the scheme must either have planning permission, or the RP must have a legal interest in the land. To give context 17 units have been proposed as firm in West Oxfordshire, while in the other Districts the picture is; Cherwell 105, Oxford nil, South 4 and Vale 62.
- 4.5. In West Oxfordshire, the 17 firm units comprised rural affordable housing. No other bids were made as; at that time Cottsway were under a bidding moratorium, there were no other smaller sites coming forward and there is a significant volume of larger S106 coming on line at the same time, none of which would qualify for public subsidy.
- 4.6. Notably, the Homes and Communities Agency (HCA) will expect the RP to contribute from their own means. This approach is being called 'something for something' by the HCA, and effectively they will be 'sweating' their assets in order to replace capital funding.
- 4.7. One approach to 'sweating assets' is to sell off homes in high value areas, that may cost too much to maintain, or are hard to let but nonetheless are of period and hence potential value. The proceeds of property disposals do not necessarily have to be used to develop new homes in the District in which they were raised.

- 4.8. Due to the variables and lack of subsidy for S106 schemes, many RPs are being cautious about how soon they commit firm offers to Developers. That said, one of the Councils more active RPs has been selected for the Swinbrook Road, Carterton scheme.
- 4.9. Members should note that the latest information from affordable housing providers operating in West Oxfordshire indicates that the Council's current affordable housing target of at least 200 homes in the period 2013 to 2015 will be met.

## **5. PROPOSED AFFORDABLE HOUSING TARGET 2015 – 2018/20**

- 5.1. Taking account of existing planning commitments and as yet unidentified 'windfall' sites, Officers consider that a target of at least 400 affordable homes to be completed in the 3-year period 2015 – 2018 is realistic and achievable. This is equivalent to 133 units per year.
- 5.2. In the extended 5-year period 2015 – 2020, it is considered that a target of at least 800 affordable homes is realistic and achievable, taking account of anticipated delivery rates. This is equivalent to 160 units per year. The target will be reviewed towards the end of the initial three-year period.

## **6. AFFORDABLE HOUSING TYPE AND TENURE**

- 6.1. Members will be aware that there are a number of different affordable housing tenures including social rent, affordable rent and intermediate housing. The definitions of each are set out below.
  - *Social Rented Housing - is generally owned by private registered providers for which guideline target rents are determined through the national rent regime. In West Oxfordshire social rents are typically around 60% of market rents for similar types of property.*
  - *Affordable Rented Housing - is let by private registered providers and is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).*
  - *Intermediate housing – can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing. In West Oxfordshire, it is typically shared ownership housing with shares typically being available to purchase at around 50% of the market value.*
- 6.2. As a general guide, the Council will seek a tenure mix balance of 70% affordable rented housing and 30% intermediate housing, taking into account housing need and site viability considerations. It should be noted however that in rural areas, the need for rented accommodation is higher because fewer applicants can afford to purchase on a shared ownership basis.
- 6.3. As outlined previously the current funding regime of the HCA is based on affordable rent being the principal rented tenure for affordable homes and so it is difficult to secure new provision at social rent levels. However, a number of the Council's preferred RPs are currently evaluating ways in which they might be able to achieve new provision at a more affordable rent level in line with local household incomes.
- 6.4. In terms of the size of affordable units to be sought, evidence suggests that the Council should, as a general guide, be looking to deliver 65% of affordable homes as 1 and 2-bed and 35% as 3 and 4-bed homes.

- 6.5. Taking into account analysis of the housing waiting list, the transfer list, the pattern of homelessness and turnover in the existing affordable housing stock, the greatest need is for additional two bedroomed family accommodation.
- 6.6. There is also a need for new four bedroomed homes because there is little existing provision. There is generally a lower degree of provision of the largest new family homes, as the RP's find that prospective clients are often unable to meet the higher Affordable Rents. The main need arises from overcrowded families in the existing affordable housing stock.
- 6.7. The number of one bedroom units in the existing stock for applicants below retirement age is also low compared to demand particularly since the level of demand has increased due to the number of housing association tenants of working age who are affected by the introduction of the social sector size criteria and who are seeking to move to a smaller property.

## **7. ALTERNATIVES/OPTIONS**

- 7.1. There are no alternative options. The Council has an obligation to meet identified housing needs as far as is consistent with the policies of the NPPF. The setting of a target and use of available HCA funding via the Affordable Housing Programme will help to achieve this aim.

## **8. FINANCIAL IMPLICATIONS**

- 8.1. The Council's Enabling Fund which is administered via the Capital Working Group, is made up of off-site contributions, S106 monies and miscellaneous capital receipts. There are currently commitments of £381,600 in the Capital Working Programme towards the provision of affordable homes. There is £1,010,000 uncommitted funds remaining in the Council's Enabling Fund. Therefore the degree to which the Council can offer subsidy to enable additional affordable homes is limited by the opportunities for both off site contributions and Section 106 contributions.
- 8.2. There has been a total of £727,500 secured from the Homes and Communities Agency for the delivery of new rural homes in West Oxfordshire.

## **9. RISKS**

- 9.1. There is always a risk that targets for the delivery of new housing (both market and affordable) will not be met for a number of reasons. Housing delivery is essentially market driven and inevitably there will be periods of strong delivery followed by periods of relative slow-down.
- 9.2. RP finance is evolving from a previous reliance upon the public purse to seeking alternative methods of underwriting the development of new homes. Some of these methods can include a mixture of; city finance with more stringent requirements and interest, disposal of properties in higher value areas and conversion of void properties to either shared ownership or affordable rent.
- 9.3. Site specific issues that have come to the fore include timing of phasing plans, developers trying to lock-in RP's to future values based upon current costs etc.
- 9.4. These risks reduced / managed by close working with RP's, the HCA and other partners, e.g. Oxfordshire County Council.

## **10. REASONS**

- 10.1. Monitoring the AHP and liaising with the HCA will assist West Oxfordshire in meeting its affordable housing targets through the main AHP programme and various smaller funding streams.
- 10.2. Also, to ensure compliance with and implementation of the Local Plan in regard to the provision of new affordable homes in the District.

Giles Hughes  
Head of Planning and Strategic Housing

(Author: Ffyona MacEwan, Tel: (01993) 861156; E Mail: [ffyona.macewan@westoxon.gov.uk](mailto:ffyona.macewan@westoxon.gov.uk) )  
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Background Papers:  
None