



GL Hearn

Oxfordshire Strategic Housing Market Assessment

Appendices

Final Report

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Limitations

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1 DEFINING THE HOUSING MARKET AREA

National Guidance on Defining Housing Market Areas

- 1.1 The National Planning Policy Framework (NPPF) states that local planning authorities should use their evidence base to ensure their Local Plans meet the full, objectively assessed needs for market and affordable housing in their housing market area (HMA). An important part of the SHMA is therefore to provide clarity on what housing market areas cover Oxfordshire.
- 1.2 In simple terms, a housing market area is a geographical area in which the majority of people who move, will move within. It is defined in the August 2013 draft Practice Guidance on the '*Assessment of Housing and Economic Development Needs*' as "a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between where people live and work."
- 1.3 The draft Guidance identifies that there is no single source of information that can be used to identify HMAs; but sets out that housing market areas can broadly be defined using three sources of information:
- House prices and rates of change in house prices, which reflect household demand and preferences for different sizes and types of housing in different locations;
 - Household migration and search patterns, reflecting preferences and the trade-offs made when choosing housing with different characteristics; and
 - Contextual data, such as travel to work areas, which reflects the functional relationships between places where people work and live.
- 1.4 This essentially reaffirms previous Government Guidance on defining housing market areas¹.

Previously-Defined Housing Market Areas

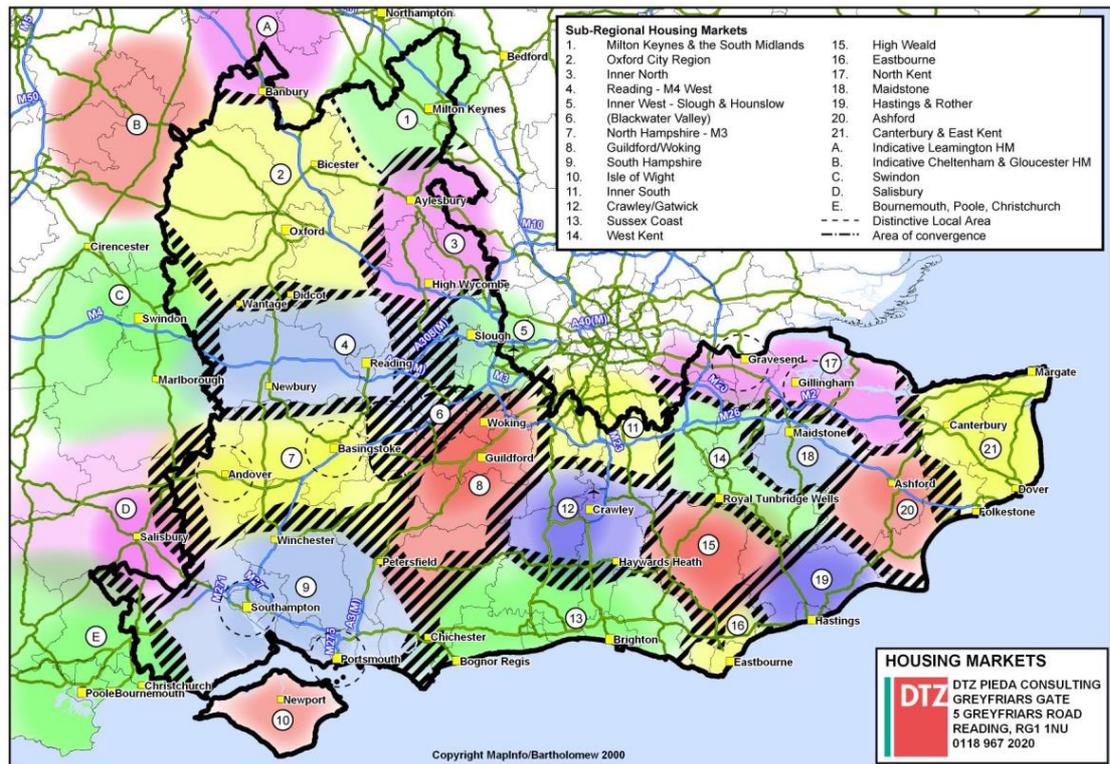
South East Research

- 1.5 Sub-regional housing markets within the South East of England were defined in the South East Plan based on a regional study was undertaken by DTZ for the South East Regional Assembly and Homes and Communities Agency in 2004² to define housing market areas across the South East. DTZ identified 21 housing market areas across the region.
- 1.6 The DTZ Study identified a sub-regional housing market area based on Oxford, which extended to across much of Oxfordshire as shown in Figure 1 below. This was based on analysis of migration

² DTZ (2004) Identifying the Local Housing Markets of the South East

and travel to work patterns and wider data, together with a programme of stakeholder engagement to agree the definitions of housing markets across the region. The 'Oxford City Region HMA' defined in the research extended to include the five Oxfordshire Districts as the 'best fit' of authorities to housing market areas for strategic planning purposes.

Figure 1: Housing Market Areas in the South East



Source: DTZ (2004) Identifying the Local Housing Markets of the South East

National Research on Housing Market Areas

1.7 CLG published national level research on *the Geography of Housing Market Areas* in 2010³ which sought to consider the geographies of housing markets across England. This academic-driven project considered commuting and migration dynamics, and standardized house prices. This was brought together to define a three-tiered structure of housing markets across England, as follows:

- Strategic (Framework) Housing Markets – based on 77.5% commuting self-containment;
- Local Housing Market Areas – based on 50% migration self-containment; and
- Sub-Markets – which would be defined based on neighbourhood factors and house types.

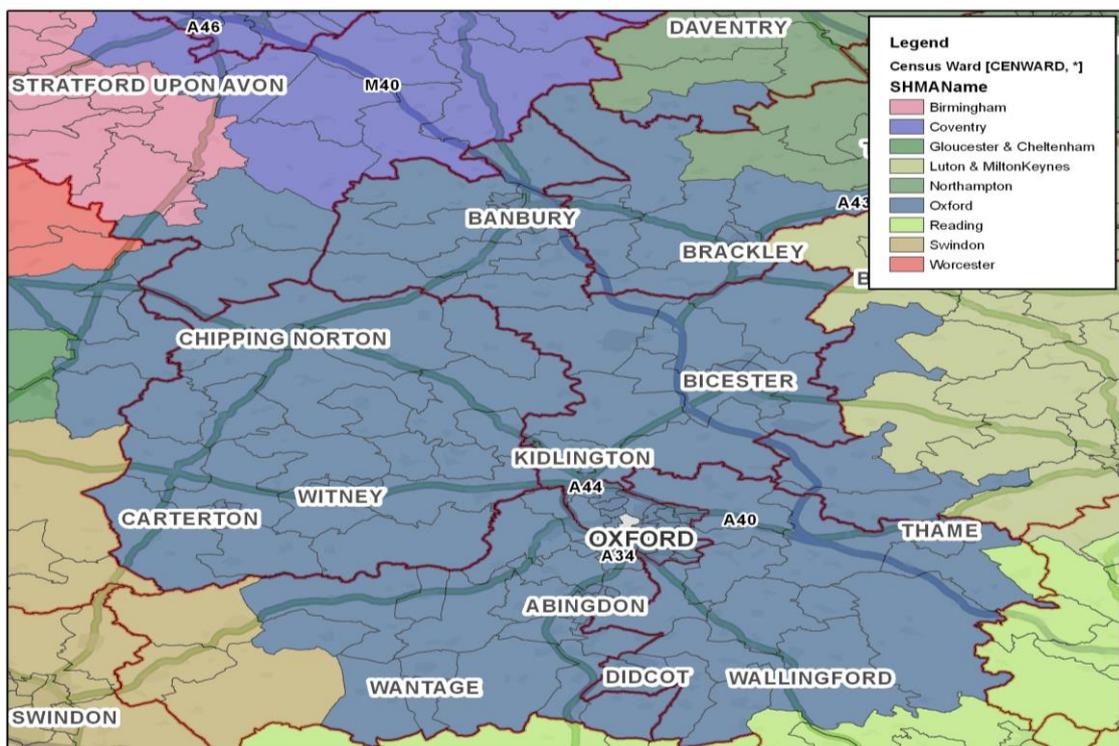
1.8 This provides a useful starting point for looking at housing market geographies, not least as it uses a standard approach across the country. The strategic and local housing market areas identified are based on aggregating wards.

³ Jones, C., Coombes, M. and Wong, C. (2010) *The Geography of Housing Markets in England – Summary Report*

- 1.9 The CLG research defines a strategic housing market which covers much of Oxfordshire but does not fit exactly with the county boundaries. It extends into South Northamptonshire to include Brackley (reflecting the economic links between Brackley and Banbury) and to include some (rural) wards within the eastern part of Aylesbury Vale District in Buckinghamshire (which relate in economic terms to Bicester and Thame). To the north it relates well to the County boundary but includes two rural wards in Stratford-on-Avon District (which reflect commuting links to Banbury).
- 1.10 In the south of the County, the south-western part of South Oxfordshire District is shown as falling within a Reading HMA, which reflects the economic influence of Reading – one of the larger economic centres in the region – through towards Henley-on-Thames. In Vale of Wight Horse, the western most wards are shown as falling within a Swindon-focused housing market for similar reasons.

Figure 2: CLG Strategic Housing Market Area

Oxfordshire Strategic Housing Market Assessment
 CLG Strategic Housing Markets



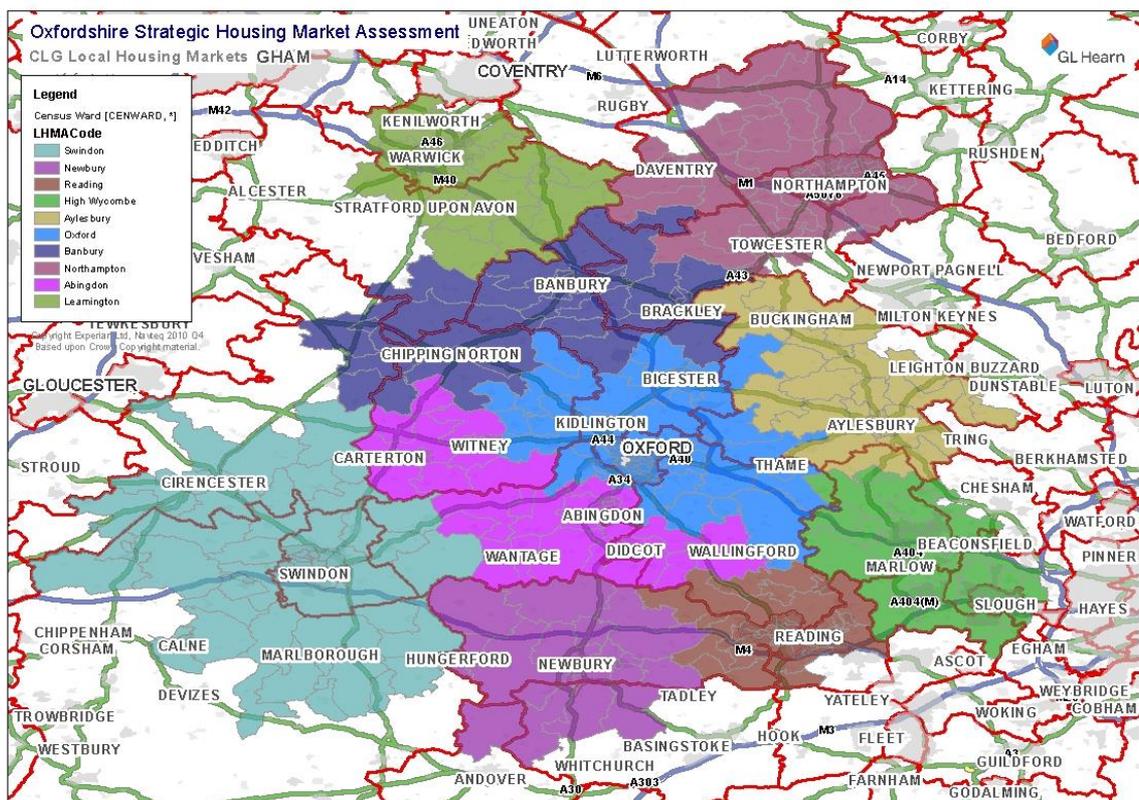
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Source: Jones, C., Coombes, M. and Wong, C. (2010) *The Geography of Housing Markets in England – Summary Report*

1.11 The CLG research then goes on to identify a number of more local housing markets within these 'strategic housing market areas' which reflect more local patterns of household movement. The research identifies three local housing market areas which fall predominantly within Oxfordshire:

- A Banbury and North Oxfordshire market;
- An Oxford-focused market; and
- A South Oxfordshire market centred on Abingdon.

Figure 3: CLG Local Housing Market Area



Source: Jones, C., Coombes, M. and Wong, C. (2010) *The Geography of Housing Markets in England – Summary Report*

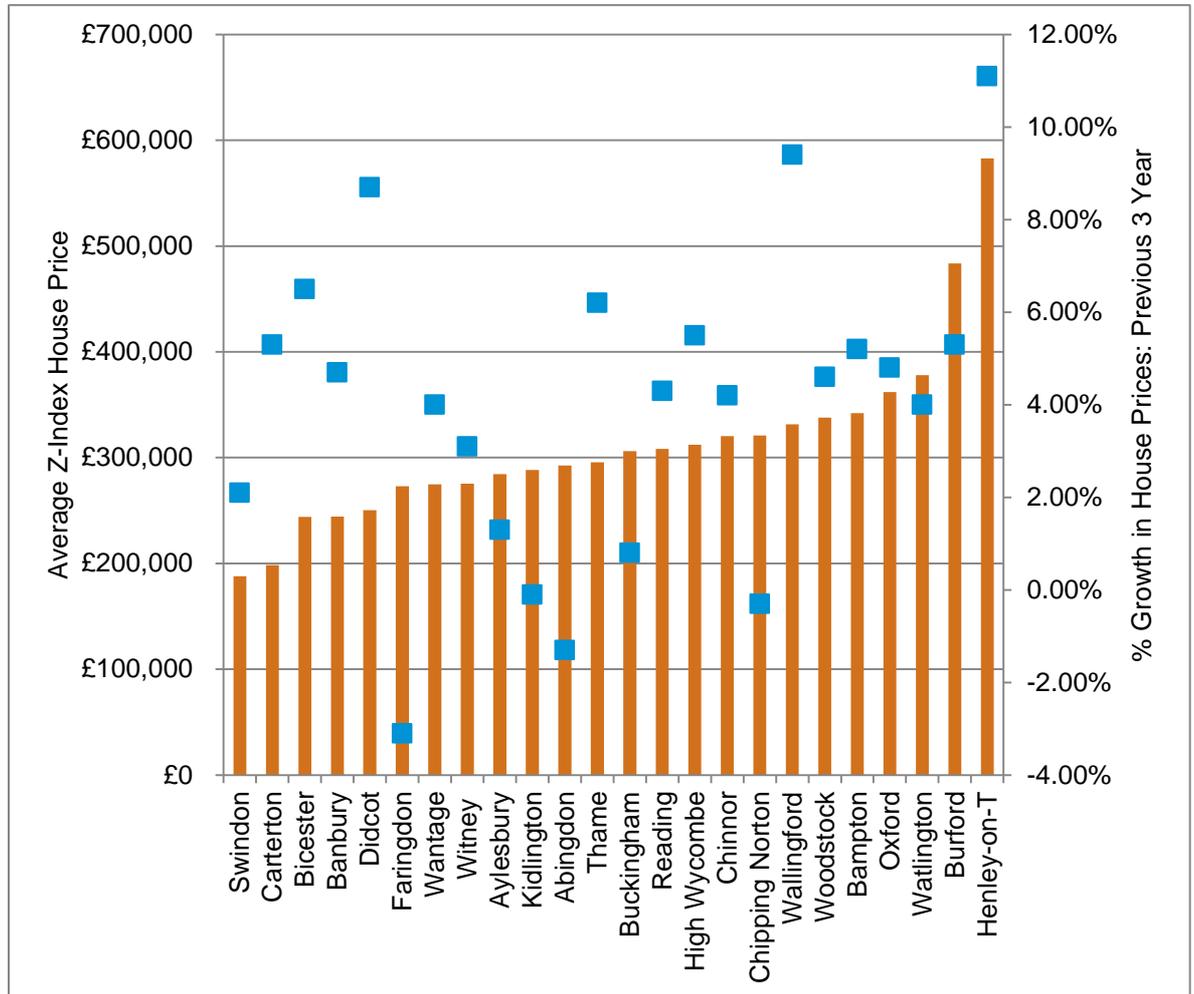
1.12 These local housing markets are based on analysis of migration flows; however the wider evidence within the SHMA would support this broad distinction between the market in the City, in the north of the county and in the south. The City has a housing offer which is focused more towards smaller properties, has higher levels of renting and higher relative housing costs compared to other parts of the County. Outside of the City, the evidence points towards a north-south distinction with Cherwell District demonstrating lower housing costs and a housing mix which is focused more towards medium-sized (rather than larger) homes.

Housing Costs

- 1.13 As the guidance suggests, house price patterns and trends can be a useful indicator of demand dynamics and pricing levels in different areas. This kind of market approach has some merit – clearly for areas or authorities to be serving the same market area, there should be some broad comparability and relationship between house prices. House prices will however vary locally between settlements reflecting differences in their relative quality of place.
- 1.14 We have used the Zoopla Zed-Index to provide a comparative assessment of housing costs. This index standardised house prices to provide a comparative assessment of the average value of a typical home⁴.
- 1.15 Across Oxfordshire and surrounding areas, the broad price geography is of the highest prices in the south-east of the county around Henley-on-Thames. These areas provide a high quality of place and are accessible to Reading and London. We also see particularly high house prices around Burford in West Oxfordshire. Oxford City also stands out as having a high average house price (over £360,000 using this index).
- 1.16 As we might expect there is some comparability between house price in the county and beyond its boundaries, with prices for instance in Aylesbury, Buckingham, High Wycombe and Reading not dissimilar to parts of Oxfordshire. Swindon in contrast stands out as having a notably lower housing costs (with an average price of £188,000 using this index). On this basis house prices are not particularly helpful at delineating HMA boundaries.
- 1.17 There has also been some variation in price trends, with prices in Faringdon and Abingdon declining over the last three years (to October 2013) whilst in most other parts of the County, and in adjoining areas, house prices have grown.

⁴ See <http://www.zoopla.co.uk/property/estimate/about/> for detailed methodology

Figure 4: Average House Prices, Autumn 2013



Source: Zoopla Zed-Index

- 1.18 Henley-on-Thames, Wallingford and Didcot stand out as seeing some of the strongest growth rates in house prices over the 2010-13 period.

Migration Flows

- 1.19 Migration flows reflect households' movements between areas, and thus are a key factor in considering the geography of housing markets. To test the definition of the housing market area, and to understand functional housing market inter-relationships across local authority boundaries, we have analysed ONS data on internal migration flows between local authority areas over the period 2006 to 2011.

- 1.20 ONS internal migration statistics record flows between local authorities, based on information from NHS patient re-registrations. This typically shows larger flows between authorities which are close

to or border one another and between cities and student towns around the country. The scale of flows is partly influenced by the population of the authorities, with for instance the expectation that two large urban/ metropolitan authorities would support stronger flows than two smaller ones.

1.21 Taking this into account, we have sought to standardise the analysis of flows to take account of the combined population of different authorities. Table 1 shows gross migration flows per annum between mid-2006 and mid-2011 (i.e. the combination of flows of people moving between authorities in each direction). The figures are also expressed per combined 1,000 population.

1.22 The Table show flows to nearby authorities where there is a gross flow of over 200 persons per annum. In addition to the authorities shown there are flows of over this level between Oxford and a number of large local authorities or those with universities, which particularly reflect student movements⁵.

1.23 The analysis indicates that in all **instances the strongest migration flows with another local authority is within an authority within Oxfordshire. This supports the definition of an Oxfordshire Housing Market Area (HMA).** The analysis indicates:

- The strongest level of movement with Cherwell is with Oxford, followed by West Oxfordshire. There is also a notable level of movement to/from South Northamptonshire;
- The strongest relationships with Oxford are with other Oxfordshire Districts, with the strongest flows with Cherwell and the Vale of White Horse;
- In South Oxfordshire, the strongest flows are with the Vale of White Horse and Oxford;
- For the Vale of White Horse, the strongest flows are with Oxford and South Oxfordshire;
- For West Oxfordshire, the strongest flows are with Cherwell and Oxford.

1.24 We see a strong level of migration flows between Oxford and all of other Oxfordshire authorities; and stronger relationships from most of the Oxfordshire authorities with another Oxfordshire authority than with an authority outside of Oxfordshire.

Table 1: Migration Flows, Annual Average 2006-11

		Gross Flow per Annum	Gross Flow per 1,000
Daventry	Cherwell	250	1.1
South Northamptonshire	Cherwell	920	4.0
Stratford-on-Avon	Cherwell	380	1.4
Aylesbury Vale	Cherwell	550	1.7
Oxford	Cherwell	1510	5.2
South Oxfordshire	Cherwell	420	1.5
Vale of White Horse	Cherwell	450	1.7
West Oxfordshire	Cherwell	1020	4.1

⁵ We see flows of over 200 persons per annum between Oxford and Manchester, Sheffield, Leeds, Birmingham, Cambridge, a number of London Boroughs, Cardiff, Brighton & Hove, Bath, Bristol and Wiltshire

Aylesbury Vale	Oxford	290	0.9
Windsor & Maidenhead	Oxford	220	0.7
Reading	Oxford	330	1.1
West Berkshire	Oxford	190	0.6
Wiltshire	Oxford	300	0.5
Wycombe	Oxford	230	0.7
Cherwell	Oxford	1510	5.2
South Oxfordshire	Oxford	1320	4.4
Vale of White Horse	Oxford	1880	6.9
West Oxfordshire	Oxford	980	3.8
Reading	South Oxfordshire	670	2.3
West Berkshire	South Oxfordshire	510	1.8
Windsor & Maidenhead	South Oxfordshire	260	0.9
Wokingham	South Oxfordshire	400	1.4
Aylesbury Vale	South Oxfordshire	580	1.9
Wycombe	South Oxfordshire	610	2.0
Cherwell	South Oxfordshire	420	1.5
Oxford	South Oxfordshire	1350	4.7
Vale of White Horse	South Oxfordshire	1370	5.3
West Oxfordshire	South Oxfordshire	320	1.3
West Berkshire	Vale of White Horse	340	1.2
Swindon	Vale of White Horse	480	1.4
Wiltshire	Vale of White Horse	360	1.4
Cherwell	Vale of White Horse	450	1.7
Oxford	Vale of White Horse	1880	6.9
South Oxfordshire	Vale of White Horse	1370	5.3
West Oxfordshire	Vale of White Horse	740	3.3
Cherwell	West Oxfordshire	1020	4.1
Oxford	West Oxfordshire	980	3.8
South Oxfordshire	West Oxfordshire	320	1.3
Cotswold	West Oxfordshire	410	2.2
Vale of White Horse	West Oxfordshire	740	3.3

Source: ONS Internal Migration Statistics

- 1.25 We have also sought to consider net migration flows. Again these are expressed as an annual average for the 2006-11 period. Table 2 shows net migration flows of over 100 persons per annum.
- 1.26 Typically the pattern we see across the country is of a net flow from authorities across the country (and abroad) into cities, and net flows from cities to surrounding areas. Part of this reflects the younger population structure within cities (which often thus results in stronger population growth through natural change with births exceeding deaths).

- 1.27 We see a net out-migration of over 400 persons per annum from Oxford to Vale of White Horse and Oxford to Cherwell. There is a net flow of 280 persons per annum from Oxford to West Oxfordshire, and 170 persons per annum from Oxford to South Oxfordshire. There is a net migration flow of 110 persons per annum from South Oxfordshire to Vale of White Horse; and of 140 persons per annum from Vale of White Horse to West Oxfordshire.
- 1.28 The analysis also suggests a net migration flow from Wycombe to South Oxfordshire (100 persons per annum) and from Vale of White Horse to Swindon (100 persons per annum).

Table 2: Net Migration Flows, Annual Average 2006-11

Authority A	Authority B	Gross Flow (A + B)	Net Flow (A - B, + is in-migration)
Oxford	Vale of White Horse	1880	420
Oxford	Cherwell	1510	410
Oxford	West Oxfordshire	980	280
Oxford	South Oxfordshire	1350	170
Vale of White Horse	West Oxfordshire	740	140
Wycombe	South Oxfordshire	610	110
South Oxfordshire	Vale of White Horse	1370	110
Swindon	Vale of White Horse	480	-100

Source: ONS Internal Migration Statistics

- 1.29 We have also sought to analyse migration flows between the Oxfordshire authorities and London. The analysis suggests a notable net migration flow from Oxford to London (1,400 persons per year), most likely influenced by flows of graduates moving to jobs in London. It suggests a net flow from London to the other Oxfordshire Districts, with the strongest flow from the capital to West Oxfordshire (170 persons per annum).

Table 3: Net Migration Flows with London, Annual Average 2006-11

	From London	To London	Net Flow from London PA
Cherwell	540	440	100
Oxford	3150	4550	-1400
South Oxfordshire	920	590	330
Vale of White Horse	600	570	30
West Oxfordshire	500	330	170

Source: ONS Internal Migration Statistics

Commuting Patterns

- 1.30 Commuting flows provide important evidence of the functional relationships between various authorities. The guidance directs planning authorities to consider commuting flows as a source of contextual information about the spatial dynamics of the local labour market as these will somewhat influence search patterns and location choices within the housing market.

Travel to Work Areas

- 1.31 The first source to consider is the 2001 Travel to Work Areas (2001 census data analysed by ONS). Travel to work (TTWA) areas are the smallest areas that can be defined in which two thirds of the population live and work and are, therefore, useful in defining HMA areas. These provide a useful starting point as they offer national coverage and comparability; however, the data is somewhat outdated and new data is not due to be published until 2015.
- 1.32 An Oxford Travel to Work Area (TTWA) is defined which includes Bicester, Witney, Didcot, Thame and Abingdon. A separate Banbury Travel to Work area is set out which covers mainly the northern part of Cherwell District and extends into South Northamptonshire. The south-eastern parts of South Oxfordshire fall within a Reading TTWA. Faringdon, in the Vale of White Horse, falls within the Swindon TTWA.

Figure 5: 2001-based Travel to Work Areas



Source: ONS

- 1.33 We can break the 2001 Census statistics down further to consider self-containment within Oxfordshire. Of residents in work in Oxfordshire, 85% work within the county. This is a relatively high level of self-containment which supports its definition as a housing market area.
- 1.34 The level of commuting to areas outside of the county is highest in South Oxfordshire (reflecting proximity to Reading and the Thames Valley), but is below 15% (as a proportion of residents in work) in all other Districts. The highest self-containment in an individual authority is in Oxford (76%).

Table 4: Commuting Flows within Oxfordshire, 2001

Workplace/ Residence	Cherwell	Oxford	South Oxfordshire	Vale of White Horse	West Oxfordshire
Cherwell	45,325	1,850	859	1,197	3,013
Oxford	9,095	45,716	6,710	9,626	7,092
South Oxfordshire	1,182	2,134	34,037	3,859	627
Vale of White Horse	1,643	3,627	5,972	35,728	2,596
West Oxfordshire	2,214	1,262	582	1,595	32,339
% Within Authority	64%	76%	51%	60%	64%
% Within Oxfordshire	85%	91%	72%	87%	91%

Source: 2001 Census

1.35 Table 5 shows the top five commuting destinations from each District. This highlights some commuting to London (with the highest flows from South Oxfordshire at 5% of residents in work). In regard to other areas it suggests flows from:

- Cherwell to Aylesbury Vale;
- South Oxfordshire to Reading and Wycombe; and
- Vale of White Horse to Swindon.

Table 5: Top Five Commuting Destinations by Authority, 2011

Residence	Workplace	Flow	% Residents in Work
Cherwell	Oxford	9,095	13%
	West Oxfordshire	2,214	3%
	Vale of White Horse	1,643	2%
	London	1,603	2%
	Aylesbury Vale	1,251	2%
Oxford	Vale of White Horse	3,627	6%
	South Oxfordshire	2,134	4%
	Cherwell	1,850	3%
	London	1,561	3%
	West Oxfordshire	1,262	2%
South Oxfordshire	Oxford	6,710	10%
	Vale of White Horse	5,972	9%
	London	3,578	5%
	Reading	3,246	5%
	Wycombe	2,668	4%
Vale of White Horse	Oxford	9,626	16%
	South Oxfordshire	3,859	6%
	Swindon	1,824	3%
	West Oxfordshire	1,595	3%
	London	1,359	2%
West Oxfordshire	Oxford	7,092	14%
	Cherwell	3,013	6%
	Vale of White Horse	2,596	5%
	London	976	2%
	South Oxfordshire	627	1%

Source: 2001 Census

Drawing the Analysis Together

1.36 Practice Guidance on undertaking studies such as this identifies that housing market areas reflect the relationships between where people live and work, patterns of movement between homes, and differences in housing costs and trends in these.

- 1.37 An Oxford-focused sub-regional housing market extending across much of Oxfordshire has previously been identified by research at both a national and regional level. This SHMA has sought to critically review the definition of the market area based on the interrogation of house prices, migration and commuting flows. We have also tested this through the stakeholder consultation event held in September 2013.
- 1.38 The evidence clearly points to an Oxford-focused housing market area which extends across much of the County, reflecting the economic influence of the City. The county still remains the most appropriate geography for analysis of housing markets in terms of the 'best fit' of local authority boundaries to a functional housing market area.
- 1.39 However there are links, in housing market and economic terms, between parts of Oxfordshire and surrounding areas, including major employment centres close to the county's boundaries, particularly Reading (the influence of which tends into South Oxfordshire including Henley-on-Thames) and Swindon (the influence of which extends into the Vale of White Horse). In the north of the county, the economic and housing market influence of Banbury and Bicester extend into South Northamptonshire and Aylesbury Vale respectively.
- 1.40 Within Oxfordshire we can identify a number of more localised housing market which reflect more closely similarities in the housing mix and pricing across different parts of the County. Our analysis points to the operation of three overlapping housing markets:
- Banbury and North Oxfordshire;
 - Oxford; and
 - South Oxfordshire.
- 1.41 This geography reflects the unique characteristics of the City in terms of its housing mix, but also its economic strengths and presence of two universities. It also reflects the subtle differences between the housing mix and pricing between the north and south of the County, with the latter demonstrating in relative terms higher housing costs and demand for larger housing within the market sector. We would include West Oxfordshire within a 'north Oxfordshire' focused market.

2 REVIEW OF KEY HOUSING AND PLANNING POLICIES

2.1 This section provides an overview of key housing and planning policies at a national level which are relevant to the preparation of the SHMA. It then drills down to consider current planning policies for housing provision in each of the local authorities in the HMA.

National Policy Framework

2.2 The Coalition Government has reformed the policy framework for planning for housing provision, revoking regional spatial strategies and returning responsibilities for determining policies for housing provision to local authorities. As of April 2013 the South East Regional Plan is revoked. The primary legislation to support this is the 2011 Localism Act which now includes a 'duty to cooperate' on local authorities.

2.3 The duty applies to the preparation of development plan and other local development documents, and to activities which can 'reasonably be considered to prepare the way' for these activities or support them (such as the preparation of evidence base studies such as this). Authorities are required by Section 110:2 of the Localism Act to "engage constructively, actively and on an on-going basis" with the other authorities identified in undertaking these tasks. The Duty to Cooperate is a legal test to which development plans must comply.

2.4 National policies for plan-making are set out within the *National Planning Policy Framework*⁶. This sets out key policies against which development plans will be assessed at examination and to which they must comply.

National Planning Policy Framework (NPPF)

2.5 The National Planning Policy Framework (NPPF) was published in March 2012. Compliance of existing Local Development Documents becomes a key issue from April 2013 onwards.

2.6 The Framework sets a presumption in favour of sustainable development whereby Local Plans should meet objectively assessed development needs, with sufficient flexibility to respond to rapid change, unless the adverse impacts of doing so would significantly or demonstrably outweigh the benefits or policies within the Framework indicate that development should be restricted. Green Belt, AONB and flood risk are recognised as nationally-significant constraints however the Framework does allow review of Green Belt boundaries through the development of Local Plans.

2.7 The core evidence for housing requirements is intended to be a Strategic Housing Market Assessment (SHMA) for the housing market area. Paragraph 159 in the Framework outlines that

⁶ CLG (March 2012) *National Planning Policy Framework*

this should identify the scale and mix of housing and the range of tenures which the local population is likely to need over the plan period which:

- Meets household and population projections, taking account of migration and demographic change;
- Addresses the need for all types of housing, including affordable housing and the needs of different groups in the community; and
- Caters for housing demand and the scale of housing supply necessary to meet this demand.

2.8 This is reaffirmed in the NPPF in Paragraph 50. The SHMA is intended to be prepared for the housing market area, and include work and dialogue with neighbouring authorities where the HMA crosses administrative boundaries. Recent local plan examinations have demonstrated the importance of properly identifying and addressing the housing market area as a whole⁷. The preparation of a Strategic Housing Market Assessment for the housing market area is intended to be the primary means of determining policies for future housing provision.

2.9 Paragraph 181 sets out that LPAs will be expected to demonstrate evidence of having effectively cooperated to plan for issues with cross-boundary impacts when their Local Plans are submitted for examining. This issue has been borne out in a number of recent local plan examinations, particularly in respect of housing, with Inspectors seeking at the outset to test the process and outcomes of collaboration.

2.10 Paragraph 158 of the NPPF also emphasises the alignment of the housing and economic evidence base and policy and a particular requirement of the project brief for this Oxfordshire SHMA is to consider the interaction between the housing market and economy.

2.11 In regard to housing mix, the NPPF sets out that authorities should plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community. Planning authorities should identify the size, type, tenure and range of housing that is required in particular locations reflecting local demand. Where a need for affordable housing is identified, authorities should set policies for meeting this need on site. National thresholds for affordable housing provision are removed as are national brownfield development targets.

2.12 In setting affordable housing targets, the NPPF states that to ensure a plan is deliverable, the sites and the scale of development identified in the plan should not be subject to a scale of obligations and policy burdens such that their ability to be developed is threatened and should support development throughout the economic cycle. The costs of requirements likely to be applied to development, including affordable housing requirements, contributions to infrastructure and other policies in the Plan, should not compromise the viability of development schemes. To address this,

⁷ For example Bath and NE Somerset or Coventry

affordable housing policies would need to be considered alongside other factors including infrastructure contributions – a ‘whole plan’ approach to viability. Where possible the NPPF encourages Local Authorities to work up Community Infrastructure Levy (CIL) charges alongside the Local Plan.

Changes to National Housing Policies

Housing Strategy for England

- 2.13 In November 2011 the Government published *Laying the Foundations: A Housing Strategy for England* (HM Government, Nov 2011). This outlines the Government’s ambition to get stimulate housebuilding, not least to support economic recovery. It identifies a number of initiatives to support this, including:
- [New-build Indemnity Scheme](#) – providing Government-backed 95% mortgages for new-build properties;
 - [Growing Places Fund](#) – providing funding for infrastructure which unblocks housing and economic growth;
 - [Initiatives to Kick-Start Stalled Developments](#) – including proposals to allow reconsideration of planning obligations; a ‘Get Britain Building’ Investment Fund to provide development finance; and ‘build now, pay later’ deals with public sector land; and
 - [Custom Homes Programme](#) – with short-term project finance support for individuals looking to build their own homes.
- 2.14 The Strategy includes initiatives to support growth and investment in the Private Rented Sector, including new ‘build-to-let’ models and a review of barriers to investment. It also indicates that the Government is looking at supporting greater innovation and competition between social landlords, including encourage new private entrants to the sector, and potential new approaches to funding in the medium-term.
- 2.15 The Strategy also included proposals for [Reinvigorating the Right-to-Buy](#) by raising the discounts available to tenants, but with a commitment to build a new ‘replacement’ home for affordable rent for every home lost. It also identified a funding steam to support local authorities in [bringing empty homes back into use](#).
- 2.16 The Great Britain Building Fund and Growing Places Fund provide funding to unblock stalled schemes. The Government is also advising local authorities to renegotiate existing S106 agreements where these provide a hindrance to development, including allowing developers to appeal decision for a three year period to April 2016.

- 2.17 The Reinvigorating Right-to-Buy scheme increases the discount cap to £75,000; and makes provision that receipts from sales will be retained by local authorities to deliver replacement provision.
- 2.18 Since the 2011 Housing Strategy the Government has introduced a number of additional measures to try to kick-start the housing market. Of particular relevance is the new “[Help to Buy](#)” scheme introduced in the 2013 Budget. This provides two schemes aimed at increase the supply of low-deposit mortgages and new housing:
- [Help to Buy Equity Loan](#) – a new-build only scheme which expands the existing FirstBuy scheme to provide an equity loan of up to 20% of the value of a home through an equity loan. The scheme will run until April 2016 and buyers will require only a 5% deposit;
 - [Help to Buy Mortgage Guarantee](#) – a similar scheme where buyers will require a 5% deposit and the Government will provide guarantees underpinning the 95% mortgage from a commercial lender. This scheme is available for both new-build and existing homes.
- 2.19 Moving forward these schemes could have a real impact at stimulating effective market demand for homes as they target some of the key challenges which have restricted access to owner occupation - difficulties for households in securing mortgage finance and high loan-to-value ratios.

Localism Act – Housing Reforms

- 2.20 The Localism Act has introduced a number of reforms affecting the management of social housing. These reforms are summarised below:
- 2.21 The Localism Act gives Councils greater flexibilities in deciding who qualifies to go onto housing waiting lists (through their allocations policies) and how they treat tenants who want rather than need to move. Local Authorities can thus revise their allocations policies, should they wish to do so, to prevent people with no ‘need’ for affordable housing from joining housing registers.
- 2.22 The Localism Act has introduced changes to social housing tenancies, giving both local councils and Registered Providers (RP’s) the flexibility to grant fixed term tenancies (as well as lifetime tenancies) should they decide to do so. New fixed term tenancies would continue to be at social rent levels and tenants would have the same rights as those with existing lifetime tenancies in terms of a right to repair or to buy/acquire. A minimum fixed-term tenancy in most cases would be for five years (with two year tenancies granted only in exceptional circumstances). Shorter tenancies are considered to be one way of making better use of the existing social housing stock in meeting housing need. Specific local policies are expected to be set out in local authority’s tenancy strategies.
- 2.23 The Government has also changed the rules on succession to make them consistent for all Council and RP tenants. The spouse or partner of a tenant who dies will have an automatic legal right to

succeed, but will not have an automatic right to then pass on the property. This will not however affect joint tenancies or existing secure tenants.

- 2.24 Councils will be able to bring the statutory homelessness duty to an end with an offer of suitable private rented housing. People's right to refuse private rented accommodation will be withdrawn. This could potentially assist in the use of private sector housing stock in meeting affordable housing needs.
- 2.25 The Government has also recently introduced a new [nationwide home swap scheme](#) to support mobility in the social sector.
- 2.26 In terms of social housing finance, the Localism Act also introduces 'self-financing' which allows Councils to keep money from rents to spend on upkeep, investment and management of their housing stock. It has also made changes to the regulation of the Social Housing Sector.

Welfare Reforms

- 2.27 The Welfare Reform Act received Royal Assent in March 2012. This introduces the following:
- Household Benefit Cap;
 - Planned introduction of Universal Credit (combining current existing benefits);
 - Linking Local Housing Allowance (LHMA) rates to CPI; and
 - Size Criteria for Calculating Housing Benefit in the Social Rented Sector.

'Bedroom Tax' for Working-Age Households in the Social Rented Sector

- 2.28 The Welfare Reform Act introduces restrictions on how much Housing Benefit working-age households in social rented properties can claim from April 2013, based on the size of the household. Housing Benefit has been previously based on the size of the property rather than the household. This change will particularly impact on working-age households who are under-occupying homes. The Government estimates that the change of policy will impact on 670,000 households nationally – 32% of all working-age households in receipt of Housing Benefit. The average cost to affected households will be a reduction in Housing Benefit of £13 per week in 2013/14. The policy change is focused on reducing the Government's benefit bill, increasing mobility in the social rented sector and making better use of the existing social housing stock.
- 2.29 The applicable maximum Housing Benefit which households can claim will be reduced by national proportions based on the number of rooms households have which they don't require. The change is expected to have a greater impact in areas with less social rented accommodation and will particularly affect older, working-age households.

Shift towards Universal Credit

- 2.30 Universal Credit, which brings together existing benefits into a single payment, is due to be phased in from October 2013. A movement towards universal credit to provide one streamlined payment is likely to end the payments of housing benefit directly to landlords in some instances. Coupled with the caps on growth in LHA levels, this may over time make tenants on benefits less attractive to landlords. It could result in some moderating of growth in benefit claimants in the private rented sector, although this will depend on overall dynamics within the sector.

Changes to Local Housing Allowance

- 2.31 Low income households living in the Private Rented Sector are able to claim Local Housing Allowance (LHA) to assist in meeting their housing costs. LHA is determined in relation to rents in the Broad Rental Market Area (BRMA) in which a property lies.
- 2.32 In April 2011 the Government changed how LHA is calculated, shifting this from median rents in the BRMA to the 30th percentile. It has also introduced caps on LHA payments: £250 a week for a 1bed property or shared accommodation, £290 a week for a 2-bed property, £340 a week for a 3-bed property and £400 a week for properties with 4 or more bedrooms.
- 2.33 The Welfare Reform Act also indicates that increases in LHA rates from 2013 will be restricted to growth in inflation as measured by the Consumer Price Index (CPI). Rates will also be set annually rather than monthly. This can be expected to exert a downward pressure on rents, particularly in areas where LHA claimants form a significant proportion of the private rented sector market, and may encourage some LHA claimants to move to cheaper areas.

Current and Emerging Local Planning Policies for Housing Provision

- 2.34 We summarise below current or emerging planning policies relating to future housing numbers and affordable housing provision in each of the local authorities in Oxfordshire. It should be noted that it is the intention the development of emerging local plans, or review of existing adopted plans, as appropriate will be informed by this SHMA.

Cherwell

- 2.35 Cherwell District Council submitted its Local Plan 2006-31 to the Secretary of State in January 2014. The Plan sets out that its main priority is to secure the economic future of the District. It makes provision for 16,750 homes between 2006-31 (670 per annum).
- 2.36 Taking account of completions, the plan identifies the need to deliver an additional 13,850 homes between 2012 and 2031. The total requirement of 16,750 (670 per annum) is in line with the

requirements of the former South East Plan and in general accordance with the CLG's 2008- and 2011-based Household Projections. Major development is proposed at Bicester, including delivery of 1,793 homes at the North West Bicester Eco-Town and 1,900 homes at Craven Hill, Bicester.

- 2.37 The Plan recognises the high level of affordable housing need in the area and seeks to achieve 30-35% affordable housing on new developments depending upon the location. It sets a target for 30% affordable housing provision in Banbury and Bicester; and 35% in Kidlington and the Rural Areas on sites of over 10 homes (net) in urban areas and 3 homes in rural areas. Policy BSC2 also supports development of rural exceptions sites.
- 2.38 Policy BSC4 of the Local Plan also promotes housing choice, with schemes expected to deliver an appropriate mix of homes. The policy also specifically promotes the development of extra-care housing on strategic sites.

Oxford

- 2.39 Oxford's Core Strategy was adopted in March 2011. The Core Strategy identified that house prices in the City were comparable to London and identified a notable shortage of open market housing and limited supply of affordable housing. It identified significant pressures on the City's housing stock.
- 2.40 The Core Strategy seeks to deliver at least the South East Plan target of 8,000 dwellings by the end of the plan period (2026) (Policy CS22). It seeks to support 11,000 – 14,000 jobs alongside this; in part supported by in-commuting to the City. The Core Strategy made provision for strategic housing development on Land at Barton (800-1200 homes) and Somertown (200-500 homes).
- 2.41 Policy CS23 sets out that a balanced mix of housing would be sought through new development, with further detail to be provided within the Balance of Dwellings SPD. Policy CS24 deals with Affordable Housing. This outlines a requirement for a minimum of 50% affordable housing on schemes of 10 dwellings or more/ sites of over 0.25 ha, subject to development viability.
- 2.42 The Core Strategy seeks to achieve at least an equivalent growth in student accommodation to the growth in student population.

South Oxfordshire

- 2.43 South Oxfordshire's Core Strategy was adopted in December 2012. The Core Strategy seeks to deliver 11,487 homes over the 2006-27 plan period in accordance with the South East Plan.
- 2.44 The strategy for housing provision in the Plan focuses on Didcot, which is expected to accommodate 55% of the total requirement (equivalent to 6,300 homes).

- 2.45 The Plan notes that the South East Plan made provision for 4,000 homes at a South of Oxford Strategic Development Area. However it sets out that the Treasury Solicitor conceded a legal challenge to this as the Sustainability Appraisal process had undertaken insufficient work to assess possible alternative locations for meeting the wider housing needs of Oxford City. This issue is to be resolved through further joint work on housing needs and the development strategy.
- 2.46 Policy CSH3 seeks 40% affordable housing provision on all sites where there is a net gain of 3 or more dwellings, subject to viability. Of this 75% is intended to be for social or affordable rented homes, and 25% for intermediate housing. Policy CSH2 sets out a minimum development density of 25 dwellings per hectare.
- 2.47 Policy CSH4 sets out wider policies for meeting housing needs, including policies for provision of housing to meet special needs; to promote delivery of lifetime homes; and provision of housing for older persons (including in particular extra care housing).

Vale of White Horse

- 2.48 The Draft Local Plan 2029 Part 1 consulted on between February and May 2013 . The proposed housing requirement was based on the South East Plan target of 578 dwellings per annum rolled forward to 2029 as a working housing target and as a basis for public consultation. This equated to 13,294 homes over the 2006-29 period. Alongside this it proposed provision of 14,300 jobs.
- 2.49 The Plan set out a broad spatial distribution of the proposed housing provision between different sub-areas in the District.
- 2.50 Core Policy 18 proposed a requirement for 40% affordable housing on sites where there was a net gain of 3 or more dwellings subject to viability. Of this 75% would be social and affordable rented homes and 25% intermediate affordable housing.
- 2.51 Core Policy 20 sets out wider policies for meeting housing needs, including policies for provision of housing to meet special needs; for lifetime homes, for older persons (particularly on strategic sites). It also provides guidance on housing mix.

West Oxfordshire

- 2.52 A new local plan for West Oxfordshire is currently being prepared. The Council consulted on a Draft Local Plan in October 2012. This proposed provision of at least 5,500 homes over the 2011-29 plan period (aligned to housing targets in the South East Plan). It identified potential strategic sites in Witney and Carterton and proposed a distribution of housing provision to key settlements across the District.

- 2.53 The draft Plan suggests a need to rebalance the housing offer in the District which is currently focused on larger homes, seeking 60% of new-homes with 1- or 2-bedrooms; and 40% with 3 or more bedrooms. It also identified a need to widen the choice of housing for older people with Core Policy 7 suggesting provision of extra care housing, including at least one scheme in the main settlements.
- 2.54 The draft Plan proposed provision at least 35% affordable housing, ranging from a requirement for 35% in Carterton, 40% in Witney to 50% elsewhere in the District on all development schemes subject to viability. A financial contribution would be accepted on small schemes of 1-5 dwellings. The draft Plan suggested that 65% of affordable housing provision should be of 1- and 2-bed properties, and 35% with 3 or more bedrooms.

3 REVIEW OF POLICIES FOR HOUSING PROVISION IN ADJOINING AUTHORITIES

3.1 In this section we summarise policies for housing provision in current or emerging development plans in areas which adjoin the Oxfordshire HMA. We consider the current and emerging policies for housing provision, and the basis of these. The analysis is based on a desk-based review of current planning evidence and policy documents available on local authorities websites as at February 2014.

Table 6: Policies for Housing Provision in Adjoining Authorities

Authority	Planning Policy Position	Policies for Housing Provision
Aylesbury Vale	Vale of Aylesbury Plan Part I withdrawn Jan 2014.	No up-to-date planning policy for housing. Council is considering how to progress including preparation of a new Strategic Housing Market Assessment.
Wycombe	Core Strategy adopted in July 2008. Work commenced on preparation of a new Local Plan. Wycombe District Local Plan Options Consultation commenced in Jan 2014.	Adopted Core Strategy provides for 8050 homes between 2006-26 (402.5 homes pa). This was based on draft South East Plan. Local Plan Options Consultation identifies need for 545 – 610 homes per annum based on Wycombe SHMA. Options being considered include Green Belt Review focused on the SE of the District; major expansion of Princess Risborough or other settlements; new development at key locations on transport network; or a net settlement.
Wokingham	Core Strategy adopted in January 2010.	Adopted Core Strategy provides for 12,460 homes between 2006-26 in accordance with South East Plan. Plan includes delivery of 4 Strategic Development Locations at Arborfield Garrison; South of the M4; North and South Wokingham.
Reading	Core Strategy adopted in January 2007. Council is commencing work on a new Local Plan.	Adopted Core Strategy provides for 5,720 dwellings between 2006-16 and 5,210 dwellings 2016-26. This was based on South East Plan, with a 20% uplift to delivery between 2006-16 based on Reading's designation as a New Growth Point.
West Berkshire	Core Strategy adopted in July 2012.	Adopted Core Strategy provides for at least 10,500 dwellings between 2006-26 based on the housing target in the South East Plan. The Plan includes provision to prepare an updated SHMA for the relevant Housing Market Area within three years of adoption.
Cotswold	Consultation Paper on Preferred Development Strategy published in May 2013. Consultation of a draft Local Plan scheduled for Summer 2014.	Preferred Development Strategy proposed development of 6,900 homes between 2011-31. This was based on demographic projections considered in the <i>Review of Future Housing Requirements</i> (Woodhead, K. Feb 2013).

Swindon	Draft Swindon Borough Local Plan submitted for examination in June 2013. Plan examination is on-going.	Submitted Draft Local Plan proposes 22,000 new dwellings between 2011-26 based on 2008-based CLG Household Projections. Examination is on-going and considering housing need.
Stratford-on-Avon	Council is in process of preparing its Core Strategy. Focused Consultation on the Housing Requirement and Strategic Site Options is being undertaken between January and March 2014.	The <i>Focused Consultation</i> Document proposes a housing requirement of 10,800 homes between 2011-31. This is informed by Coventry & Warwickshire Joint SHMA (GL Hearn, Nov 2013) and an <i>Update to Review of Housing Requirements</i> report (ERM, Dec 2013). These indicate housing need between 540-600 homes per annum. The consultation includes potential options for a new settlement at either Gaydon/ Lighthorne Heath or at Long Marston Airfield; or strategic development on the south-eastern side of Stratford-upon-Avon or north-east of Southam/Stoneythorpe.
South Northamptonshire	Joint Core Strategy for West Northamptonshire submitted for examination in December 2012. Plan examination is on-going.	Draft Joint Core Strategy proposes delivery of 6,010 homes in South Northamptonshire between 2010-26 based on the East Midlands Regional Plan. JPU has undertaken a review of its housing evidence and now proposes delivery of 11,020 homes between 2011-29. This is based on its evidence within <i>The New Household Projections and their Implications for West Northamptonshire</i> (CCHPR, June 2013).

- 3.2 Of the nine surrounding authorities, a number are progressing with preparation of a new local plan or core strategy and as part of this are or have prepared evidence of their housing needs.
- 3.3 A number of authorities have defined their housing need and have or are developing a plan on this basis. This includes the local authorities of Cotswold, Swindon, Stratford-on-Avon and South Northamptonshire. Plan examinations are underway in Swindon and for West Northamptonshire, but at this stage in neither case is there an indication of an unmet need for housing. Neither Stratford-on-Avon or Cotswold District has specifically identified an shortfall in potential housing provision at this stage which it is seeking other authorities to meet.
- 3.4 Several authorities have development plans in place which are based on housing targets in the South East Plan. These include the local authorities of Wycombe, Wokingham, Reading, West Berkshire. Of these Wycombe District Council and Reading Borough Council are commencing work on preparing a new local plan. Wycombe District is currently consulting on potential development options. Besides Wycombe District, these authorities have yet to undertake or complete an NPPF-compliant SHMA and assessment of their capacity to meet these needs.

- 3.5 The above is based on a desk-based review of current and emerging policies. It is not intended to discharge the requirement for authorities to work collaboratively with one another in preparing development plans, and it will be important that the local authorities across Oxfordshire continue to work collaboratively with one another, and with other adjoining authorities outside of the HMA in devising future policies for housing provision.
- 3.6 This SHMA provides an assessment of housing need. In taking forward development plans, the Councils will need to consider the need identified and any unmet need identified by adjoining authorities alongside evidence of land availability, development and infrastructure constraints in devising housing targets. Options will need to be considered and tested through Sustainability Appraisal.

4 AFFORDABLE HOUSING DEFINITIONS

Key Definitions

4.1 We set out below key definitions relating to housing need, affordability and affordable housing.

Housing Need

4.2 Housing need is defined as the number of households who lack their own housing or who live in unsuitable housing and who cannot afford to meet their housing needs in the market.

Newly-Arising Need

4.3 Newly-arising (or future) need is a measure of the number of households who are expected to have an affordable housing need at some point in the future. In this assessment we have used trend data from CORE along with demographic projections about the number of new households forming (along with affordability) to estimate future needs.

Supply of Affordable Housing

4.4 An estimate of the likely future supply of affordable housing is also made (drawing on secondary data sources about past lettings). The future supply of affordable housing is subtracted from the newly-arising need to make an assessment of the net future need for affordable housing.

Affordability

4.5 Affordability is assessed by comparing household incomes, based on income data modelled using a number of sources including CACI, ASHE, the English Housing Survey (EHS) and ONS data, against the cost of suitable market housing (to either buy or rent). Separate tests are applied for home ownership and private renting (in line with the SHMA Guidance) and are summarised below:

- Assessing whether a household can afford home ownership: A household is considered able to afford to buy a home if it costs 3.5 times the gross household income – CLG guidance suggests using different measures for households with multiple incomes (2.9×) and those with a single income (3.5×), however (partly due to data availability) we have only used a 3.5 times multiplier for analysis. This ensures that housing need figures are not over-estimated – in practical terms it makes little difference to the analysis due to the inclusion of a rental test (below) which tends to require lower incomes for households to be able to afford access to market housing;
- Assessing whether a household can afford market renting: A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than 35% of gross income. CLG guidance suggests that 25% of income is a reasonable start point but suggests that a higher figure could be used. In Oxfordshire household incomes are generally slightly above the national average whilst private rental costs are also high and so the 25% figure has been changed for affordability testing. The use of a 35% figure is arbitrary but is consistent with other research carried out in Oxfordshire (such as in a study by B.Line Housing Information for Cherwell in 2009). The analysis also contains sensitivity analysis using lower thresholds of 25% and 30% as well as studying the implications of pushing the figure up to 40%.

4.1 It should be recognised that a key challenge in assessing housing need using secondary sources is the lack of information available regarding households' existing savings. This is a key factor in affecting the ability of young households to purchase housing particularly in the current market context where a deposit of at least 10% is typically required for the more attractive mortgage deals. However in many cases households who do not have sufficient savings to purchase have sufficient income to rent housing privately without support, and thus the impact on the overall assessment of housing need is limited.

- **Affordable Housing:** The NPPF provides the definition of affordable housing (as used in this report). The following is taken from Annex 2 of NPPF. "Affordable housing includes social rented, affordable rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:
 - Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices;
 - Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision."

Within the definition of affordable housing there is also the distinction between social rented affordable rented, and intermediate housing.

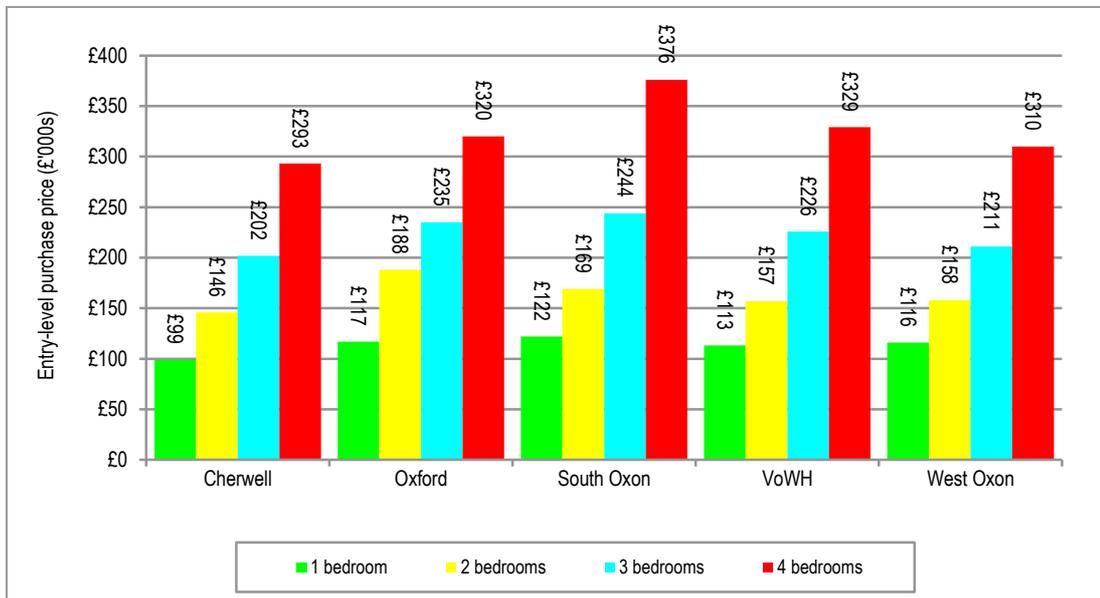
- **Social Rented Housing:** This is defined as "rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency as a condition of grant."
- **Affordable rented housing:** This is defined as "rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80 per cent of the local market rent."
- **Intermediate Housing:** "Intermediate affordable housing is 'Housing at prices and rents above those of social rent, but below market price or rents. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent but does not include affordable rented housing."

4.2 As part of our analysis in this report we have therefore studied the extent to which both social rented, intermediate housing and affordable rented housing can meet housing need in Oxfordshire.

5 SURVEY OF LOCAL PRICES & RENTS

- 5.1 An important part of the assessment of housing need is to establish the entry-level costs of housing to buy and rent. This housing needs assessment then compares this with the incomes of households within the County to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having a 'housing need.'
- 5.2 In this Appendix we establish the entry-level costs of housing to both buy and rent in each of the five local authorities. Our approach has been to carry out a desktop survey using internet sources. We have assessed prices and rents for different sizes of properties from one to four bedrooms in each of the different locations. It should be noted that the figures presented are for whole local authority areas; there will therefore be differences within each District which is not captured in the analysis.
- 5.3 Figure 6 below shows estimated lower quartile property prices obtained from this search. The prices have been reduced slightly (on average by about 6%) to take account of the difference between asking prices and prices paid based on information from the Hometrack website.
- 5.4 The data shows some notable differences between areas with prices in Oxford and South Oxfordshire being particularly high and the lowest prices to be found in Cherwell. Overall, prices are estimated to start at about £99,000 for a one-bedroom home in Cherwell and rising to about £376,000 for four bedrooms in South Oxfordshire. The data excludes shared ownership and retirement homes for the purposes of analysis (although the latter have been included within the analysis of volumes of homes available by size).

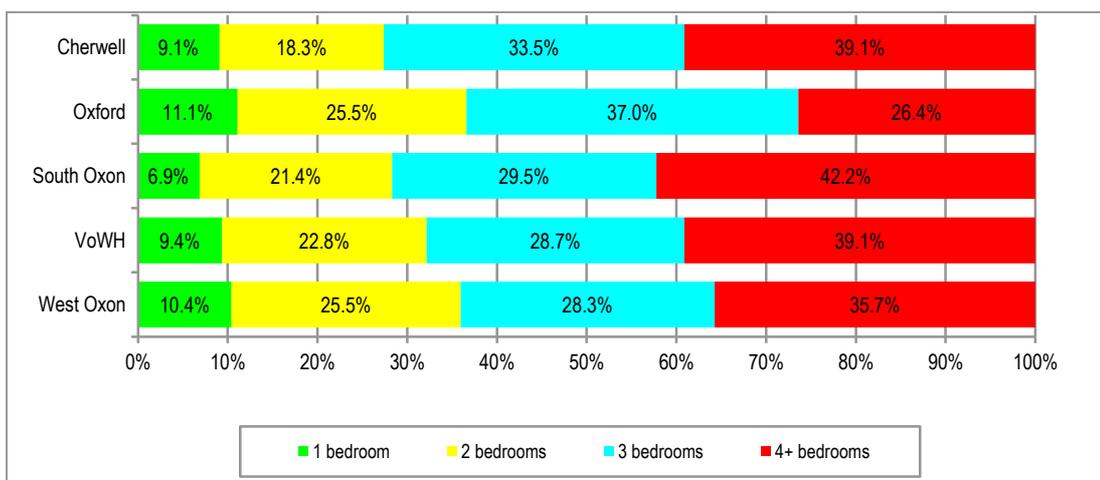
Figure 6: Entry-level Purchase Price



Source: Online Estate and Letting Agents Survey (June 2013)

5.5 Figure 7 shows the volume of properties for sale in each of the five districts. The data shows in all areas that the focus is on larger (3 and 4 bedroom) properties. There are however some differences between areas with over 40% of homes for sale in South Oxfordshire having four or more bedrooms compared with just 26% in Oxford. All areas show a fairly modest supply of one bedroom homes for sale.

Figure 7: Volume of properties advertised for sale

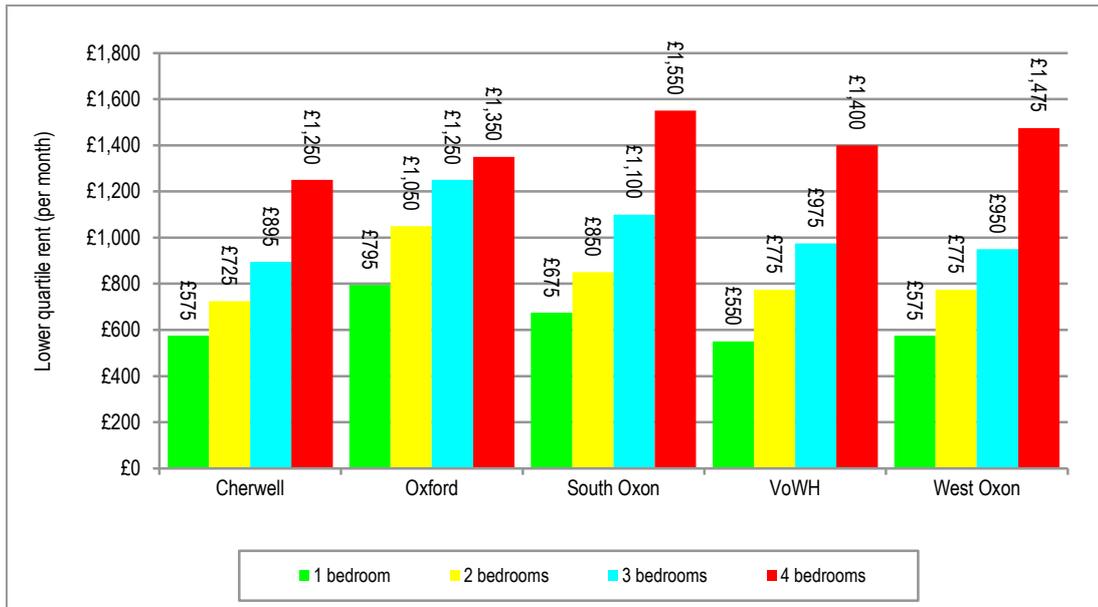


Source: Online Estate and Letting Agents Survey (June 2013)

5.6 The entry-level cost for private rented accommodation is presented in the figure below. This indicates that entry-level rents range from about £550-£795 per month for a one bedroom home up

to around £1,550 per month for a four bedroom property depending on location. As with the sales prices rent levels in Oxford and South Oxfordshire are highest with lower costs seen in Cherwell. Other than for four bedroom homes the rental costs in Oxford are significantly higher than for any other area.

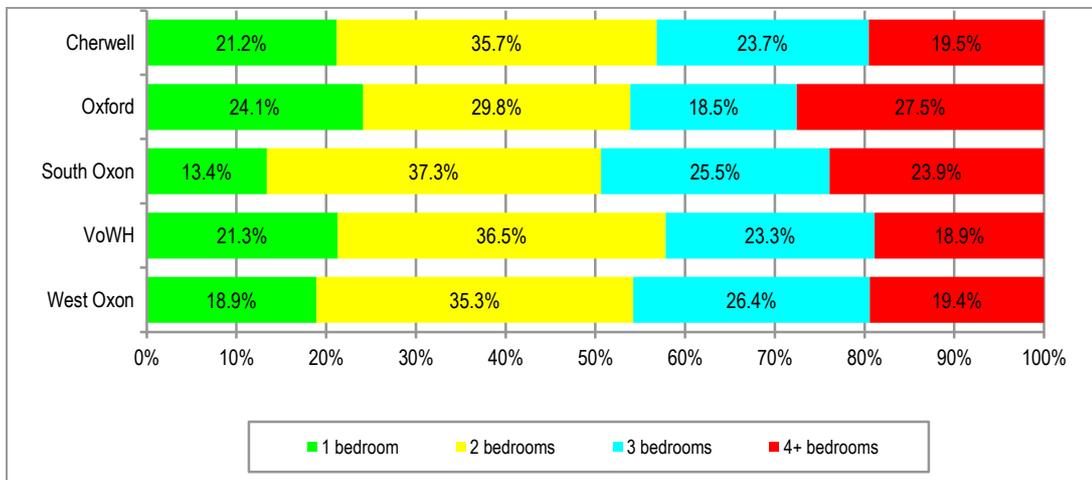
Figure 8: Entry-level Private Rents



Source: Online Estate and Letting Agents Survey (June 2013)

5.7 Figure 9 shows the volumes of properties available for rent in each of the five local authorities by size of property. Compared with properties for sale the data clearly indicates a higher proportion of smaller homes being available to rent in all areas with up to a quarter of available homes being one bedroom and over half having one- or two-bedrooms. Where possible the figures exclude lettings advertised on a room only basis (which are often advertised under the heading of the overall size of the property). However, where a property is advertised in its entirety it is included in the figures even if it is specifically targeted at sharers (e.g. groups of students).

Figure 9: Volume of properties advertised to rent privately



Source: Online Estate and Letting Agents Survey (June 2013)

5.8 In addition to rental costs from our internet survey we have looked at the maximum amount of Local Housing Allowance (LHA) payable on different sized properties within the HMA. Maximum LHA payments are based on estimates of rents at the 30th percentile and should therefore be roughly comparable with our estimates of lower quartile costs. Much of the County falls into the Oxford Broad Rental Market Area (BRMA) although parts fall into a further five different areas. Key settlements in other areas are Cherwell Valley BRMA – Banbury, Bicester, Chipping Norton; Aylesbury BRMA – Thame, Reading BRMA – Henley; Cheltenham BRMA – Burford and Swindon BRMA – Farringdon. As a result the LHA levels will be unduly influenced by areas outside of the District.

5.9 Below we have therefore provided details for the six BRMAs with a particular focus on Oxford. The data shows that the highest LHA levels are for Oxford although when compared with the findings of our market survey the figures look to be slightly on the low side. This suggests (as evidenced in the market survey) that cheaper rents can be found in the Oxford BRMA but outside of the City. This may mean that households will have difficulty in finding benefit supported private rented housing within the City. Additionally, the LHA levels in areas which partially fall within the County are also low when compared with the market survey and again suggests for these locations a potential difficulty in finding suitable accommodation for some households.

5.10 Table 7 below we have also added LHA rates for room only accommodation. Generally, the amount able to be claimed for a room is around 50%-65% of the figure for a self-contained one bedroom property. Single households under 35 are now only to claim the Single Room Rate.

Table 7: Maximum LHA payments by Size and Broad Housing Market Area

Size	Oxford	Cherwell Valley	Aylesbury	Reading	Cheltenham	Swindon
Room only	£351	£303	£300	£325	£286	£282
1 bedroom	£675	£506	£525	£650	£475	£439
2 bedrooms	£818	£650	£650	£800	£623	£542
3 bedrooms	£950	£775	£795	£915	£741	£650
4 bedrooms	£1,300	£995	£1,250	£1,300	£1,022	£850

Source: VOA data (June 2013)

Cost of Affordable Housing

5.11 Traditionally the main type of affordable housing available in an area is social rented housing and the cost of social rented accommodation by dwelling size can be obtained from Continuous Recording (CORE) - a national information source on social rented lettings. The table below illustrates the rental cost of lettings of social rented properties by size in 2012/13. As can be seen the costs are below those for private rented housing indicating a gap between the social rented and market sectors. This gap increases for larger properties. The figures in the table include service charges.

Table 8: Monthly average social rent levels

District	1 bedroom	2 bedrooms	3+ bedrooms
Cherwell	£382	£422	£477
Oxford	£387	£442	£523
South Oxon	£399	£452	£543
VoWH	£435	£475	£545
West Oxon	£434	£492	£536

Source: CORE (2013)

5.12 Changes in affordable housing provision has seen the introduction of a new tenure of affordable housing (Affordable Rented). Affordable rented housing is defined in the NPPF as being *'let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).'*

5.13 Funding provision to support affordable housing delivery within the current 2011-15 National Affordable Housing Programme (administered by the Homes and Communities Agency) as well as the 2015-18 Programme is focused towards delivery of affordable rented homes.

- 5.14 Affordable Rented housing can be considered to be similar to social rented housing but at a potentially higher rent. The 80% (maximum) rent is to be based on the open market rental value of the individual property and so it is not possible to say what this will exactly mean in terms of cost (for example the rent for a two-bedroom flat is likely to be significantly different to a two-bedroom detached bungalow). In addition, market rents for newbuild homes are likely to be higher than within the existing stock and may well be in excess of 80% of lower quartile rents.
- 5.15 Table 9 shows potential affordable rents at 80% of market cost by size of property (including service charge). The data shows that affordable rents (based on 80% of our market estimate) are above social rents for all property sizes. For one bedroom homes in some locations (notably Vale of White Horse and West Oxfordshire) the differences are quite marginal. For smaller homes there will be less to gain in viability terms in providing homes at 80% of market rents.
- 5.16 For larger property sizes it is however the case that affordable rents will be notably higher than current social rents with the gap widening as property sizes get bigger. This suggests in viability terms that affordable rent might work for some sizes and locations – the affordability of such accommodation should however also be considered. This latter point provides some support for providing affordable rent at below the 80% maximum (particularly for larger properties), but noting that this needs to be balanced against viability considerations.

Table 9: Cost of Affordable Rented Housing by size and sub-area (per month)

Area	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms
Cherwell	£460	£580	£716	£1,000
Oxford	£636	£840	£1,000	£1,080
South Oxon	£540	£680	£880	£1,240
VoWH	£440	£620	£780	£1,120
West Oxon	£460	£620	£760	£1,180

Source: Derived from Online Estate and Letting Agents Survey (June 2013)

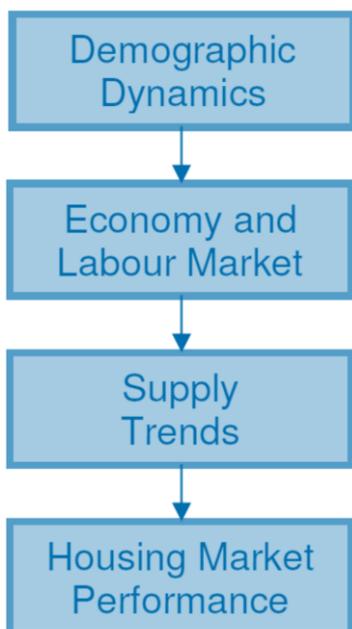
6 MONITORING FRAMEWORK

- 6.1 The Oxfordshire Strategic Housing Market Assessment (SHMA) presents a robust analysis of the functioning of housing markets across the County. It has benchmarked performance, assessed trends and identified key drivers of change. This has then been drawn together to consider, based upon the best evidence available now, a future trajectory for housing demand which recognises external economic and market drivers. This provides a fit-for-purpose basis upon which to develop strategic policies to achieve a balanced housing market.
- 6.2 Housing markets are though, by their very nature, dynamic. The Councils will therefore need to monitor trends and activity in the housing market. This reflects the Government's 'plan, monitor and manage' approach to the planning system.
- 6.3 The objectives of monitoring are similar to those of the SHMA: it is about establishing what is happening now and considering what may happen in the future. Again it will be important to make a distinction between short and long-term trends where possible. It is intended to be a continuous and proactive process which informs policy development and how policies are implemented.
- 6.4 However it needs to be recognised that monitoring can be a time and resource-intensive process. This promotes an emphasis on efficiencies and we consider that this is possible at two levels:
- achieving clarity between what is monitored and by whom; and
 - ensuring that co-ordinated monitoring systems are developed between departments, and ideally with RPs and other key housing stakeholders.

Monitoring Framework

- 6.5 This framework has informed our suggested approach and identification of indicators which should be monitored. We consider the best approach to be the development of a co-ordinated system for monitoring changes in the housing market, together with demographic and economic drivers which is linked to and informs preparation of Annual Monitoring Report.
- 6.6 The remainder of this section presents the monitoring framework. It sets out the indicators which should be monitored, data sources and monitoring periods. The monitoring framework is structured around the key drivers of change in the housing market. In addition we have provided a methodology for updating both the housing needs and housing market models.
- 6.7 A key element of the approach adopted is in considering wider demographic and economic trends which influence the operation of the housing market alongside changes in market dynamics (including supply, demand, need and price variables) and housing land availability.

Figure 10: Monitoring Framework Structure



- 6.8 Through a proactive monitoring process it will be possible to maintain and develop understanding of the housing market, building on the outcomes of the SHMA. It will allow the implementation of policies to be tailored to evolving circumstances and inform future policy evolution.
- 6.9 It is important though that monitoring does not just become a 'data collection exercise' – it will be important to use time-series analysis to identify trends; and to move beyond the data to distil what it is telling us and the implications of this for policy development implementation. Maintaining an

understanding of the dynamics of the housing market will ensure that a robust evidence base exists to evaluate planning applications for housing development and ensure that policy is pro-active rather than reactive to change.

- 6.10 The data collection exercise could be 'led' by the Councils' existing Strategic Intelligence Teams' staff. There is likely to be strong overlap with information which is collected currently, including preparing Annual Monitoring Reports or as part of other housing/planning/economic development functions and the wider research programme of the Strategic Intelligence Teams.
- 6.11 However this information will need to be drawn together at the housing market area level (where possible) and will require consistent analysis to identify inter-relationships, messages and implications. This then needs to be fed through and understood across housing and planning departments. We therefore need to think about three steps: data collation; analysis/ messages; dissemination. Partners should consider the appropriate groupings to take these forward efficiently and effectively.

Figure 11: Monitoring Framework Annual Updates

Theme	Indicator	Geography	Data Source
Demographic dynamics	Total population	Region, local authority, ward	ONS mid-year population estimates
	Population by age	Region, local authority, ward	ONS mid-year population estimates
	Components of population change (i.e. natural change/ migration)	Region, local authority	ONS mid-year population estimates
	Household growth	Region, local authority	CLG housing statistics/projections
	International & domestic migration	Region, local authority	ONS
Economy and Labour Market	GVA Annual Growth	Region, NUTS3	ONS
	GVA per head	Region, NUTS3	ONS
	Total Employment	Region, local authority	Business Register & Employment Survey
	Economic Activity Rates	Region, local authority	Annual Population Survey
	Employment by Sector	Region, local authority	Annual Business Inquiry
	Workplace-based Earnings	Region, local authority	Annual Survey of Hours & Earnings
	Residence-based Earnings	Region, local authority	Annual Survey of Hours & Earnings

	Household incomes	Region, local authority	CACI Paycheck
	Jobseekers Claimant Count	Region, local authority	NOMIS
Housing Supply Trends	Housing Land Supply	Local Authority	Planning Department/Annual Monitoring Reports
	Completions	Region, local authority	Planning Department/Annual Monitoring Reports
	Completions by Tenure	Region, local authority	Planning Department/Annual Monitoring Reports
	Housing Trajectory	Region, local authority	Planning Department/Annual Monitoring Reports
	Affordable Housing Trajectory	Local authority	Planning Department/Annual Monitoring Reports
Housing Market Performance	Average House Prices	Region, local authority	Land Registry
	Lower quartile House Prices	Region, local authority	Land Registry/CLG
	Private Sector Rents	Region, local authority	Valuation Office Agency
	Vacancy by tenure	Region, local authority	LAHS/RSR/CORE
	Social Sector Turnover	Region, local authority	LAHS/RSR/CORE
	Qualitative data on market performance/trends	Local authority, Housing Market	Local estate agents
	Affordability rates	Region, local authority	CLG
	Private tenants claiming LHA	Local authority	Department for Work and Pensions

Updating the SHMA

Background

- 6.12 It is not possible to assess precisely when it will become necessary to update the SHMA. This is likely to depend on the degree of change in housing market and economic conditions, and the level to which actual trends deviate from those forecast in the Assessment. However we would envisage that this could be taken forward in three to five years' time.
- 6.13 It will be particularly important to ensure that the housing needs analysis reflect current market conditions and the delivery of affordable housing. It will also be useful to compare and assess future population/household or economic forecasts. In due course, it may therefore be necessary to commission partial or full updating of the SHMA.
- 6.14 How updating is addressed, in practical terms, may depend upon what needs to be updated. If it is just new forecasts, this may be possible through preparation of a briefing paper. If a more detailed reassessment of housing needs is required, this is likely to be more resource intensive and require input from range of individuals from various organisations. Partners may wish to draw on specialist expertise to help with certain technical elements of the Assessments such as housing needs or forecasting, however many of the other elements of the work are relatively straight-forward.
- 6.15 Below we have provided more specific advice about updating various elements of the SHMA which if followed would provide consistent outputs with the published report. The key areas of analysis for updating are:
- Market prices and rents;
 - Affordability;
 - Housing Needs Analysis; and
 - Housing Market Model

Updating Housing Market Prices and Rents

- 6.16 We recommend that housing market prices and private sector rent levels are most robustly updated through internet searches of sites such as Rightmove and Zoopla. This can allow for an up-to-date assessment of housing costs and allows for information to be drawn out for a number of different areas.
- 6.17 The simplest way to do this is to enter the name of a place (e.g. Oxford) and a specific size of home (e.g. two bedroom only) and bring up a list of all homes for sale or rent in that particular category. To calculate entry-level costs we would establish the lower quartile price/rent by sorting the data from low to high and looking at the cost of the property that falls a quarter of the way from low to

high (e.g. if a search gives 100 matches then the price/rent of the 25th entry would be considered as the lower quartile).

- 6.18 The process can be repeated for all sizes of accommodation to both rent and buy and for different locations. Where the number of homes on the market is low or where there is significant variation in costs we recommend widening the search (changing the search radius) until a reasonable set of figures can be produced.
- 6.19 For homes to buy we also recommend consideration of the ratio of asking prices to sales prices. This information is provided (free) on the Hometrack website by entering a postcode for the area in question. For rental homes we would assume that the advertised price also represents the actual cost once let.
- 6.20 In doing this it is important that properties at the lower end of the market are properly scrutinised to check that they properly reflect homes for sale or rent. With properties to buy it is quite frequent to find a small number of shared ownership homes advertised – typically the price quoted for such homes is for the purchase part only (e.g. 50% of full market value) and so the figures derived will be unduly low if included within the analysis. On the rental side we often find a small number of ‘room only’ lets advertised under the size of the whole of a property and as a result the rental figures will again be too low. Where possible such properties should be identified and excluded from the analysis.

Affordability

- 6.21 Having established prices and rents we can use this information to assess the likely affordability of housing for different groups of the population. For the purposes of the housing needs assessment (see below) our analysis is limited to estimating incomes/affordability for households on the Housing Register and also newly forming households although a more general affordability measure has also been developed to allow comparisons across different areas.
- 6.22 Changes in incomes can be tracked using a range of sources including the Annual Survey of Hours and Earning (ASHE), English Housing Survey (EHS), CACI Paycheck information and ONS income estimates.
- 6.23 The key to the affordability test is the distribution of incomes and understanding the proportion of households falling below specified thresholds of income. For affordability testing we have assumed that income needs to be higher than the cost of a property divided by 3.5 (e.g. if a home will cost £105,000 to buy then an income of at least £30,000 will be required for this to be affordable). For private rental the rental cost must be represent at most 35% of the household income (e.g. if a

property rents for £500 per month then a monthly income of £1,428 will be required - £17,124 per annum). These tests vary slightly those set out in the CLG's Strategic Housing market assessment Practice Guidance.

- 6.24 Regarding income distributions, it is normal that income data will be for all households and therefore not representative of the groups for who we want to study affordability. To get an idea of how incomes for different groups differ from figures for all households we drew on information from the English Housing Survey (EHS). This suggested that incomes of social tenants are typically around 45% of the all household figure whilst newly forming households have incomes around 70% of that for all households. We looked at EHS data over a number of years and found that these figures were fairly consistent over time. For analytical purposes it has been assumed that the income distribution of households on the Housing Register will be similar to those already in social rented housing.
- 6.25 These figures could be checked as new publications of the EHS are published although we would still recommend looking at data over a number of years to form a view on how the incomes of the key groups differ from that for all households.
- 6.26 To make adjustments to the income distribution data to take account of lower figures for those on the housing register and newly forming households we simply adjust the income bands. For example, for newly forming households the proportion of households in the £25,000 to £30,000 income bracket would be assumed to actually be in a £17,500 to £21,000 bracket.
- 6.27 The proportion of households with an income above the threshold are assumed to be able to afford and all those below cannot. Where the threshold falls somewhere between the top and bottom of a particular income bracket we assign affordability proportions on a pro-rata basis depending of where within the band the threshold lies (e.g. if affordability is at an income of £21,000 and our band runs from £20,000 to £25,000 we assume that a fifth of households in the band cannot afford and four-fifths can).

Updating the Housing Needs Analysis

- 6.28 The housing needs analysis has drawn on a number of secondary data sources – all of which the Councils will have reasonable access to. The key sources are Local Authorities' Housing Register data and demographic projection information (from which estimates of newly forming households can be derived).

Backlog of Need

- 6.29 The backlog of need is based on those on the Register who are in one of the priority bands and who are not currently a social tenant. Each household was assigned to a housing market area on the basis of where they currently live with areas for those living outside the County or of no fixed abode being assigned on a pro-rata basis. This analysis provides an indication of the backlog of housing need in sub-market. Whilst further analysis would be possible to test the affordability of these households our analysis at the time of the original assessment it was assessed (based on the affordability measure described above) that very few households on the register would be able to afford market housing without the need for some form of subsidy (e.g. housing benefit/local housing allowance).

Newly-arising Need

A. Newly forming households

- 6.30 For newly forming households we have estimated (through our demographic modelling) the number of new households likely to form over the five year period and then applied an affordability test. The number of newly forming households is limited to households forming who are aged under 35. This methodology is recognised in guidance as a robust method for assessing the number of newly forming households. The methodology works by simply looking at the number of households in a particular age group (e.g. 20-24) and comparing this with the number in an age group five years earlier and five years younger (e.g. in the 15-19 age group). To test the affordability of newly forming households it will be necessary to use the methodology described above.

B. Existing households falling into Need

- 6.31 To assess existing households falling into need each Council's Housing Register can again be used. For the purposes of our original analysis we looked at all applications made over the past five years who still remained on the register. This reflects the unmet need from households joining the register over the past five years. As with the assessment of backlog need households in a lower priority band are excluded as are any newly forming households (e.g. those currently living with family) and also those currently living in the County in affordable housing.

Supply of Affordable Housing

- 6.32 The supply of affordable housing can be based on information taken from Registered Providers or CoRe lettings about properties that have been let over the past five years. Within the supply of affordable housing are figures for intermediate housing and we would recommend splitting out social rented, affordable rent and intermediate housing. Generally the past supply of affordable

housing can be taken to represent a likely future supply although in updating figures it is worth considering if there are any patterns which suggest either an upward or downward trend in supply.

Net Housing Need

- 6.33 Net housing need can be calculated by simply adding together the figures from each of the backlog and two categories of newly arising need and subtracting the estimated supply. We would recommend that figures are annualised as well as being provided for a five year projections period. The figure below summarises the key stages of analysis.

Figure 12: Summary of Stages in Assessing Housing Need

- i. *Households on Register*
- ii. *Minus those not in a priority band*
- iii. *Minus those already in affordable housing*
- iv. *Assign to locations based on current residence*
- v. *Test affordability (if updated affordability calculations suggest this is necessary)*
- vi. ***This will provide an estimate of the backlog need***
- vii. *Estimate newly forming households (by Sub Market)*
- viii. *Test affordability*
- ix. ***This provides estimate of need from new households***
- x. *Estimate number of households registered over past 5 years who are still looking for housing*
- xi. *Remove those not in a priority band*
- xii. *Remove newly forming households*
- xiii. *Remove current affordable housing tenants*
- xiv. *Test affordability (if updated affordability calculations suggest this is necessary)*
- xv. ***This provides total projection of existing households in need (over five years)***
- xvi. *Estimate lettings of affordable housing over past five years*
- xvii. *Split between social rented, intermediate housing and affordable rent*
- xviii. *Subtract supply from the three needs calculations*
- xix. ***This provides an estimate of net housing need (and by Sub Market)***

Intermediate housing

- 6.34 As well as estimating the overall requirement for affordable housing the information can be used to assess likely requirements for intermediate housing and also Affordable Rented housing. For the purposes of our original assessment we tested intermediate housing on the basis of a housing cost of 80% or more of the cost of market properties (although different assumptions could be used). The costs of housing at this level were then tested against the income distributions for each of the Housing Register and newly forming households to estimate likely proportions able to afford intermediate housing. From this the supply of different types of housing was subtracted to establish a net need for different tenures.

Housing Market Model

- 6.35 The final analysis carried out as part of the Strategic Housing Market Assessment was an analysis of the implications on the housing market of demographic change.
- 6.36 The general methodology is to use information derived from population/household projections about the number of household reference persons (HRPs) (better known as head of household) in each age and sex group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table C1213) – the table is available on the ONS website. In addition, a further table (C1212) was commissioned from ONS to provide this data at ward level – to allow information to be built up into the twenty sub markets.
- 6.37 By estimating how the number of HRPs in each age group changes over time it is possible to estimate the profile of housing that they would be likely to occupy.
- 6.38 The analysis should also be carried out separately for market, affordable housing as the occupancy profiles in each of these tenure groups will differ. This requires making an assumption about the amount of affordable housing likely to be provided and within the original SHMA report this was based on the maximum amount likely to be viable in each Sub Market.
- 6.39 By estimating the growth in households of different ages it is therefore possible to understand how likely demands for housing will change. For example, if households aged 60-64 are particularly likely to live in three bedroom accommodation and this age group is projected to increase more than other groups then the analysis would suggest a likely greater demand for three bedroom homes. It is important that any analysis looks at all age groups as it is typical to find (particularly in the market sector) that dwelling sizes increase as households get older but start to decrease following retirement age.
- 6.40 A full description of the process undertaken to establish likely size requirements is described in more detail in the full SHMA report.