



Report of the  
Oxford Strategic Partnership  
Select Committee  
on Affordable Housing

October 2008

# Report Contents

**SECTION 1**            **EXECUTIVE SUMMARY**

**SECTION 2**            **CONTEXT**

**2.1 Background**  
How we got to where we are

**2.2 The situation now**  
And its impact on people

**2.3 The “credit crunch”**  
And what it means for the future

**SECTION 3**            **APPROACH**

**3.1 The Select Committee**

**3.2 The Process**

**3.3 Membership of the Working Group and Panel**

**3.4 Observations on the process**

**SECTION 4**            **KEY THEMES**

**4.1 Rethinking the Rationing**  
- demand

**4.2 - supply**

**4.3 A more strategic approach**

**4.4 Stakeholder collaboration**

**4.5 Sub-regional co-operation**

**CONCLUSION AND RECOMMENDATIONS**

**SECTION 5**

**ACKNOWLEDGMENTS**

**SECTION 6**

**APPENDICES**

## EXECUTIVE SUMMARY

1.0 Oxford's housing crisis is far more significant than just the shortage of Affordable Housing, or the length of social housing lists, critical though these both are. It impacts efforts to tackle deprivation, improve health and promote community cohesion. Housing is no longer genuinely affordable for the majority of employees on whom Oxford's economy depends. The difficulties faced by employers in attracting and retaining staff, combined with the increasing unwillingness of workers to commute long distance as transport and petrol costs rise, mean that a failure to mitigate the housing shortage is impacting the local economy. Ongoing housing market crises, coupled with reduced access to affordable finance, do nothing to reduce the problem.

1.1 Solutions to this crisis are neither easy nor obvious, and this Select Committee has approached its task conscious that it builds upon the work of many preceding task forces, together with the City and County Community Strategies. Oxford City does not have sufficient suitable land to build its way out of the problem. Current housing policy, whose rigor is intended to increase the supply of affordable housing, risks causing an unintended reduction in overall supply. The "credit crunch", whilst offering opportunities, is likely to make it even harder in the short term to access housing in Oxford that could be deemed affordable.

1.2 The urgency of the crisis was readily apparent through the process. Urgent problems justify brave recommendations. There are of course risks in changing the status quo, but the greater risk lies in failing to acknowledge the urgent need to tackle affordable housing in its broadest definition.

1.3 Key themes emerge from the recommendations of this report. The first theme is that where any commodity is rationed, and in this case it is land, it is important to maintain the right balance in who accesses the scarce resource. A rebalance within Oxford should give greater strategic focus to the intermediate housing market, which serves those who fall between social housing and the ability to purchase at market prices. The intermediate housing market can offer housing below market, often without public subsidy, and without reducing the supply of affordable housing for rent available to those with no alternative but to depend on the social housing sector. A set of recommendations follow including incorporating intermediate housing into policy, proactively working with suppliers of intermediate housing and providing the centralised support that ensures consistency in covenants.

1.4 If land is the scarce resource for Oxford, then making the most effective use of land that can be developed, justifies flexibility in policy and an appetite for exploring innovations with a proven track record. This could be making better use of car parks and other "brown" land; it also means considering increased densities in existing stock whether by reassessing under occupation or building extensions.

1.5 All these potential ideas eventually depend for their success on planning policy, and how well it delivers solutions. Policy, and its rigorous defence, is not an end in itself; policy should merely be the means to the end. There is scope for leadership in the City to reassess and articulate the vision for housing in the City, taking into account the housing needs of a broad socio-economic group, and the reality of land being such a scarce resource. The success of policy, and those delivering it, can then be measured against this vision. Flexibility in planning is then justified if it contributes more to the vision than inflexibility would, providing incentives for the development of land that would otherwise not provide any affordable housing. Building flexibility into any process carries risks; with adequate scrutiny these risks are justified.

The Select Committee anticipated presenting a report primarily identifying innovative best practice that could make a small contribution to increasing housing stock. In fact a large part of the recommendations presented relate to the potential benefits achieved by a gentle adjustment in attitudes amongst key stakeholders. This includes the advantages of greater collaboration with key stakeholders such as employers, universities and landlords, and in particular dispelling the mutual suspicion with the private development sector.

1.6 Finally a key theme is the importance for the sub-region that a shared solution is found to Oxford's affordable housing shortage, sharing knowledge, experience and resources. Building

---

upon strong examples of successful sub-regional working in other sectors, senior teams could take the lead in identifying what can be offered to other districts in return for their collaboration, together with support from the Housing Corporation<sup>1</sup>.

1.7

From the Select Committee process a set of recommendations is delivered for implementation in the short and medium term. The Select Committee presents this report, and asks that the Oxford Strategic Partnership give urgent consideration to the implementation of these recommendations, and refers this onto the Oxfordshire Partnership for consideration of the broader issues.

Elizabeth Paris  
Chair

---

<sup>1</sup> This report refers throughout to the Housing Corporation whilst recognising that as of December 1<sup>st</sup> 2008 the Housing Corporation will cease to exist, the Investment Functions going into the Homes and Communities Agency (HCA) and the regulation and financial appraisal functions into the Tenant Services Authority (TSA).

<b>2</b>	<b>CONTEXT</b>
<b>2.1</b>	<p><b>BACKGROUND<sup>2</sup></b>  <b>How we got to where we are</b></p> <p><i>There are three key reasons why the shortage of affordable housing is more acute in Oxford than in the surrounding areas: the physical restraints, recent historical actions and Oxford's own success.</i></p>

2.1.1 **1. Physical Restraints:**

The city is traversed by two major watercourses, the Rivers Thames & Cherwell. As well as the transport circulation difficulties created by the limited number of river crossing points, there are limitations on building in some areas due to the extent of floodplain land.

*Restraints of the two watercourses*

The city has a tightly controlled centre of medieval layout, with a high number of listed and historically important buildings. In addition, conservation areas place limitations on development.

*Medieval layout*

The city's large internal green spaces are highly valued by residents and visitors alike, and contribute to the essential character of Oxford. These spaces are unlikely to see development in any conceivable time-frame.

*Valued internal green spaces*

The city is already very densely developed, with some potential sites set aside for employment land in pursuance of the City Council's policy of moderate economic growth, supporting, in particular, current employers and knowledge spin-offs who need to grow locally to embed their success.

*Tension with employment land*

Oxford is tightly bounded by other District Council areas, with much of the immediately adjacent land having protected Green Belt status.

*Green Belt girdle*

**2. Recent Historical Actions**

2.1.2

Neighbouring District Councils and the County Council, together with Structure Plan requirements, have favoured a policy of building affordable housing in the surrounding market towns, rather than in the city's hinterland.

*Market town focus*

The introduction of the Right to Buy legislation in 1980 has led to the sale of over 7,000 council homes, the vast majority of which were family houses. It has not proved possible to keep pace with the loss of this housing by building new dwellings, partly because of the financial rules surrounding the use of RTB receipts, but also as a result of the limitations outlined elsewhere in this section.

*Loss of social housing stock through Right to Buy legislation*

<sup>2</sup> This section uses data from the recent Oxfordshire housing market assessment to illustrate the scale of the problem. It also presents some data on the supply of affordable housing over the last few years.

<sup>3</sup> For example, according to figures provided by Oxford City Council, of the 637 individuals and households who used the city's homelessness services during 2007 and who were not found to be in priority need, 84 (13.2%) gave their district of origin as one of the other four districts within Oxfordshire

---

Although changes to the RTB legislation mean that the number of sales per annum has dropped dramatically, the loss of such a large proportion of the social housing stock of the city remains a major historical driver of the current situation

The City Council's current Planning Policy, seeking 50% affordable housing on all developments of 10 or more dwellings, though producing some successes, has not yet had time to become sufficiently embedded so as to change developers' and landowners' perception of true land values in the city.

*Market adaptation to current planning framework*

In the meantime, (as discussed in section 4.3.1) the policy may well be driving a degree of "land banking" by some developers, or the under development of some sites so as to remain below the threshold.

### **3. Oxford's Success**

Pressure on the local housing market is in part a result of Oxford's success as a centre of employment, education, culture and entertainment which, together with the beauty of many of its buildings, its rivers and open spaces, makes it an extremely attractive area in which to live.

*Success itself is a cause of the crisis*

2.1.3

Oxford is the only city in the most rural county in South East England. The city's metropolitan attractions draw in people from all over Oxfordshire and the neighbouring counties for employment and lifestyle reasons. The high performing economy of the city and its hinterland, especially in high tech industries, attracts well paid individuals to Oxford, fuelling house price inflation.

*City attracts incoming residents*

The city attracts as residents a high proportion of well educated, articulate individuals who are motivated to conserve the features of Oxford as it is, and therefore are often opposed to new developments. The ability of this lobby to mobilise opinion against new developments, and progress effective campaigns through legal challenge, should not be underestimated.

*including a high proportion capable of challenging new developments*

Two successful universities attract over 26,000 students each year, of whom approximately 6,650 are housed in the private rented sector. This places a high demand on the private rented sector, and makes buy-to-let an attractive proposition in the city, driving high rental values in the sector.

*Two successful universities*

Oxford has the only direct access homelessness hostels in the county, together with the majority of hospital and mental health facilities, for which it is a regional centre. Combined with the tourist economy and liberal attitudes of many residents, this makes the city attractive to a high number of vulnerable individuals who are able to receive support not available at the same level elsewhere.<sup>3</sup>

*Local homeless services attract vulnerable people to the City*

<b>2.2</b>	<b>THE SITUATION NOW and its impact on people</b>
<p><i>The shortage of affordable housing is already severely impacting Oxford residents with over 4,000 households in housing need, and household numbers projected to increase sharply, with over 400 in temporary “emergency” accommodation costing the City Council over £1million per year.</i></p> <p><i>Forecasted demographics lead us to anticipate growing numbers of single people, including the vulnerable and the elderly.</i></p> <p><i>The difficulties faced by employers in recruiting and retaining key staff, together with the rising costs of petrol and transport for those who commute long distances, will inevitably affect both the Oxford and the sub-regional economy.</i></p>	

2.2.1 The impact on residents from the pressures on the city’s housing resources can be illustrated by a number of findings from the recent countywide housing market assessment<sup>4</sup>:

Over 4,000 households are in need: a calculation of the backlog of housing need, based on data on homelessness, overcrowding and households in temporary accommodation reveals that Oxford has by far the greatest number of households in housing need of all the districts in the county (Appendix 1 Table A3). The City Council spends over £1million pa on providing temporary accommodation.

*>4,000 households already in housing need*

2.2.2 If this crisis was caused by the sharp increase in Oxford’s population over the last decade<sup>5</sup>, then it can only be exacerbated by the forecast that the number of households is projected to grow faster in Oxford than in the county, region and England as a whole over the next 20 years. Oxford’s projected increase is the highest of the districts in the county (Appendix 1 Table A2).

*and the number of households projected to grow by 35% in the next two decades*

2.2.3 Despite the high levels of wealth associated with the universities and high tech sectors, the city actually has a low wage economy compared to the surrounding districts, with fairly low levels of manufacturing and a large service based sector. Yet Oxford’s house prices are among the least affordable in the region, and Oxford has the least affordable prices of all districts in the county (Appendix 1 Table A4).

*Oxford house prices are least affordable in the region*

2.2.4 Based on projections over the next 20 years, Oxford has by far the most adverse ratio of demand to supply, that is the ratio of households to dwellings for affordable housing, of all districts in the county. (Appendix 1 Table A5).

*Adverse ratio of demand to supply*

2.2.5 The urgency of the crisis is apparent. Oxford City Council’s housing strategy<sup>6</sup> sets a target of 150 affordable housing completions a year. This is against a background of need estimated to be 1757 a year<sup>7</sup>. (Appendix Table A6). The projected figure for 08/09 is in excess of 200 completions, and the average for the three years including 2008/9 will exceed 150. However, the flow is clearly insufficient.

*Urgency of the crisis*

<sup>4</sup> Tribal (2007) Oxfordshire Housing Market Assessment: Final Report

<sup>5</sup> Over the period from the mid 1990s to the mid 2000s Oxford’s population has increased by more than that of the county, the region and England as a whole. Oxford’s increase was the highest of the districts in the county (Appendix Table A1).

<sup>6</sup> Housing Strategy for Oxford 2005-2008

<sup>7</sup> Oxford Housing Requirements Study 2004

---

Much of the supply for affordable housing comes through the use of planning powers ('section 106') and is therefore reliant on the state of the private housing market and is at risk of decline if the level of private provision falls as a result of the "credit crunch".

*as the completion rate on affordable dwellings may decline*

## 2.3 THE "CREDIT CRUNCH" And what it means for the future

2.3.1 The sub-prime financial crisis of Qtr 3 2007, leading into the current liquidity shortages in the interbank markets, will have significant and long lasting impact on financial markets globally. Whilst it remains too early to determine the longterm consequences for the Oxford affordable housing market, a first assessment is that the crisis will exacerbate the shortage of affordable housing, although it may also represent opportunities for the entrepreneurial, whether private or public sector.

Four negative impacts of this crisis have already emerged:

2.3.2 1. The combination of liquidity shortage in the interbank markets, and the heightened scrutiny of credit risk, have together resulted in an acute reduction in mortgage availability. Whereas 24 months ago mortgages of over 100% were commonplace, now deposits of 20% or 25% are standard.

*Scarcity of mortgage funding*

The consequence is to reduce access to affordable housing, in particular for first time buyers who have not been able to use the recent housing price increases to fund a deposit through increasing their equity. So, even though the financial crisis is leading to a fall in house prices, it is not directly resulting in easier access to affordable homes.

2.3.3 2. The anticipated collapse in the housing "bubble" is leading to house price falls<sup>8</sup>. In such a market driven sector, anticipation of a collapse in prices can be self-perpetuating even once the underlying financial causes are rectified, as potential buyers hold back awaiting further price falls and supply exceeds demand.

With falling house prices land banking is probable, and the panel received anecdotal reports that this is already happening in the Oxfordshire region. Land owners are less likely to bring land forward for sale; those private developers with sufficient liquidity will postpone development, especially on sites with current rental income, such as builder's yards or other commercial properties. The disincentive within the 50% planning policy to provide affordable housing serves to exacerbate this position by further reducing the probability that a development will be deemed profitable.

*Land banking*

---

<sup>8</sup> House prices are falling at an annual rate of 8% (Nationwide), and the number of homes sold in June 2008 was 80% down on a year ago from 105,000 to 17,681 (the Land Registry).

<sup>9</sup> The Housing Corporation monitor RSLs' financial position on a quarterly basis and the Tenant Services Authority will continue to do this after December 1<sup>st</sup> 2008. Reports on RSLs, including their financial status, are published on the web site and are updated at least annually or if the position changes radically.

The consequence is not just that house building stagnates, but more significantly that an acute reduction in large private development schemes means fewer S106 opportunities.

*Reduction in private development*

3. Financial markets notoriously over correct, and risk assessment of mortgage credit is no exception. Some RSLs (Registered Social Landlords or housing associations) have had, or will have, their credit rating adjusted downwards, for example from AA to A.

*Fewer S106 opportunities.*

2.3.4 The anticipated impact will be that RSLs will find it more difficult to fund themselves as liquidity tightens, and interest rates on their funding will increase. As a result, some RSLs may not be in a sufficiently strong financial position to take advantage of the opportunities in the housing market created by the financial crisis.

*RSL credit ratings may be reduced*

The recommendation is that those responsible for housing in Oxford City Council and the local public sector should increase their understanding of the RSLs operating locally, and should use national agencies to monitor their credit ratings on a regular basis<sup>9</sup>. This would increase the sector's ability to identify which RSLs could participate in partnering to take advantage of opportunities in the market resulting from the financial crisis.

**Recommendation: Oxford City Council monitor financial status of RSLs operating locally via national agencies**

4. Whilst not directly related to housing, it should also be noted that the rise in fuel prices has made it more difficult for people to access affordable housing at a significant distance from Oxford and commute by car into the city.

The falling house prices, however, also represent a potential opportunity for any institution with sufficient access to funding to purchase properties not selling on the open market.

2.3.5 Developers will need to sell properties in order to access liquidity. The panel was told of developers currently agreeing to sell housing stock at 65% of face value. Even those developers who do not have an urgent need for liquidity will be impacted as their lenders demand that the housing assets on their balance sheet be revalued or "marked to market". A consequent reduction in value of assets on their balance

2.3.6 sheet would reduce the developer's balance sheet equity, and increase their debt/equity leverage. Since this would increase the risk of lending to them, it would probably result in the developers facing higher interest rates. Therefore even the financially stronger developers could have an incentive to sell housing stock below book value.

The recommendation, to take advantage of this situation, is that Oxford City Council gives serious consideration to opening negotiations, with those developers who are active locally, about purchasing surplus housing stock. Due consideration should, of course, be given to issues of price, quality, size and location of such property to ensure that purchased stock meets local needs, and does not lead to a concentration of social rented stock in one area that could lead to unsustainable communities.

Such activity:

- could be joint funded (potentially using commuted sums) with the Housing Corporation, who are already liaising directly with developers to fund bulk purchases of their stock through their central Clearing House arrangements;
- could be more effectively conducted on a sub-regional rather than local basis;
- could be conducted jointly with a partner such as a financially strong and liquid RSL, or another accredited management organisation, to eventually either own or manage the units;

**Recommendation : consider negotiations with local developers to purchase stock and seek the financial**

- could include the involvement of a partner such as Asset Housing Trust.

**seek the financial support of the Housing Corporation to facilitate this**

2.3.7

For such negotiations to be productive a constructive working relationship with private developers is a prerequisite; this is discussed in more detail in section 4.4.7.

A second recommendation is that consideration is given to empty properties and repossessions orders to explore what action can be taken. This should include the national mortgage rescue package announced by the Government on September 2<sup>nd</sup>. The criteria for qualifying, and the assistance to be given, is being finalised with the aim for it to be introduced in December 2008. This is intended to allow people to remain in their own homes, and potentially to return to full ownership at a later date.

**Recommendation : consider repurchase of right to buy and other properties, and the national mortgage rescue package.**

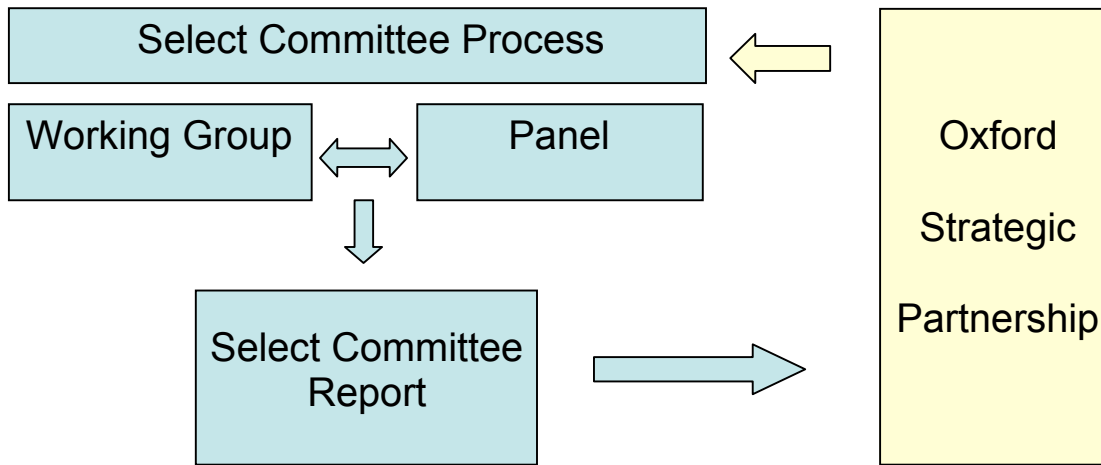
“Sell to rent” could become as needed a strategy as “rent to buy”

**“sell to rent” instead of “rent to buy”**

2.3.8

<b>3</b>	<b>APPROACH</b>
<b>3.1</b>	<p><b>The Select Committee</b></p> <p><i>The Select Committee has been mandated by the Oxford Strategic Partnership (OSP) to identify potential ideas for mitigating the scarcity of local affordable housing, and make recommendations on how these might be implemented.</i></p>

3.1.1 In 2006 the OSP set up a Select Committee process to look closely at affordable housing in Oxford, and a Working Group was established to take the process forward. A Chair was appointed, and five experts invited to join the Panel.



3.1.2	<p>The brief from the OSP included the following guidance :</p> <ul style="list-style-type: none"> <li>o to focus on fresh ways of thinking, even if they fall outside current local guidelines;</li> <li>o to avoid considering in depth ideas that are already under review, specifically including homelessness;</li> <li>o to seek proposals from different sectors, including examples of best practice elsewhere;</li> <li>o and to employ a broad definition of affordable housing.</li> </ul>	<i>Focus on innovation and fresh approaches</i>
3.1.3	<p>The Select Committee, given considerable scope by the OSP to devise the process leading to the report, made four key decisions regarding their approach:</p>	<i>Four key aspects to approach</i>
3.1.4	<p>1. The Select Committee agreed from the outset to avoid, if possible, covering ground already well-trodden by earlier reports and ongoing housing groups. Affordable housing has been a priority issue both for Oxford, and for the sub-region, for over a decade. It was therefore critical that the Select Committee should take as the starting point such existing reports as the Oxfordshire HMA Report 12/07 or the Oxford City Council 2008 Housing and Homelessness Strategies.</p>	<i>Avoid covering the same ground as existing reports</i>
3.1.5	<p>2. The Select Committee opted for an approach that would focus more on verbal input from participants in the market, than on housing data. A process was therefore devised that included both interviews, and Panel hearings. It was agreed that the final report should reflect the impact on people caused by the current housing situation, rather than a collation of statistics.</p>	<i>Emphasis on verbal input from participants in the market</i>
3.1.6	<p>3. Core to the approach should be the strength of the Panel<sup>10</sup>. It was acknowledged that if viable solutions to the shortage of affordable housing were abundant, then there would be no need of this approach. It was therefore probable that the ideas brought to the panel could not be implemented in Oxford without difficulty, and that the approach might identify inefficiencies in existing policies.</p>	<i>A strong Panel would be core to the approach</i>
3.1.7	<p>For the whole Select Committee approach to add value, the Panel would need to bring pragmatism to recommending how to overcome existing obstacles to the implementation of those ideas of greatest potential. In reviewing existing process and policy, the Panel would add greatest value by making a brave and honest assessment of the effectiveness of the current structure.</p> <p>A Panel should therefore be selected of members with local influence and housing expertise, with an independent Chair. The greatest value to the Select Committee process would be added by the Panel, both in their hearing of proposals, and in their confidential discussion.</p>	<i>Bringing both honesty and pragmatism to the recommendations</i>
3.1.8	<p>The role of the Panel would be to combine an independent and common sense appraisal of each idea, with the expertise to know when pragmatism in overcoming hurdles could be a possibility. To this would be added a sense of urgency – if the availability of affordable housing is to be increased, then the Panel would need to make some brave recommendations.</p>	<i>A need for urgency</i>
3.1.9	<p>4. Finally the decision was taken that, having brought together a strong and expert Panel, best value would be obtained by holding both the Hearings, and their discussions, under The Chatham House Rule<sup>11</sup>. Only frank discussion of contentious topics could lead to recommendations of real value, given the urgency of the affordable housing shortage.</p>	<i>Frank discussion facilitated by The Chatham House Rule.</i>

<sup>10</sup> Membership 3.3.1

<sup>11</sup> The Chatham House Rule : Appendix 8

<b>3.2</b>	<b>The Process</b>
------------	--------------------

The Select Committee process took place in four stages:

- |       |  |   |
|-------|--|---|
| 3.2.1 | 1. A Working Group <sup>12</sup> was tasked with sourcing of potential ideas through network contacts, referrals and open submissions. Both the Chair, and members of the Sub-group, conducted in-depth interviews with local contacts. A request for submission of proposals was publicised on the OSP website, the City Council's website, through the local press and through specialist press (e.g. Inside Housing and Architects Journal). The Chair outlined the approach to officers of the Oxfordshire Housing Partnership Steering Group. The Consultant to the Working Group identified examples of best practice both nationally and internationally. | <i>Sourcing new ideas</i>   |
| 3.2.2 | 2. The Working Group reviewed and assessed both the proposals received and issues identified. Based on consistent criteria twelve proposals were considered representative of identified issues and were selected for review at Panel Hearings. In addition the Working Group identified key themes to be addressed by the Panel in their internal discussions.  | <i>Assessment and selection of proposals and themes</i>                     |
| 3.2.3 | 3. Three formal Panel meetings took place on May 1 <sup>st</sup> , June 4 <sup>th</sup> , June 10 <sup>th</sup> 2008. Each meeting consisted of both Hearings and confidential Panel discussion. In addition to the Hearings, of the selected twelve proposals, the Panel also reviewed a summary of all proposals submitted to the Select Committee. Members of the Working Group were present during the Panel meetings, and the meetings took place under The Chatham House Rule.   | <i>Three Panel meetings combining Hearings with confidential discussion</i> |
| 3.2.4 | 4. The findings from both the preparatory work of the Working Group, and the Panel meetings, were summarised by the Chair into this Report which has been reviewed and approved by both the Working Group and Panel.   | <i>Report reviewed and approved by the Panel.</i>                           |
| 3.2.4 | The Report will be formally presented by the Panel, (represented by the Chair), to the Oxford Strategic Partnership on 16th October 2008.  |   |

---

<sup>12</sup> Membership 3.3.2

<b>3.3</b>	<b>Membership of the Panel and Working Group</b>
------------	--

3.3.1 **The Panel** is independent, and all members are present as individuals rather than as official representatives of their organisations.

- Paul Abey**  
Head of Investment, South East, Housing Corporation
- Michael Crofton-Briggs**  
Head of City Development, Oxford City Council
- Elizabeth Paris**  
Independent Chair, (a former Investment Banker)
- Joanna Simons**  
CEO, Oxfordshire County Council, (a former Director of Housing)
- Peter Sloman**  
CEO, Oxford City Council, (a former Director of Housing)
- Chris Woolf**  
Thames Valley Housing and Planning Team Leader,  
Government Office for the South East

*Independent Panel whose members combine local influence with housing expertise*

3.3.2 **The Working Group**

- Elizabeth Paris**  
Chair
- Bob Blackaby**  
Independent Housing Consultant
- Sebastian Johnson**  
City Partnerships Officer, Oxford City Council
- Dawn Pettis**  
Business Engagement and Support Manager, Oxfordshire Economic Partnership
- Graham Stratford**  
Head of Service, Community Housing & Community Development,  
Oxford City Council

*Working Group, with local and housing expertise, actively participating throughout the process*

<b>3.4</b>	<b>Observations on the Process</b>
------------	------------------------------------

3.4.1 Both the Panel and the Working Group felt that the approach had both exceeded expectations, and met the majority of the objectives. Three features in particular were considered to have been successful:

*The approach largely exceeded expectations*

3.4.2 1. The quality, depth and honesty of the Panel discussions contributed greatly to the Recommendations that form the output. We were especially fortunate that the two Chief Executives brought not only their local knowledge to the Panel, but also their previous housing experience.

*Quality of Panel discussions*

3.4.3 2. The emphasis on interviews and Hearings, in a confidential setting under The Chatham House Rule, enabled a broad range of views from diverse sectors to be heard and discussed. This included the Panel receiving frank feedback on existing policies and housing strategies which might not have been voiced under different circumstances.

*Value of the emphasis on verbal input, and confidential discussion*

3.4.4 3. An independent Chair provided the opportunity for approaches to sectors, such as private developers, who would not necessarily have responded to a public sector approach.

*Benefit of the Chair's independence*

There were of course some disappointments in the approach. These included receiving fewer submissions from housing associations than

*Disappointments were themselves of value*

---

3.4.5 had been expected, and the difficulties encountered in creating genuine dialogue with a broad representation of private developers. The disappointments, however, made their own contribution to the final Recommendations.

Were the Oxford Strategic Partnership to repeat the approach, the recommendation would be to repeat the process as has been described and including the three successful features, but to plan in advance for enough time for the Working group process, and to take even more care to devise approaches to those stakeholders least likely to engage spontaneously.

Finally, for such a process to be of lasting value in increasing the supply of affordable housing in Oxford, the recommendation is made that the Oxford Strategic Partnership review progress on recommendations in twelve months, potentially reconvening the Panel and Working Group to assess progress and re-evaluate recommendations.

**Recommendation: to assess progress and re-evaluate recommendations in twelve months**

3.4.6 The Oxford Strategic Partnership should also explore with other district how they wish to respond to this Report.

<b>4</b>	<b>KEY THEMES</b>
<b>4.1</b>	<b>RETHINKING THE RATIONING – DEMAND AND SUPPLY</b>
	<p><i>Oxford does not have the option to build its way out of this housing shortage.</i></p> <p><i>Land, and therefore housing, is rationed.</i></p> <p><i>The time is right for a rethink of the current rationing, both the rationing of provision and the most effective use of land.</i></p> <p><i>The focus on social housing should be balanced by a greater focus on intermediate housing, but without a reduction in the provision of the former.</i></p>

**4.1.1 DEMAND : INTERMEDIATE HOUSING**

The Select Committee process identified a number of proposals for the provision of intermediate housing that would be affordable, sustainable through covenants, and not require public subsidy, (to complement existing Government schemes which provide a “subsidy” to those otherwise unable to access market housing).

The benefits of stimulating an active intermediate housing sector in Oxford are so significant as to justify the Council investing resources in developing an integrated strategy for intermediate housing.

4.1.2 Oxford has a significant need for intermediate housing, for those singles and couples with incomes of £30,000 - £50,000 whose needs fall between the private and the public housing sectors. It is believed that over 35% of working households aged 20-39 in Oxford City cannot afford to buy in their area, and yet are not eligible for housing benefit. House prices in Oxford are approximately ten times greater than annual incomes and effectively unaffordable for them. Even when the mortgage payments could be affordable, the stumbling block is the deposit: for even a modest flat in Oxford a keyworker or young professional would require perhaps a £40,000 deposit.

*The need for intermediate housing is critical in Oxford.*

4.1.3 These residents make a significant contribution to Oxford’s economy, and many of them to Oxfordshire’s economy. Many are keyworkers, or would fall within the broader definition of “key workers” (section 4.4.3). To provide housing that is affordable for this segment of residents has been deemed of equal importance by this Select Committee process as increasing the stock of social housing.

*Often it is intermediate housing that keyworkers require*

4.1.4 This group would often prefer to acquire their homes outright, and may mistrust shared equity with the concern that their share might not be saleable in the future. They may prefer not to be part of a social housing development, and are willing to compromise on other aspects of the housing to meet these objectives.

A significant number of submissions to the Working Group were proposals related to the intermediate housing sector, and several were then presented at the Hearings.

4.1.5

A key finding was that intermediate housing had the potential to make a significant contribution to improving the affordable housing situation in Oxford, either without requiring public subsidy, or using the subsidy in innovative ways. This was reinforced by a private developer as a means of promoting development of medium sized Oxford sites.

*Provision of affordable housing without always requiring public subsidy*

4.1.6 The recommendation is that Oxford City Council develops a strategy for intermediate housing, including that it

- become proactive in reviewing intermediate housing options and providers, (a number of whom have been identified by the Select Committee process);
- establish a definition in which intermediate housing can be included alongside Affordable Housing, the guideline proposed by several presenters being studio or one bed units, sold under restrictive covenant, at a maximum of 80% below market value;
- set annual targets for the development of intermediate housing;
- where small sites are unsuitable for family housing, support a strategy that favours the development of intermediate housing without public subsidy;
- establish the eligibility of those entitled to purchase intermediate housing (ie the extended definition of key workers section 4.4.3);
- establish guidelines for covenants on intermediate housing including limiting use to owner occupation, and limiting resale to eligible purchasers. The covenant should, however, entitle the lender to resell at market value in the event of foreclosure.
- establish a centralised portal for the sale, and resale, of intermediate housing, to ensure the enforcement and consistency of covenants, and to support access for those eligible.

Effective covenants are key; a number of presenters have experience of best practice in use of covenants, which could be brought to Oxford.

4.1.7 Innovative intermediate housing may not require policy changes, only encouragement. For example, one innovative proposal<sup>13</sup> offers properties which are sold outright at a discount of at least 20% to market value because of their reduced floor space. (For example, this could be flats sold at £135,000 - £170,000). This affordability can be secured in perpetuity on a means-tested basis through covenants<sup>14</sup>, thus ensuring a sustainable supply in the intermediate housing sector.

The proposal indicates that the properties meet PPG3's definition of affordable housing, and target small sites where typically little or no affordable housing would otherwise be developed. This can be achieved by building units of 38sq m net floor area, which is small but still apparently conforms to Lifetime Homes standards. It is likely that there are first time buyers in Oxford willing to compromise on floor space in return for getting a foot on the property ladder.

4.1.8 Rent to purchase options<sup>15</sup> were also sources of intermediate housing, including support for those renting to make a smooth transition into home ownership. In the current market conditions, where developers are reluctant to build units for sale and people are struggling to obtain mortgages, increasing provision in the intermediate rental market can deliver an appropriate solution. The involvement of an RSL, given their ability to access grant from the Housing Corporation, could make such options more cost effective.

Intermediate housing is a sector which attracts external private equity investors, and another proposal<sup>16</sup> highlighted how private investors and City financial institutions are interested in investing by acquiring S106 packages, and developing intermediate housing without access to additional public subsidy.

**Recommendation:**  
**integrated and proactive strategy for developing the intermediate housing sector**

**Recommendation :**  
**that Oxford City Council identify a small council owned site for a pilot development as intermediate housing by a suitable provider**

*Rent to purchase options*

*Private equity investors interested in investing in intermediate housing*

<sup>13</sup> Pocket Living proposal, Appendix 2

<sup>14</sup> Restrictive covenants embedded in bespoke S106 agreements

<sup>15</sup> Arc4, Appendix 6

<sup>16</sup> Assettrust Housing Limited, Appendix 3

#### 4.1.9 RATIONING OF DEMAND : SELF-BUILD

Although the Select Committee was not tasked to consider homelessness, it was felt that within the brief for consideration should be the option of self-build for suitable applicants on the housing list. This would be a supported social housing self-build project designed both to reduce the housing list and offer skills training to those participating.

The Panel heard a presentation<sup>17</sup> from the Community Self-Build Agency, describing the successful precedents where mixed groups have been trained in construction whilst working on the construction of houses or flats. On the successful completion of the construction they then had the option to rent or part own the flats or houses.

*Successful precedents for self-build*

Although construction costs are not necessarily lower than a conventional development, because of the need for a skilled foreman onsite and extra rectification costs, the real benefit comes not from the small quantity of additional social housing, but from the access for both training and housing given to those involved.

*Value of training and community enhancement*

Evidence from 130 successful self-build projects elsewhere is that the obstacles to viability are more attitudinal than significant. Strong leadership from the local authority, with the provision of suitable land, encourages the involvement of housing associations. Often the policy framework does not need any amendment. A successful self-build project may have only a small impact on the housing list in terms of numbers, but its influence can be more significant than the increase in social housing stock.

*Importance of local authority leadership*

- 4.1.10 The recommendation is that Oxford City or Oxfordshire County Council donate small pieces of land for self-build projects, supported by the Community Self-Build Project and local partnership working. The first project would commence in 2009, with the aim of starting a new project every three years.

**Recommendation : Councils donate a small piece of land and the support for a self build project**

#### 4.1.11 RATIONING OF DEMAND : STUDENTS

As already noted (2.1.3), key to Oxford's success are its two Universities, and the additional educational institutions which their presence attracts to Oxford. Both Universities aspire to meet the targets set for them in the Local Plan for students lodged in University accommodation, and are motivated to increase student units.

*Local plan targets for student accommodation*

Oxford Brookes University currently has around 3500 students living in the private rented sector in Oxford; the University of Oxford has approximately 3150. The Local Plan recognises that building more purpose built student accommodation would release housing which could be used by families. The Local Plan therefore sets a target for both universities to have no more than 3000 students in the private rented sector, and a number of sites have been designated for such accommodation.

*Pressure on private rented sector*

The Panel recommends that the City engages the two universities in dialogue about what the barriers would be to achieving a larger number of students living in purpose-built accommodation.

*Dialogue on barriers to increasing student accommodation*

If reducing student pressure on the private rented sector eases the affordable housing shortage, then logically there is merit in re-evaluating any obstacles to increasing student units provided by either University.

---

<sup>17</sup> Appendix 5

Two key and interlinked themes emerged from discussions and interviews. The first is the commercial difficulty of justifying building student accommodation. A discount of perhaps 30% is required on the land, and there is no flexibility over use should demand for student housing fall in the long term. The second theme relates to difficulties in receiving planning permission and the difficulty of finding suitable sites, given the commercial restraints.

One proposal emerged that would help to ease this vicious circle, and therefore make a significant contribution to reducing demand in the private rented sector. The economics of student housing would be improved, and therefore more sites become viable, if the Universities were entitled to include some employee accommodation at sub-market rents within student housing blocks. The employee accommodation would effectively form part of the City's intermediate housing strategy (4.1.1), and employee eligibility would be based on the extended keyworker definition described in section 4.4.3.

The recommendation is that the employer consultation described in detail in section 4.4.1 should explicitly address measures that would facilitate reducing student pressure on the private rented sector, including clarifying policy entitling University employers to build staff housing, (4.4.2).

*Benefits of allowing University keyworkers to be included in student housing*

**Recommendation :**  
**The City Council works proactively with both universities to increase the proportion of students housed in purpose built accommodation.**

## 4.2 RETHINKING THE RATIONING : SUPPLY

Where land is so scarce, current policies on both density and under-occupation, should come under scrutiny, as well as innovative ways of increasing the supply of land including the use of compulsory purchase orders.

### 4.2.1 DENSITIES

Given that developable land in Oxford is scarce and should therefore be used as effectively as possible, the recommendation is that planning policy might be reviewed regarding densities.

**Recommendation :**  
**review of density policy**

4.2.2 In addition, the recommendation is that an assessment be made of the viability of increasing existing social housing stock through building extensions or loft conversions.

**Recommendation:**  
**assess viability of extensions and loft conversions in the existing housing stock**

### 4.2.3 UNDER OCCUPATION

Under-occupation is an issue for both Oxford, and indeed the sub-region. Strategies are employed to encourage residents in the social housing sector who are under occupying their existing tenancy to move to smaller accommodation. Common approaches include financial incentives and priority on the waiting list.

There are currently 120 households registered with ORAH (Oxford Register for Affordable Housing) that have indicated an interest in moving to smaller accommodation, however these are just the residents that have made a positive move to register. The number of residents that are under occupying across Oxford is unknown but anticipated to be much higher.

Incentives are not always sufficient; residents often need support with understanding the options available, and with the process of the move itself. The quality of the alternative accommodation is also critical. Best practice examples<sup>18</sup> elsewhere have demonstrated the benefit of dedicated support.

4.2.4 The recommendation is that Oxford employs a part time post within Oxford City<sup>19</sup> to carry out:

- Research work to understand the full extent of the opportunity this presents, and the current barriers to take-up ;
- Co-ordinate a City wide approach to under occupation using the ORAH network of RSL's;
- Actively seek out relevant residents who are not currently known;
- Provide support to residents wanting to take up the opportunity to down size.

**Recommendation:**  
**part-time Officer for Under Occupation**

The estimated cost of £20,000pa could be covered by commuted sums (section 4.3.5), and justified by the increased availability of family sized stock.

If Oxford City Council takes the lead and appoints the part time post, and it proves to be of value, there would be scope to extend both the post, and the approach, to the sub-region or county. The post could therefore be an early initiative in the proposal for increased sub-regional working (section 4.5).

**Provides an opportunity for a sub-regional**

<sup>18</sup> Wychavon in Worcestershire

<sup>19</sup> Under Occupation proposal, Appendix 4

#### 4.2.5 EMPTY PROPERTIES

Although there are not a significant number of long term empty properties in Oxford (a survey in 2005 identified 138 empty for six months or more), given the current housing shortage there is potential to support the Empty Property Officer to use this space. The Council can not only tap into existing housing stock, but also actively assist in increasing the accommodation potential of empty properties as a result of development.

The recommendation is that the Council support the work of the Empty Property Officer in encouraging the use and development of empty properties, working in partnership with planners, owners/developers and registered social landlords. This should explore whether greater use could be made of vacant space above shops, and could include provision of funding for Compulsory Purchase and other legal remedies where appropriate.

**Recommendation :**  
**support the work of the Empty Property Officer**

#### 4.2.6 USING THE FLOOD PLAINS

Where land for new development is so scarce the Select Committee considered the techniques to build on land that can potentially flood. Building on platforms that rise as the water level rises both protects the building, and creates a sink reducing flooding elsewhere. The technology exists to achieve this, and indeed is in regular use elsewhere internationally: Japan, for example, is developing a floating airport. The technique can be used either as a safeguard for use when flooding occurs, or the decision can be taken intentionally to flood areas at risk of flooding to create new wetlands, with the development built on floating platforms.

While the Panel were impressed by the technology, the recommendation was firstly to consider this approach for car parks as part of a strategic reassessment of how land is used for car parks (section 4.2.6). Secondly, as regards floating platforms for housing, the recommendation was for either the City or the County Council to open a dialogue with the Department for Communities and Local Government about sponsoring a pilot project based on best practice internationally, and seek to be included within that pilot in partnership with a developer or housing association.

**Recommendation: to seek to be included within a pilot to identify and test in the UK best practice internationally**

#### 4.2.7 COMBINING HOUSING WITH OTHER SITE USES

Given how scarce developable land is in Oxford, and the understandable reluctance to develop green spaces, more effective use should be made of “brown” land including land currently used for car parking. The review described in 4.3.14 could be extended to include this, considering Council owned parks, privately owned car parks used by the public, car parks belonging to shops and car parks provided by employers for their employees, and both park and ride car parks and those within the built-up area. Often car parks have split ownership, so proactive leadership from the Council would be required to launch the initiative.

The Council should be proactive in developing car park sites to include housing, either social or potentially a mix of social and intermediate housing. The Panel received a presentation about the technique for horizontal integration of parking and housing, and would also want to consider vertical integration, in which surface parking is replaced by a multi-storeyed car park and the land that is released is used for housing. Any assessment should include good practice both nationally and internationally.

The development of park and ride sites to include housing would have the added advantage of offering the option for car free ownership, given that the housing is juxtaposed to a transport hub. This reduces pressure on roads from long distance commuting, and increases the sustainability of local bus transport. Well designed, it would also be visually more attractive than at present.

The Panel heard evidence of how such integrated housing / parking developments are used extensively on the continent. However, either vertical or horizontal development of a site for integrated housing / parking is necessarily more expensive than development of an empty site. Current planning policy is that this land will remain as a visually unattractive short term car storage – which may not be appropriate in a city where both affordable housing and development land are in short supply.

With a more flexible approach to exceptions to planning, (section 4.3), and the involvement of planning strategists, policy makers could build in incentives for the development of car parks as mixed sites for parking, intermediate housing and on-market housing.

**Recommendation:**  
take a proactive role in assessing how to make more effective use of car parks,

*Benefits for the transport systems*

**Ensure that policy builds in incentives for this, more expensive, development**

**Other “brown” land categories should be examined to establish if similar use adaptation could release land.**

*Wider review of the green belt has been received.*

#### 4.2.8 USING THE GREENBELT

The Select Committee process chose not to devote significant time on reviewing options related to the greenbelt, given the report from the Secretary of State, imminent at the time of the Panel meetings, and which has subsequently confirmed that the only green belt review currently proposed is of the land south of Grenoble Road.

Nevertheless, representations were received by the Panel that a wider review of the Oxford green belt could identify areas of the green belt that could be developed, in addition to those sections South of Grenoble Road.

An example was put forward by the University of Oxford of the University’s land holding to the West of Kidlington surrounding the Begbroke Science Park, as an example of a site that could be

developed by an Employer for their keyworker employees, (sections 4.4.2 and 4.4.3).

#### 4.2.9 REMODELLING OF COUNCIL ESTATES

One of the points to emerge from the Panel discussion was the extent to which some estates have unused or underused land. This offers the opportunity within the regeneration framework to consider a range of options. One such option would be partial stock transfer, which could result in greater housing options for local people, and provide a way of releasing value for re-investment.

*Option of partial stock transfer to a local authority owned housing company or housing association partner to enable estate remodelling*

Whilst respecting the outcome of the tenant consultation was appropriate, it was noted that the historic inability to transfer stock has resulted in having to sell land at open market value in order to fund the “Decent Homes” initiative, thus reducing this land’s ability to generate further social housing beyond the planning obligation. Land, and the most effective use of land, is deemed to be absolutely key to providing additional affordable housing in Oxford.

The recommendation is for a joint team, potentially including City, County, schools, PCTs and housing associations, to look at the best options for remodelling an estate. A systematic review of resources on a large scale could identify opportunities to increase affordable housing within existing estates; where estates already include large housing association elements it is possible that council tenants would wish to benefit from the advantages of being included.

**Recommendation :**  
**joint team to consider remodelling of Council Estates**

An assessment of remodelling opportunities could include a review of the potential value of community land trusts, on which the Panel received presentations. Separating ownership of the land and of the property assets offers the opportunity to hold the land value in a community land trust, possibly one trust for Oxford holding multiple sites. The long term benefits of the structure are achieved only by some support in accessing land in the short term, either through Oxford City Council owned land being transferred into a trust, or by support in accessing funding for a trust to purchase land.

**and community land trusts.**

#### 4.2.10 LAND DISPOSALS

Lastly, where the scarcity of land that could be developed lies at the heart of the shortage of affordable housing, it is logical that any disposal of Council owned land should be implemented so as to make the greatest impact on affordable housing availability.

As is discussed throughout this report, the maximum impact on affordable housing does not always equate to the number of units developed. For example, there are recommendations within this report for land sale at market value to develop innovative pilot schemes of intermediate housing that could help launch a local intermediate housing strategy. Or recommendations for the use of a small site for a self-build social housing project that would focus as much on training and skills as on additional rental units.

When land disposal by either the County Council or the City Council is an option, serious consideration should be given to the alternatives to a market sale; and to ensure the best use of public subsidy in a below market sale, the disposal should only be for a purpose that significantly supports implementation of strategic initiatives. Logically, a review of potential land for disposal should fall within the review of public sector resources discussed in section 4.3.16.

<b>4.3</b>	<b>A More Strategic Approach</b>
------------	----------------------------------

*The current shortage of affordable housing in Oxford requires a strategic approach.*

*It is possible that unintended consequences of the current planning policy could be actually exacerbating the current affordable housing shortage. The Panel heard strong views expressed that current policies, both the 50% rule and the social mix requirements, are in particular artificially restricting the development of medium to large brown field sites. Certainly a review of the affordable housing policy could be both timely and beneficial.*

*Sometimes big problems require big solutions; where planning decisions are on a scale that have strategic significance for the City and Sub-region there could be benefit in empowering senior decision makers to be more flexible in implementing policy, where a strict policy implementation would result in less affordable housing than would result from a flexible approach.*

*A revision of the strategic planning framework could be appropriate, (whilst recognising that extracting some of the value of development to fund local infrastructure/facilities is a central strand of Government policy.)*

**4.3.1. Rethinking the City Council’s planning policy**

This Select Committee approach revealed claims, both during the Working Group interviews and the Panel Hearings, that current planning policy actually produces the opposite effect than that intended in drafting the policy.

*Perverse disincentives*

4.3.2 The most frequently cited example was the requirement that sites developed for 10 or more units should have 50% affordable housing.<sup>20</sup> Despite the fact that this policy was intended to increase affordable housing, the Panel listened to repeated evidence that it produced one of two contrary consequences. Either the site was developed in such a way as to contain fewer than 10 units, or the site remains undeveloped because the alternative non-residential use makes better commercial sense. Neither consequence results in any additional affordable housing.

*Unintended consequences of the 50% policy*

Recent increases in both land and house prices have masked these perverse disincentives, but current falling house prices will exacerbate this negative aspect of the policy.

4.3.3 In some aspects current policy is a blunt and over simple instrument, which focuses primarily on increasing social housing stock, rather than considering intermediate housing needs, or building balanced communities. The time may be right for a policy revision more tailored to a local response. The 2005 Local Plan is in the process of being updated to be a Local Development Framework, including a draft policy CS26 on affordable housing, and this could be the opportunity for a more sophisticated strategic approach.

The following are recommendations to be considered in the Supplementary Planning document:

**Recommendations:**

1. Affordable housing requirements should be based on floor space rather than numbers of units, to avoid the perverse consequences of an incentive to reduce the proportion of affordable housing by manipulating unit sizes;

**AH requirements based on floor space rather than units**

<sup>20</sup> set out in Policy HS 4 an 5 of Adopted Plan 2005

4.3.4	2. In compliance with PPS3 developers could be offered flexibility, on carefully selected sites, to offer commuted sums in place of affordable housing units. This would reduce the disincentive to develop smaller sites, because a small number of social housing units is not viable, and exert downward pressure on the value of the privately sold units.	<b>Increased use of commuted sums</b>
4.3.5	3. The contracts for commuted sums should be reviewed to ensure that funds could be applied to such uses as funding the under occupation officer, (section 4.2.3), or building extensions to existing stock (section 4.2.2).	<b>Extended use of commuted sums</b>
4.3.6	4. An appropriate category of Intermediate Housing to be created, as described in section 4.1	<b>Category of Intermediate Housing</b>
4.3.7	5. A contribution towards affordable housing should be sought from every site, to avoid the current consequence of the ten unit threshold, (i.e. that sites of 10 – 20 units remain undeveloped or under developed. The threshold should be set at 25 units; below this threshold a commuted sum is accepted; above this threshold onsite provision of affordable housing is required.	<b>AH contribution from all developments with threshold raised to 25</b>
4.3.8	Above the 25 unit threshold either : <ul style="list-style-type: none"> <li>o 50% should be affordable, with an 80/20 split social rent / shared ownership; or</li> <li>o the site should be split to include intermediate housing targets, for example 35% social rent; 35% intermediate housing; 30% market sale</li> </ul>	<b>Above threshold potential to include intermediate housing in requirement</b>
4.3.9	6. Existing policy should be clarified to offer not-for profit and private sector employers the same flexibility, as for public sector employers, where they develop housing on their own land for their own “key worker” employees (section 4.4.1). The provision of housing for all employees defined as key workers would be considered as affordable housing, such that no additional affordable housing provision would be required.	<b>All employers entitled to develop their own land for key worker employees</b>
4.3.10	Such policy flexibility should be proactively communicated to employers, so that they are aware of the options, with Oxford City Council playing a proactive advisory role.	<b>Proactive communication of policy</b>
4.3.12	<b>A strategic planning framework revision:</b>  The Panel spent considerable time reflecting, both on the unintended consequences of current planning policy, and on the current mechanisms for achieving strategic objectives. The current planning framework may need some flexibility to achieve the strategic approach required to tackle so historically intractable a problem as affordable housing.	<i>Current planning mechanisms need revision</i>
4.3.13	Four recommendations were forthcoming:  1. It is critical that private employers, developers and their representatives, the two universities, and public and not-for-profit sector employers, should take up the opportunities they have to be more closely involved in planning consultation. This is an absolute prerequisite for avoiding further unintended consequences of planning policy.  This will not happen, however, without the proper mechanisms for joint planning. It is recommended that the Oxford Local Strategic	<b>Recommendation:</b>  <b>Stakeholders should be more closely involved in designing policy</b>

Partnership take the lead in a more proactive consultative process, provided that it is appropriately empowered.

Such a process, however, will not break new ground if it lacks strong representation from outside the public sector. The expertise and views of both the not-for profit sector, and the private sector, are critical for such consultation to have any value. Unfortunately Oxford lacks historical precedents for effective participation in such broad and diverse consultation, and there is evidence of mutual distrust amongst some groups. This can arise from different interests but needs to be overcome.

It may therefore be necessary to launch some sector specific roundtable discussions as a precursor to broader consultation, as discussion in sector 4.4.

- 4.3.14 2. The second recommendation is that there is a need for planning officers to play a more empowered role as planning strategists. Such strategists play a key role in any consultative process, and would carry the responsibility for validating the effectiveness of planning policy with representatives of the relevant stakeholders.
- 4.3.15 3. The third recommendation is that a consistent approach be taken for significantly large development sites or schemes in Oxford, in the way that the West End project has been assessed by the Strategic Development Control Committee. This, or an equivalent committee, can be tasked with making the most effective use of a large scale development opportunity, and given the flexibility to broker an agreement that best achieves that objective.
- 4.3.16 4. Finally the fourth recommendation is that a full review of Public Sector owned land in Oxford be undertaken, with a view to identifying:
  - o the potential for land swaps in order to create medium sized development sites;
  - o small sites that could be sold immediately to kick-start the development of intermediate housing (section 4.1);
  - o a site that could be offered for a self-build project (section 4.1.9)

**Recommendation: empowerment of planning strategists**

**Recommendation: large sites have a separate approval process**

**Recommendation: review of Public Sector owned land & disposal policies.**

This review could include consideration of where the Council would wish to donate land to housing development, following on from the Rose Hill scheme or the old Beckley View House site in Barton. As has been discussed in 4.2.10, capital receipts may not be the most effective strategic use of the scarce resource of land. The County Council and the City Council have identified affordable housing as a priority in the Local Area Agreement and Community Strategy, and both have the powers to discount the sale value of land to meet this priority objective

<b>4.4</b>	<b>A Refreshed Approach to Stakeholder Collaboration</b>
<p><i>From both the Hearings, and the Panel discussion, it is apparent that historically there has been a significant lack of collaboration and effective communication between some of the key stakeholders on affordable housing. This is despite periodic attempts at large scale stakeholder involvement through LSP initiatives.</i></p> <p><i>It is possible that the disappointing lack of involvement by some stakeholders, notably the</i></p>	

*private sector employers, private landlords and developers, is because such initiatives have been dominated by the pressing priority to meet statutory duties around homelessness, and to reduce the waiting list for social housing, alongside meeting the needs for key worker housing.*

*The benefits, both to the local economy and to community cohesion, of achieving a broader collaboration with employers, developers and other stakeholders would justify the effort to devise approaches that are tailored to their interests.*

*Critical to the success of such an initiative must be the acceptance by decision makers that many employees of private sector, university or research establishment employers are as “key” to the local economy as those technically designated as key workers.*

#### 4.4.1. **Collaboration with local employers**

A lack of affordable housing severely impacts the ability of local employers to recruit appropriate staff, and this in turn has a negative effect on the local economy both in Oxford city and in the Oxfordshire sub-region.

*The local economy is affected by employers’ difficulty in recruiting and retaining staff due to the shortage of suitable housing.*

This principle was established in the Joseph Rowntree Foundation study “Can Work – Can’t Buy”<sup>21</sup>, which focused in particular on the impact on public sector delivery. The local demonstration of this principle was presented by the Oxfordshire Community Partnership study<sup>22</sup> into the demand for affordable key worker housing in Oxfordshire.

From panel discussions it became apparent that the issue extends well beyond those employees qualifying as key workers, and greater collaboration with employers on affordable housing should encompass also the two universities and a broad cross-section of the private sector.

*The impact extends beyond just key workers.*

Four recommendations arise out of the Panel discussions:

- 4.4.2 1. Current policy already allows employers to build staff housing subject to a key worker agreement, without any other requirement to provide affordable housing, although this rarely happens.

**Recommendation :**  
**promote greater understanding of planning policy for employers**

It is possible that not all employers are aware of this entitlement, and a revision of the policy to state specifically that any employer could benefit from this concession should be combined with explicit broadening of the definition of keyworker to include private and not-for-profit sector employees (4.4.3)

Oxford City Council should be proactive in promoting greater awareness of this policy.

<sup>21</sup> Steve Wilcox 2003

<sup>22</sup> 2004 surveying 25 employers, including public sector, bus companies and BMW

4.4.3 2. The second recommendation is that a broader definition of key worker is developed for Oxford city, or preferably for the sub-region, that includes those employees of private sector, university or research establishments who are genuinely “key” to maintaining a thriving local economy. Establishing the criteria defining this keyworker equivalent could be led by the Oxfordshire Economic Partnership.

**Recommendation:  
Definition of a  
keyworker equivalent  
for private, university  
and research sectors.**

4.4.4 3. Thirdly a constructive dialogue should be established with both private sector employers, and the two universities, about flexibility in planning policy that would enable, and encourage, employers to play a more significant role in providing housing for their employees.

This could include more flexible options for developing sites owned by employers as affordable housing specifically for their employees. (Both Oxford University, and Oxford University Press, are examples of employers with both the land, and the motivation, to implement this for some of their employees.) Enforcing the policy that 50% of any employer development must be affordable housing, of which 80% must be social housing, resulting in much of it being unavailable to employees, undermines the incentive for employer development. These employers could be encouraged to develop sites for their key worker equivalents (4.3.2)

**Recommendation :  
planning incentives  
for employers to  
develop their own  
land for employer  
housing**

The development of an employer owned site could be in partnership with a Housing Association, or with a third party organisation such as Pocket Living or Assettrust, to include both rental properties, and properties owned under covenant.

4.4.5 A potential format for an initial such dialogue could be a facilitated roundtable discussion, using an independent sector facilitator, and involving representatives of between 3 and 6 employers per discussion. Critical to the value of such roundtables would be that the employer representatives would be of decision making seniority.

Given that the catchment area of many key employers is sub-regional rather than city based, it would be logical for these discussions to be at a sub-regional level. As such the Oxfordshire Economic Partnership could play a significant role through its Business Engagement programme.

However, it should be understood from the outset that employers are unlikely to involve senior decision makers in such a process unless there is a commitment from policy makers to listen with an open mind to proposals, and offer the potential for flexibility in planning policy. This needs to include an acceptance that many employees of private sector, university or research establishment employers are as “key” to the local economy as those technically designated as key workers.

**Recommendation:  
roundtable employer  
discussion**

4. The final recommendation is that Oxford City Council or Oxford Strategic Partnership should support the greater involvement of employers, public and private, by taking the initiative of creating guidelines of innovative best practice for employers involved in the provision of employee housing.

This could include:

- 4.4.6
- employer funded deposit loans;
  - employer shared equity schemes;
  - employer guarantees for rent deposits;
  - covenanted, or tied, accommodation;
  - conversion of employer car parks to combined housing and parking developments (section 4.2.7)
  - registration or private landlords;
  - the role of PFI.

**Recommendation :**  
**Creation of employer best practice guidelines**

4.4.7 **Collaboration with Private Developers**

It has already been noted (section 3.4.5) that participation by private developers in the Select Committee process was disappointing, although two of the presentations to the Panel at the Hearings were by a private developer and an architect.

*Low participation by developers in the process*

During the interview process of the Working Group, and the Panel Hearings themselves, the mutual suspicion between those endeavouring to generate a profit from housing development, and those seeking to control such development, was all too apparent.

- 4.4.8
- Such mutual suspicion is understood to be longstanding, and possibly even justified by historical events. Nevertheless such attitudes are counter-productive to achieving a solution to the shortage of affordable housing for at least the following reasons:

*Mutual suspicion is counter-productive*

- The private development sector can be a key ally in any affordable housing solution;
- The sector is itself a key contributor to the local economy and should be respected as such;
- Failure to discuss frankly with private developers their probable response to any changes in planning policy can result in that policy having unintended and negative consequences;
- It is possible that the private development sector, which often operates on a national or international basis, could be the source of best practice solutions for Oxford;
- Elsewhere nationally such private–public collaboration has been deemed both effective and productive;
- Developers should enter negotiations understanding that the obligation to ensure sites provide social housing, alongside market sale, will reduce land values and developer profits.

*Benefits of increased mutual understanding*

It is therefore recommended that a dialogue be initiated with representatives of private developers operating locally, using the roundtable approach and non-public sector facilitation.

**Recommendation :  
Round table  
discussions with the  
private development  
sector**

- 4.4.9 Such an initiative could be of enormous value:
- in anticipating future instances where planning policy might lead to unintended consequences;
  - in offering opportunities to work in partnership with developers to take advantage of current falling house prices.

Such discussion, however, requires mutual trust to be productive, and will be futile if it is dominated by entrenched hostility between sectors. It could be invaluable to have senior representatives, both executive and elected, set an example of collaborative dialogue to influence attitudes of policy makers at all levels. This could be complemented by proactive communication of the scale of the social problems faced by Oxford City Council, and the benefits to the City and Sub-Region as a whole of having sufficient affordable housing including social housing.

### **Collaboration with Private Rented Sector**

4.4.10 The private rented sector plays a significant role in Oxford.

The provision of rent deposit for a letting in the privately rented sector is a mechanism for allowing access by people on modest incomes to housing they would otherwise be unable to afford. The numbers of those assisted by the Homechoice scheme alone are higher than the level of new build/conversion of affordable housing<sup>23</sup>. Households benefiting from the scheme averaged 344 a year over the period 2005/06 to the first half of 2007/08.

4.4.11 Recommendation re rent deposit schemes : Oxford City Council should explore whether they could increase the use of the privately rented sector and partnerships with private landlords, including consideration of

**Recommendation:  
rent deposit schemes  
and dedicated private  
rented sector liaison  
officer.**

- an expanded deposit guarantee through sponsorship by local businesses;
- a tenant accreditation scheme; and
- appointing a dedicated private rented sector liaison officer to act as single point of reference for landlords and tenants<sup>24</sup> alongside the expansion of licensing the sector.

It is worth noting that the role of a professional rented sector to meet housing demand is backed by Shelter and the British Property Federation, and an independent review of private rented sector is under way, launched in January and is likely to result on an increased emphasis on the sector in the future

<b>4.5</b>	<b>SUB-REGIONAL SOLUTION</b>
<i>It is impossible to avoid the conclusion that Oxford City's affordable housing problem requires a sub-regional solution.</i>	

4.5.1 Pockets of deep-rooted concern exist between some surrounding district councils and Oxford City. This stems from causes including historic disagreements, differing political affiliations and the divisive effect of a two-tier system.

*Historic differences of  
opinion between  
councils*

<sup>23</sup> Appendix Table A6

<sup>24</sup> Private Rented Sector proposal Appendix 7

---

The surrounding district councils have their own mismatch between demand and supply for affordable housing,<sup>25</sup> creating responsibilities which are significant, albeit not on the same scale as that faced by Oxford. Any discussion of collaboration is likely to be perceived as a threat that Oxford will be entitled to “dump” their homeless on their neighbours. Even this Select Committee approach was received with guarded suspicion.

*Combined with conflict of interests with responsibility to own residents in housing need*

Frankly, this is not a situation that can continue, and four recommendations are offered to break the cycle.

#### 4.5.2 **1. Benefits of collaboration**

Theoretical acceptance that sub-regional collaboration will be necessary seems to be widespread, but there are currently no practical incentives to start collaborating. Moreover there are few disincentives for the district councils to discourage them from delaying involvement in Oxford’s problem for as long as possible.

It is recommended that the economic benefit to the entire sub-region of an alleviation of Oxford’s affordable housing shortage should be better articulated and communicated. This could be led by the Oxfordshire Economic Partnership, and should focus in particular on the impact on the four district councils surrounding Oxford. It could include, for example, evidence from employers outside Oxford of their difficulties recruiting and retaining staff because of the knock-on effect of Oxford house prices.

**Recommendation :**

**Articulate benefits to sub-region of a collaborative solution, led by OEP**

#### 4.5.3 **2. Change in Attitude**

Provocatively the recommendation is that the change in attitude should begin within Oxford City Council and then spread to the other Districts and the County. It is unrealistic to assume that district councils ought to feel altruistic about the problems of neighbouring councils.

**Recommendation:**

**Dialogue led by senior team**

Collaboration would receive a kick-start from discussions between senior representatives of what Oxford could offer in return for help with affordable housing. For example, under occupation is a shared problem that could be mitigated by the provision of attractive sheltered accommodation. Could district councils work together for mutual benefit, one providing the land and Oxford providing the means to develop sheltered homes?

If Oxford’s key difficulty is shortage of land that can be developed, then it is necessary that Oxford considers what it can offer in return for land; that is how successful partnerships evolve.

Senior Councillors and Executive could set the example for initiating such negotiations.

#### 4.5.4 **3. Role of the Housing Corporation, and the emerging Homes and Communities Agency**

Complementing the above two recommendations could be increased support from the Housing Corporation, and from 2009 the HCA, to mitigate the affordable housing shortage on a sub-regional basis.

**Recommendation :**

**To work with the emerging HCA to develop a sub-regional housing market**

The Regional Housing Strategy is in the ownership of the Regional Housing Board, co-ordinated by the Regional Assembly. The Housing Corporation, as a member of the Board, is currently able to put forward proposals relating to sub-regions. From December 2008 the emerging HCA will be in dialogue with local authorities, or groups of local

---

<sup>25</sup> Appendix Table A3

authorities, to identify local need. The aim will be to agree a Local Investment Agreement to secure delivery at a local level. It will be possible for this Local Investment Agreement to be sub-regional.

Sub-regional nominations by the Housing Corporation could contribute to the development of a sub-regional housing market, provided political approval from the local authorities would be forthcoming. This could, of course, include Oxford giving sub-regional nominations within the City as well as receiving nominations. The Housing Corporation could play a significant role in facilitating such agreements.

#### 4.5.6 **4. Mechanisms for Sub-Regional Working**

Having combined both incentives and compulsion, such initiatives are best sustained by effective mechanisms for sub-regional working.

It was recognised that good examples of effective joint working on sub-regional issues are already taking place, and we can build on these. The Central Oxfordshire Steering Group may be a vehicle for sub-regional discussions on housing, and acknowledgment should be given for existing joint working under the Local Area Agreement.

It will be important for senior councillors from all district councils to be involved, as well as senior executives. Some short term joint projects would be helpful in developing working relationships, and one example would be sharing the Under Occupation Officer across the sub-region (section 4.2.4)

**Recommendation :**  
**Mechanisms for sustainable sub-regional working**

<b>5</b>	<b>CONCLUSION AND RECOMMENDATIONS</b>		
<p>In conclusion, although there is no easy solution for Oxford’s affordable housing shortage, there are actions that can be implemented immediately and that will have a beneficial effect within 12 – 18 months. There are also areas for further assessment and review which could provide more significant benefits in the medium term. So solutions are available.</p> <p>In the majority of cases, what is required to make the solutions viable is not vast amounts of funding, but a willingness from a policy perspective to focus on achieving the vision of increasing the supply of affordable housing. While there are risks in introducing flexibility and exceptions into planning, these can be mitigated both by greater collaboration with stakeholders, and by a restructuring of the planning decision framework. If an exception to planning is aligned with housing vision and policy, and generates a significant contribution to affordable housing, there should be no fear that the exception establishes a precedent.</p> <p>Changes in process and attitude need to be led from the top, with articulate communication of the change in approach. During the Select Committee process there was ample evidence that stakeholders would be highly receptive to just such a top-led initiative, with potential to develop a virtuous circle.</p> <p>A set of recommendations can be drawn from the report, which should not be read in isolation, but are summarised below.</p> <p><b>For this Select Committee process to bring lasting value the Oxford Strategic Partnership should consider revisiting progress on implementing the recommendations in 12 months, including reconvening the Working Group and Panel.</b></p>			
<b>Recommendation</b>		<b>Section</b>	<b>Suggested Responsibility</b>
<b><i>Strategic Recommendations</i></b>			
To articulate a housing vision for Oxford, that embraces a broad socio-economic group and takes account of the scarcity of land, against which the effectiveness of planning policy can be measured.		1	Oxford City Council Senior Management Teams and elected members
To initiate round table discussions with the private development sector that builds mutual understanding, explores opportunities for purchasing surplus stock below market and validates the probable consequences of any changes in planning policy.		4.3.13 2.3.6 4.4.7	Oxford City Council with potential for sub-regional collaboration and support of the OEP
To develop a strategy for <b>intermediate housing</b> , including that Oxford City Council <ul style="list-style-type: none"> <li>○ become proactive in reviewing intermediate housing options and providers, (a number of whom have been identified by the Select Committee process);</li> <li>○ establish a definition by which intermediate housing is included alongside Affordable Housing, the guideline proposed by several presenters being studio or one bed units, sold under restrictive covenant, at a maximum of 80% below market value;</li> <li>○ set annual targets for the development of intermediate housing;</li> <li>○ where small sites are unsuitable for family housing, support a strategy that favours the development of intermediate housing without public subsidy;</li> </ul>		4.1.6	Oxford City Council Senior Management Teams and elected members

<ul style="list-style-type: none"> <li>○ establish the eligibility of those entitled to purchase intermediate housing (i.e. the extended definition of key workers section 4.4.3);</li> <li>○ establish guidelines for covenants on intermediate housing including limiting use to owner occupation, and limiting resale to eligible purchasers. The covenant should, however, entitle the lender to resell at market value in the event of foreclosure.</li> <li>○ establish a centralised portal for the sale, and resale, of intermediate housing, to ensure the enforcement and consistency of covenants, and to support access for those eligible.</li> </ul>		
<p>To initiate a strategy for sub-regional collaboration that encompasses both articulating the sub-regional benefits, and identifies areas where Oxford could meet the needs neighbouring councils in return for their support of sub-regional nominations.</p>	<p>4.5.2 4.5.3</p>	<p>Oxford City Council Oxford Economic Partnership Housing Corporation</p>
<p>To establish the definition of a keyworker equivalent definition for the not-for-profit, University and private sectors and incorporate the definition into eligibility for intermediate housing, and policy for employer led development.</p>	<p>4.4.3</p>	<p>Oxford City Council Senior Management Teams and elected members</p>
<p>To establish roundtable discussions with key employers, potentially on a sub-regional basis, on how housing strategy can provide incentives for employers to play a greater role in employee housing, and provide guidance on employer best practice</p>	<p>4.4.5 4.4.6</p>	<p>Oxford Economic Partnership</p>
<p>To create the part-time post of Under Occupation officer, who could be part funded through commuted sums. If the pilot is successful, the post could become full-time on a sub-regional basis.</p>	<p>4.2.4</p>	<p>Oxford City Council Local RSL partnerships</p>
<p>To review options for increasing use of the private rented sector, including rent deposit schemes and the potential for creating a dedicated private rented sector liaison officer, alongside the expansion of licensing the sector.</p>	<p>4.4.11</p>	
<p>The City Council should work proactively with both universities to increase the proportion of students housed in purpose built accommodation, and improve understanding of the barriers to reducing the number housed in the private sector.</p>	<p>4.1.11</p>	

<b>Recommendations for Policy</b>		
Affordable housing requirements should be based on floor space rather than numbers of units, to avoid the perverse consequences of an incentive to reduce the proportion of affordable housing by manipulating unit sizes	4.3.4	Oxford City Council
In compliance of PPS3 developers could be offered flexibility on carefully selected sites offering commuted sums in place of affordable housing units, to reduce the disincentive to develop smaller sites, because a small number of social housing units is not viable, and exerts downward pressure on the value of the privately sold units.	4.3.5	
The contracts for commuted sums should be reviewed to ensure that funds could be applied to such uses as funding the under occupation officer, (section 4.2.3), or building extensions to existing stock (section 4.2.2).	4.3.6	
The definition of Affordable Housing be revised to include an appropriate category of Intermediate Housing, as described in section 4.1	4.3.7	
<p>A contribution towards affordable housing should be sought from every site, to avoid the current consequence of the ten unit threshold, (i.e. that sites of 10 – 20 units remain undeveloped or under developed. The threshold should be set at 25 units; below this threshold a commuted sum is accepted; above this threshold onsite provision of affordable/intermediate housing is required.</p> <p>Above the 25 unit threshold either :</p> <ul style="list-style-type: none"> <li>○ 50% should be affordable, with an 80/20 split social rent / shared ownership; or</li> <li>○ the site should be split to include intermediate housing targets i.e. 35% social rent; 35% intermediate housing; 30% market sale</li> </ul>	4.3.8	
Policy should incorporate not-for profit and private sector employers the same flexibility, as for public sector employers, where they develop housing on their own land for their own key worker employees (section 4.4.1). Such policy flexibility should be proactively communicated to employers, so that they are aware of the options, with Oxford City Council playing an advisory role.	4.3.9 4.4.4	
To develop a leadership role in identifying how better use can be made of car parks, through vertically or horizontally integrated parking/ housing developments. This should include assessing how policy can be flexed to provide incentives to more effective use of car park land, and leadership in working with non-Council car park owners. Other “brown” land categories should be examined to establish if similar use adaptation could release land.	4.2.7	

<b>Recommendations for Housing Corporation, and its successors</b>		
To facilitate the development of a sub-regional housing market, including negotiating a Local Investment Agreement on a sub-regional basis.  To support a sub-regional housing market by through sub-regional nominations, given political support at local authority level.	4.5.4	Housing Corporation / Homes and Communities Agency
To support Oxford City Council in research of international best practice for building on floodplains, including the viability of using technology for building floating platforms.	4.2.6	Housing Corporation
<b>Recommendations that can be actioned within City's Regeneration Directorate</b>		
A full review of Council and public sector owned land be undertaken, with a view to identifying: <ul style="list-style-type: none"> <li>o the potential for land swaps in order to create medium sized development sites;</li> <li>o potential for remodelling of Council Estates;</li> <li>o small sites that could be sold immediately to kick-start the development of intermediate housing (section 4.1);</li> <li>o potential of community land trusts;</li> <li>o a site that could be offered for a self-build project (section 4.1.10)</li> </ul>	4.3.16 4.2.9	Planning department
To communicate a better understanding of current planning policy that promotes development of public sector employer owned sites for key workers.	4.4.2	Planning department
To monitor the financial status and credit rating of RSLs operating locally using the analysis of the Housing Corporation, especially in the light of the credit crunch, in order both to have advance warning of financial difficulties, and to identify those with strong liquidity.	2.3.4	Planning department Housing Corporation
Explore the national mortgage rescue package which covers the repurchase of (occupied) properties sold under right to buy, in the light of the current financial crisis.	2.3.8	Planning department
Establish the viability of increasing density of existing stock with loft extensions and conversions in existing housing stock.	4.2.2	Planning department
Identification of a small Council owned site for immediate sale for development as intermediate housing, to launch the intermediate housing initiative.	4.1.7	Planning department
Identification of small Council owned site for donation as a self-build project, in partnership with a local RSL	4.1.10	Planning department Community Self Build Agency Local RSL

**1. Those who submitted proposals and attended hearings**

- Alan Berman, Berman Guedes Stretton Architects ([www.bgsarchitects.co.uk](http://www.bgsarchitects.co.uk))
- Helen Brzozowski and David Cumberland, arc4 Ltd ([www.arc4.co.uk](http://www.arc4.co.uk))
- Jock Coats, Oxfordshire Community Land Trust ([www.oclt.org.uk](http://www.oclt.org.uk))
- Tim del Nevo, University of Oxford ([www.ox.ac.uk](http://www.ox.ac.uk))
- John Gillespie, Community Self Build Agency ([www.communityselfbuildagency.org.uk](http://www.communityselfbuildagency.org.uk))
- Phil Hardy, Oxford Citizen's Housing Association ([www.ocha.org.uk](http://www.ocha.org.uk))
- Jeff Hennessey, English Partnerships ([www.englishpartnerships.co.uk](http://www.englishpartnerships.co.uk))
- Tony Nolan, Ardent Ltd
- Innes Robertson
- David Rodgers, CDS Co-operatives ([www.cds.coop](http://www.cds.coop))
- Vivian Rosser, Assettrust Housing Ltd ([www.assettrusthousing.com](http://www.assettrusthousing.com))
- Marc Vlessing, Pocket Living ([www.pocketliving.com](http://www.pocketliving.com))

**2. Those who submitted proposals for consideration**

- Dr Robin Buxton
- Peter Couchman, The Midcounties Co-operative ([www.osg.coop](http://www.osg.coop))
- Debbie Dance, Oxford Preservation Trust ([www.oxfordpreservation.org.uk](http://www.oxfordpreservation.org.uk))
- Melanie Mutch, Oxford City Council ([www.oxford.gov.uk](http://www.oxford.gov.uk))

**3. Those who supported the process**

- Oxford City Council – for funding, working group staffing resource and providing background information
- Oxfordshire County Council – for funding and working group staffing resource
- South East England Development Agency – for funding
- Oxford Brookes University – for subsidised use of venue for hearings and providing background information
- University of Oxford, Said Business School – for subsidised use of venue for hearing

## APPENDICES

### Appendix 1

**Table A1: Increase in population 1995-2004**

	<b>Percentage increase</b>
<b>Oxford</b>	<b>+13%</b>
Oxfordshire	+6%
Other districts in county	range +3% to +5%
South East	+4%
England	+4%

Source: Tribal (2007) *Oxfordshire Housing Market Assessment: Final Report*

**Table A2: Household projections 2004-2026 (net growth in households)**

	<b>Percentage increase</b>
<b>Oxford</b>	<b>+35%</b>
Oxfordshire	+25%
Other districts in county	range +15% to +31%
South East	+22%
England	+23%

Source: Tribal (2007) *Oxfordshire Housing Market Assessment: Final Report*

**Table A3: Current backlog of housing need**

	<b>Households in need</b>
<b>Oxford</b>	<b>4297</b>
Cherwell	1875
South Oxfordshire	1197
Vale	1149
West Oxfordshire	785

Source: Tribal (2007) *Oxfordshire Housing Market Assessment: Final Report*

**Table A4: Affordability ranking of house prices in Oxfordshire districts showing positions within the 67 districts in South East region**

<b>Oxford</b>	<b>10<sup>th</sup> least affordable</b>
South Oxfordshire	16 <sup>th</sup> least affordable
Vale	23 <sup>rd</sup> least affordable
West Oxfordshire	28 <sup>th</sup> least affordable
Cherwell	43 <sup>rd</sup> least affordable

Source: Tribal (2007) *Oxfordshire Housing Market Assessment: Final Report*

**Table A5: Projected ratio of households to dwellings for affordable housing (Year 20):**

	<b>High</b>	<b>Low</b>
<b>Oxford</b>	9.66	3.74
<b>Cherwell</b>	1.79	1.18
<b>Vale</b>	1.53	1.00
<b>West Oxfordshire</b>	1.44	1.28
<b>South Oxfordshire</b>	1.3	0.99

Source: Tribal (2007) *Oxfordshire Housing Market Assessment: Final Report*

**Table A6: Affordable Housing Development Programme, 2004/05 – 2007/08**

<b>Funding:</b>	<b>HC</b>			<b>HC/OCC</b>			<b>OCC</b>			<b>Non grant</b>			<b>Total</b>
<b>Land:</b>	<b>OCC</b>	<b>Pvte acq</b>	<b>S106</b>	<b>OCC</b>	<b>Pvte acq</b>	<b>S106</b>	<b>OCC</b>	<b>Pvte acq</b>	<b>S106</b>	<b>OCC</b>	<b>Pvte acq</b>	<b>S106</b>	
<b>2004/05</b>	0	43	92	10	0	0	0	0	0	0	0	0	<b>145</b>
<b>2005/06</b>	0	0	159	0	0	0	0	0	0	0	2	0	<b>161</b>
<b>2006/07</b>	19	121	137	0	0	0	0	0	0	0	0	5	<b>282</b>
<b>2007/08</b>	38	0	12	6	0	0	0	0	0	0	0	0	<b>56</b>
<b>Total</b>	<b>57</b>	<b>164</b>	<b>400</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>5</b>	<b>644</b>

Source: Oxford City Council

Key: HC = Housing Corporation; OCC = Oxford City Council, S106 = section 106; Pvte acq = privately acquired

## APPENDIX 2: POCKET LIVING PROPOSAL

**Title of Proposal:** Pocket: non-grant intermediate housing for sale

**Source of Proposal:** Pocket Living Ltd.

### **Summary of Proposal** *(Please keep to a maximum of 200 words)*

Pocket builds an innovative form of affordable housing that requires no grant, is secured in perpetuity through a S106 agreement and sold to key workers and others outright on a means-tested basis.

Pocket builds its developments on small sites where the average developer-led proposal would aim to stay below the threshold at which affordable housing is required. On these infill sites Pocket proposes affordable housing that is truly additional to that which a Council could otherwise expect. More recently, Pocket has also started to look at larger sites where, for a variety of reasons, there may be scope to deliver the affordable housing component of a scheme through intermediate housing. Pocket is, for instance, working with MDL on the provision of over 100 intermediate units on the Greenwich Peninsula as part of phase one.

Pocket has won numerous landmark consents to give weight to its strategy (see: [www.pocketliving.com](http://www.pocketliving.com)) and is currently in construction in Camden, Hounslow and Ealing on schemes which will deliver just under 100 units by the end of 2008.

Pocket has received critical support at local, regional and national government level for its type of housing and is backed by the American multinational Cargill.

### **Potential impact on affordable housing**

Pocket concentrates on typical brownfield infill sites. Its business model focuses on those smaller sites on which the average developer would not build any affordable housing. As such, the impact of Pocket on Oxfordshire County's affordable housing would be that it would be delivering genuinely additional affordable housing that would otherwise not be generated through the planning system. The absolute number of units that might be generated in Oxfordshire is harder to try and quantify, suffice to say that in London alone Pocket is aiming to build a minimum of 500 Pocket units annually and it would expect to be able to deliver meaningful numbers in Oxfordshire as well.

### **Costs**

Pocket units are delivered grant free and, therefore, make no demands on the public purse. The units are priced at an average discount of at least 20% to the local market. Independent research done for Pocket by CBRE confirms that with this discount, some 40% of key workers, who would otherwise be priced out of home ownership, are able to get their foot on the property ladder.

### **Risks**

When Pocket is new to a local authority, it sometimes faces the problem of officers not feeling able to move away from standard policy. A Pocket scheme by definition falls between the various policy planks of a local authority seeing that the company delivers non-grant assisted affordable housing on small sites in numbers that lie above the threshold for affordable housing, but where its provision is 100% intermediate. The Pocket approach, therefore, often requires extra explanation and support as it can not merely be dealt with through standard policy.

As such, most Pocket schemes tend to be championed by senior officers and Members who want to see a scheme succeed and it is worth pointing out that in all the boroughs where Pocket is, or will be working shortly (e.g. Camden, Hounslow, Ealing, Hackney, and Wandsworth), it has ended up with schemes that have full officer support.

### **Issues**

None (see below)

### **Obstacles to viability**

None, other than a joined-up local authority and a hard working developer.

**Sustainable buildings and thriving communities** *(What are the impacts with respect to sustainability and creating a thriving community?)*

Pocket schemes tend to be car free in areas with high public transport accessibility. As such their environmental impact is by definition low. In addition, Pocket developments comply with all key Lifetime Home principles as well as national and local environmental standards. As Pocket developments often are infills in areas with high concentrations of social rented accommodation, Pocket's intermediate units bring vital tenure diversification to monocultural areas and assist greatly in building mixed and balanced communities.

**Action required by the Panel** *(What can the Panel do, either directly or indirectly to implement this proposal?)*

Pocket is working closely with a number of local authorities to identify the potential for its type of infills from within their own public land holdings. In addition, Pocket acquires land in open competition in the market place. Pocket would be delighted to work on a programme of identifying infill sites in Oxfordshire that meet its, and the County's, criteria for affordability. Pocket looks forward to giving a fuller presentation of its business to your Select Committee in April/May.

### APPENDIX 3: ASSETTRUSTPROPOSAL

**Title of Proposal:** Assettrust's model for affordable housing

**Source of Proposal:** Assettrust Ltd

#### **Summary of Proposal** *(Please keep to a maximum of 200 words)*

Assettrust Housing is a private company that provides affordable homes for rent and for shared ownership in partnership with local authorities. We are financed by private equity Investors, and major city banks.

We acquire:

- Section 106 packages
- Section 106 packages plus extra homes – we sell the extra homes on a shared equity basis
- Private full market specification housing which we sell on a shared equity basis

We do not require social housing grant or other forms of public subsidy.

We offer 100% nominations to the local authority and there does not have to be sub-regional nominations – therefore all rented homes can be let and sold according to Oxford's priorities.

AHL's homes are managed by RSLs and are let on the same basis as other RSL housing with rents set according to the government's formula and with access to the Housing Ombudsman. There is no right to acquire and therefore homes remain let at affordable rents in perpetuity.

Shared equity purchasers can buy as little as 12.5% as an initial share thus making this form of housing more affordable to people on lower incomes.

#### **Potential impact on affordable housing** *(Please include an indication of the potential additional housing units that could be provided)*

AHL provides homes with no grant funding and has helped local authorities to break difficult negotiations with developers on S106 sites where no grant is available and developers have sought to minimise the affordable provision or to provide a higher percentage of shared ownership homes on new developments.

AHL can provide real "additionality" by acquiring private market specification homes on new developments and making them available as shared ownership homes for Council nominees.

#### **Costs**

There are no costs to the local authority.

For the residents, rents are the same, comparing like for like, with rents on other RSL homes. Shared owners may pay less than the norm if they opt to buy a low initial share.

**Risks**

There are no risks falling on the local authority. Normal development risks are borne by Assettrust and the developer.

In the unlikely event of Assettrust becoming insolvent, it seems reasonable to assume that, because of the involvement of an RSL as manager, its funder would seek to sell the homes to the RSL. AHLs affordable homes are subject to Nominations Agreements binding on the land, so the homes are preserved as affordable into the future in any event.

**Issues**

There is complete transparency about the basis of the letting with tenants: the homes are owned by Assettrust but managed by its RSL partners with all normal responsibilities and rights, except for right to acquire.

The Council can use S106 and Nominations Agreements to secure its interests in the types of affordable homes to be provided by AHL, and to preserve Nomination rights into the future.

**Obstacles to viability**

None

**Sustainable buildings and thriving communities (*What are the impacts with respect to sustainability and creating a thriving community?*)**

Assettrust Housing's rented homes are provided to the same standards as those of RSLs and follow Housing Corporation guidance set out in the Code for Sustainable Homes/Scheme Development Standards etc. AHL is keen to work with the Council and its RSL partners to ensure balanced and sustainable communities and its Investors, given that they are funding the homes, are acutely interested in quality homes and thriving communities.

**Action required by the Panel (*What can the Panel do, either directly or indirectly to implement this proposal?*)**

Support the proposal

## APPENDIX 4: UNDER OCCUPATION PROPOSAL

**Title of Proposal:** Under Occupation in Social Housing

**Source of Proposal:** Phil Hardy – Head of Housing, Oxford Citizens Housing Association

### **Summary of Proposal** *(Please keep to a maximum of 200 words)*

Many Local Authorities, including Oxford City, are taking action to encourage residents who are under occupying their existing tenancy to move to smaller accommodation. Common approaches include financial incentives and priority on the waiting list.

This proposal seeks to take this work on a further stage and is to employ a part time post within Oxford City to carry out:

- Research work to understand the full extent of the opportunity this presents;
- Co-ordinate a City wide approach to under occupation using the ORAH network of RSL's;
- Actively seek out the residents that are not currently know to us;
- Provide support to residents wanting to take up the opportunity to down size.

### **Potential impact on affordable housing** *(Please include an indication of the potential additional housing units that could be provided)*

There are currently 120 households registered with ORAH that have indicated an interest in moving to smaller accommodation, however these are just the residents that have made a positive move to register. The number of residents that are under occupying across Oxford is unknown.

### **Costs**

These are difficult to estimate as there would be contributions in kind from the RSL's contributing to the work with officer time. However, experience in delivering large projects such as Common Register, Choice Based Lettings, etc shows us that a central co-ordinator post is invaluable. I would estimate these costs to be around £19k for a 12 month project. This would be a part time post with a salary of £21k-24k and include on costs at 20%.

## Risks

Financial – risk that take up exceeds the incentive schemes offered by Oxford City Council and RSL's.

Reputational – Social housing continues to promote a home for life and pro-actively approaching individuals to move presents risks.

Success also presents risks as maximum occupancy on all stock may result in child density issues.

## Issues

Research, although old now (2001), from what was DETR suggests that incentives alone will produce limited results and that a number of other factors are important including:

- Quality of properties that residents find attractive
- The need to overcome the practical barriers not simply the financial ones
- Helping people understand the process of moving to other properties.

Need to be confident that scheme delivers value for money, the counter view to this is that it is unquestionably more cost effective than building new units.

## Obstacles to viability

Having the co-ordinator post is key, as is having the right balance of skills in this post.

Political will and support is vital. Oxford City already give priority on the waiting list for under occupancy, this shows that support is there. This proposal pushes further with us challenging the 'home for life' culture, it may also identify difficult challenges such as degrees of under occupancy. What I mean by this is "is it acceptable to give priority to a single person to move to a 2 bed if they move from a 4 bed?".

## Sustainable buildings and thriving communities (*What are the impacts with respect to sustainability and creating a thriving community?*)

- **Residents will be in properties that meet their needs, this contributes to better quality of life generally including educational standards, health, etc.**
- **Residents who are in the property that want are more likely to stay and contribute to the community.**

## Action required by the Panel (*What can the Panel do, either directly or indirectly to implement this proposal?*)

- Support the proposal to run this project for 1 year with funding for the co-ordinator post, not to exceed £19k;
- Show support in the community for the scheme to encourage residents to move to smaller accommodation.

## APPENDIX 5: SELF BUILD PROPOSAL

**Title of Proposal:** Self Build Housing for Rent or Shared Ownership

**Source of Proposal:** Community Self Build Agency, c/o Swale Foyer, Bridge Road, Sheerness, Kent. ME12 1RH

### **Summary of Proposal** *(Please keep to a maximum of 200 words)*

Extend social housing development to include mixed groups of people that will work on the construction & training & then either rent or part own the houses of flats they build

### **Potential impact on affordable housing** *(Please include an indication of the potential additional housing units that could be provided)*

This can provide move on accommodation, ease waiting lists, & assist individuals into a better quality of life.

### **Costs**

Each project would need SHG + Capital costs, via Housing Association; and revenue costs of around £75k to £85k per scheme raised via local partnership/steering group. The revenue costs include the employment of a support worker. Copies of reports/presentations from other similar projects could/would be made available for further reading prior to formal discussions to progress a project.

Construction costs tend to be higher than for conventional development because contractors are liable to anticipate extra costs of rectification and wastage in their tenders. These can be reduced if the contractor employs a multi-skilled tradesperson to work alongside the self-builders.

### **Risks**

Very limited, depending on tenure & area make up. There is a risk that some self-builders will drop out but experience shows the dropout rate is low. It is a good idea to recruit extra members to a reserve list so that any members who do drop out can be replaced quickly. If it is not possible to find a replacement self-builder, the housing association can simply let the home in the usual way.

### **Issues**

Mainly for Housing Association & Local Authority, about need & timing of development. Housing associations are sometimes initially reluctant to take part but if there is a strong lead from the Local Authority with land and funds available, we find that Housing Associations fall over themselves to get involved.

### **Obstacles to viability**

Lack of understanding about how these projects can work within the normal framework of a social housing development scheme. Not re-inventing the wheel, just shaping the spokes to fit the local requirement through partnership working.

Sustainable buildings and thriving communities (***What are the impacts with respect to sustainability and creating a thriving community?***)

***Quality of life & how this impacts on the individuals participating***

With over 130 completed projects it has become evident that groups working together to create their own homes are also developing long lasting relationships that ensure their environment is both welcoming & lasting. To know your neighbours prior to moving is a great benefit to these types of projects. In the case of young persons projects the life span of the tenancy is very often twice as long than if the YP was granted a tenancy without the other input.

**Action required by the Panel** (*What can the Panel do, either directly or indirectly to implement this proposal?*)

Gain information of other recently completed projects. Learn from how they have enhanced the local areas & the individual's lives/outlooks. Pass this on through reporting and presentations.

## APPENDIX 6: ARC4 PROPOSAL

**Title of Proposal:** Rent to Purchase Model

**Source of Proposal:** arc4 Ltd

### **Summary of Proposal** *(Please keep to a maximum of 200 words)*

We have developed a flexible homeownership product to assist first time buyers unable to access social housing but not able to afford outright sale. The product enables households to rent initially and move into shared ownership at a later date. The initial rent is at the lower end of market levels, the price of the property is fixed from the start (for up to 5 years), there is an option for households to take on the repairs and maintenance themselves and obtain a bonus for doing so on purchase. Part of the rent is refunded on purchase.

Initial buy in levels are flexible and staircasing then increases to 50%, 75% and eventually outright ownership but this can be varied. The product to date works on new build property without subsidy and primary research suggests it will be popular, particularly with young households and growing families.

In areas where affordability is required to be 'in perpetuity' the product will work within a 'Tenants in Common' legal structure. The product is supported by a financial viability model which is primarily driven by sales

The model can be used by local authorities, developers and housing associations  
It also works for mortgage rescue packages.

### **Potential impact on affordable housing** *(Please include an indication of the potential additional housing units that could be provided)*

The financial model supporting this product is self financing. The balance between cost and rents charged is critical but we are able to model any given scenario and risk. The model has been built from the assumption that the "Rent to Purchase" scheme would be run by a Housing Association (or similar body) on a "not for profit" basis. The model explores the finances of such a scheme (for the developing Housing Association) over a 35 year period (should the scheme actually run that long). It has three inbuilt sales scenarios (fast, medium and drawn out) so that sensitivity to fast and slow sales can be assessed. A further "bespoke scenario" worksheet is also included to allow customised entry of sales scenarios. The model also models the situation of zero sales, to show the cost/surplus of running the scheme purely at (sub) market rent levels.

It potentially can provide as many units as an initial investment can build or buy off the shelf.

### **Costs**

The modelling indicates that in some localities it may be viable to run a "Rent to Purchase" scheme without public subsidy. In the short term however, the early examples of any such scheme would carry set-up and "learning" costs, and the appraisals indicate that some schemes would experience a degree of short term revenue shortfall.

While scheme-based public subsidy will always improve the viability of any scheme and can be used to reduce initial rent levels there is also a case for providing associations with an amount of funding to cover the start up costs and initial risks associated with developing and launching a new product. 'Pump priming' pilot project funding at the level of say £5,000 on the first 20 properties brought into the scheme would represent very good value for money and a very low cost per household helped.

Costs are dependent upon local areas and the initial costs to establish a project include:

- Cost of build or acquisition
- Cost of marketing/finding applicants
- Managing the property

- Cost of sales/staircasing

If this is a product that is chosen for further investigation, there will be costs for retaining the services of arc<sup>4</sup> to model and develop a bespoke product that works within the Oxford market and these costs will be established prior to the commencement of the project.

## Risks

We have recognised three risk areas:

### Demand risk

- **Do would be home owners actually want this as a product and will they convert to ownership?**
  - Our research tells us they do and we have developed various incentives within the product to encourage people (sensibly) to move up the ownership ladder

### Management risk

- **Can the Housing Association or who ever develops it competently and cost effectively market and manage the product?**
  - An Association considering this as a potential opportunity should consider their experience and knowledge of letting and managing stock in the market rented sector.

### Market risk

- This reflects the exposure of the scheme to a downturn in property prices, increase in interest rates or inflation below the level modelled.

This is probably the area of greatest exposure and can be subdivided into:

#### **Risk of sales valuations decreasing.**

- To an extent this can be offset by imposing a minimum purchase price and experience suggests that shared owners tend to staircase more in a rising market than when the market is falling. The risk is further mitigated (or at least defined) by the alternative use of the properties for market rental, at least in the short term.
- Additionally, it is envisaged that the principal procurement route for acquiring the properties for the scheme will be off plan or bulk purchased from a developer, which would lead to the Association acquiring properties at a discount of between 10% and 15% to the open market value (for an individual sale). This will provide a further cushion against a market downturn.

#### **Risk of market rents falling**

- This risk only becomes material if it happens in parallel with a fall in property values. While conceivable in some markets, recent trends have been for rental yields to rise at times of house price uncertainty, particularly in markets where there is an overall high demand for accommodation.
- This risk can be further mitigated by adopting an approach of setting initial rents at the lower end of the range within the local market.

#### **Risk of interest rates rising**

- A significant rise in the cost of borrowing for the Association (without a matching rise in inflation/rent levels or property values) could result in losses but to an extent these can be managed through prudent treasury management.

## Issues

The product must be made attractive, ensuring it is taken seriously by people looking to purchase a property in the future, as well as catching the attention of others who previously may have considered themselves unable to climb the first rung of the property ladder. There are a range of options we considered in developing the product and although not included in the initial model (our client's wishes) may be attractive in your market.

The additional options considered were:

- A refundable deposit;
- A savings scheme with 'top up' from the Association/LA/developer

- A moving in package.
- Offering discount on all tranches even if purchased after the option purchase date expired.

Whilst it can be exciting and innovative to add all of the above incentives, the product needs to be simple to understand and market. At present we have found a balance between innovation, financial viability and simplicity

With all these incentives offered to encourage a move into homeownership, it has been essential to ensure that applicants can demonstrate their future ability to access a mortgage and manage the cost of homeownership. This is 'tested' through consultation with a financial advisor. A range of support services, including homeownership advice and legal support, is available on a regular, continuing basis until full ownership of the property is achieved by the householder.

### **Obstacles to viability**

Involvement with any home ownership initiative carry a degree of market risk for the association and an association's appetite to risk may be an obstacle. However, the model can provide a range of scenarios and sensitivity analysis to ensure that maximum financial headroom is included to minimise risks.

In the current economic climate, this product becomes even more popular

### **Sustainable buildings and thriving communities (*What are the impacts with respect to sustainability and creating a thriving community?*)**

**The product can be fully integrated within existing developments and provides flexible tenure solutions to households to remain living within their home regardless of their changing economic circumstances. This flexible tenure approach truly supports mixed communities and can be transported to any development**

**We are also considering linking the product to a equity loan product to offer full title ownership from the initial purchase for those households who are less attracted by shared owners. This would enable potential applicants to choose their home from the 'second hand market' rather than new build. This offers a wider choice of home to individuals and these homes are often cheaper than new build properties.**

### **Action required by the Panel (*What can the Panel do, either directly or indirectly to implement this proposal?*)**

If the panel are attracted by this product, then we would like to present it in more detail through a presentation to tell you how it was developed and why we think it has such potential. It's important you fully understand how it works and why it works in this way.

If you wanted to implement it, then we would work with you to model the financial viability using your current costs and values and it may be useful to model it against existing schemes using 'real costs'.

If attractive and viable we could go ahead and implement it.

The following action points should be considered to implement the product and we are able to project manage this process if required:

#### **Legal requirements and funding**

- Obtain a formal partner to deliver it-usually a housing association(s)
- Develop a formal policy document for the model
- Obtain legal advice with regard to the development of a tenancy agreement and legal documentation in line with the product criteria

- Discuss the potential to access risk/start up funding from the Housing Corporation
- Develop a formal risk plan in line with preferred Association(s)

### **Marketing and brand testing**

- Develop a brand and marketing strategy
- Undertaken further research to consider the views of purely private sector tenants
- Develop the documentation to accompany the product such as application forms etc
- Promote externally to partners and LAs including discussions with a developer

### **Support systems**

- Introduce throughout the organisation including management team and train staff specifically who will work with the product
- Review skills required by staff delivering the product and retrain as necessary
- Develop a financial advisor list
- Develop a solicitors list

### **Site identification/off the shelf**

- Identify a new build scheme (either built for the Association or purchased off the shelf)
- Undertake scenario testing to set the parameters of the schemes
- Market and sell

## APPENDIX 7: PRIVATE RENTED SCHEME PROPOSAL

**Title of Proposal:** Making fuller use of the privately rented sector

**Source of Proposal:** Bob Blackaby

### **Summary of Proposal** *(Please keep to a maximum of 200 words)*

Build on current initiatives to harness the resources of the privately rented sector for those who would otherwise look to social housing.

#### **Incentives for landlords**

Some landlords who are reluctant to let to people on Housing Benefit may base this on a generalised perception about the inefficiencies of local authority benefit services which may not accurately reflect the situation in Oxford. Misperceptions could be countered by more effective publicity about Oxford's performance standards and outcomes. There could perhaps also be some expansion of fast-tracking arrangements for selected cases.

Another problem may be that Housing Benefit does not cover the level of rent the landlord is seeking to charge. The local authority can, at its discretion, pay benefit on a higher rent than what is allowable locally. It is understood that these powers are used at present for some homeless cases placed in privately rented accommodation. Options for making greater use of discretionary powers could be explored. Apart from budgetary constraints there is the obvious concern that subsidising excessively high rent aids profiteering by landlords and locks tenants into benefit dependency. But the willingness to pay benefit on rents that are a little higher than those allowable for Housing Benefit may bring more landlords into this segment of the market thereby allowing more tenants to be housed, and at a fraction of the cost of building new units of social housing.

Other potential barriers facing landlords can perhaps be lowered by offering landlords a range of options from which they can choose. These could include:

- A rent deposit guarantee – sponsorship by local businesses would expand the number of guarantee that could be offered. Possibly the scheme could be linked to a savings initiative as has happened in the past.
- Full management services provided by a housing association or the local authority, based on a leasing arrangement
- A tenant accreditation scheme as at Poole, Burnley and Leeds in which tenants are accredited if they have conducted a six month tenancy in a satisfactory manner with an accredited landlord
- Fast-track loans/grant service for renovation and energy conservation work in return for letting to Council nominees.
- Advertising available homes through the choice-based lettings scheme
- Help from council officers to tackle anti-social behaviour involving tenants – there are examples from Middlesbrough and Newcastle
- Support services for vulnerable tenants

The possibility of the Council appointing a dedicated private rented sector liaison officer to act as single point of reference for landlords and tenants could be explored.

Students increase their spending power by clubbing together and jointly renting a house in the private rented sector. As an additional initiative, the Council could introduce groups of single housing register applicants to each other to see if they wished to form a group who could jointly rent in this way.

#### **Increasing the attractiveness of the sector for tenants**

Local authorities have a range of legal sanctions they can use against landlords in order to ensure that basic physical standards are met. Over and above these 'last-resort' measures the Council could consider a number of measures to improve standards including a landlord accreditation scheme and offering training for landlords.

<p>Accreditation schemes could encourage landlords to enter into periodic tenancies once an initial shortfall tenancy had come to an end. Even with this, however, some tenants may be reluctant to forgo the security of tenure they would enjoy in the social housing sector and the Council may have to offer some kind of guarantees about access to social housing once a private tenancy comes to an end, assuming the conditions of tenancy have not been broken.</p>
<p><b>Potential impact on affordable housing</b> <i>(Please include an indication of the potential additional housing units that could be provided)</i></p> <p>Oxford's private rented sector is very large with around 12,000 homes. It is very difficult to say how many more homes would be made available to those traditionally relying on social housing as a result the initiatives outlined above.</p>
<p><b>Costs</b></p> <p>The costs would predominantly be in terms of staff time. Private sector underwriting of rent deposits would reduce the burden on council resources. There would be additional Housing Benefit costs because rents are higher than in the social housing sector, particularly if discretionary payments are made.</p>
<p><b>Risks</b></p> <p>Risks are low. There are no capital costs. Some tenancies will fail. It will be necessary to call in some rent guarantees. Some landlords will withdraw.</p>
<p><b>Issues</b></p> <p>The initiative does not actually add to the supply of homes, it only seeks to re-direct lettings to a particular sector of the community. The proposal would work better if there could some reduction in demand from students if more accommodation were to be provided by the universities.</p>
<p><b>Obstacles to viability</b></p> <p>The main obstacles are resistance to this segment of the market by landlords and negative perceptions of the sector by some potential tenants. The proposal outlines ways in which these perceptions could be addressed.</p>
<p>Sustainable buildings and thriving communities <b><i>(What are the impacts with respect to sustainability and creating a thriving community?)</i></b></p> <p><b>One of the options relates to support to vulnerable tenants. Another concerns help to landlords to tackle anti social behaviour. These should have a positive impact on the creation of thriving communities.</b></p>
<p><b>Action required by the Panel</b> <i>(What can the Panel do, either directly or indirectly to implement this proposal?)</i></p> <p>Give it its endorsement in order to establish it on the Council's policy agenda. Seek private sector involvement in the rent deposit guarantee scheme.</p>

## APPENDIX 8: THE CHATHAM HOUSE RULE

The Chatham House Rule reads as follows:

**"When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed".**

