

Housing Study: to support the development of a Joint Housing Delivery Strategy for South Oxfordshire and Vale of White Horse

Final Report

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South Oxfordshire DC and Vale of White Horse DC
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Executive Summary

1. This study was commissioned by South Oxfordshire District Council and Vale of White Horse District Council (hereafter referred to as South and Vale) to provide an evidence base to inform the development of a 10 year Housing Delivery Strategy for the two authorities.
2. Vale is planning to enable development of 22,760 new homes over the period 2011-31, and South is planning to enable development of 17,050 over the period 2011-33. This strategy sets out the actions and policies needed to deliver this number of new homes, and provides advice on the mix of homes needed in terms of tenure, size and type of dwelling.
3. The delivery challenge is considerable. Taking into account the new homes already built in the period 2011-16, Vale needs to deliver on average 1,166 additional homes every year over the 15 year period 2016-31 to meet its own identified need. From April 2019 this requirement will rise to 1,350 dwellings pa, as Vale provides for some of the unmet housing need of Oxford City.
4. Taking into account the new homes already built in the period 2011-16, South needs to deliver on average 847 additional homes every year over the 17 year period 2016-33. If South is required to meet an element of unmet requirements arising from Oxford City, the number of homes to be provided from 2019-33 would be around 1,115 dwellings pa.
5. Development of new homes at these levels have only been achieved in Vale in one of the last 25 years, starting in 1990, this being in 2015/16; in the same time period South has only delivered this number of homes in two years since 1990, these being 1993 and 1994.
6. The central recommendation of this strategy is that South and Vale take on the role of '*Housing Delivery Enabler*', a term used to describe the proactive management of housing development to ensure delivery targets for housing are met. This function goes well beyond the traditional development management function.
7. The Housing Delivery Enabler role requires the authorities to have a deep understanding of the process of housing delivery from beginning to end, and to work proactively with developers to ensure the delivery of the right quantum of new homes, of the right mix, at the right time, in the right place. To achieve this requires active project management of relationships and resources across the public and private sectors.
8. In many senses, the role of Housing Delivery Enabler is similar to that of a Development Corporation. It involves the co-ordination of public sector decision making and investment from different sources, and joint working with the private sector to deliver new homes to an agreed timetable, while maintaining oversight of quality and place-making.
9. South and Vale will need to put in place people to perform this function to deliver the Didcot Garden Town. The wider South and Vale role can emerge from this initial strategic focus, but it needs to follow on close behind if the quantum of housing that needs to be delivered within the timeframes of the Local Plans are to be built in that timeframe.

10. It has not been part of this study to assess whether the Development Management function, defined here as the assessment and approval or refusal of planning applications, is resourced to deal with this scale of demand; but adequate resourcing of this function is clearly a necessary, though not sufficient, condition for the delivery of the planned level of new homes.
11. In order to ensure that the Development Management function is adequately resourced, South and Vale need to forecast the pace at which developers will bring forward applications for new housing development. To do this South and Vale need to ensure that it has a thorough understanding of the housing development pipeline.
12. The development industry as currently structured, may well struggle to build out the number of homes, year in year out, required to meet Local Plan targets. To achieve the level of home building required to meet Local Plan requirements, South and Vale will have to take action to encourage housing delivery by means other than through traditional means of delivery which are very reliant on large and medium-sized housebuilders and Registered Providers.
13. Part of the Housing Delivery Enabler role will be to seek out investment in building new homes from Registered Providers not already active in South and Vale, from developers of housing for older people, and developers of Private Residential Communities (Build to Rent schemes); and to support growth in housing output of small housebuilders, and the custom and self-build sector. Large private and public sector employers may also have a role to play in housing delivery.
14. The role of the Housing Delivery Enabler entails South and Vale accepting a leadership role in orchestrating housing delivery, ensuring efficient and timely decision making by the key organisations involved in the planning process; forward planning of delivery through co-ordination of different agencies involved in enabling development such as the County Council and Statutory Service providers (utility companies).
15. The Housing Delivery Enabler role is to provide strategic oversight, forward planning, co-ordination and trouble-shooting expertise to get homes built. To perform this role, South and Vale is likely to need to invest in additional staff to build a team with the requisite depth of knowledge and expertise. The essential skills of this team are those of project management, but within a context of having to co-ordinate and cajole those in other organisations over which they do not have direct control.
16. Ultimately, South and Vale could become directly engaged in development either through the acquisition of land and/or providing finance for development by using its own prudential borrowing powers. Such direct intervention in the market may be necessary to achieve the Councils' objectives for the Didcot Garden Town and the Berinsfield development initiative.
17. Another key aspect of the Housing Delivery Enabler role is to ensure there is sufficient provision of homes for households that cannot afford market housing. South and Vale has a relatively small rented sector in terms of both affordable rented homes and market rented homes. This means that the proportion of the population which needs affordable housing of some form is relatively high.
18. Given current housing needs, the priority in terms of provision of affordable housing is for affordable rented housing, at the maximum level consistent with viability of mainstream development. A higher

level of overall delivery of new homes is the key to delivery of additional affordable rented homes. This reinforces the importance of the Housing Delivery Enabler role, which is all about helping to ensure delivery of greater number of homes.

19. Once the stock of affordable rented homes has increased, and pressure on the existing stock of affordable rented accommodation is reduced, consideration can be given to boosting the delivery of other forms of affordable housing. Other forms of affordable housing may be appropriate particularly in villages, where RPs have faced difficulty in letting affordable rented housing.
20. Difficulties in letting homes in these village is a consequence the lack of public transport and limited access to services and relative isolation from community and family networks, particularly if households are without a car, or one member of the household needs a car to get to work.
21. Developers are best placed to judge the appropriate mix of different sized dwellings to build in order to maximise demand, and hence delivery. In the affordable housing sector, the greatest requirement in South Oxfordshire is for 2-bed homes; in Vale the greatest need is for 1-bed properties. Overall there is no compelling evidence to seek to change the size mix of new affordable rented properties built.
22. With respect to the Nationally Described Space Standards (NDSS), it is recommended that these should be adopted in the near future for all affordable homes and for all 1-bed properties. Consideration should also be given to adopting this standard for all homes in Didcot Garden Village. It is not felt to be necessary to apply the NDSS to other market homes, where there is a much less direct relationship between the number of people living in a dwelling and the size of the home.
23. It is recommended that all new affordable homes be required to achieve the Category 2 '*accessible and adaptable*' standard (broadly equivalent to Lifetime Home Standards); and that 5% of all new affordable homes should be fully wheelchair accessible (Category 3 Accessibility Standards).
24. In the market sector is recommended that 15% of new homes should be built to the Category 2 standard, and that developers be required to set aside plots for 2% of homes to be developed for Category 3 properties. This creates the opportunity for those home-buyers who need a wheel-chair accessible home and can afford to buy a new home, to do so. If demand does not materialise these properties can be developed out as normal market homes.
25. The full suite of recommendations implies significant development in the role that South and Vale plays in the whole process of delivering new homes. It is acknowledged that to perform this role to the full will require significant investment in staffing and systems. The authorities will need to assess the resource implications, and develop a business plan.
26. South and Vale will need additional revenue streams and/or some level of Central Government funding in order for the Councils to perform the Housing Delivery Enabler role. It is critical to the delivery of the new homes that need to be built by 2031/2032 that South and Vale are enabled to perform this role. It is only to be expected that a very substantial increase in private sector investment will also require an increased level of public sector expenditure.

1. About the South and Vale Housing Delivery Strategy

- 1.1 This report was commissioned by South Oxfordshire District Council and Vale of White Horse District Council to provide an evidence base to inform the development of a 10 year Housing Delivery Strategy for the two authorities.
- 1.2 In this report where reference is made to both Councils together the phrase 'South and Vale' is generally used; and South Council or Vale Council are used where reference is being made to one of the two authorities rather than both together.
- 1.3 South and Vale are planning to enable the development of between 32,800 and 36,550 new homes over the next 15 years. The strategy focuses first on what needs to be done to ensure the required number of homes get built; and second on what type of homes should be built in terms of tenure, size, and type of dwelling.
- 1.4 This Strategy does not address the question of how many homes should be built in South and Vale or the location of such housing. These issues are being addressed through the preparation of Local Plans.
- 1.5 Vale adopted its Local Plan 2031 Part 1 in December 2016. The Plan indicates that a total of 22,760 dwellings should be built over the 20 year period 2011-2031. This implies average annual delivery of 1,138 homes pa over the plan period.
- 1.6 SODC have consulted on plans to provide at least 17,050 new homes over the 2011-33 Plan period, an average of 775 dwellings per annum.
- 1.7 **The first element of this housing delivery strategy focuses on housing delivery.** In both South and Vale the planned level of housing provision is significantly higher than both past planned levels of delivery and actual levels of delivery. A major part of this Housing Delivery Strategy is therefore focused on implementation: what actions do South and Vale need to take to deliver the number of homes set out (or likely to be set out) in their respective Local Plans?
- 1.8 **The second element of the Strategy identifies the required mix of new homes, in terms of tenure, size and type of property.** In terms of tenure, the mix will include, market homes for purchase, market rented properties, and different types of affordable homes, including probably shared ownership or shared equity properties, subsidised rented housing and Starter Homes; to this mix can be added custom build and self-build homes.
- 1.9 It is particularly important to identify the optimum mix of tenures, since properties in different tenures differ hugely in terms of affordability and their suitability to different types of household. However, it is also important to consider what is an appropriate mix of new homes in terms of size (floorspace/number of rooms/bedrooms); and in terms of dwelling type (house, flat, bungalow).
- 1.10 Often there is an inter-relationship between tenure, affordability, dwelling size, and dwelling type. Thus, new flats for sale tend to be largely 1- and 2-bedroomed properties, since in the UK they are mainly targeted at smaller households, with no children or young children. Larger properties (four or

more bedrooms) are likely to be houses mostly for market sale, with significant numbers being detached homes, rather than terraced properties.

- 1.11 A number of key factors have been taken into account in determining the need for homes of different types, sizes and tenures in South and Vale. These include the demographic characteristics of the households currently resident in the area; but an assessment is also made of how the profile of households will change over time. Consideration is also given to household incomes and affordability; the needs of different types of people at different life stages; and what type of housing is required to ensure that employers can recruit the staff they need, and that those staff have the choice of living locally.
- 1.12 **The third element of the Strategy focuses on the scope for the Councils to adopt space and building standards as parts of Local Plans.** This has two components. First, local authorities can now adopt the '*nationally described space standards*'. These set minimum space standards for new homes. A Council can make these standards mandatory, provided that the need to do so is evidenced and adoption of such standards does not adversely affect the viability of development.
- 1.13 The second aspect of space and building standards relates to ensuring appropriate provision is made in building new homes for those persons with disabilities or health conditions that limit their mobility. The authorities have the option of adopting new accessibility standards as set out in Building Regulations¹. As with the minimum space standards, if anything beyond the most basic requirement is to be incorporated into the Local Plan and made a requirement, it has to be supported by evidence of the need for such a standard.
- 1.14 The rest of this report sets out the conclusions of the study as follows:
- Section 2 provides more detail on the scale of planned delivery of new homes in South and Vale, and the associated delivery challenge.
 - Section 3 sets out the broad elements of the Strategy relating to the delivery of the housing requirements set out in the adopted Local Plan (Vale) and the emerging Local Plan (South).
 - Section 4 discusses in more depth that actions that need to be taken by South and Vale to deliver the required number of new homes
 - Section 5 presents the conclusions regarding the tenure and type of new homes to be provided and the actions required to deliver the desired mix of new homes.
 - Section 6 presents recommendations with respect to the adoption of the '*nationally described space standards*' and new, optional, accessibility standards.
 - Section 7 sets out the next steps required before the Housing Delivery Strategy can be adopted.

¹ Part M of Building Regulations (Access to and use of Buildings), Approved Document 2015 Edition

2. Housing Requirements, Local Plans and Past Delivery

2.1 Vale adopted Part 1 of its Local Plan 2011-31 in December 2016. The Local Plan Part 1 sets out the required level of housing delivery – a total of 22,760 dwellings over the 20 year period 2011-2031. This total can be broken down into two components:

- 20,560 dwellings representing the Objectively Assessed Housing Need (OAN) as set out in the Oxfordshire Strategic Housing Market Assessment (SHMA) for the Vale to be provided 2011-31
- An additional 2,200 homes being the quantum of new homes Vale has agreed to provide to help meet part of the housing requirements that Oxford City is unable to meet within its area.
- The additional 2,200 homes meeting need arising in Oxford City will be added to Vale's housing requirement when Part 2 of Vale's Local Plan is adopted or by December 2018 at the latest (7 years into the Local Plan period).

2.2 Vale's Local Plan therefore implies the following, in terms of planned housing delivery expressed in terms of an average annual figure, assuming adoption of Part 2 of the Local by April 2018.

- Between April 2011 and March 2019 the annualised housing requirement for Vale is 1,028 dwellings pa
- From April 2019 to March 2031 the annualised housing requirement will increase to 1,211 dwellings pa².

2.3 Over the 5 year period 2011-16 3,065 new homes have been delivered in the Vale, an average of 613 dwellings pa, which is 60% of the average annual delivery required over the initial period of the Local Plan period up to March 2019 of 1,028 dwellings pa (see Figure 1). As a consequence the required annual delivery of new homes to meet Vale's OAN (that is, excluding the Oxford City uplift) over the remaining 15 years of the plan period 2016-31 is 1,166 dwellings pa³.

2.4 From April 2019, when the requirement to meet the unmet need from Oxford becomes effective in the Local Plan for Vale, the annualised requirement for new homes will rise to 1,211 dwellings pa. However, taking account of actual delivery in 2011-16 the requirement for the period 2019-31 will increase to 1,350 dwellings pa⁴. Figure 1 shows past housing delivery, and the scale of future delivery if this is averaged out across the remainder of the Plan period.⁵

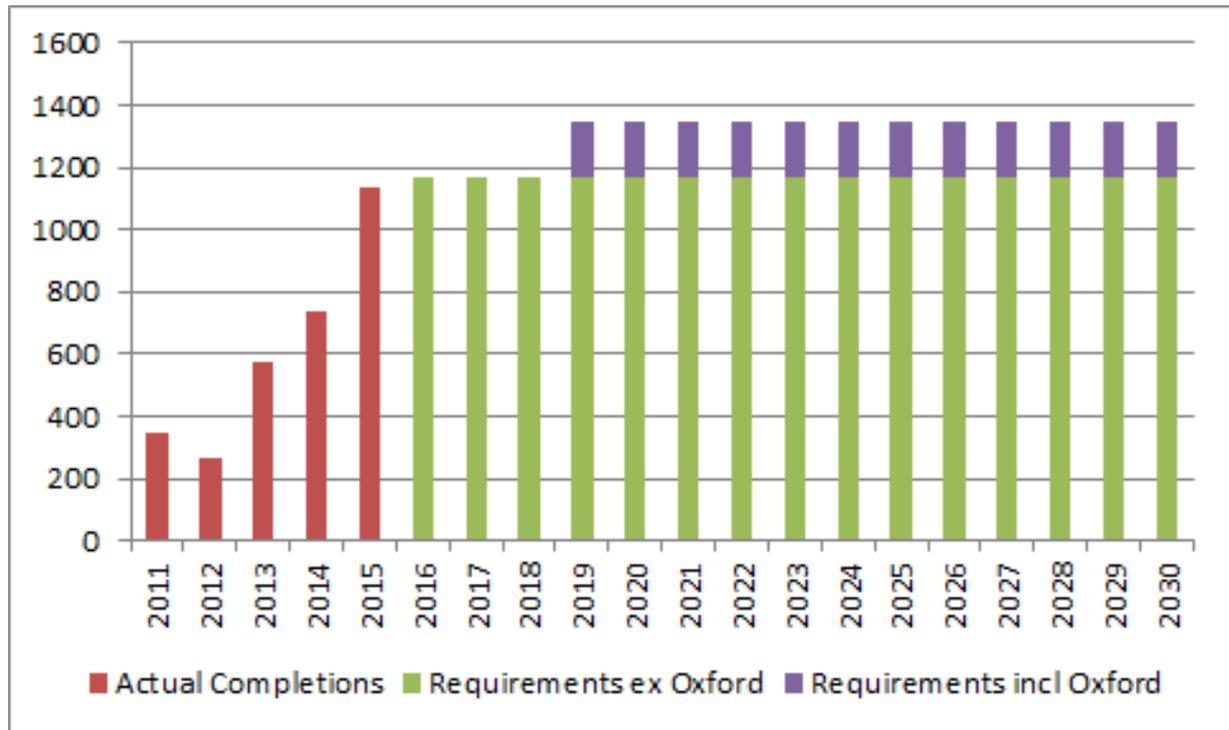
² Based on Vale's OAN of 1,028 dwellings pa plus a share of Oxford City's unmet need of 2,200 homes to be delivered over the 12 year period 2019-31, which averages 183.3 dwellings pa; $1,028+183.3 = 1,211$ dwellings pa

³ At the time this report was prepared data on housing completions in 2016/17 had not been published, though the year is ended.

⁴ Based on the required annual delivery of new homes to meet Vale's OAN of 1,166 dwellings pa in the period 2015-31, plus the 183.3 dwellings to be provided to meet part of Oxford's unmet need over the 12 year period 2019-31

⁵ The time period includes the year 2016/17 since at the time this report was prepared data on housing completions were not available.

Figure 1: Vale of White Horse - Number of Homes Delivered 2011/12-2015/16 and Average Annual Requirements to Meet Remaining Plan Requirements 2016/17 to 2030/31



Source: Wessex Economics analysis of VOWH DC data

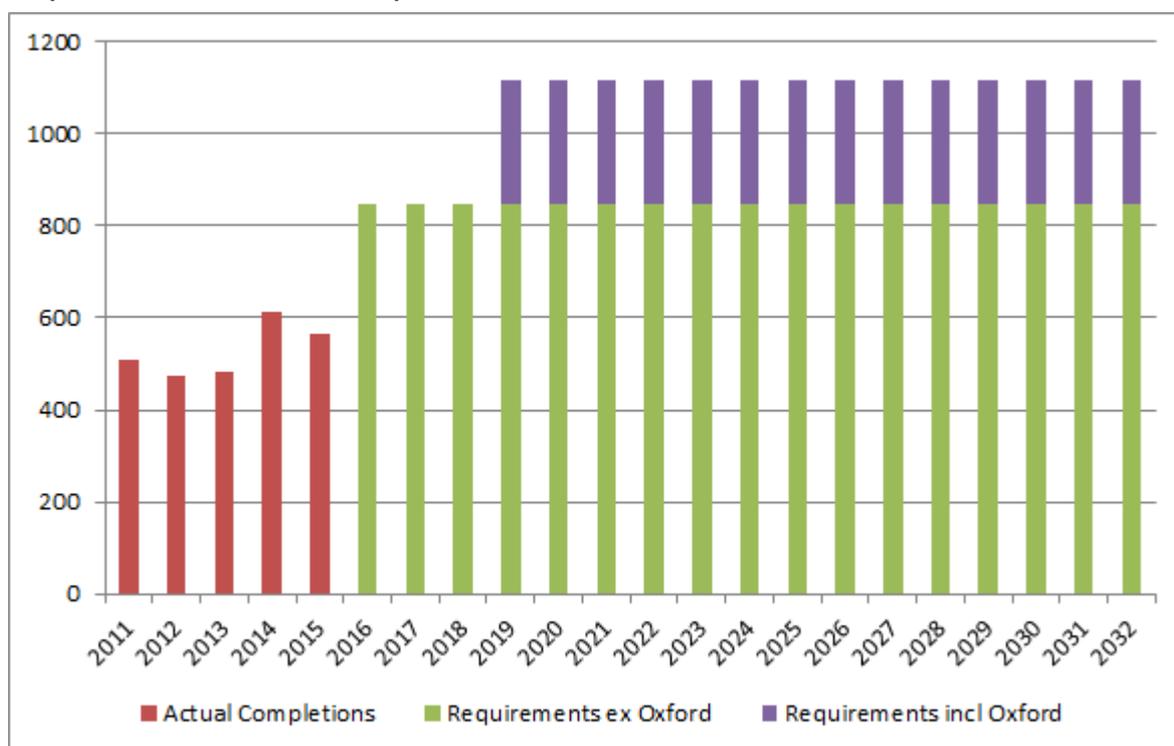
- 2.5 In 2015/16 1,134 homes were completed in Vale. This represents a considerable uplift on the number of homes built in earlier years of the plan period, but is still below the average annual requirement for the remainder of the plan period particularly once the uplift to required delivery to meet part of Oxford City’s need comes into play. On average the number of homes completed each year in the remaining years of the Plan period (2016/17 to 2030/31) needs to double (+114%), when compared to the number of homes built on average in the first five years of the Plan period (2011/12 to 2015/16).
- 2.6 The most recent consultation document produced by South⁶ indicates that the Council’s plan is to make provision for 17,050 new homes over the 22 year period 2011-33 Plan period. This represents average annual provision of 775 dwellings per annum⁷. This is based on the Oxfordshire SHMA’s figure of OAN for South Oxfordshire of between 725 and 825 dwellings pa, with 775 dwellings per annum being the mid-point of this range.
- 2.7 Over the 5 year period 2011-16, 2,647 new homes were completed in South Oxfordshire, an average of 529 dwellings pa, which is 68% of the average annual delivery required over the plan period of 775 dwellings pa. In the light of actual delivery in the first 5 years of the plan period (2011/12 to 2015/16) the required annual delivery of new homes over the remaining 17 years of the plan period is 847 dwellings pa.

⁶ Second Preferred Options consultation, March 2017

⁷ It should be noted that South Oxfordshire have a proposed plan period of 2011-33, a 22 year plan period

- 2.8 There is the possibility that South may have to also plan to meet housing need that cannot be met in the City of Oxford. Oxford City Council (OCC) has stated that it cannot provide sufficient housing to meet the OAN for the City identified in the Oxfordshire SHMA. OCC is therefore looking to the neighbouring Oxfordshire authorities to provide for this unmet need.
- 2.9 It is not automatically the case that neighbouring authorities have to accommodate in their area any unmet housing need from Oxford City. It may be possible to challenge OCC's assessment that they cannot meet their own need, or the case might be made that South Oxfordshire is unable to accommodate the unmet housing need from the City of Oxford.
- 2.10 However, South has been asked by OCC to accommodate 3,750 additional dwellings in South Oxfordshire to meet the unmet need from Oxford City. South has not made any commitment to meet any of this unmet need. But were South to either to agree to plan for these additional 3,750 homes or be required following a Local Plan Inquiry to do so, this would increase the overall Plan target for housing to 20,800 homes for the period 2011-33.
- 2.11 Including the Oxford City indicative requirement would imply the need to deliver on average 945 homes pa over the entire plan period 2011-31. In practice it is unlikely that the need for the additional Oxford City uplift would be applied before 2019. Taking account of existing completions 2011/12 to 2015/16 this would imply the following average annual rates of housing delivery:
- Delivery of an average of 847 homes pa between 2016/17 and 2018/19, this being the requirement to meet South's OAN, taking into account of the fact that fewer than the average annual requirement of homes was delivered between 2011/12 and 2015/16
 - Delivery of an average of 1,115 homes pa from 2018/19 to 2032/33 being the 847 homes pa requirement to achieve South's OAN, plus 268 dwellings pa being the Oxford City unmet housing need, assuming that South is required to accommodate this need.
- 2.12 Figure 2 shows the pattern of completions to date in South, and the required level of housing delivery to in the years 2016/17 to 2032/33 to meet the OAN set for South; and the implication of South making a full contribution to meeting the shortfall in provision arising from Oxford City. It is assumed that the earliest date any of the Oxford City shortfall might be delivered is 2019/20.

Figure 2: South Oxfordshire - Number of Homes Delivered 2011/12-2015/16 and Average Annual Requirements to Meet Plan Requirements 2016/17 to 2032/33



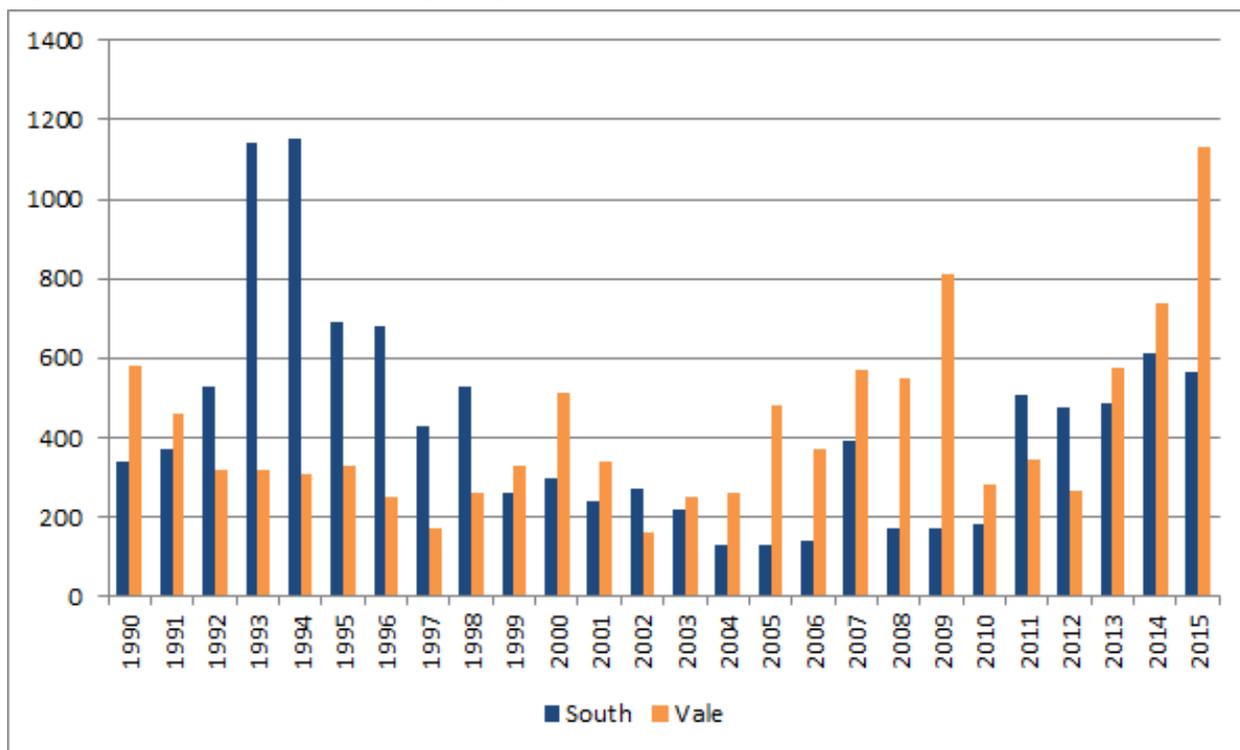
Source: Wessex Economics analysis of SODC data

- 2.13 In interpreting past performance of housing delivery since 2011, it is worth noting that the years 2011-16 include the years when the housing market was depressed following the Global Financial Crisis of 2008-09. The pace of housebuilding nationally has been characterised over many decades by periods of relatively high levels of new housebuilding and periods of relatively low levels of housebuilding, and this pattern is likely to continue into the future.
- 2.14 In view of the cyclical pattern of housebuilding it is probable there will be another downturn in the UK housing market before 2031. Therefore, while Figures 1 and 2 show average delivery rates spread across the plan period, it is very likely that there will need to be years when housing delivery exceeds the maximum levels shown in the charts, so as to compensate for years when, delivery rates fall below the average required to deliver plan targets because of market conditions.
- 2.15 In both South and Vale, the levels of housing delivery required over the next 15 year are substantially greater than have been delivered at any time over the past 25 years. Figure 3 shows the pattern of housing delivery since 1990. Figure 3 shows that only in two years (1993 and 1994) have more than 1,000 homes been delivered in a year in South Oxfordshire⁸. In Vale, only once has more than 1,000 homes been delivered in these 25 years; but this was achieved recently in 2015/16, the last year in which completions data are available.

⁸ 1,140 homes in 1993/94 and 1,150 homes in 1004/95

2.16 However, it should be remembered that over the period since 1990 the number of new homes that were expected to be built as set out in the Oxfordshire Structure Plan and the South East Plan were very much lower than now being planned⁹. But, on the basis of past rates of delivery, South and Vale, and its partners in the housebuilding sector, face a substantial challenge in delivering the required number of homes in the course of the next 14 to 15 years. The adopted VOWH Local Plan and the emerging South Oxfordshire Local Plan imply a step-change is required in the entire approach to delivery from all the different organisations that have a role in housing delivery.

Figure 3: Historic Rates of Housing Completions in South and Vale, 1990 to 2015



Source: Wessex Economics, DCLG Housing Statistics, Table 253 Housebuilding: permanent dwellings started and completed, by tenure and district.

2.17 The scale of the challenge can be summarised as follows:

- Over the remaining years of the Plan period, Vale has to deliver more than double (+114%) its annual delivery of new homes each year, when compared to average annual delivery of new homes in the first 5 years of the Plan period.
- South, in meeting its own OAN, has to deliver a 60% uplift in the average number of new homes built each year over the remaining period of the Plan, when compared to average annual delivery in the first 5 years of the Plan period.

⁹ The Oxfordshire Structure Plan set out a requirement for provision of 500 homes pa in South and 450 homes pa in Vale; the South East Plan identified a housing requirement for 547 homes pa in South and 578 homes pa in Vale.

- However, if South accepts (or is required to accept) the need to provide for the shortfall of provision in Oxford City, South will have to deliver each year double (+102%) the number of homes delivered in the first 5 years of the Plan period.

2.18 To deliver the housing numbers required, South and Vale need to become pro-active enablers of new housing development. For South and Vale this role entails change well beyond the Councils simply scaling up their capacity to scrutinise and approve planning applications. However, the delivery of new homes is not primarily the responsibility of South and Vale; it is the responsibility of the development industry as a whole. Though the grant of sufficient planning permissions is essential to delivery, it is not sufficient to ensure the building of the required number of homes.

2.19 To deliver the numbers of new homes needed will require a significant step change in investment by the housebuilding sector and other public and private sector partners, such the utility companies, the County Council and the LEP. Every part of the housebuilding sector will need to improve its performance; co-ordination and collaboration between many partners will be essential to delivering the new homes required.

2.20 In addition, Central Government will also have to deliver on promises made in the 2017 Housing White Paper that funding will be available to help fund the development management function and the infrastructure that this scale of development will require. Central Government will also have to ensure that those parts of the housing delivery system for which it is responsible for are taken forward with urgency. The most important Central Government responsibility, other than funding infrastructure and supporting housing delivery, is the regulation of utility providers which are required to deliver timely, cost efficient, delivery of connections to essential services.

2.21 It is also unlikely that the scale of delivery required will be achieved solely by using traditional construction methods, or reliance solely on traditional development funding models. This has been recognised in the Housing White Paper '*Fixing our Broken Housing Market*' published in February 2017. Innovative delivery models that have been piloted will have to be scaled up, and new industry participants brought into play. The challenge is a nationwide challenge – but this is a challenge in which South and Vale are well placed to play a prominent part.

3. A Strategy for South and Vale to Boost Housing Delivery

- 3.1 Delivery of the planned number of new homes in South and Vale represents a major challenge not just for South and Vale, but also for the development industry and other organisations which are essential to the housing sector such as the utility companies. This section of the report maps out the key elements that need to be put in place to enable delivery on the scale required, the actions that need to be taken, and the related resources that need to be deployed and funded.
- 3.2 The section introduces two key elements that underpin the South and Vale Housing Delivery Strategy
- First, a short explanation is given of just why it is so difficult to deliver the required level of new homes in the UK. This analysis helps to identify what actions need to be taken to overcome the blockages to housing delivery.
 - Second, the key element in addressing the challenge of housing delivery is introduced. This is the proposal that South and Vale take on a central role in enabling housing delivery; South and Vale need to become Housing Delivery Enablers, rather than simply planning authorities.

Why it is so Hard to Achieve the Planned Delivery of New Homes?

- 3.3 At its simplest, there are four fundamental explanations for the consistent failure of the UK house-building sector to deliver fewer homes than identified through the plan-led system, in whatever guise this has taken (Structure Plans, Regional Plans, Local Plans).
- 3.4 **First**, all the plan-led approaches focus on what number of homes are *needed*, given population projections and other considerations, and not the level of *market demand* and *the funding available to deliver subsidised housing*. New homes have to be paid for either by those buying the properties or, if households are unable to afford a home, then some form of subsidy is required, whether that be subsidy from the Government given to developers or households (in the form of Housing Benefit) or cross-subsidy from market developments.
- 3.5 A significant factor in the under-provision of new homes relative to the assessed need for housing is that there has been either insufficient market demand, which is determined largely by the relationship between household incomes, household savings, access to mortgage funding and mortgage interest rates; or because government funding for housing has been insufficient to provide homes for all those who cannot afford to purchase or rent in the market sector.
- 3.6 **Second**, the plan-led systems which have been in place now for many decades, have had a tendency always to allocate just enough land to permit the development of the 'required' number of homes, since there has always been considerable opposition to new housebuilding on greenfield sites; and, in most areas there are either not enough brownfield sites to accommodate the required amount of housing; or these brownfield sites are not viable to develop without some form of public subsidy.

- 3.7 Identifying ‘just enough’ land to accommodate assessed requirements will always tend to result in fewer homes being built than set out in a Development Plan because, for many reasons, identified sites will not come forward for development in the time-frame set. This may be for all sorts of different reasons. These reasons include, among others:
- landowners that don’t wish to sell for development, even if they are keen to secure planning consent on their land;
 - sites that are not viable, or sites in the ownership of an entity that cannot secure the necessary funding; and,
 - sites where essential infrastructure is not forthcoming in the plan timeframe.
- 3.8 Vale has recognised the case for making allocations of development land in excess of what might be required, to allow for the fact that not all allocated sites will come forward for development, or will deliver the full number of homes that could be accommodated on those sites within the Local Plan period. This reality is reflected in Part 2 of the Vale Local Plan which is identifying additional housing sites to the those set out in Part 1 of the Local Plan.
- 3.9 **Third**, there are issues of industry capacity, many of which are linked, in part, to the cyclical character of the housing market. Thus, in the years of strong demand, the industry often experiences labour shortages and cost escalation which can slow down delivery and may affect viability; while in the years of weak demand, investment in building long term capacity in the industry is deferred or abandoned. Sentiment in the lending markets and from key investors also has an impact on the scale of development that house-builders aim to develop in any year.
- 3.10 **Lastly**, the way that the planning system interacts with the demand for housing, the availability of funding to provide subsidised housing, and the cyclical nature of the industry, creates a complexity that is not generally found in other industries. The manufacturing sector has much more control over their labour force and supply chain; and is subject to much less variability in regulatory system. In contrast, to get to the point where land is development-ready, that is, there is a full implementable planning consent, with the timetable and cost of provision of infrastructure agreed by third parties, takes many years to achieve. In this time frame demand, costs and the funding environment may change significantly.

The Role of Local Authorities as Housing Delivery Enabler

- 3.11 South and Vale only have control over one element the housing delivery process, namely the scrutiny, amendment and granting (or refusal) of planning permission. However, there are many barriers to implementation even once an implementable planning consent is in place. It is important that the planning authority (in this case South and Vale), the Highways and Education Authority (the County Council) and Statutory Providers (the utility companies), work well together to ensure that housing is delivered speedily.

- 3.12 The primary task of South and Vale, its partners in Oxfordshire County Council, and other Statutory Providers (principally the utility companies), should be to ensure that the aspects of the housing delivery process for which they are responsible does not get in the way, or delay, the process of housing delivery; and indeed, it should be that, by enhanced forward planning and co-ordination, the work of these public and private organisations actually speeds up housing delivery.
- 3.13 It is recommended that SODC and VOWH Councils take on the role of, what has become to be called, the Housing Delivery Enabler¹⁰. This is a role that goes well beyond the traditional Development Management role of Local Planning authorities. It focuses on ensuring the delivery of the right quantity of housing, of the right type, in the right place, in order to create great places to live, and to deliver sustainable development in terms of its social, economic and environment dimensions.
- 3.14 Authorities that take on the role of Housing Delivery Enabler, are committing themselves to taking on a leadership role both in terms of determining the future character of the communities for which they are responsible, but also of playing a significant part in ensuring that their vision and plans are realised. This entails Councils actively managing and intervening in the development process, providing co-ordination and, possibly, direct participation in the development process.
- 3.15 In this role the Councils will be co-ordinating investments being made by many different partners, unblocking barriers to timely development, trouble-shooting, bringing together public and private investment; and working with a wide range of partners to bring development plans to fruition in accordance with the principles of the Development Plan. This may appear to be a radical shift in the role of the South and Vale.
- 3.16 However the two authorities are already stepping into this role. The development proposals that South and Vale have brought forward for Didcot Garden Town, will require South and Vale to perform this role, even if they choose to do this through some locally established development company. The Didcot Garden Town development could provide the experience the authorities need to perform this role throughout South and Vale.
- 3.17 The Government's proposals set out in the Housing White Paper contains proposals for a Housing Delivery Test (see paras 2.47 to 2.51 for details). This is designed to make authorities more accountable for delivery of their housing targets. This is part of a wider suite of proposals to hold both developers and local authorities accountable for delivering the number of new homes identified in Local Plans. Where authorities fail the Housing Delivery Test, the presumption in favour of development will apply; this is perceived to be a means to ensuring delivery of additional homes.
- 3.18 In essence the proposed introduction of the Housing Delivery Test, increases the pressure on authorities to ensure that they are delivering the planned level of housing as set out in the Local Plan.

¹⁰ The role of Housing Delivery Enabler was first fully set out in the Elphicke-House Report, commissioned by the Government in December 2013 and published in January 2015. The report is available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/398829/150126_LA_Housing_Review_Report_FINAL.pdf

Failure to do so will result in sites not identified in the Local Plan being approved under the general presumption in favour of sustainable development as set out in Paragraphs 11-16 of the NPPF. If South and Vale wish to ensure development happens in accordance with their Development Plans, then the introduction of the Housing Delivery Test is likely to require the two authorities to be more pro-active in enabling development.

3.19 Elsewhere in the White Paper, the Government commits itself to taking a *‘more co-ordinated approach across government to make sure the right infrastructure is provided in the right places at the right time to unlock housing delivery’*. This commitment gives South and Vale and their development partners the scope to challenge central government or other partners such as the Highways England to take the necessary action to unlock housing delivery. The responsibility for delivery is widely shared, but South and Vale have the biggest stake in ensuring that their Local Plans are implemented.

3.20 Thus, while the role of the Housing Delivery Enabler will need to be developed over time, it is important that South and Vale start quickly to build on its current experience, and lead the way in the region. It is a role that should be developed in discussion with partners in the housing sector, particularly developers. The seven steps to developing this role to its fullest potential are shown in Figure 4. There are 5 key tasks, which are broadly set out in the order in which, in Wessex Economics’ view, it would make sense to take them forward. There are two cross-cutting themes that apply at all stages of development of the role of Housing Delivery Enabler.

3.21 Each of these steps is discussed in turn in Section 4.

Figure 4: Steps in Developing the Housing Enabler Role

1. Forward Planning of Housing Delivery	Resource and Staff Planning	Prioritisation
2. Development Management and Planning		
3. Co-ordination of Infrastructure Investment		
4. Increasing the Diversity of Housing Delivery		
5. LA Investment in Land & Development		

Source: Wessex Economics

4. Implementing the Housing Enabler Role

- 4.1 This section sets out what South and Vale need to do if it is to embrace fully the role of the Housing Enabler; a role that the two authorities have to embrace, at least in part if not in whole, in order to deliver the quantity and quality of new homes both authorities are planning to provide.
- 4.2 The section is presented under the following headings:
- Step 1: Forward Planning of Housing Delivery
 - Step 2: Development Management and Planning
 - Step 3: Co-ordination of Infrastructure Investment
 - Step 4: Increasing the Diversity of Housing Delivery
 - Step 5: Local Authority Investment in Land and Development

Step 1: Forward Planning of Housing Delivery

- 4.3 The ability to predict with some accuracy the volume of future development depends on a deep understanding of the way that the market for new-build housing works in a particular area. Authorities who embrace the role of Housing Delivery Enabler need to have an in-depth understanding of their new homes housing market. South and Vale are already making progress in understanding the time-frames involved in housing delivery.
- 4.4 The starting point for developing the ability to forecast accurately the delivery of new homes has to be an analysis of past trends in housebuilding in South and Vale. A full assessment should be made of historic data to understand how long it takes for development proposals to come forward and progress through the planning process; the time frame for build out, and the causal factors that influence the pattern and timing of delivery of new homes.
- 4.5 The purpose of gathering such data is to ensure that South and Vale as the Planning Authority can develop accurate forecasts of housing delivery and actively manage the pipeline of planned housing provision. Good forecasting is always underpinned by good analysis of past trends, and understanding of variables.
- 4.6 In practical terms, if a robust system for forecasting and managing housing delivery is developed, it would make sense to pilot this in that part of South and Vale where the greatest change is expected in terms of development; this would indicate implementing such a system for the Science Vale, perhaps starting with a focus on Didcot Garden Town.

Step 2: Development Management and Co-ordination

- 4.7 Wessex Economics use the term ‘Development Management’, to refer to the active management of the housing delivery pipeline. A key part of this is the local authorities’ own internal systems for assessing and approving planning applications. This is the part of the development process of for which South and Vale have direct responsibility.
- 4.8 It is entirely right that schemes should be thoroughly scrutinised, albeit a degree of proportionality should apply in terms of the resources and time devoted to scrutiny. Major schemes should, in general, be subject to greater scrutiny than small schemes. However, it not uncommon that small schemes absorb a disproportionate amount of staff time relative to the number of homes to be provided.
- 4.9 It has not been part of this study to review the effectiveness of the planning teams in the processing of planning applications. However, this is the part of the housing delivery process which South and Vale directly control. It should not be a source of delay in the development process; and therefore this function needs to be well-resourced and managed.
- 4.10 Staff time needs to be deployed efficiently between different types of planning applications. Continuity of staff involvement is also important given that schemes often take many years before a developer has an implementable consent; that is, all the pre-commencement conditions linked to the planning consent they have secured are agreed upon with the planning authority.
- 4.11 The scale of housing delivery required in South and Vale in the years up to 2032/33 is likely to mean that additional investment will need to be made in the Development Management function in South and Vale. The announcement in the Housing White Paper that planning fees will be increased by 20% will help finance investment in the Development Management function.
- 4.12 The Government’s endorsement of the Didcot Garden Town proposals may also be another means by which additional financial resources can be secured for the Development Management function, and linked to this, an enhancement to the depth and breadth of staff expertise that can be applied across the whole of the South and Vale area.
- 4.13 Given how important the Council’s own Development Management function is to the delivery of the substantial uplift in housing delivery required in South and Vale, in the period to 2031/32, it is recommended that the two authorities, undertake a review to establish how well this function is operating with current workloads and what additional investment in staff and systems may be required.
- 4.14 This review might also usefully consider the merits of establishing a locally-led urban development corporation linked to the Didcot Garden Town proposals, or possibly a wider geography such as the Science Vale. The Government has indicated that it supports an amendment of the Neighbourhood

Planning Bill to permit such locally-led entities to be established with permission from the Secretary of State for Communities and Local Government.¹¹

- 4.15 The discussion above has focused essentially on that aspect of the Development Management function that is focused on the processing of planning applications, and associated issues. The Development Management function, however, should be regarded as much broader than this. The Development Management function should be about active management of the development pipeline to meet the housing delivery requirements as set out in the Local Plan.
- 4.16 The management of the development process entails constant monitoring of the status of planning applications and the implementation of consented schemes; and should entail action in response to delays in delivery. This may be achieved by over-programming, based on evidence of the extent to which delays actually put back delivery; or by taking action to accelerate delivery on other sites.
- 4.17 There are legitimate reasons why delays occur in the process of granting planning permission; and there are multiple reasons why schemes which appear 'ready-to-go' in the next five years, may not deliver in this time frame. These include a downturn in the market; difficulties associated with securing infrastructure provision; a developer facing funding issues, or simply deciding that a site is not a priority at the current moment in time, in the light of other business opportunities.
- 4.18 Wessex Economics recommend that South and Vale work continuously to ensure that it has at least 7 years of '*specific deliverable sites*', as defined in NPPG, because almost inevitably some sites that form part of a 5 year housing land supply will not deliver as much as expected at the point of assessment. Having a 7 year pipeline of specific, deliverable sites will ensure that South and Vale always have sufficient sites '*to provide five years' worth of housing against their housing requirements*'¹² as required by NPPF.
- 4.19 A portfolio of at least 7 years of '*specific deliverable sites*', will enhance the chances of South and Vale being able to accelerate housing delivery if certain sites within the delivery plan are delayed. This scale of buffer will also help to ensure that poor quality, speculative, development proposals, or proposals in the wrong place, can be resisted, since the 5 Year Housing Land Supply requirement should be safe from challenge if there are 7 years of identifiable supply.
- 4.20 A key part of the Housing Delivery Enabler function of the authority is to keep abreast of changes in the delivery timescale of developments in the pipeline. The Housing Delivery Enabler team should be aware of the risk factors that could lead to the construction and completion of new homes being delayed, or being built out at a slower rate than previously anticipated. This implies building good relationships, based on trust, with landowners and developers, so that this intelligence is forthcoming.

¹¹ Government backs creation of locally-led urban development corporations, Planning Resource, 3rd February, 2017

¹² National Planning Policy Framework and National Planning Policy Guidance Paragraph: 030 Reference ID: 3-030-20140306

- 4.21 Over time, it is probable that certain patterns will emerge that allow the authorities to anticipate the proportion of anticipated output that will not come forward, and allow the authorities to compensate for this by ensuring that there is in effect, an element of *'over-programming'*; though, of course, the authority has no direct control over when planning applications are submitted, which sites commence development in a particular time-frame, and the pace of build out.
- 4.22 The Housing White Paper has suggested that Government is minded to give to place a requirement on developers to provide more information to local authorities on the timing and pace of development (see paras 2.36 – 2.38). This will help South and Vale in performing its role of Housing Delivery Enabler.
- 4.23 The Housing White Paper also proposes to provide local authorities with certain duties and powers to accelerate the building of new homes (see paras 2.39 to 2.46). However, there is no firm commitment. This is an area which Government is going to consult interested parties. Initial industry comment seems to indicate scepticism from developers that the Government will give significant powers to local authorities.
- 4.24 There seems some doubt also about how willing local authorities to withdraw planning permission by means of a completion notice, though clearly the aim would be to force the hand of the developer to get on with building. But the substantive issue is that this is only a real threat, if the local authority has other identified sites it can bring forward, or it is willing to use CPO powers to take a stalled site forward. Use of CPO powers itself would be time consuming and potentially expensive for a local authority.
- 4.25 It remains to be seen which elements of the Housing White Paper are taken forward. However, this should not delay South and Vale establishing a small team to perform the Housing Delivery Enabler role. A key role in this process would be the appointment of a development manager with a broader range of skills than often found in District Councils. The scale and ambition for development in South and Vale, particularly with respect to Didcot, would indicate the need for such a person or persons.
- 4.26 The function of this team would be to ensure that internal colleagues complete necessary work to take an application through all the necessary stages to a decision, so that delays in housing delivery are never the result of shortcomings of the two authorities; **and** that external parties, such as the County Council and other statutory consultees, respond in a timely manner, so that the planning approval process is not a source of delay in the overall housing delivery process.

Step 3: Co-ordination and Enabling of Infrastructure Provision

- 4.27 While landowners and developers have a commercial interest in progressing the development of their own sites for housing, they do not have any particular interest in maximising housing delivery consistent with the number of homes as required in the Local Plan time frame; and they are unlikely to have oversight of the different pressures on the essentially publicly-funded infrastructure on which the quantum of development depends.

- 4.28 The difference between the ‘public’ and the ‘private’ interest in housing development can be illustrated thus. A developer, or land promoter, may well press for an element of road infrastructure to be implemented at a particular point in time. Even if they pay for that infrastructure themselves, this does not automatically mean that they will immediately bring forward the site for new housing development. Having made the site more development-ready the owner may seek to trade the site.
- 4.29 In contrast, local authorities, provided they are adequately resourced, should be better placed to maintain an overview of infrastructure requirements alongside good market intelligence into the plans and investment priorities of different developers. The Housing Delivery Enabler should therefore be in a position to decide where and when infrastructure investment should be targeted in order to maximise housing output in the short term.
- 4.30 The Government recognises the importance of delivering infrastructure investment. Paragraphs 2.18 to 2.24 in the Housing White Paper discuss this issue, promising that Central Government will *‘take a more co-ordinated approach to make sure that the right infrastructure is provided in the right places at the right time to unlock delivery’*. However, the White Paper does not specify about how this co-ordination is to be delivered.
- 4.31 More effective deployment of whatever funds and project management capabilities are available for infrastructure investment, to ensure that funds unlock new housing delivery immediately, should boost overall delivery rates, and ensure that investment is not used on sites where there are other barriers that mean that housing delivery cannot commence immediately.
- 4.32 The case for resource to be put into co-ordination of infrastructure investment is all the greater where there is a two tier structure of local government; or where an element of public funding for infrastructure is involved from the LEP or a similar organisation. A local authority that has taken on the role of Housing Delivery Enabler will be best placed to make the judgement of where infrastructure investment right now will do most to bring forward new homes; and where a delay of a year or two will not make a material difference to when the new homes on other sites are actually built.
- 4.33 The example above, shows that the role of the Housing Delivery Enabler is not about whether or not projects get funding for infrastructure, but more about managing the programme of investment in a way that gives priority, in terms of timing, to those projects where making the investment now will bring forward development sooner than other investments that will be made in due course. It is not so much about funding, important as this is, as about programming and timetabling.
- 4.34 In a two tier local government structure there is also greater risk that different priorities and workloads between the lower tier and upper tier authorities is a source of delay in progressing approved housing developments. In this context, it should be noted that Oxfordshire County Council, supported by South and Vale, have submitted proposals to the Government to establish a unitary authority for Oxfordshire. However, these proposals are opposed by Oxford City Council, and Cherwell and West Oxfordshire District Councils.

- 4.35 Wessex Economics has not investigated the working relationship between Oxfordshire County Council on matters that affect housing delivery (eg highways investment, education contributions, minerals and waste issues etc). However, it would be surprising if there are not gains to be made by better co-ordination, better informed decision making, and prioritising either of staff time; or better management of investment programmes, so that funds are always used in a manner that does the most to accelerate housing delivery, by focusing resource on those developments that are 'ready to go' once the final piece of the jigsaw is in place.
- 4.36 In many areas another constraint on the timely delivery of new housing which has secured planning consent is the failure of one or more of the utility companies to deliver connections to essential services (electricity, gas, water, sewerage and telecoms) in a timely manner. Feedback from developers would suggest that the service provided by some utility companies in South and Vale has delayed housing delivery in the recent past.
- 4.37 At the national level, the performance of utility companies has been investigated by the Housing and Finance Institute (HFI). HFI's report '*How to Build Homes Faster*', published in March 2016¹³, identifies that the time and costs associated with securing provision of essential services (water, gas, electricity, telecoms) can introduce significant delays into the delivery of new homes.
- 4.38 The Government has indicated in the 2017 Housing White Paper that it is aware of this issue, and states that '*if necessary, (the Government) will consider obligating utility companies to take account of proposed development*'¹⁴. HFI have developed an approach to planning of infrastructure linked to housing provision called Infrastructure Dependencies Mapping, and recommend that this be undertaken in areas of significant housing growth by local authorities and Local Enterprise Partnerships.
- 4.39 The aim of Infrastructure Dependencies Mapping is to provide a firmer basis for forward planning of infrastructure provision and for negotiation with the relevant local infrastructure providers. This should be more effective than each developer having to undertake their own negotiations; and should also improve the forward planning undertaken by the utilities in fulfilling their responsibility with respect to their 'regulated connections' role.
- 4.40 HFI are currently working in partnership with the South East LEP, developers and the utility companies on a pilot scheme to identify ways of overcoming the delays to development associated with utility provision. Wessex Economics recommend that South and Vale and Oxfordshire County Council follow developments in this aspect of the housing delivery process, and consider the merits of adopting a similar process in Oxfordshire to that being undertaken in the South East LEP area.
- 4.41 Given the specialist knowledge and expertise required, and the development of good working relationships with utility providers that serve a larger geography than South and Vale, it probably

¹³ <http://thehfi.com/how-to-build-more-homes-faster-march-2016/>

¹⁴ Para 2.24 of the Housing White Paper

makes sense that this function is undertaken at the Oxfordshire level. But South and Vale would have a good case for early development of such as initiative to be focused in South and Vale.

4.42 This is because the co-ordination of all the relevant utilities in connection with the Didcot Garden Town proposals and the other areas of major expansion such as Wantage-Grove will be particularly important. It is vital that infrastructure capacity is delivered in a timely manner to handle the collective increase in housing and population arising from growth in both the larger and smaller settlements in South and Vale.

Step 4: Increasing the Diversity of Housing Delivery Mechanisms

4.43 The actions set out above are essentially focused on supporting housing delivery through the mainstream mechanisms of delivery as they have existed over the past 30 years, namely; private housebuilding for sale to owner occupiers and, since around 2000, sale of homes by housebuilders to buy-to-let landlords; and affordable housing developed alongside private housing or on a stand-alone development by Registered Providers/Housing Associations.

4.44 To deliver on plan targets for housing, it is very probable that there will be a need to identify new mechanisms to build homes, using different funding models; and a need to reinvigorate those parts of the housebuilding sector that are not delivering on the scale they once did, and could deliver more homes in the future.

4.45 The rationale for encouraging new forms of delivery of new homes, is that current delivery mechanisms - new homes for sale and development of traditional affordable housing - do not meet the full spectrum of demand/need for new homes. There is a need therefore to match demand and supply through a much more diverse housebuilding sector, that taps into different sources of funding, uses different mechanisms for delivery, and meets unmet demand and need.

4.46 South and Vale, in their role of Housing Delivery Enabler, should develop a strategy to support alternative housing delivery models. This requires identifying the possible new delivery models available, and assessing which of these offer the most potential for boosting housing delivery in South and Vale; and identifying the actions that South and Vale can take to support additional housing supply through these alternative delivery mechanisms.

4.47 In South and Vale, the large (national) and medium sized (regional) builders are likely to account for the majority of private sector housing output. The actions outlined previously will encourage these developers to deliver as much as they can, bearing in mind that developers are building to demand, and will not wish to oversupply the market.

4.48 In order of priority, the other partners which South and Vale should actively engage with and seek to take actions which enable those partners to increase output are:

- Registered Providers/Housing Associations
- The Homes and Communities Agency (as landowner and funder)

- Small Housebuilders
- The Custom and Self-Build sectors
- Developers of Housing for Older Persons
- Developers of Private Residential Communities - the Build-to-Rent Sector
- Employers or Institutions

4.49 Brief comments on the actions required to support the growth of housing delivery from each of these six alternative housing delivery routes. A full assessment is contained in Background Paper 1.

Registered Providers

4.50 South and Vale already have good relationships with Registered Providers (RPs) /Housing Associations (HAs) in connection with the delivery of affordable housing, both for rent and shared ownership¹⁵. At the national level a number of Registered Providers are moving into development for sale. This opens up a new delivery mechanism for homes for sale, by organisations that have a different funding model to that of the mainstream housebuilders.

4.51 If RPs, be they those already with operations in South or Vale or those that would consider establishing operations in South and Vale, were to start to build for sale in the area, this would enhance diversity in the delivery of housing for sale. Greater diversity of developers should make the overall delivery system more robust; and less prone to the cycle of ‘boom and bust’ that has characterised the for-sale part of the housing market over past decades.

4.52 South and Vale should engage with RPs already active in South and Vale, and potential new RP partners not currently active in the area, to explore the capacity, interest, and capability of these RPs to develop housing for sale (including intermediate sale) in South and Vale.

Small Housebuilders

4.53 Nationally small housebuilders used to account for a much greater share of output than they currently do. Before 1990 around 39% of all homes in the UK were built by firms that had an annual output of less than 100 homes. In the 1990s the percentage of homes built by these firms fell below 30%; and these businesses accounted for only 12% of new homes in 2005.¹⁶

4.54 Difficulties accessing finance, in securing sites, and the increasing complexity of the planning process are generally cited as major factors in the decline in the number of small housebuilders, and the number of new homes delivered by small housebuilders. The 2017 Housing White Paper states that the Government wishes to boost delivery by smaller housebuilders (see paras 3.5 to 3.13).

¹⁵ In recent years the principal outputs of RPs have been affordable rented housing and shared ownership, but other forms of subsidised rent housing and low cost home ownership are sometimes provided by RPs.

¹⁶ Reversing the Decline of Small Housebuilders, HBF, 2017

- 4.55 The measures identified in the Housing White Paper including enhanced access to finance through the Home Building Fund; the intent to create contract opportunities for SME builders through the new Accelerated Construction programme. Since 2014 developments of less than 10 homes in most areas are not required to provide affordable housing. This is another factor that should particularly help small housebuilders.
- 4.56 The most important actions that South and Vale can take to support housing delivery by small housebuilders is to ensure that sites suited to small developments are identified in Local Plans, and that there are clear policies regarding windfall sites; and that clear guidelines are developed on how applications for development on such sites will be assessed, so that the housebuilder knows clearly what it has to do secure planning consent.
- 4.57 It is hard at present to know how significant a contribution small housebuilders in South and Vale make to overall housing supply. It is recommended that work be undertaken to establish a baseline, and that in the light of this, a decision is made as to whether to work pro-actively with small housebuilders to help them make a bigger contribution to housing delivery.

Custom and Self Build

- 4.58 There is a significant overlap between the delivery of custom and self-build homes and delivery by small housebuilders. The phrase 'custom build' tends to be used where the future owner occupier of the home works with a specialist developer to build the dwelling. These 'developers' are likely to be small housebuilders who build to order, or project managers who contract with small builders to build the new home. In some cases these developers or project managers may work on behalf of a group of people.
- 4.59 At the other end of the spectrum is self-build where the self-builder chooses a design and then does much of the actual construction work themselves; or the 'self-builder' who acquires a plot, organises a slab, buys a kit house, and puts the house together themselves. Sometimes these self-builders may also employ project managers, and only undertake part of the work themselves.
- 4.60 Local authorities are required to maintain a register of those interested in custom and self-build housing plots and to make provision in response to demand for such plots. However there is a challenge to know the extent to which those who register an interest with the local authority will, in fact, want, or be able to build their home in the specific locations where provision is made.
- 4.61 South and Vale clearly have to comply with their statutory obligations. However, in the view of the scale of the delivery challenge in, Wessex Economics recommend that South and Vale wait until evidence of the scale of demand, and how best to meet it, emerges from those Councils which are leading the way on custom and self-build provision, before committing significant staff and other resource to this element of the Housing Delivery Strategy.

Development of Housing for Older People

4.62 In a Housing Delivery Strategy, encouraging provision of specialist housing for older people has three particular roles to play.

- First, it meets a growing need for older persons housing as the population of older people in South and Vale increases. The scale of anticipated growth in the older population of South and Vale is discussed in Section 5.
- Second, older persons housing is generally provided by specialist providers rather than the mainstream housebuilders. These developers have their own funding streams, and some of them have different funding models to the mainstream housebuilders. Any provision of housing by these developers represents additional housing output, on top of what mainstream housebuilders and RPs may deliver.
- Third, the development of additional specialist housing for older people is also likely to free up family housing, as older persons downsize to smaller properties. The majority of residents of such accommodation are local, so it is family housing in the same locality that is freed up. The freeing up of family housing is important to the economic objectives of South and Vale.

4.63 Developers of specialist housing for older people have specific locational requirements, and may often be willing to develop sites that are not of interest to other mainstream housebuilders. The developers have their own methods for assessing demand. In terms of housing delivery strategy, the authority should seek to maximise provision of new homes through this route, subject to development proposals being consistent with planning policy.

Private Rented Communities – Build to Rent

4.64 Investment in rented residential property which is rented exclusively to private tenants continues to grow in the UK, and is an emerging asset class for institutional investors such as Life Companies and Pension Funds. Hitherto these developments have been largely confined to London and the major regional cities, such as Manchester, Leeds, Birmingham, Bristol, Edinburgh, Glasgow and Liverpool.

4.65 The model is maturing and becoming more mainstream. Some Registered Providers are also entering the market. Property advisors JLL report that there is growing evidence of investors being willing to consider investments in what JLL term ‘Private Rented Communities’ (PRCs) in the UK’s secondary cities¹⁷.

4.66 The phrase Private Rented Communities is preferred to Build to Rent, since PRC describes the product being created and sold to occupiers rather than the mechanism of its development. Build to Rent was the phrase coined to distinguish this form of development to sale of significant numbers of new build properties (especially flats) to Buy-to-Let landlords.

¹⁷ Into the Mainstream, JLL November 2016 <http://residential.jll.co.uk/new-residential-thinking-home/research/residential-investment-report-mainstream-november-2016>

- 4.67 Key factors that determine where investors and developers are building Private Rented Communities are the rents achieved and hence yields, and the depth of the local market. The number of people in well-paid employment who want to rent rather than buy a home, is the key factor in assessing the risk of the development.
- 4.68 Wessex Economics' assessment is that currently the only place in South and Vale that might have the depth of market, and where rents would be sufficiently high to deliver the sort of income yield required at an acceptable level of risk, would be a development in those parts of South and Vale that are de facto part of Oxford.
- 4.69 All the other settlements in South and Vale are not of a size to support the sort of scale of Private Rented Community that the major institutions are currently seeking without some form of guarantee of income or underwriting of costs. Over time this may change, and incorporating future plans for Private Rented Communities in Didcot makes a lot of sense.
- 4.70 Wessex Economics' assessment would be that pure institutional investment in Private Rented Communities would not take place until towards the end of the first decade of the Didcot Garden Town scheme; but once Didcot is recognised as the sort of place in which relatively high income professionals wish to live, then it could attract development, in part because of its good rail accessibility to Oxford, Reading and London.
- 4.71 This conclusion should not preclude smaller developments of purpose-built market rent properties. However, pure private rented developments may struggle to demonstrate viability, unless sites can be found at reasonable cost, and/or development costs are under-written, rents guaranteed, or funding provided, be that in the form of soft loans or grants.
- 4.72 Wessex Economics recommend that South and Vale investigate whether there are sites or properties close to Oxford that might be appropriate for this form of development. At present land cannot be identified in Local Plans specifically for this form of residential development; but if there are suitable sites, South and Vale should highlight these opportunities to landowners and potential investors.
- 4.73 It is recommended that South and Vale ensure that proposals for Private Rented Communities are incorporated into the masterplan for Didcot Garden Town. It may take some time to generate development interest in sites identified for this use, unless major employers such as those based at Harwell and Culham can provide some level of guaranteed take up for new development.
- 4.74 South and Vale should at an appropriate stage in the Didcot Garden Town proposals, initiate a discussion between the developers of Private Rented Communities and the major employers in Science Vale, to explore whether such a development can be progressed at an earlier stage than would be otherwise be considered for a town of Didcot's size and characteristics.
- 4.75 Part 2 of the Vale Local Plan has put forward proposals for allocation of land for housing development linked to the Harwell Campus, and acknowledges the suitability of this location for development of

purpose-built housing for private rent, as part of the wider ambitions for the Harwell Campus as a mixed-use live-work-play community.

Employers and Institutions

- 4.76 In the past major employers or other institutions quite commonly provided accommodation for their workers. UKAEA at Harwell at one stage provided rented accommodation for staff working on the campus. Among science-based institutions that seek to recruit young scientists, and which have visiting scientists on secondment for significant periods of time, there is interest in developing accommodation on or close to the established campuses.
- 4.77 In some instances development could be on land owned by the relevant organisation (eg Harwell); in other cases it would have to be off-site, but ideally in very close proximity to the establishment (eg Culham). It would remain to be seen whether such developments could be part-funded by the relevant institutions. This is easier to achieve where the institution owns land, as at Harwell. However, at Culham all the landownerships are within the secure site.
- 4.78 Some arrangement such as that between Universities and student accommodation providers might be the best mechanism for securing such developments. A Higher Education Institution could de-risk development of a Private Rented Community by means of investment, provision of land, or an element of guaranteed occupation. Such arrangements could be the means of bringing this forward as an additional form of housing.

Step 5: Local Authority Investment in Land and Development

- 4.79 All of the actions outlined in Steps 1 to 4, essentially entail the local authority acting in its role of planning authority and as a Housing Delivery Enabler. South and Vale could play a much more active role in enabling development if it is willing to intervene directly in the market, by acquiring land, through either negotiation or compulsory purchase; and by providing funding for, or making investments in, housing developments. Such pro-active intervention could take a variety of forms.
- 4.80 It might entail assembly of sites in multiple ownership in order to enable comprehensive development, though this task is often complex and hence takes a long time, and can be expensive. However, local authorities are in a unique position to bring about such land assembly, because of their compulsory purchase powers. Local authorities are also sometimes able to act as 'honest brokers', where other parties are in dispute.
- 4.81 There may be sites in Didcot where land assembly will be required in order to achieve comprehensive planning of key sites; for example sites close to the station and in and around the town centre. Such developments are likely to be mixed use developments, but housing is very likely to be part of the mix. Elsewhere, development may be contingent on infrastructure investment, and South and Vale, or the County Council may be key partners in delivering the required infrastructure.

- 4.82 The proposals being worked up in close consultation with the local community in Berinsfield for major development through some form of Community Trust is another significant initiative being taken forward by South Council, and is a high priority for the Council. Consultants are currently working on the proposal, and if this proceeds it will entail significant commitment from the South and Vale officer team.
- 4.83 Another important role for South and Vale could be to work with other public sector bodies to make use of public sector land which is no longer required for operational purposes; or perhaps more likely, to work with public sector organisations that need to re-provision their service centres, but there is an opportunity to deliver housing along with some service accommodation – be that a health centre, offices, libraries or other public services.
- 4.84 The Homes and Communities Agency (HCA) is taking the lead on bringing forward major development at the former Chalgrove Airfield. Dalton Barracks and Abingdon Airfield have been identified for disposal in the 2016 MOD document ‘A Better Defence Estate’, with an indicative release date of 2029, towards the end of the current Local Plan timetable.
- 4.85 Central Government is very supportive of collaboration between public service providers to secure the best use of land and buildings in public ownership. The Government Property Unit and the Local Government Association supports the One Public Estate initiative which supports collaborative property-led projects in local areas, delivering ambitious projects that transform local services aims to make best use of central governments property¹⁸.
- 4.86 The One Public Estate initiative is clearly an initiative that South and Vale should participate in. This partnership approach involves different public sector organisations working together to be smarter in the use of land and property assets in public ownership. The success of such partnerships depends on each partner getting a better solution to their particular property needs or wider development objectives than they could by taking unilateral action.
- 4.87 In South and Vale mention has been made during consultation with officers, of the possible scope for partnerships with the Oxford NHS Trust in modernising some of the five Community Hospitals in South and Vale (Abingdon, Didcot, Henley-on-Thames, Wallingford and Wantage). Across the two Districts, there may be other opportunities for re-provision of public services and, linked into this process, providing new homes.
- 4.88 In terms of enabling housing development and raising delivery rates, it clearly makes sense for South and Vale to prioritise interventions where there is close alignment with the Councils’ broader strategic objectives; and where additionality is highest; that is, where the input of the Council in terms of either

¹⁸ The One Public Estate Initiative is a Central Government Initiative that supports joint working across central and local government to release land and property and boost economic growth, regeneration and integrated public services. It encourages public sector partners to share buildings, transform services, reduce running costs, and release surplus and under-used land for development. See <http://www.local.gov.uk/onepublicestate>

significant staff time, land or funding, will lever in the most private or other public sector funding; or where the initiative is of key importance to the delivery of the Councils' wider strategic objectives.

- 4.89 South and Vale are both debt-free authorities. Both authorities *could* therefore borrow to acquire land or to invest in residential development schemes. Both of these options might seem attractive in providing the authorities with much greater control over the specification of development in terms of quality and tenure.
- 4.90 However, South and Vale are progressing major development projects in Didcot and in Berinsfield, which are at an early stage in the strategy development process. In Wessex Economics' view, it is very possible that the emerging vision for Didcot may only be realisable with an element of investment from the two councils.
- 4.91 It would be unwise to think of use any borrowing capacity the Councils may have for any other projects until it is clear what funding is necessary to realise the emerging vision for Didcot – and to a lesser extent – Berinsfield.

5. The Tenure and Type of Housing Required

- 5.1 This section makes recommendations for policy around the mix of housing required in South and Vale, specifically in terms of the tenure, type and size of homes. The focus is on affordable housing since South and Vale have more scope to influence the characteristics of new affordable homes than market homes.
- 5.2 The section is structured as follows:
- Summary of Evidence
 - Objectives and Ambitions: the aims that underpin the recommendations in this section.
 - Short Term Measures: actions which can be taken immediately to ease pressures.
 - Medium Term Actions: actions which could be achieved within 5 years.
 - Long Term Change: the changes South and Vale are aiming to achieve over the timeframe of the Housing Delivery Strategy.

Summary of Evidence

- 5.3 **Tenure:** South and Vale have a relatively small rented sector, be that market rented or and affordable rented homes. This has implications for the ability of younger and lower income households to live in the area, and the ability of some businesses to recruit workers. It also affects the ability of both South and Vale to provide housing for individuals and households which the authorities have a duty to house because they are in housing need.
- 5.4 Discussions with businesses operating in the two authorities reveal that some experience difficulties in recruiting workers in lower paid positions. In part, this is a consequence of the shortage of cheaper rented housing (either private or affordable) housing in areas such as Henley-on-Thames and Wallingford, and the cost in time and money of travelling to jobs in these towns from parts of the Districts which have a larger stock of low cost housing. These considerations limit the pool of working age people able to take up low-paid jobs.
- 5.5 In the short term, the shortfall of affordable rented accommodation relative to needs indicates that priority should be given to securing the provision of affordable rented housing through Section 106 agreements linked to development of market homes. This is particularly so, because in the first 5 years of the Local Plan period, the number of new homes built has been less than the average annual requirement over the 20 year plan period 2011-32 as a whole.
- 5.6 The priority to be given to delivery of affordable rented homes should only be reviewed once the annual rate of housing delivery has increased to the point where significant volumes of affordable rented housing are being delivered; and pressure on the existing stock of affordable rented accommodation relative to need is reduced. This serves to highlight, just how important it is to

achieve the planned level of housing provision as a whole, since this is the key mechanism by which the need for affordable rented homes can be delivered.

- 5.7 Despite the scale of need for affordable rented homes, both South Oxfordshire and Vale Councils have faced some difficulty in letting new affordable rented homes in some villages because of their isolation and limited access to services and public transport. This indicates that, whilst the overall need for affordable rented housing is high, it matters greatly where these homes are located. The great majority of affordable rented homes need to be provided in towns and villages where tenants can readily access jobs, services and support.
- 5.8 **Type and Size:** In the market sector, the type and size of homes required for current and future residents relates to household income, wealth and life-stage rather than the size of the household. For this reason it is difficult to be precise about the range of homes required by those households able to access market housing. Moreover the pattern of demand for *new* homes in terms of the type and size may differ from the pattern of demand for *existing* homes.
- 5.9 There is a strong case that developers have a better understanding of the pattern of demand for new properties of different sizes in different locations, than is possible to generate from generalised research into occupancy patterns in the housing stock. The SHMA models the range of dwelling sizes required, based on current occupancy patterns and concludes that over half of all new properties built to 2031 should be at least 3-bed properties.
- 5.10 The profile of need for different types and sizes of homes in the affordable housing sector is determined by allocation policies. The size of properties required therefore relates closely to the size of the household, since space is severely rationed. In South Oxfordshire, the greatest 'demand' for affordable rented homes is for 2-bed properties. This is a reflection of the large numbers of households, relative to the supply, entitled to these properties. This includes families with one or two children. In Vale, the greatest pressure is for 1-bedroom properties.
- 5.11 In the short term, there is no compelling evidence to change the size mix of properties of new affordable rented properties developed. However, the Councils will need to continue to monitor the impact of changes to the benefit system and affordable housing funding regime, in particular the impact of the benefit cap, to see if this starts to feed through into reductions in the number of 3-bedroom properties planned and delivered by Registered Providers.
- 5.12 There is clear evidence of a need for expansion of specialist housing for older people to ensure that there is sufficient accommodation capable of providing care for those who need it. However, there are different options for how this expansion can be achieved. Whilst the 'extra-care' or 'assisted-living' model is seen as good practice in providing opportunities for maintaining independence and providing care, there is a spectrum of options including provision of homes which are adaptable so that care can be provided in the home through outreach services and/or through telecare.

- 5.13 The housing offer for older people has implications for the rest of housing market. Provision of specialist accommodation such as extra-care is often linked to downsizing, which frees up larger properties for other households. This is particularly important in the social/affordable rented sector as it allows younger families to access housing of an appropriate size. In contrast, policies which support care and independence in the home envisage older people remaining in the mainstream housing stock for longer.
- 5.14 **Price and affordability:** Analysis of household incomes and purchase prices within the two authorities show a substantial proportion of households are unable to access home ownership. However, average prices disguise the substantial price variability within South and Vale, reflecting the attributes of different locations.
- 5.15 There is also a substantial gap between the cost of renting and the cost of accessing home ownership, leaving a large number of households able to rent but unable to buy. There is a clear role for intermediate forms of housing provision to support lower income households and diversify the range of home available in the area.
- 5.16 Background Paper 2 presents additional evidence on the role of the private rented sector in South and Vale. This provides further context for the discussion set out in Section of the scope to encourage purpose-built private rented housing in South and Vale and has a bearing the ability of some businesses to recruit, especially at the lower end of the pay scale.

Objectives and Ambitions

- 5.17 The evidence examined in this study, draws on the Oxfordshire SHMA and Oxfordshire Joint Strategic Needs Assessment and the objectives set out in current and emerging policies. These lead Wessex Economics to conclude that there are three core objectives that South and Vale should pursue with respect to the type, size and tenure of new homes. These are:
- **Expanding the supply of affordable housing.** Whilst the focus of this expansion should be on affordable housing (as defined in the National Planning Policy Framework) attention should also be given to growing the private rented sector, which provides an affordable alternative for a range of households. The private rented sector in South and Vale is relatively small compared to other areas.
 - **Diversifying choice.** There is significant need for subsidised rented housing to accommodate households who are unable to meet their needs in the market. There is also substantial need for affordable home ownership. Whilst there is a need for all forms of affordable housing across South and Vale, in many locations provision of a particular tenure or type of affordable housing would significantly improve choice and opportunities locally.
 - **Meeting the needs of vulnerable people.** South and Vale need to expand the provision of housing with care to help older people remain independent, delay moves into care homes and reduce the burden on primary care. South and Vale, along with Oxfordshire County Council, have a desire to

expand the scale of extra care provision. There is also a need for continued provision of other forms of supported housing.

Short Term Measures (1-2 years)

Tenure Mix Checklist

- 5.18 South and Vale should maintain their existing affordable housing policies in the short term, in the light of the acute need for affordable homes for those unable to afford housing in the market. This means prioritising the delivery of affordable rented homes, or equivalent homes which are accessible to those who cannot afford to rent in the open market. However, there are likely to be sites and schemes where flexibility should be applied in the balance of affordable tenures.
- 5.19 For example, in some rural locations affordable rented properties have been difficult to let. South and Vale should consider in cases where provision of affordable rented property is unlikely to be lettable to those in priority need, whether it may be preferable to take a commuted sum that can be applied to support affordable rented housing provision in areas where there is great need. Alternatively it may be appropriate to accept provision of intermediate housing such as shared ownership properties.
- 5.20 South and Vale should adopt a consistent approach to its appraisal of what mix of affordable housing is appropriate in different locations, so that developers know that there is a level playing field for all developers, and so they can make reasonable assumptions regarding the likely mix of affordable housing they will be asked to provide. There should be a standard policy in terms of affordable housing requirements, but the Councils need to be clear what considerations would lead them to ask for a different mix to the standard requirement.
- 5.21 Wessex Economics therefore recommend that South and Vale use a standard checklist to help decide the circumstances when tenure mix should be varied to reflect site specific circumstances, and to evidence that a consistent approach is being taken across all developments. Figure 5.1 presents a table of questions, based around 10 criteria. The purpose of this checklist is to provide a consistent way of assessing what type and volume of affordable housing it is appropriate to seek in relation to development proposals or sites in different locations.
- 5.22 Whilst it would be possible to attach priority or weighting to different criteria or questions, this would limit the flexibility of the Councils to consider site specific circumstances and to attach greater weight to certain criteria depending on the context. The outcome may be that, overall, South and Vale deliver less than 75% rented housing and more than 25% affordable ownership products on some sites and in the District as a whole. However, this would be on the basis of local evidence and a consistent process for taking account of site specific circumstances.

Figure 5.1: Check List for Considering Affordable Housing Tenure Mix

	Considerations for Tenure Mix
Policy Objectives	Expanding affordable housing supply Diversifying range of affordable housing in the local neighbourhood or the District as a whole Meeting the needs of vulnerable people Does the site/scheme meet one or more of the policy objectives?
Viability of Scheme	Is the scheme or site unviable under current policy requirements? Has this been established through a viability assessment? Could viability be improved by a change in tenure mix? If a greater proportion of affordable ownership products is provided, could this be compensated by provision of rented homes on other schemes/sites?
Type of Homes eg General Needs, Extra Care, Supported	Will the scheme/site provide specialist housing eg extra care or supported housing? Is the type of housing proposed affecting the ability to provide other forms of affordable housing? Would the provision of specialist housing in this location help to meet priority needs? <ul style="list-style-type: none"> - Across the district? - In the local area? Could specialist provision, for example, extra-care help to release homes for other families? <ul style="list-style-type: none"> - In the social housing sector by releasing a property for re-letting? - In the private sector by releasing a home for sale? Does the scheme (eg extra-care) include affordable units? Are there any funding streams which could be used to support specialist housing with the aim of improving viability to deliver other forms of affordable housing on site? eg <ul style="list-style-type: none"> - Government (eg Better Care Fund) - CCG funding - S106 receipts
Government Funding	Is government funding or support available for specific tenures/types of housing? eg: <ul style="list-style-type: none"> - Starter Homes - Affordable Housing Programme - Better Care Fund Is there an opportunity to attract funding to this scheme that would not be available to other schemes/ sites? Does this merit a different tenure balance?

Characteristics of Neighbourhood	<p>Is there a high proportion of a particular tenure/ type of housing eg social rent or home ownership? Does this merit a change in tenure mix on the site to improve the range of housing locally? Is there a concentration of deprivation in the local area? Is this considered problematic eg:</p> <ul style="list-style-type: none"> - High concentration of renting leading to high turnover of residents and instability? - High concentration of home ownership with limited availability of affordable housing? <p>How will the scheme impact on this through the tenure mix and type of housing proposed?</p>
Needs of Employers	<p>Have local employers identified difficulties in recruiting or retaining staff? How would the tenure of homes on the site impact on the supply of workers?</p>
Access to Jobs and Services	<p>Is the site/ scheme well located in terms of access to employment? Is the site/ scheme well located in terms of access to public services eg schools, GPs etc If not, is there good access to public transport which would enable households to access jobs and services? If there is poor access to jobs and services would this location be appropriate for households on low incomes and/or reliant on public transport or public services? These households might include:</p> <ul style="list-style-type: none"> - Those living in social rented housing and on low incomes - Elderly people who have, or may develop, care needs <p>Could this site/ scheme be suitable for other forms of affordable housing? Would these households be better able to access jobs or services despite the location? Have RPs been able let/sell affordable homes on similar sites elsewhere?</p>
Maximising use of existing stock	<p>Would the proposed tenure mix help to release priority homes within the existing stock? eg</p> <ul style="list-style-type: none"> - Provide opportunities for older people in social housing to downsize - Provide opportunities for households in social housing to ‘move up’ to affordable home ownership
Ability of RPs to Manage Stock	<p>Is the site/ scheme in a location which can be managed and serviced by the Registered Provider? Are there any factors which would make it difficult for the RP to manage affordable housing in this location? Would the tenure balance make a difference to the RP’s ability to manage the stock in this location?</p>
Recent Delivery Patterns	<p>What is the balance of different tenures that has been delivered in the District in recent years (last 3-5 years)? What is the balance of tenures that has been delivered in the local area (eg town, village) in recent years? Does this balance imply the need for more/less of a particular tenure? Do lettings indicate this is an area of high/low demand for a particular tenure? Do sales rates (of affordable home ownership properties) indicate high/low demand in this area?</p>

5.23 The Housing White Paper *'Fixing our Broken Housing Market'* (February 2017), presents a number of policy proposals with respect to the mix of affordable housing provision. While these have yet to be incorporated into the NPPF and Planning Policy Guidance, and some proposals are subject to further consultations, it is important that the Housing Delivery Strategy for South and Vale takes note of the changes that are likely to be adopted over the next three years.

5.24 There are three elements of the Housing White Paper that are relevant to South and Vale's strategy for affordable housing provision. These are:

- A requirement to deliver at least 10% affordable home ownership on new development sites
- Identification of Surplus Public Sector Sites
- Introduction of Affordable Private Rents

Deliver 10% Affordable Home Ownership

5.25 The Housing White Paper sets out that 10% of all homes on new development sites should be provided for affordable home ownership (paragraph 4.17). The White Paper indicates that it will be for local authorities to determine the appropriate level of Starter Homes, alongside other affordable home ownership products.

5.26 However, all local authorities will be subject to a general duty to promote the supply of Starter Homes and there is a clear expectation from the Government that authorities should be providing Starter Homes (Housing White Paper para 4.16). This new requirement is consistent with existing South and Vale policies and broadly achievable given recent delivery patterns (see Section 2).

5.27 The new requirement to provide at least 10% of dwellings on a particular development site as affordable home ownership means affordable home ownership has an element of precedence over other tenures since there is no statutory requirement to provide other tenures. Where a site is capable of meeting affordable housing quotas of 35-40% of all units (current policy), this new requirement is unlikely to result in any change.

5.28 However, where a site is only capable of delivering 10-15% of homes as affordable housing, for example where viability is constrained, this will mean that the provision of affordable rented homes will be squeezed out by the requirement to provide 10% of units for affordable home ownership. This adds further importance to prioritising and delivering rented tenures on sites which are capable of providing policy compliant levels of affordable housing.

Identify Surplus Public Sector Sites

5.29 The Housing White Paper renews the call for public sector land owners to identify surplus sites which could be used to deliver housing (para 1.26). South and Vale should initiate discussions with public sector partners to determine whether they hold surplus land or buildings which could be used for priority schemes such as extra-care or supported housing. These schemes often require capital subsidy and/or discounted or free land in order to achieve a viable development. Public sector land owners

may be willing to dispose of sites or buildings at less than market value if the scheme can help to deliver important objectives relevant to that organisation. This is particularly true in the case of land held by the NHS, where the development of extra care properties would improve health outcomes of older people reduce the burden on GPs and hospital admissions.

Introduction of Affordable Private Rents

- 5.30 The Housing White Paper proposes the introduction of a new affordable housing tenure, to be known as ‘affordable private rents’ (para A.120). This new tenure is being introduced primarily to secure affordable housing in connection with the development of Private Rented Communities (also referred to Build to Rent developments). There is to be further consultation on this proposal.
- 5.31 However, as set out in Section 3, it is unlikely that there will be significant development of Private Rented Communities in South and Vale over the next 5 years. In due course this may be a suitable alternative tenure for those in need, but is not a major issue at present for South and Vale. The introduction of this tenure will be piloted and refined in the big cities where Private Rented Communities are currently being developed.

Flexibility over Nominations

- 5.32 An additional issue to be addressed in the short term is the need for flexibility in nominations in South and Vale. There are some social and affordable rented homes in South and Vale where RPs have experienced difficulty in letting properties. In part, this is because affordable homes have been delivered in rural locations and sites on the periphery of the authority area adjacent to settlements in other local authority areas, for example Swindon and Reading. Households in need of subsidised rented housing in South and Vale may find these locations unsuitable because of their distance from South and Vale settlements, relative isolation and households’ reliance on public transport and other services.
- 5.33 South and Vale should adopt greater flexibility in nominations to these properties. For example, where no local South and Vale households wish to take up a property, the Councils could offer the relevant neighbouring authorities the chance to nominate households to these properties. However this arrangement may only be acceptable to the Councils on the basis of a reciprocal nomination by the neighbouring Authority on each occasion. The other options of taking commuted sums, in lieu of affordable housing provision or adjusting the tenure mix (ie more LCHO and less affordable rent homes) have been discussed previously.

Medium Term Measures (within 5 years)

Review Affordable Housing Tenure Mix

- 5.34 It is recommended that South and Vale review its policies for the mix of affordable housing as the volume of house building increases. The scale of planned delivery could lead the supply-need equation for different affordable housing tenures to change over the years. This would imply retaining flexibility

in terms of the tenure mix required for any development, even if the affordable housing requirement as a percentage of new homes built cannot change.

- 5.35 South and Vale will need to monitor the impact of allowing additional flexibility in affordable housing tenures to take account of site specific circumstances. Following a review of the impact, the Councils could consider adopting affordable housing policies into their Development Plan which formalise the practice of allowing flexibility over the tenure mix. This could either take the form of a change to the District wide tenure policy or the adoption of policies which apply to different settlements, to reflect the different demand pressures and local contexts. The latter approach would entail more policy complexity and yet, even so, would not take account of the individuality of specific sites and schemes. It is likely that a District-wide policy but with flexibility to allow variations according to the context, along an agreed set of criteria, may be preferable.

Flexibility over Tenure of Existing Affordable Properties

- 5.36 There are some affordable properties in South and Vale, notably in the rural villages, which have been difficult to let to households in need. South and Vale should explore with Registered Providers whether there is scope to flex the tenure of these properties to ensure that they are taken up quickly and occupied. These subsidised rented properties could be rented in the private sector either at full market rents (or possibly in future as affordable private rents), which would allow the RP to return them to the subsidised rented sector as and when demand increases.
- 5.37 If there are properties that present a persistent problem in terms of letting out, the RP and South and Vale should consider switching the properties to 'rent to buy' tenure, shared ownership or even Starter Homes. Where these properties were originally provided through Section 106 agreements with developers, South and Vale and RPs would need to consider the legal constraints on any such change in tenure. Whilst this activity might only apply to a small number of properties, if the Councils can establish a process for implementing this kind of tenure flexibility it could provide greater returns in the longer term as it will enable South and Vale and local RPs to respond more effectively to the need for different types of affordable housing.

Housing for Essential Workers

- 5.38 Discussions with businesses in the local area and with stakeholders at the consultation event¹⁹ indicate that there is a case for developing 'key worker' housing, or an approach to housing workers that are essential to local businesses. Workers on low and middle incomes in the public sector, for example teachers and hospital staff were identified by some organisations as in need of affordable housing.
- 5.39 At the stakeholder event, attention was drawn to the difficulty of recruiting care workers. While there is discussion about the extent to which Artificial Intelligence (AI) may help in elderly care in the future,

¹⁹ Stakeholder event held on 18th January 2017 at the Cornerstone Centre, Didcot

the care sector will remain labour intensive, and it seems that the demand for staff will increase with the expected substantial growth in the older population. Care workers tend on average to be lower paid than key workers such as teachers, and hospital staff such as nurses.

- 5.40 At present, the affordable housing tenure most accessible to key workers such as teachers and nurses, will be low cost home ownership (LCHO) tenures on new development sites. Most will not be able to access affordable rented housing because of pressure on this tenure from people on lower incomes. However, even LCHO tenures may be out of reach of many younger education and health care professionals, and therefore many probably live in private rented accommodation. Similar issues face younger science-based professionals work with businesses based at Harwell and Culham and other knowledge-based businesses in South and Vale.
- 5.41 It is recommended that South and Vale work with RP partners, key local businesses and public sector employers, to identify whether specific products could be developed to support these workers in particular locations in the Districts. One example might be to provide some 'key worker' housing on the sites owned by employers in need of these workers, for example as part of a new extra-care development, hospital or school grounds. Such provision would probably need to be partly subsidised private rented housing, with the tenancy tied to working in a particular set of defined occupations. This could sit alongside the wider provision of LCHO properties.
- 5.42 In the past, key worker housing has not always been taken up as envisaged despite evidence of need, in part because key workers do not necessarily want to live on the site where they work. The Council, RP and employer partnership will need to address this issue. One solution might be for any key worker specific housing to be let or sold to other households in need of affordable housing if it is not taken up in a specified time period. Conversely, key workers could be allowed to access other affordable housing, including rented properties, in proportion to the number of key worker homes taken up by people who are not 'key workers'.

Improve Targeting of Affordable Home Ownership to Households in Social Housing

- 5.43 There are some households on the waiting list in South and Vale or living within social or affordable rented homes which are able to afford other tenures. It is likely that greater numbers of affordable ownership properties will be provided in the future, given emphasis in the Housing White Paper on this tenure and specific funding streams to encourage its development.
- 5.44 In view of this South and Vale should aim to make best use of every unit in order to meet priority needs. If households living in subsidised rent can be supported into affordable home ownership, this would release subsidised rented homes for those unable to access market housing. South and Vale and RPs delivering locally will need to develop a better understanding of the financial resources of households on the waiting list and living in social housing in order to target appropriate households. They would also need to provide specialist advice and support to suitable households.

Long Term Change

Expand Supply of Affordable Housing in all Areas

- 5.45 The evidence demonstrates the need to expand the supply of affordable housing for rent and affordable forms of home ownership across South and Vale. Thus South and Vale need to take up all opportunities to expand affordable housing supply. There are some funding streams which are focused at providing specific tenures, for example the Starter Homes Exception Sites Fund and Build to Rent.
- 5.46 South and Vale should identify sites which are suitable for such initiatives, particularly if these sites are additional to those already identified for housing. The Housing White Paper indicates that new Build to Rent schemes may be suitable for the provision of affordable private rented housing, where longer term family-friendly tenancies may also be provided. This could provide an additional source of affordable housing if it is delivered on sites which may not have been otherwise developed for housing.

Ensure Affordable Rent is Accessible to those on Lowest Incomes.

- 5.47 Delivering affordable rented housing is a priority for South and Vale but the Councils need to ensure affordable rent is accessible to those on lowest incomes. There have been some cases where affordable rent properties are unaffordable to those in priority need on the waiting list, in part, due to the impact of changes in Housing Benefit eligibility. Consultation with RPs active in the local area revealed that, in some cases, competition between RPs to secure affordable housing on new development sites has meant that RPs have had to set rents higher than originally planned, even though these rents are required to remain within Local Housing Allowance levels.
- 5.48 Some new affordable rented housing is not even affordable to households who are reliant on benefits, particularly those whose incomes have been limited by the benefit cap. South and Vale should consider providing guidance to RPs on affordable rent levels that are accessible to households on the waiting list. This should help RPs to limit their bids for affordable housing on new sites, and South and Vale should actively work with RPs to discourage competitive bidding that results in affordable housing being less affordable than it would otherwise be.

Specialist Housing for Older People

- 5.49 In the short term, widespread expansion of the 'extra-care' model appears challenging where they are led by RPs, given the need for significant subsidy of these developments, either through provision of subsidised land or capital investment. The Councils will need to consider how much support they give to such schemes to enable them to be developed in the medium to longer term. This could include identifying and allocating specific sites for extra-care, making public sector land available and/or bridging funding gaps.

- 5.50 There are a number of measures that South and Vale need to take in order to make more specific provision for specialist housing for older people, in particular extra-care housing, in the Local Plan and to enable developers of such schemes to secure sites. Specific recommendations are set out below.
- 5.51 Allocation of specific sites for specialist housing is likely to be the best approach to securing new accommodation for older people as it safeguards sites from other forms of development, particularly mainstream housing development. Mainstream housing development may often deliver higher land values for the landowner, and/or greater profit for the developer, than specialist housing for older or disabled persons.
- 5.52 As part of future employment land reviews, South and Vale should consider whether employment allocations which have not been taken up would be suited to the development of housing with care in addition to, or instead of, mainstream housing. Where there is a proven need for housing with care, such sites should be identified for this use, rather than re-designated as a residential development site. Background Paper 3 discusses the relationship between housing requirements and employment growth.
- 5.53 Even where the Councils have decided that an employment site should be retained for employment purposes, they should be willing to consider proposals for development of housing with care on these sites given the jobs created in managing the scheme and caring for residents on an ongoing basis. Such schemes may also contain commercial uses such as restaurants, a shop, hairdressers, pharmacy etc. It is within local authorities' powers to decide to do this and commentary could be included in local development documents to give these considerations a more formal basis. Part of the justification for this is that housing with care is associated with the creation of significant numbers of jobs.
- 5.54 There may be opportunities to secure more specialist housing as part of the Didcot Garden Town developments and other major developments such as at Berinsfield. As such schemes may affect viability, when compared to mainstream housing, there could be some flexibility offered on the development of employment sites within the development boundaries or in the provision of affordable housing. This very much depends on the balance of the Councils' priorities and how well an extra-care scheme might deliver other wider benefits, such as the opportunity to facilitate downsizing in the social rented sector or health benefits for occupants, which outweigh the costs in terms of loss of employment land or the provision of fewer general needs affordable homes.
- 5.55 Schemes that are led by RPs and which deliver predominately subsidised housing are likely to continue to need upfront capital subsidy and/or free land to be viable. Specific consideration could be given to the appropriateness of sites for housing with care when South and Vale and other public sector bodies within the authority areas, including the NHS, dispose of land holdings. Participation in One Public Estate is discussed further in Background Paper 1. South and Vale should also consider whether S106 financial contributions could be used to support extra-care schemes, particularly where these would deliver wider benefits.
- 5.56 South and Vale should also consider the use of exception sites policy in relation to housing with care. The Councils should clarify that developments that propose housing with care will be considered

favourably by the Council in this respect. This could allow developers of housing with care to bring forward sites without having to compete for land with developers of mainstream housing who may be able to pay a higher price for the land.

- 5.57 The Councils might want to restrict the use of an ‘exception sites’ approach to schemes which deliver a mix of tenures but are predominately affordable schemes and could also set out expectations about the level of communal facilities and onsite services (where justified) to ensure such schemes conform to good practice for extra-care schemes. The Councils could consider making explicit reference to criteria for extra-care development so that developers are aware of how their schemes will be assessed in terms of location and quality.

Consider whether better use of the Existing Stock could be enabled through New Development

- 5.58 In all of the decisions South and Vale make about the development of new affordable housing, the Councils should consider how the new housing could help make better use of the existing stock. For example, could the development of an extra-care scheme allow the Councils to enable older households living in social rented housing to down-size and move into more appropriate independent accommodation? This could then release family sized social/affordable rented homes for re-let to households on the waiting list.
- 5.59 Similarly, could the development of shared ownership of Starter Homes be combined with efforts to encourage existing social renters to move into affordable home ownership? Again this might release social/affordable rented homes for those in priority need on the waiting list. This kind of approach to delivery will enable South and Vale to maximise the opportunity from each new development of affordable housing.

6. Improving Standards and Quality in New Homes

6.1 This section makes recommendations for the implementation of accessibility and space standards in new homes within South and Vale. It distinguishes between the affordable and market sectors as different considerations may apply. These issues are discussed under the following headings:

- Summary of evidence
- Objectives and ambitions
- Short term measures
- Medium-long term change

Summary of Evidence

6.2 A new approach to technical standards was launched in March 2015 under the 'housing standards review package'. This gives local authorities the option to set technical standards exceeding the minimum required by building regulations in respect of accessibility. In addition, there is an optional 'nationally described space standard'. At present, there is no minimum space standard for new dwellings in the private sector, although many new affordable homes have been required to meet HCA Housing Quality Indicator space standards as a condition of grant funding.

6.3 The Code for Sustainable Homes has now been withdrawn and no other local technical standards or requirements are permitted. The new national technical standards are optional and should only be required through Local Plan policies if they address clearly evidenced need. Their impact on viability also needs to be considered. The Housing White Paper (2017) expects local authorities to set policies on these optional standards and commits to providing guidance on this in the future. It also commits to reviewing the nationally described space standards.

Accessibility Standards

6.4 The current numbers of older persons and the anticipated growth in this group, and in particular anticipated growth in the number of people in advanced old age, and the correlation between advanced old age and disability, indicates the need for a housing stock in the future which is more accessible and adaptable.

6.5 In 2039, over one quarter of the housing stock in South and Vale will be occupied by people aged over 65. The vast majority of these households will want to continue to live in their own homes and will be supported in this aspiration through Government policy on care provision. It is amongst the older age groups, those aged over 75 and particularly those aged over 85, that the need for accessibility and adaptations is most likely to apply.

6.6 Evidence on levels of health problems and disability within the population of South and Vale support the need to provide accessible and adaptable accommodation. There are 17,500 people living with a long term health problem or disability in South and 16,400 in Vale; this represents 13-14% of all

people living in the two authority areas. This figure provides the closest indication of the scale of current need for housing which is accessible or adaptable.

- 6.7 At the national level, 2.3% of households in the owner occupied sector contain a family member that uses a wheelchair. In the social rented sector, the figure is noticeably higher at 7.1%.²⁰ Figures specifically for South and Vale are not available.
- 6.8 On average, over the last 4 years, 185 adaptations have been made each year to properties in South and 151 in Vale through Disabled Facilities Grants. In Vale, these have been split equally between housing association properties and those in the private sector. In South, the majority of adaptations were made to housing association properties.
- 6.9 The largest proportion of adaptations across both authorities and in both housing association and private stock has been provision of level access showers. These enable people with reduced mobility to use a shower. A small number of major adaptations have been provided including through-floor lifts.
- 6.10 Very few wheelchair accessible properties become available for letting each year, simply because there are very few wheelchair accessible properties available within the stock in the two authority areas. In the last 5 years, only a small number of fully wheelchair accessible properties have been developed in the two authorities²¹. In general, the approach taken to such provision is bespoke as each household has very different requirements – location being the most important.

Space Standards

- 6.11 The space available in homes in the affordable housing sector is particularly important because these homes are occupied intensively. Households are allocated the minimum amount of space they require, with young children expected to share bedrooms. The space available to households in affordable housing has come under even more pressure since the introduction of the 'bedroom tax'²² which reduces benefit payments to working age people who are under-occupying their homes. Where homes are fully occupied it is therefore important to ensure that the space available is sufficient to meet needs.
- 6.12 In the market sector, occupancy of homes does not relate closely to the size of the household. Households have a greater tendency to buy and occupy homes according to their income and life stage and levels of under occupancy are often high. Local authorities cannot control the occupancy of market homes (with the exception of some Houses in Multiple Occupation in the private rented sector). Thus, local authorities have very weak influence over the amount of space that households in the owner occupied sector occupy.

²⁰ CLG Guide to Available Disability Data 2015

²¹ Two in Chinnor and one in Thame, with two others being considered including the merging of two 2-bed bungalows to create a 3-bed property to meet the needs of a family with a disabled member.

²² Officially known as the Under Occupancy Penalty where social housing tenants are deemed to have a spare bedroom have their Housing Benefit reduced to reflect their need.

- 6.13 Local authorities are often more concerned with the space available to occupants in the private rented sector (PRS) than those living in the owner occupied sector. Overcrowding is more of an issue in the PRS than the owner occupied, albeit there levels of overcrowding in the PRS are not high in either South or Vale. Smaller properties (1 and 2 bedroom flats and houses) are most likely to be let out in the private rented sector. Where tenants are dependent on housing benefit, these properties are likely to be fully occupied. There is, therefore, a case for ensuring private properties meet minimum space standards to ensure that, if they are let out to tenants, their tenants benefit from sufficient space.
- 6.14 Another concern over the space within new dwellings relates to the flexibility and adaptability of the housing stock over time. This is particularly true of small flats which have no prospect of being extended and so the space inside is always limited to its original floor area. In contrast, small properties built in the past (for example, terraced housing originally built in the Victorian era) have been capable of extension, by building into a back garden, the side return or by means of a loft extension. The size of new dwellings therefore also needs to be judged in the context in which they are developed.
- 6.15 The majority of dwellings in South and Vale, as represented by properties on the market for sale, meet or exceed the new nationally described space standards in terms of Gross Internal Area (GIA). However, the fact that 22% of one-bedroom properties and 32% of two-bedroom properties fall below the new space standards is cause for concern. Smaller properties are more likely to be fully occupied, particularly if they are rented. This is an additional indicator of poor affordability, with certain locations in South and Vale where affordability is most stretched often being characterised by development of small properties with limited floorspace.
- 6.16 It is relevant to note that data on Gross Internal Area (GIA) are often not available sheltered and retirement properties. These homes are likely to be among the smallest properties. Whether this is a major issue, depends in part on the extent which the very limited floorspace in individual flats is compensated for in specialist housing developments, particularly where communal areas and facilities are provided. The national standards do not refer to specialist accommodation.
- 6.17 In summary, a substantial proportion of small properties within the market sector in South and Vale fall below the new nationally described space standards. The new nationally described space standards will therefore be helpful in reducing the proportion of very small dwellings within the stock of dwellings. This is particularly important given the evidence that it the smallest properties that are most likely to be fully occupied; and it is these same properties that are relatively more likely to be rented privately to more vulnerable households.

Objectives and Ambitions

6.18 The evidence examined in this study suggests that there are three core objectives that South and Vale should pursue. These are:

- **Expanding the supply of accessible housing.** The evidence presented in Background Papers 4 and 5 demonstrate the need for housing in South and Vale to meet the needs of a growing older population. The Housing White Paper sets out the expectation that local authorities should set policies on optional accessibility standards in building regulations. The government is to provide further guidance on this issue. This provides a strong indication that Government is supportive of local authorities requiring developments (or part of developments) to meet Category 2 and Category 3 standards where there is evidence to justify the adoption of these standards.
- **Ensuring all affordable housing provides adequate space for its occupants.** Given the pressure on affordable housing and the fact that affordable homes are usually fully occupied and in some cases are overcrowded, there is a strong case for ensuring that all new affordable homes meet the minimum space standards set out in the Government's nationally described space standards.
- **Ensure new market homes contribute to an improvement in the quality of the housing stock:** There is evidence that some new market homes are smaller than what might be considered desirable in relation to occupancy and the long term desirability of the stock.

Short Term Measures (1-2 years)

Adopt Category 2 'accessible and adaptable' Accessibility Standards in all new Affordable Homes

6.19 South and Vale should adopt and apply the optional Category 2 of Building Regulations, which is broadly equivalent to Lifetime Homes Standard. This is already being delivered in affordable housing in South and Vale which would indicate that this is achievable, viable and part of established practice.

Adopt a Target of 5% Category 3 (fully wheelchair accessible homes) in all new Affordable Homes

6.20 There is evidence from the Council's Disabled Facilities Grant applications of the need for some homes to meet the needs of people who have limited mobility and those who use wheelchairs and may need Category 3 dwellings. Wessex Economics recommend that there should be an additional requirement to provide wheelchair accessible affordable homes, in line with demand on the waiting list and applications for Disabled Facilities Grants.

6.21 Category 3 standards should only be applied where a local authority's allocation policies can match the home to a particular person; otherwise dwellings should be built to wheelchair adaptable level. It is difficult to be precise about the level of need for fully wheelchair accessible dwellings required in

affordable housing but on the data in the current waiting list and DFG applications, Wessex Economics recommend that up to 5% on new affordable homes be provided to this standard.

- 6.22 South and Vale will need to monitor their waiting lists and DFG applications on an ongoing basis to determine when the need for such units has been fully met.

Adopt a Target of 15% Category 2 ‘accessible and adaptable’ Homes in all New Market Homes

- 6.23 The evidence in this report supports the case for around 15% of new homes being delivered to Category 2 Building Regulations standard based on the proportion of older (75+) people in the population in 20 years’ time (16% by 2039) and the incidence of long term health problems and disability in the population (13-14% of people in 2011).
- 6.24 Those aged 75+ are more likely to need accessible and adaptable homes and this is the age threshold used in ‘More Choice; Greater Voice’²³ report to forecast demand for specialist accommodation. This would not ensure that older people end up in these homes, but a sub-market might develop over time (much like with the market for bungalows or sheltered homes) where older people recognise the advantage of these properties and are prepared to move to them and outbid other buyers.

Adopt a Target of 2% Category 3 (fully wheelchair accessible homes) in New Market Homes.

- 6.25 Wessex Economics recommend that developers be required to set aside plots for 2% of homes to be developed as wheelchair accessible Category 3 properties (in line with national wheelchair usage amongst owner occupiers).
- 6.26 Wessex Economics recommend that these plots could be developed if buyers for these specialist units come forward. This means that developers can guarantee a sale, and the additional costs associated with such developments can be passed on to buyers; that and buyers can specify their particular requirements. This approach may work best on large sites (over 100 homes) where developers are building out in phases and where homes can be pre-sold or reserved by buyers and there remains some flexibility over internal specifications.
- 6.27 An alternative to this policy, would be for South and Vale to accept contributions for wheelchair accessible properties from developers in lieu of on-site provision; and these funds would be used to boost the Councils’ Disabled Facilities Grant budget. This would allow the Councils to continue their bespoke approach to providing properties adapted to the need of occupants, where securing homes in the appropriate location for the occupant is often key to meeting needs.
- 6.28 It is relevant to note that the ‘accessible and adaptable’ dwellings (Category 2) is not directly comparable to Lifetime Homes Standards because Category 2 includes step-free access to dwellings. This would imply the need for low rise flats and town houses to have lifts and, in many cases, this

²³ CLG More Choice Greater Voice – a toolkit for producing a strategy for accommodation with care for older people

would damage development viability. Wessex Economics' understanding is that the step free access required by 'accessible and adaptable' dwellings applies to the entrance storey so this does not mean that town houses would need to have lifts providing there is step free access to the ground floor and to a WC and accommodation.

- 6.29 There may be an issue in the development of low rise flats, where previously it would not have been deemed a requirement to provide a lift. Similarly issues might arise in the conversion of houses into flats. In both cases to require provision of a lift might render the scheme unviable.
- 6.30 Wessex Economics suggest that the policy could be subject to a caveat that, where this would imply the provision of a lift and where that would make the development unviable, this requirement could be flexed. For low rise flats, a compromise might be to provide step free access to the ground floor accommodation (which will increase the provision of accessible accommodation) but not expect this to be applied to the whole building where it is unviable to do so.
- 6.31 Wessex Economics recommend that the Councils monitor implementation of 'accessible and adaptable' dwellings (Category 2) as a replacement for Lifetime Homes standards, in particular in terms of any impact on viability.

All new Affordable Housing should comply with the Nationally Described Space Standards.

- 6.32 The Nationally Described Space Standards are broadly in line with the HCA's Housing Quality Indicators which have been required for affordable housing schemes in receipt of grant funding in recent years. It should therefore not present any difficulties to expect the Nationally Described Space Standards to apply to all new affordable housing development.
- 6.33 These standards are critical in affordable housing because these homes are fully occupied and so space standards provide a minimum guarantee of space for their occupants. It is important to acknowledge, however, that overcrowding in relation to occupancy criteria remains a problem within affordable housing sector. Space standards will not solve this problem. Rather, more affordable housing that is required.

The Minimum Space Standard for 1 Bedroom Properties in the at Nationally Described Space Standards should apply to all New Market Homes

- 6.34 There is evidence that some 1-bedroom flats and 2-bedroom properties built in recent years in South and Vale fall below nationally described space standards. Therefore, there is a strong case for applying a minimum dwelling size for all dwellings of 39 sq m. This is the minimum size for a 1-bedroom flat in the 'Nationally Described Space Standards' guidance. The standards set out in paragraph 10 of the Nationally Described Space Standards' would apply in terms of the measurement of the property.
- 6.35 For both market and affordable homes, the Councils may also wish to make exceptions for some specialist forms of housing, for example extra -care housing and supported housing, where communal facilities are provided. It may not be desirable to apply space standards to housing with care because

of the additional cost this would add to developments which already find it difficult to compete with mainstream developments for land.

- 6.36 The Government has committed in the Housing White Paper to reviewing the Nationally Described Space Standards. The White Paper indicates that Government does not wish to rule out the development of innovative smaller dwellings, for example mews houses (see paragraph 1.55, The Housing White Paper).

South and Vale should consider apply the Nationally Described Space Standards to all Sizes of Properties developed as part of Didcot Garden Town

- 6.37 The analysis in this study identifies a number of 2-bedroom properties on the market in Didcot which fell below the minimum space standards. As part of the Garden Town plans, the Council aims to transform the quality of accommodation available in the town and to improve the image of Didcot as a place to live. Applying minimum standards for all sizes of properties which are developed as part of the Garden Town could be part of the approach to improving quality of the housing offer.
- 6.38 Any additional cost implied by adopting the space standards across all development at Didcot should be explored with Government as part of the funding bid to deliver the Garden Town. This approach could also be applied in Berinsfield, where significant development is planned.

Long Term Change (5-10 years)

Consider applying Category 2 'Accessible and Adaptable' Dwellings to all Homes:

- 6.39 South and Vale could consider the viability impact of applying Category 2 'accessible and adaptable' dwellings to all market homes and specifically those planned to be developed at Didcot Garden Town and Berinsfield. This approach would have the greatest impact on the housing stock over time, as new development adds around 1% to the housing stock each year.
- 6.40 This would mean that, after 20 years, around 20% of the housing stock would be accessible and adaptable for most people to live in as they age. Theoretically, if the stock of Category 2 homes grew to represent 20% of all homes it would allow the majority of older people to access these properties, providing they are willing to buy and move into them. This could have benefits for health and social care outcomes in the long term.
- 6.41 The main constraint on applying Category 2 universally is the additional build costs incurred compared to standard building regulations and the impact this could have on the viability of development, given that Category 2 homes may not command a price premium. Ultimately, this rests on whether the Councils are willing to 'trade' other policy objectives to achieve this increase in standards.
- 6.42 It is possible that if the Category 2 requirement is adopted in Didcot, it might be that, over time, the standards could be more widely adopted without cost implications, because they have been become standard in Didcot Garden Town.

Keep Space Standards under Review

- 6.43 South and Vale will need to monitor the Gross Internal Area of individual homes in new schemes by requiring developers to report information on proposed dwelling mix in line with national space standards. This could be incorporated into CIL data collection or as part of the planning application process. The Councils should keep under review the space provided in larger *market* dwellings (2 bed plus), which are not subject to minimum standards.

7. Recommendations and Next Steps

- 7.1 This Strategy covers the 10 year period 2017 to 2027. To a substantial degree the type of housing that will be delivered over the next 5 years in terms of the size, type, tenure and location is largely fixed. This is because a high proportion of the new homes to be delivered in this period have secured planning consent, and it would entail additional cost, and possibly delay, to seek to change the housing mix on schemes with implementable planning consents, and other schemes well progressed in terms of planning.
- 7.2 The recommendations regarding the type and tenure of housing set out in this report will therefore only start to be substantially reflected in actual delivery in, say, 2022. But in order that the change is achieved from 2022 onwards, a series of actions have to be taken in the very near future. Developers will be working on plans for schemes to be submitted for planning consent in the next two years. On larger sites, it is these homes that might start being developed in 2021 and which would start to be completed in in 2022.
- 7.3 This section brings the recommendations made in this Strategy into one place, and identifies the timeframe in which action has to be taken, recognising that not all actions are equally important. Priority has to be given to delivering a very substantial increase in the number of new homes built; but South and Vale's longer term aspirations for housing will only be achieved if the two authorities start laying the foundations now for future delivery of a different mix of homes in 5 to 15 years hence.

Immediate Strategic Priorities (Years 1-3)

- 7.4 The most pressing priority for South Oxfordshire is the completion of all the necessary work to put in place an Adopted Local Plan. In the absence of an agreed housing requirement, Wessex Economics would recommend that, in terms of the Housing Delivery Strategy, SODC assume that it will end up having to plan for 1,000 dwellings pa, this being the average housing provision required 2011-32 including providing housing for unmet requirements of Oxford City.
- 7.5 Both South and Vale, for all practical purposes, must focus on the number of new homes that need to be delivered over the next 14-16 years (14 years in the case of Vale, 16 years in the case of South) in order to achieve the Plan requirements. This focus on what has to be delivered in the future will be given greater urgency given the proposals in the Housing White Paper for a Housing Delivery Test²⁴.
- 7.6 The Government has stated it will consult on how the Housing Delivery Test works, but the principle as set out in the Housing White Paper is where an authority is under-performing, the presumption in favour of development as set out in NPPF will automatically apply. The current proposal is that, from

²⁴ Paras 2.47 to 2.52, Fixing our broken housing market, DCLG, February 2017

November 2017, if an authority has delivered less than 85% of its average annual requirement over the past three years then it will have to have a 20% buffer on its 5 year Housing Land Supply²⁵.

- 7.7 The Government has also stated that by 2020 if an authority with planned provision of 1,000 homes is not on average delivering 650 new homes per annum, assessed over a three year period, then the presumption in favour of development as set out in NPPF will *automatically* apply. There are lower triggers for the 'presumption' to be triggered in 2018 (250 homes in this example) and 2019 (450 homes in this example)
- 7.8 Vale needs to deliver 1,166 homes pa from the year 2016/17 to the end of the Plan period (2030/31) to meet its own housing needs, taking into account what has been delivered in the period 2011/12 to 2015/16, but excluding Oxford City's unmet need; from April 2019, when the requirement to meet unmet need from Oxford City kicks in, the annualised requirement increases to 1,350 dwellings.
- 7.9 Taking account of homes that have been delivered in South in the period 2011/12 to 2015/16, South needs to deliver on average 847 new homes pa in the period 2016/17 to the end of the Plan period (2032/33) in order to meet its full OAN. If South accepts, or is required to accept, that it has to meet the suggested element of Oxford City's unmet need, there would be a requirement to deliver on average 1,115 homes pa in the period 2019-33.
- 7.10 If delivery in 2016/17 has been below these average requirements, the annualised requirement for the remainder of the plan period will be higher than the figures quoted. As soon as estimates of housing completions for 2016/17 are available, the annualised requirement for the remainder of the plan period should be recalculated, so the respective Councils understand the challenge ahead.
- 7.11 Neither Council, in the period since 1990, has been required to deliver this quantum of homes year in year out, so this is a new challenge for both authorities. It is important to ramp up delivery as quickly as possible, since every year that delivery falls below these requirements increases the annualised requirement to the end of the Plan period. The longer that action to increase housing delivery is delayed, the harder it becomes to achieve the housing requirements set out in Local Plans
- 7.12 It is important to emphasise this is a shared challenge for the local authorities, for central government and for the housebuilding industry. Nationally, since 1989, the private sector in England has only built more than 150,000 new homes in a few exceptional years at the peak of the housing market cycle. The average level of all housebuilding in England the past 10 years (2006-15) was 144,000 homes pa, and in the previous 10 years 1996-2005 was 148,000.
- 7.13 It has not been part of this study to assess whether the Development Management function, defined here purely in terms of the capacity to appraise, negotiate changes, and approve planning applications, is resourced to deal with the scale of demands that will be placed upon it if applications

²⁵ From November 2019 any shortfall in delivery of 25% against the plan requirement will lead to automatic application of the presumption in favour of development as set out in the NPPF

for development commensurate with plan requirements come forward. But if this has not been done then such as assessment needs to be undertaken urgently.

- 7.14 The key question is what capacity does South and Vale need in terms of people, skills and systems to ensure delivery of at least 2,200 new homes pa from 2019? Linked to this question is whether the development industry as currently structured also has the people, the skills, and the finance to build this number of homes in the timescale specified. There is a need to develop capacity in every part of the industry, including Local Government, if the Plan targets are to be delivered.
- 7.15 Adequate resourcing of the Development Management function as described above is a necessary, but not sufficient, condition of meeting Plan requirements for new homes. The review of the Development Management function will need to take into account staffing requirements, skills development, technology, management and the key issue of how the service is to be paid for. The Government's proposal to allow authorities to increase their planning fees by 20% increase will help to fund the planning process, but will probably not be sufficient given the scale of the task.
- 7.16 The other key issue is to assess whether the development sector will in fact bring forward proposals for new homes in the volumes required to achieve the housing requirements identified. It would be foolish to build a Development Management function to provide capacity to process planning applications for the number of new homes in Local Plans if, in fact, the development sector does not currently have the capacity or desire to build that number of new homes.
- 7.17 Therefore, in parallel with a review of the Development Management function, South and Vale need to continue to press ahead with current actions to ensure that it has a thorough understanding of the housing development pipeline. Analysis of past trends in housing delivery by site and developer, meshed with market analysis, could yield useful insights into the need for investment in the Development Management function; and ultimately provide a much improved basis for forecasting future housing delivery.
- 7.18 Wessex Economics' experience is that generally housing trajectories prepared by local authorities, based on information from developers, almost always contain a significant level of 'optimism bias'; that is, the dates when new homes start to be built on site are often later than anticipated in forecasts of delivery. In addition it is not uncommon, that even when delivery starts on site, the pace of delivery is slower than forecast. This reflects the complexity of the entire housing delivery process, and the large number of different organisations that are involved.
- 7.19 In view of this, Wessex Economics recommend that South and Vale seek always to have at least 7 years of 'specific deliverable sites' as defined in NPPG. In circumstances where the housebuilding sector will be challenged to build the number of homes implied by plan targets, it is always going to be easier to slow down development if that is required, than to speed delivery up when certain schemes fail to come forward in the timescale anticipated or build out in slower than forecast.
- 7.20 It will make sense in terms of developing the Development Management function to undertake initial assessments of the delivery pipeline and associated staffing and technology requirements focusing on

those areas of major change. Thus, it could make sense to focus on the practicalities of delivery in the Science Vale area, and in particular in connection with the Didcot Garden Town, where there is a reasonable prospect of securing funding for additional staffing resource.

- 7.21 It is recommended that in Years 1-3 South and Vale investigate and make a decision in principle as to whether the authorities would be willing to borrow in order to purchase land or to invest in development; and, if so, the scale at which it is willing to invest, the type of investments the authorities might, in principle, be willing to make; and any other conditions that would apply to any investment the Councils might make. This will provide officers with the guidance they need in Years 4-6 as they consider options to enable housing delivery.
- 7.22 To assist Council Cabinets and senior officers to think these issues through, it would be useful to develop a portfolio of the possible areas of investment; and to provide indicative levels of investments returns and risks involved. For example possible investment opportunities might include site assembly of land in multiple ownerships in, say, Didcot, for mixed use development; partnering Harwell Science Campus in promoting new build private rented accommodation; or investing in re-provision of cottage hospitals with associated housing gain.
- 7.23 To summarise, in Years 1-3 of the Strategy, the focus should be ensuring completion of work on the Local Plan framework for delivery of new housing; ensuring the essential systems for processing planning applications, monitoring performance and forward planning are in place; and ensuring that the large strategic sites that will deliver new homes over a long period are opened up for delivery as soon as possible. The strategy in this phase is to ensure that the current mainstream mechanisms for housing delivery are operating at maximum capacity.
- 7.24 In addition to this, some early stage thinking about the willingness of the local authorities to invest in acquiring land or investing in development should be undertaken; along with early scoping of the merits of the Councils taking on an a lead role in Infrastructure Dependencies Mapping and Infrastructure Co-ordination for developments in the South and Vale. These decisions are likely to link into the proposed management structure of the Didcot Garden Town initiative, and what emerges from the recommendations of the Housing White Paper regarding the co-ordination of infrastructure investment for housing.
- 7.25 In terms of the type and tenure of homes, South and Vale should maintain existing policies on the quota and tenure mix of affordable housing but should consider using a checklist to consider the tenure balance on new development sites. The authorities will need to ensure schemes provide 10% affordable home ownership when the Housing White Paper's requirements are reflected in planning policy (NPPF).
- 7.26 South and Vale should adopt Category 2 'accessible and adaptable' dwellings building regulation standards on all affordable housing. The Nationally Described Space Standards should also be applied to affordable housing. For market housing, the Councils should aim for 15% Category 2 standard and application of the minimum (1 bedroom) space standard.

7.27 It is recommended that a review of progress in implementing the housing delivery strategy should be undertaken 3 years after its adoption, with updating where required.

Medium Term Strategic Priorities (Years 4-6)

7.28 Wessex Economics anticipate that the focus of the Housing Delivery Strategy in years 3-6 will be three-fold.

- The introduction of Infrastructure Dependencies Mapping as part of the Housing Delivery Enabler role
- The Diversification of Housing Delivery Mechanisms
- Local Authority Investment in Land and Development

7.29 First, early in this stage of the Strategy, South and Vale should be starting to implement Infrastructure Dependencies Mapping, as described in Section 3. This is all about ensuring that housing delivery is not delayed, by reason of poor co-ordination of road and utility infrastructure investment. South and Vale and other Districts need to determine if this role would be best delivered by the County Council or the LEP in partnership with the Districts, or should be driven by South and Vale themselves.

7.30 The reason this is not put forward as a short-term action is because the approach is being piloted elsewhere (in the South East LEP area), and the Government has stated in the Housing White Paper that it will be investigating further how to ensure the utilities provide services in a way that does not delay housing delivery. Policy is therefore emerging, and there is already a substantive work programme identified for the first three years of the Strategy.

7.31 The other key objective for the medium term is to diversify the range of housing providers in South and Vale and the range of housing products they provide. Currently the vast majority of housing delivery in South and Vale is associated with large and medium sized developers; and provision of affordable rented and intermediate housing by Registered Providers, most through s106 agreements with private sector developers.

7.32 In the medium term South and Vale should be looking to bring in additional development partners, and to diversify the housing product in the area. To do this, South and Vale will have to devote resource to partnership building with organisations already active in the area with an interest in innovation; and with external organisations that see that potential for business growth in an area with an ambition to provide housing in new ways, and which is geared up for partnership working to get new homes built.

7.33 At this point in time, Wessex Economics believe that the greatest opportunities for bringing new development partners into South and Vale, or working with existing local development partners willing to innovate, will be found amongst Registered Providers. There are established relationships with RPs, but there are other RPs with the resource and appetite for taking development forward in new ways (housing for sale, intermediate housing and private residential communities).

- 7.34 South and Vale should actively seek out these developers and explain why investing in South and Vale would be beneficial to those developers. Efficiency in delivering of planning consents, a spirit of joint working, and evidence of the robustness of the residential market for new homes for rent or sale, will be the essence of this pitch to developers and investors. South and Vale need to convince potential investors that they actively want to promote development in accordance with its Local Plans.
- 7.35 In this 3 to 6 year time frame, approaches should be made to developers of private residential communities. In Wessex Economics' view, actual investment in such schemes in the 3-6 year time frame is unlikely, unless development sites or buildings on the edge of Oxford, but in South and Vale, can be identified. At present, the sector is focused on major cities and towns, and nowhere in South and Vale has the depth of market required to appeal to current investors.
- 7.36 However, it is important to start to develop the relationships with these organisations so towns in South and Vale, particularly Didcot, are deemed 'worth investigating' by these investors. There could also be the possibility of some early investment if relationships could be developed between employers such as Harwell and Culham, to provide an element of guaranteed demand for good quality, new rented housing; or if South and Vale themselves were able to de-risk such developments by participating in the development, through making land available or by financial investment.
- 7.37 South and Vale should ensure that planning and related policies are supportive of the other routes by which new homes may be provided, such as:
- Development of specialist housing for older people
 - Small housebuilders
 - The custom and self-build sector
- 7.38 These sectors can make a valuable contribution to the diversity of new housing developed in South and Vale, and therefore should be encouraged, primarily through supportive planning policy, and efficient delivery of development management services. But they are not going to deliver the large volumes that are required to deliver the overall Plan requirements for housing in South and Vale.
- 7.39 The most important support that South and Vale can give to small housebuilders and custom and self-builders is to ensure that a good range of small development sites are identified, and that there is a positive approach to assessment of windfall sites for new development.
- 7.40 Wessex Economics recommend that South and Vale do not complicate the delivery of new homes through mainstream development by requiring provision for custom and self-build housing on large sites, until there is proven evidence of demand. Wessex Economics recommend that South and Vale monitor progress with local authorities that are pioneering this model of development – for example the Graven Hill development in Bicester.
- 7.41 If South and Vale accept in principle that they would be willing to borrow to purchase sites as part of a land assembly process, or to part fund development as an investment, then the two authorities should start to investigate investment opportunities. It seems probable that the greatest need for a more

interventionist approach to development will be in relation to Didcot Garden Town and the Berinsfield Regeneration programme.

- 7.42 In the medium term, South and Vale should work with RPs to target affordable home ownership to households in social housing who have the resources to move. Working with local employers and RPs, South and Vale should also examine the value of 'key worker' housing and consider whether a more flexible approach to the provision of this type of housing could improve take up. South and Vale could also explore whether the tenure of existing affordable housing could be flexed where properties have proven difficult to let.
- 7.43 It is recommended that a review of progress in implementing the housing delivery strategy should be undertaken 6 years after its adoption, including a review of the tenure mix on new development sites, with updating where required.

Long Term Strategic Priorities (Years 7-10)

- 7.44 The long-term is expected to be focused on delivery. The expectation is that by then the Housing Delivery Enabler role is fully functional, and is bearing fruit in terms of enhanced delivery of new homes through the traditional delivery models, and the newer/additional delivery routes. Didcot Garden Town and the Berinsfield initiatives should be delivering new homes of different tenures and types in significant volumes.
- 7.45 It is particularly in this time-frame that Wessex Economics would expect key elements of the overall strategy to come to fruition; particularly the delivery of rental residential communities, expansion of affordable housing and specialist housing such as extra care and schemes involving local authority investment (assuming that an in-principle decision is made in the early years (0-3) of the Strategy's adoption.
- 7.46 Towards the end of this stage, an evaluation should be made of the success of the 10 year housing delivery strategy, to inform the development of a new 10 year housing delivery strategy. This Strategy will cover the latter years of the South and Vale Local Plans, and should provide a valuable tool to inform Local Plan preparation for the period beyond 2031.