

## **Affordable Housing SPD Consultation**

### **List of responses**

This document sets out responses submitted to the consultation on the Affordable Housing Supplementary Planning Document (SPD), which was undertaken between 10 July and 21 August 2020.

You can scroll through the responses or click on a name below to view a particular response.

Personal details including postal address, signatures and email addresses of individual respondents have been removed.

Aster Group Ltd

Green Axis Ltd

Grosvenor Developments Ltd

Irwin Mitchell LLP

Ministry of Defence

North Witney Land Consortium

Oxfordshire County Council

Rentplus UK Ltd

Woodstock Town Council



Planning Policy Team  
West Oxfordshire District Council  
Elmfield  
New Yatt Road  
Witney  
OX28 1PB

Date: 19 August 2020

Our Ref: LS M20/0606-01

**By email only:**

[planning.policy@westoxon.gov.uk](mailto:planning.policy@westoxon.gov.uk)

Dear Sir/Madam

**RE: WEST OXFORDSHIRE DRAFT AFFORDABLE HOUSING SPD**

Tetlow King Planning represents **Aster Group**, a leading Housing Association in England. Our clients' principal concern is to optimise the provision of affordable housing through the preparation of consistent policies that help deliver the wider economic and social outcomes needed across the South East region.

Aster is a key partner in the delivery of new affordable homes in West Oxfordshire, notable recent developments include Kingfisher Meadows, Witney and Centenary Way, Witney which have all helped address local housing needs. As significant developers and investors in local people, Aster is well placed to contribute to local plan objectives and act as long-term partners in the community. We therefore welcome the production of the draft affordable housing SPD and the opportunity to provide comments.

The production of an updated affordable housing SPD is long overdue as the previous version dates from 2007 and predates the original and revised National Planning Policy Framework (NPPF) its purpose was to supplement policy H11 of the West Oxfordshire Local Plan 2011 (adopted June 2006) which has now been superseded by a new local plan. It is appropriate that a new draft SPD has been prepared to supplement the West Oxfordshire local plan policy H3.

We very much support the overall objectives of the SPD, in particular the objectives to improve the quality and range of affordable housing options in the District and to promote new and innovative approaches to the delivery of affordable housing. Aster is able to assist the Council in achieving these aims and we are pleased to see that Aster listed as a registered provider in Appendix 2.

As a general comment, we note that the SPD refers throughout to the NPPF (July 2018) this document was promptly superseded by NPPF (February 2019) and whilst the later version contains similar policies and wording of the NPPF July 2018, the earlier document was essentially revoked and it is no longer available on the MHCLG website. It is therefore more appropriate to refer to the NPPF (February 2019) as it is most up-to-date national planning policy advice.

**Definition of Affordable Housing**

We note the comment in section 3.0 (page 7) that there is no singular definition of affordable housing which then follows with the West Oxfordshire definition. Whilst it is accepted that each local authority has a different approach to affordable housing in terms of priorities in addressing local housing need it is generally accepted that the NPPF definition takes primacy. However, we discourage local planning authorities from repeating the NPPF definition verbatim in an SPD as it makes the document less adaptable to future changes and updates to national policy.

### **Size and Tenure Mix of affordable homes**

The SPD is informed by the Oxfordshire SHMA (2014) which was the evidence base to the West Oxfordshire local plan 2031 and policy H3 affordable housing. It is an appropriate evidence base but in time it will need to be updated to ensure that provides an accurate reflect of the housing market and affordability indicators.

We note the reference in section 5.2 about the local plan seeking an indicative size mix of affordable housing that includes 65% one and two bedroom homes. It is paragraph 5.64 of the local that refers to one and two bedroom homes but it stated that this required to meet the needs of younger single and couple households, older people and small family households and will be used as guide. We are pleased to note that the last paragraph of section 5.2 states that the Council will take account of local circumstance and any identified local needs with regards to this indicative requirement.

Our main concern with this indicative requirement for 65% one and two bedroom homes is that it could generate more flatted development which are not always ideal from a management perspective. We therefore hope the indicative requirement is flexibly applied.

### **Capping of affordable rents**

We note at page 16 that West Oxfordshire restricts affordable rents to the lower of either 80% of market rent or the Local Housing Allowance. This is acceptable as long as the guidance within the MHCLG policy statement on Rents for Social Housing is applied, which permits annual rent increases on both social rent and affordable rent properties of up to CPI+1 percentage point from 1 April 2020. However, there is no certainty as to whether LHA will increase annually or remain static as it did for four years prior to the recent raise in April 2020.

Typically, when pursuing a new development, Registered Providers often cap affordable rents equal to Local Housing Allowance (LHA) on first let, *assuming* that rents will inflate in line with Government policy on rent increases. By capping affordable rents in perpetuity, it prevents Housing Associations from increasing their affordable rents in line with Government policy.

Preventing such inflation can have critical impacts on Registered Providers. For example, a Housing Associations long term assets may experience a static rent against a rise in all of their costs of management and maintenance in the face of inflation. In essence, this would give the effect of a rent cut for these businesses. The significant concern is that this scenario would be highly unsustainable and uncompetitive for Housing Associations and could potentially severely threat the delivery of affordable housing across West Oxfordshire.

### **Shared ownership**

The draft SPD describes how shared ownership properties will be managed in West Oxfordshire, proposing a restriction of 50% of shared ownership homes to be sold at shares of 35% or less. Although it is recognised that imposing such restrictions would be beneficial in helping to address affordability, many housing associations would find comfort with the 50% being expressed as an aspirational target rather than an expectation to enable greater flexibility of the delivery of shared ownership housing.

### **Securing affordable housing in perpetuity**

At the bottom of page 9 we notice that the affordable housing SPD seeks to secure all affordable housing in perpetuity. The NPPF's sole reference to retaining affordable housing in perpetuity is in Annex 2 where this is sought for affordable housing delivered on rural exception sites. This principle is appropriate and supported by Aster as this helps to secure land for delivery of affordable housing in rural areas where housing delivery would otherwise not be supported.

Securing affordable housing in perpetuity more widely is not supported for a number of reasons, foremost of which is that it restricts lenders appetite to fund development, as mortgage provision becomes more difficult with greater restrictions on individual properties. We would therefore advise that the council removes any references to securing affordable housing in perpetuity unless referring to rural exception sites.

## Rural Exception sites and Entry Level Exception Sites

The NPPF states that rural exception sites should provide affordable housing to meet 'identified local needs'. There is a lack of clarification through the draft SPD on how to demonstrate local affordable housing need when considering a rural exception scheme. As the SPD itself mentions that small scale affordable housing schemes will need to meet '*specific local housing needs*', the SPD should look to identify the parameters for demonstrating need, i.e. through parish needs surveys, but also for larger settlements where a parish needs survey may not be possible and other evidence may be needed to support a rural exception scheme.

### M4(2) requirements

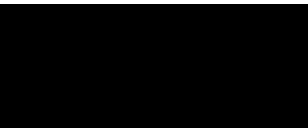
At page 21, the SPD states the following:

*"...the Council will require larger housing developments of 50 or more units to provide a percentage of new homes as accessible and adaptable housing designed to meet Building Regulations Requirements M4(2). This is broadly equivalent to Lifetime Homes Standards and affordable units should be built to provide suitable levels of internal space as set out in the nationally described space standards. As a minimum the council will seek the provision of at least 25% of market and affordable homes to this standard."*

This paragraph is poorly worded as it is not clear if the applicant should be looking to provide 25% of market housing to the NDSS or to the M4(2) requirements. The Local Plan does not seek a proportion of homes to meet the NDSS and it would be inappropriate for an SPD to impose new policy. Local Plan policy H4 does however require that 25% of homes are designed to meet M4(2) which is an appropriate requirement.

We very much welcome the production of the SPD would like to be notified of further consultations by email only to [consultation@tetlow-king.co.uk](mailto:consultation@tetlow-king.co.uk). Please ensure that **Aster Group** is retained on the consultation database, with **Tetlow King Planning** listed as its agent.

Yours faithfully



**LEONIE STOATE BSc (HONS) MSc  
PLANNER**

For and On Behalf Of  
TETLOW KING PLANNING



cc: Aster Group  
Ffyona MacEwan, Housing Enabling Manager

20<sup>th</sup> August 2020

Planning Policy Team  
West Oxfordshire District Council  
Elmfield  
New Yatt Road  
Witney  
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Dear Sirs,

**Draft Affordable Housing SPD consultation.**

We are pleased to provide our comments and suggestion with respect to the proposed affordable housing supplementary planning document.

**5.5 Self and custom-build**

It would be useful to add clarification that self and custom build are treated the same in terms of being a more affordable route to home ownership and hence classified as affordable under the SPD.

We suggest including custom build in the 1000 homes site example on page 19 and perhaps include self and custom build in the tabulated definitions on pages 8 and 9.

**6.4 Zero-carbon homes**

It is encouraging to see the commitment to zero-carbon homes as part of the SPD, together with the extract from the LETI design guide. Our experience is that cost effective low energy housing can be delivered when there is a clear direction and expectation from early stages of a scheme development.

As buildings become more energy efficient in operation, by combination of good fabric design and the increasing supply of renewable energy, embodied carbon increases as a proportion of the whole carbon picture and takes on more prominence. We would like to see the SPD recommending the embodied carbon be reviewed as part of the zero carbon design process. This is noted in item 4 of the LETI extract on page 21 but should be made more explicit in the body text.

It would be useful to provide a hyperlink to the LETI climate emergency design guide alongside the one provided for the Passivhaus Trust.

We would be please to review and offer comment on the Sustainable Design and Construction Checklist when this has reached a draft stage.



GREENAXIS

## 6.5 Modern Methods of Construction (MMC)

We fully support the inclusion of MMC as part of the solution to increasing speed of housing delivery.

This section primarily discusses the potential for MMC systems to contribute to energy efficiency and compliance with the Future Homes standard. For those readers unaware of the potential benefits which offsite construction brings, we would suggest that the content of this section be expanded to encourage MMC uptake and articulate some or all of the following:

- Reduced site waste and disposal.
- Faster completion reduces impact on local residents.
- Less reliance on site trades – improved quality from factory production.
- Improved quality and clear stages for inspection to address thermal bridging and airtightness – key contributors to the industry wide gap between designed and as-built performance.
- Typically lightweight – potential to build adjacent to or over existing buildings (per page 20).

It may be suitable to provide hyperlinks to appropriate trade/professional bodies for further information on MMC specification, design and certification.

We trust these comments are appropriate and useful and would be pleased to provide further information if required.

Yours faithfully,

Stuart Edwards  
Director  
Green Axis Ltd

21<sup>st</sup> August 2020

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Submitted via email to: [planning.policy@westoxon.gov.uk](mailto:planning.policy@westoxon.gov.uk)

### **West Oxfordshire Affordable Housing Supplementary Planning Document**

1. We write on behalf of Grosvenor Developments Ltd (Grosvenor) with regard to the Affordable Housing Supplementary Planning Document (the SPD) 2020 currently under consultation.
2. Grosvenor represents a consortium of landowners that controls most of the Oxfordshire Cotswolds Garden Village 'Strategic Location for Growth' (SLG) and recently submitted an Outline Planning Application (OPA) for the Oxfordshire Garden Village (OGV). This is available on the WODC Planning Portal under reference 20/01734/OUT. Grosvenor is committed to working collaboratively with West Oxfordshire District Council (WODC) and other stakeholders, including the local community, to ensure that the OPA for the Garden Village is consented and delivered consistently with the Local Plan aims and objectives in order to meet local need.
3. We support the production of the SPD, which updates the previous Affordable Housing SPD completed in 2007, which provides an update on additional tenures, types of housing and evidence of need to help in the interpretation of Policy H3 and the refinement of affordable housing provision as a part of new development.

### **Role of the AAP and a bespoke agreement for OGV**

4. Whilst the SPD covers the entire District and will be a material consideration for all planning applications within West Oxfordshire, the OPA for OGV will be determined based on the updated policies within the Area Action Plan (AAP) as this becomes part of the formal Development Plan. The AAP provides a separate affordable housing and overall housing policy (Policy 23, 24, 25 and 26). These policies are informed by a bespoke piece of evidence produced in the form of the Housing Strategy prepared by Icení (as referenced in the draft SPD). The Reg 19 AAP therefore provides an 'indicative guide' for both affordable and market homes to aid the determination of the OPA and subsequent Reserved Matters Applications.
5. Grosvenor has been liaising with the Affordable Housing Officers and as part of the planning application has produced an Affordable Housing Statement outlining the situation at the point of

submission. Building on the pre- and post-submission working with WODC's officer team, the Section 106 agreement will therefore outline the affordable housing contributions as part of the development. These discussions are referenced in the WODC affordable housing team's initial response to the submitted outline planning application, which also outlines the need to include consideration of the wider viability work to help "agree the affordable housing percentage, tenure mix and dwelling mix".

### **Infrastructure delivery**

6. Grosvenor is currently working with WODC and Oxfordshire County Council (OCC) to bring forward an optimal solution for the Garden Village and its supporting Infrastructure, including provision to meet the sub area needs beyond the development itself. Much of this has been identified as a key element of placemaking, as part of the site-specific evidence base and to meet the ambitions for the Garden Village. This wider infrastructure outlined through the AAP and the OPA supporting documents, notably the site-specific Infrastructure Delivery Plan, will be secured through the Section 106 agreement and Section 278 highway agreement mechanisms.
7. The required infrastructure to support the Garden Village is likely to be extensive, such that the draft CIL charging schedule, currently also out for consultation, states that *"it should be noted that the five strategic sites allocated in the West Oxfordshire Local Plan 2031 are 'zero-rated' for the purposes of CIL for reasons of viability"*. This does not mean that the level of infrastructure provided is reduced based on this zero rating. The CIL work includes assumptions for typical section 106 agreements based on the Council's evidence base provided and concludes that *"the Strategic Site test results all indicate marginal negative viability due to the significant site opening up costs and the site specific S106 infrastructure contribution requirements"*.

### **Fabric Energy Efficiency and Design Standards**

8. Grosvenor fully agrees that Design Standards for affordable housing should be no lower than that for market housing and that all developments should be tenure blind.
9. The draft SPD outlines how any planning applications must take full consideration of the policy requirements of the Local Plan. However, it is clear that the type of housing supported under the Zero Carbon homes section far exceed these standards and are therefore not covered by the Local Plan viability assessment (referenced in section 7) or the assumptions within the CIL viability assessments (see paragraph 1.24).
10. Whilst WODC outline a position where they 'support and encourage' the delivery of this type of housing, it is clear that the full costs of delivering this should be considered for all sites, particularly those with large on and off site infrastructure associated with their delivery as outlined above. The draft SPD continues to say that those applications which "achieve exemplary standards in line with the Sustainable Design and Construction Checklist will be favoured in the determining of planning applications for affordable housing" although this is not clear how this relates to wider development or allocated sites.
11. As a result it would be useful for the SPD to outline the different costs associated with a building regulations compliant form of affordable housing against one with exemplary standards of fabric-energy efficiency, net-zero carbon in operation and 100% of its annual energy demand provided for by roof mounted solar advocated in the SPD. If this is not available, the uplift in costs associated with these extra features to meet aims beyond the provision of affordable homes would also be very helpful, alongside any evidence that this can be delivered at scale. It would



also be useful to outline these costs, both before and after the tenure type discount (Social rent/ shared ownership etc) is applied, and for WODC to be clear on if they are advocating accepting a lower level of affordable housing built to higher standards (ultimately the same cost to the developer of a site) or maintain the overall level of affordable housing but increase build costs. This is particularly important for those already identified to deliver 50% affordable housing.

12. The future AAP, which again has different housing policies and Fabric Energy Efficiency Standards (FEES), should be supported by appropriate viability work which supports all of the policy requirements and is due to be imminently released for consultation. The supporting evidence base to support the policies of the AAP, in line with the standards advocated in the SPD, could be useful in informing in the SPD.

### **Impact of First Homes, Local Housing Allowance, 'Living Rent' and Starter Homes**

13. The summary tables provided in the draft SPD provides a useful outline of the different types of affordable housing, both for sale and rent, which could form part of affordable housing provision across West Oxfordshire. Whilst not covering all forms, the below section refers to a number of forms of affordable housing referenced in the draft SPD:

#### First homes

14. Whilst it was anticipated in the draft, the Government proposals on the introduction of 'First Homes' began during the consultation period for this SPD.
15. Given the current consultation on First Homes and the Government's transitional proposals to include 25% of all affordable housing as First Homes, the indicative mix within the SPD may have to be amended to reflect this potential new tenure aimed at first time buyers (i.e. 1 & 2 bed homes). The indicative size mix for affordable housing appears to reflect the SHMA which was dated 2014, and may not consider current demand due to changes in welfare reforms. Furthermore, the dwelling size mix is not reflective of the waiting list which provides more up to date evidence. The choice base lettings evidence clearly shows that 85% of affordable housing should be 1 & 2 bed, not 65% as per the proposed split. This is further confirmed in the last 3 years waiting lists which all show the same data (over 85% needing 1 & 2 bed homes).

#### Local Housing Allowance

16. If Affordable Rent is capped at Local Housing Allowance (LHA) levels, Social Rent is not required as the LHA ensures that households on full benefits can afford the rent charged. As a result, the inclusion of Social Rent would not increase access to housing (i.e no additional households would be able to access a Social Rented tenure, who would otherwise not be able to access a Local Housing Allowance capped tenure).

#### WODC living rent

17. Whilst the principle of Living Rent is supported, increasing the proportion of Shared Ownership in current policy may provide a simpler solution, with first refusal for existing tenants. Furthermore, if Living Rent is introduced, the increase in transfer value from Affordable Rent to Shared Ownership should be paid to the developer/landowner as this tenure offers a higher transfer value.

18. Given the build out timescales associated with OGV, the uptake of Living Rent may alter the relationship between shared ownership and affordable rent at later stages of the project and could create uncertainty in delivering different tenures of affordable housing on site in the future.
19. The SPD states that full details on the Living Rent will be available in Q3 2020. At mid-August, we are fairly advanced into Q3 and it would be useful to understand when this report will be available, what level of discount is envisaged and sufficient consideration given ahead of the next draft of the SPD.

## Starter Homes

20. In respect of Starter Homes it would be help to set out what level is sought on development sites. The 20% requirement is not consistent with WODC's proposed tenure ratio, as it would result in 30% rented and 20% starter homes (or 60/40 split), compared to WODC's proposed 2:1 ratio (66/33 split). Furthermore, this split does not include other affordable ownership tenures such as Shared Ownership, which WODC has stated as its preferred ownership tenure.

## **Other Specialist housing**

21. The provision of key worker housing, particularly during the current climate, is supported and the clear identifier that WODC will "seek innovative methods to bring forward proposals to provide key worker accommodation and offer assistance in facilitating liaison with key contacts" is very helpful. Will these workers be given any priority in future lettings/sales and if so will the tenure mix be amended to reflect the need for affordable ownership tenures?
22. It is also useful for the draft SPD to include specific reference to Community-led housing which is also an aspiration for OGV. It would be useful to provide additional detail on the forms of affordable (and market) community led housing forms WODC have listed in the SPD and the ways in which their delivery will be supported by WODC.
23. Furthermore, there is little reference towards extra care/elderly housing in the draft SPD. Given the growing and pressing demand for this form of housing. It would be useful to see how this has influenced the proposed housing mix to form the basis of future proposals for this form of housing across the District.

## **Identified Need and additional funding**

24. Section 4 also needs to include affordable homes provided from grant funding, such as Homes England's Affordable Housing Programme, and the Oxfordshire Affordable Housing Programme, so that a full picture of affordable housing delivery is provided. This should also be broken down to sub areas and also include affordable ownership and other ownership tenures to provide the full picture. The information provided highlights the disparity between the high need for 1 bed accommodation and the majority of existing affordable provision which is 2 & 3 bed across the District. It would also be useful to have sub area housing need identified so that specific sites can consider specific affordable housing needs.

## Lettings process and Oxford City

25. Section 8.3 of the draft SPD usefully outlines the nomination, choice based letting and allocation processes operating in West Oxfordshire. What is unclear however is the role of Oxford City, the agreement with West Oxfordshire to provide for some of their unmet need and their role in the allocation process. This would therefore likely influence both the OGV site and the West Eynsham Strategic Development Area which this SPD covers. This is something that the Reg 19 AAP indicates is 'ongoing'.

## Additional points to note


26. The remainder of this representation include small elements to help refine the draft SPD:
- Under Shared Ownership, references made to Registered Providers (RPs) should be amended to 'the freeholder'. Whilst RPs are the normal owner, other organisations can now own Shared Ownership dwellings, and this should be reflected accordingly in the definition.
  - The reference that all affordable housing should be provided in perpetuity or for the sales/proceeds to be recycled is not in line with the National Planning Policy Framework, as this is only required in rural exception sites or grant funded sites. This would also make rent to buy tenures difficult to implement. It should be made clear in the SPD that where developer contributions enable affordable housing without grant funding, this restriction should be removed.

## Conclusions

27. The different tenures proposed may impact viability and will need to be appropriately tested to conclude the levels of overall affordable housing. It will also be important for larger sites to be assessed on a site by site basis, considering both the existing affordable housing in the local area, along with demand from the waiting list based upon those who have stated a preference for the local area, and planned provision of affordable via grant funding and other nearby sites.
28. Given the Government's recent proposals in 'Changes to the Current Planning System' and 'White Paper', the reference to s106 agreements and delivery of affordable homes may require an update to include the proposals and appropriate caveats accordingly.
29. As stated at the beginning of this representation, Grosvenor has submitted an OPA, including associated Affordable Housing Statement, which is currently under determination. A key element of this is the ongoing viability work and we look forward to continuing to engage with WODC, particularly the Affordable Housing team, as we work towards the determination of the submitted outline planning application. The SPD outlines the next draft, followed by another stage of consultation, will be published in Autumn 2020 and it would be useful to understand the anticipated timings a little further.

Yours faithfully



**Paul Comerford**, Director, AECOM, 

**Our Ref:** 021192/021192/05375083-1/22697505-1

**BY EMAIL ONLY**

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Direct Dial: Nicola Gooch

21 August 2020

**BY EMAIL ONLY:** [planning.policy@westoxon.gov.uk](mailto:planning.policy@westoxon.gov.uk)

Dear Sirs

**REPRESENTATIONS ON WEST OXFORDSHIRE DISTRICT COUNCIL'S DRAFT AFFORDABLE HOUSING SPD**

We are writing on behalf of Inspired Villages to make representations on the Council's Draft Affordable Housing SPD, which is out for consultation until 21 August 2020.

Inspired Villages operates and develops retirement communities and are majority owned and funded by Legal & General. At the time of writing, there are six operational Inspired villages throughout England; which provide some 800 residents with an independent lifestyle, whilst also providing the care and support that may be required throughout retirement as they age in place.

Inspired Villages is committed to expanding their provision in the UK and aim to be running 50 operational villages within the next ten years. In fact, they are proposing a new retirement community within West Oxfordshire, which is intended to provide up to 160 units of C2 accommodation along with associated communal and care facilities.

We are concerned that the Council's draft SPD, as drafted, fails to take into account the different operating models that comprise housing for the elderly (and in particular the distinctions between retirement communities and sheltered housing).

Before we turn to our detailed representations, it may be helpful if we set out, in more detail, the characteristics of a retirement community, and how this form of provision differs from sheltered housing schemes.

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📍 Belmont House, Station Way, Crawley, RH10 1JA



## The Characteristics of Retirement Communities

### Living Options for Older People



 <b>Retirement Housing</b> Also known as sheltered housing or retirement flats	 <b>Retirement Communities</b> Also known as extra care, retirement villages, housing-with-care, assisted living or independent living	 <b>Care Homes</b> Also known as Nursing Homes, Residential Homes, Old People's Home
 Self-contained homes for sale, shared-ownership or rent	 Self-contained homes for sale, shared-ownership or rent	 Communal residential living with residents occupying individual rooms, often with an en suite bathroom
 Part-time warden and emergency call systems	 24-hour onsite staff with optional care and domestic services available	 24-hour care and support (including meals)
 Usually have a lounge, laundry facilities, gardens and a guest room	 Range of facilities including a restaurant or café usually alongside leisure and wellness facilities such as gyms, hairdressers, activity rooms, residents' lounges and gardens	 Range of facilities and activities, including gardens, lounges and dining rooms
 Typically 40 - 60 units	 Typically 60 - 250 units	 Sizes vary considerably

Unlike sheltered housing schemes, retirement communities (also known as extra care housing) combine independent living with 24-hour onsite staff, care and domestic services (where required), and a wide range of on-site facilities.

By way of example, a typical Inspired village will provide residents with an on-site wellness centre (containing treatment rooms, a gym, fitness studio, pool and hair salon); restaurant; bar/café; library; activity room; guest suite, village transport service; meeting room; offices; laundry; and recreational space. Some of these facilities, such as the restaurant or hair salon, are also made available to the wider community.

Retirement communities are significantly larger than sheltered housing schemes, typically between 60 and 250 units, and provide full time employment for a greater number of people. An average Inspired village comprises approximately 150 to 160 units and provides employment for 30 to 35 colleagues across a range of roles from management and administration to catering, gardeners, maintenance and housekeeping. In addition, there would be domiciliary care staff working on-site. The care is provided by a third party 'best in class' CQC registered care provide.

#### Impact on overall viability position

As a result, retirement communities have higher levels of non-revenue generating floorspace than a typical sheltered housing scheme (or standard residential development), and higher operating costs due to staffing, maintenance, etc. By way of illustration the proposed retirement community for West Oxfordshire would have a gross internal area of approximately 17,000 sq.m of which approximately 4,200sq.m would be communal facilities, communal areas, i.e. 25% of the floor space would be non-saleable. This does

have an impact on the overall viability of such developments, which reduces their ability to provide affordable housing contributions at all.

The Council has recognised this, in part, by reducing the level of affordable housing required from retirement communities, although we do remain concerned that the levels set in the Council's local plan do over-estimate the amount of financial headroom available on extra-care development schemes. This is particularly true when the impact of the proposals in the draft SPD are considered in combination with the proposed CIL charge for extra care schemes (which is also currently out for consultation).

We welcome the SPD's recognition that not all developments will be able to provide a policy compliant level of on-site affordable housing because of their viability position. Unfortunately, despite the efforts the Council has already made to date, we are concerned that the policy level of provision for extra care developments has been set too high. As such, we suspect that most new extra-care developments that come forward within the district are likely to have concerns over viability that will need to be addressed through the planning application process.

#### Types of tenure or contribution sought

A key feature of an Inspired village is that, with the exception of the care services, the entire village is managed and looked after by a single operator. The single management structure is vital for ensuring an integrated service for our residents, so they can access the care and support that they require easily and efficiently. The facilities that form part of an Inspired village are funded through service charges, which are levied at a flat rate per unit – every household contributes the same amount regardless of the size or value of the unit. The service charge structure adopted by Inspired has been chosen to ensure that every incoming resident has a complete understanding of how the service charge is calculated, how it is spent and the value for money that it provides. For this reason, the way that Inspired's service charges are calculated is fixed centrally and broadly consistent across all Inspired villages.

The importance of the single management structure to the operation of an Inspired Village, and the need to maintain certainty and transparency for all residents over service charges, means that it is very difficult to incorporate traditional rental tenures of affordable housing into a retirement community. The need to maintain the single management of the whole development does not sit easily with the requirements of a registered provider, who often like to retain control over the maintenance of their units and the services provided to them. Similarly, registered providers often seek a reduction in service charges for the units that they take. This is extremely difficult to facilitate on an Inspired development, as the changes to the service charge structure would need to be explained to all residents, which would not assist in the integration of any affordable housing units to the wider development. It would be inherently unfair if those residents of the private units were required to subsidise those in the affordable units, with the service charge paying towards the provision of all services and facilities on-site which all residents have equal access to.

With this in mind, it is often preferable for any affordable housing contribution from retirement communities to be provided off-site; as it allows greater freedom of choice for the Council as to who is able to occupy the affordable housing units. On-site provision in a retirement community will necessarily be restricted to potential residents who are over 65 and either in need of care or likely to be in need of care in the foreseeable future.

Where on-site provision is required, the tenures of affordable housing which are more likely to integrate successfully are those which allow for the single overall management of the development – i.e. those types of discount market sale, discount market rent and shared ownership models which do not require the involvement of a registered provider and can be managed, maintained and sold/rented out by the operator.

#### Affordable Housing Provision and CIL

Whilst the Council's draft SPD does make reference to a wide range of potential forms and tenures of affordable housing being permitted, this is undercut by the Council's decision not to adopt Discretionary Social Housing Relief as part of its CIL consultation. If this decision is not amended, then all non-traditional

forms of provision (such as discount market sale), will be charged CIL at the same rate as those units for sale on the open market. This is likely to negatively impact on the viability of those schemes that are best suited to non-traditional tenures, such as retirement communities, which will only serve to reduce the overall levels of affordable housing that these developments can provide.

We would urge the Council to:

1. **Amend** its affordable housing SPD to recognise retirement communities as a form of development which are:
  - a. more likely to have viability concerns over the headline level of affordable housing provision required by the Council;
  - b. more likely to need to provide contributions to off-site affordable housing provision; and
  - c. Where on site provision is feasible, likely to need to adopt a mix of less-traditional tenures, such as discount market rent, discount market sale or shared ownership
2. **Adopt** discretionary social housing relief from CIL so as to avoid penalising developers who do opt for less traditional tenures as part of their developments.

Yours faithfully

A black rectangular box redacting the signature of the sender.

**IRWIN MITCHELL LLP**

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**Subject:** FW: 202008 WODC Affordable Housing SPD 2020 Consultation

**From:** Harness, Stephen Mr (DIO Estates-AD Sr TownPlanner 5) [REDACTED]  
**Sent:** 19 August 2020 12:03  
**To:** Planning Policy (WODC)  
**Subject:** 202008 WODC Affordable Housing SPD 2020 Consultation

*Please acknowledge receipt, by return. Thanks.*

Dear WODC Planning Authority,

We would like to thank the Planning Authority for the opportunity to comment on the above document. We welcome the recognition in the document that military personnel are essential local workers so provision for their accommodation would count towards meeting affordable housing needs (as per the approach outlined below). We would also point to the proximity need for such provision and national guidance applicable which may mean that the mix being sought for other types of affordable housing may not be appropriate.

Take care & stay safe,

**Stephen**

Stephen J Barrington Harness BSc, MSc, ACM, FWCMT, FRTPI, Chartered Town & Country Planner

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Avoid waste - do you need to print this email?



### **Single Living Accommodation (SLA) & Service Families Accommodation (SFA)**

In summary, single living accommodation (SLA) is provided to meet operational needs on MOD establishments and is ancillary to its use. Service Families Accommodation (SFA) is provided to meet a specific need, has no commercial value and is subject to national guidance on its location, use and provision of supporting facilities. The close link between



military bases and SFA allows for an appropriate support network to be provided to its residents, especially for dependents during times such as overseas deployments.

The method for assessing SFA rents is set at a national level and service families pay a subsidised rental charge as set by the Armed Forces Pay Review Board. The Board sets the rates to be charged to service personnel for their accommodation as well as their pay. The SFA rates are set out in Tables 4.1 and 4.2 of the Armed Forces' Pay Review Body Forty-Third Report March 2014. This document is available on the [www.gov.uk](https://www.gov.uk/government/publications/armed-forces-pay-review-body-43rd-report-2014) website (see <https://www.gov.uk/government/publications/armed-forces-pay-review-body-43rd-report-2014>). The SFA rental rates are significantly lower than general market housing rental levels in recognition of the special circumstances that apply including the tied nature of the properties and lack of choice. The value of future income streams will not be sufficient to cover the basic build costs and infrastructure procurement and running costs (the latter of which will be significant).

It is therefore recognised that SFA directly provided by the MOD should be considered in the same way as affordable housing provided by a Registered Provider. In both instances, there is an element of subsidy, which sets it apart from housing that is either sold or rented, without restriction, through the open market. Both parties recognise that the SFA to be developed by the MOD will not be a commercial proposition and can only be delivered with substantial amounts of public funding. As such, there is no commercial viability in its provision. It is therefore logical given the considerations discussed within this statement that SFA should have a zero charge for CIL, following the practice that is applied to affordable housing. Such an approach accords with the definitions in the NPPF of affordable housing<sup>[i]</sup> and essential local workers<sup>[ii]</sup>

Unlike general market housing, the design and specification of SFA developments are subject to national guidance set out in Joint Service Publications (JSPs) (see <https://www.gov.uk/government/publications/jsp-464-tri-service-accommodation-regulations-tsars>). This means higher build costs than might normally be expected would be incurred and community infrastructure costs to be met as part of the development for all SFA residents. In accordance with the relevant Scale 25 within JSP 315<sup>[1]</sup> the MOD will provide the following facilities alongside their SFA development:

- (i) Community Centres
- (ii) Childcare Facilities
- (iii) Youth Centres
- (iv) Publicly Funded Welfare Facilities

SFA will not be released onto the open market or use for any other purpose than for SFA without the approval of the planning authority. This will ensure that the SFA 'housing' is developed and managed for its intended purpose, rather than open market housing. Such an obligation would also ensure that if the SFA becomes surplus to MOD requirements and is released in the open market the need to provide for affordable housing would be triggered.

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<sup>[i]</sup> Annex 2: Glossary

**Affordable housing:** housing for sale or rent, for those whose needs are not met by the

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market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

a) **Affordable housing for rent:** meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).

b) **Starter homes:** is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.

c) **Discounted market sales housing:** is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.

d) **Other affordable routes to home ownership:** is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.

<sup>(ii)</sup> **Essential local workers:** Public sector employees who provide frontline services in areas including health, education and community safety – such as NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers.

<sup>[1]</sup> <https://www.gov.uk/government/publications/jsp-315-services-accommodation-code-volume-1>

21 August 2020  
**Delivered by email**

Planning Policy Team  
West Oxfordshire District Council  
Elmfield  
New Yatt Road  
Witney  
OX28 1PB

Ref: TAYR3027

Dear Sir/Madam

## **DRAFT AFFORDABLE HOUSING SPD**

We write in response to the current consultation on the Draft Affordable Housing SPD on behalf of our clients the North Witney Land Consortium. The Consortium controls the majority of the allocated North Witney Strategic Development Area (Policy WIT2) and is comprised of the following parties:

- Taylor Wimpey
- Gleeson Developments
- Meridian Strategic Land (Stein)
- L&Q Estates.

### **Approach to SPD's**

It is essential that the preparation of this SPD should not fetter or obstruct in any way, the ability of the Local Plan to support sustainable development over the period to 2036. More fundamentally, we note that the SPD seeks to establish new policy requirements and expectations which are not contained within Development Plan Documents.

We note that the PPG explains the role of SPDs and states that:

*"Supplementary planning documents (SPDs) should build upon and provide more detailed advice or guidance on policies in an adopted local plan. As they do not form part of the development plan, they cannot introduce new planning policies into the development plan. They are however a material consideration in decision-making. They should not add unnecessarily to the financial burdens on development."*

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Reading  
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T 0118 902 2830 [turley.co.uk](http://turley.co.uk)

Consequently, this SPD should only provide more detailed advice or guidance on policies in the adopted Local Plan. The SPD should not, as appears to be the case in some circumstances, seek to amend or change the requirements of the Local Plan.

## **Need for Affordable Housing**

The Affordable Housing SPD seeks to build on the guidance contained within the adopted Local Plan 2031 which sets the overarching requirements in respect of affordable housing under Policy H3. It is clear from the consultation document that there continues to be a significant need for affordable housing in the District and that the SHMA identified need for 274 affordable dwellings per annum has only been met in 2019/20, with significant shortfalls in the preceding years of the Plan period.

It is important therefore that the SPD helps to maximise the level of affordable housing which can be delivered and does not reduce the rates achieved by introducing additional requirements with an increased cost burden which may reduce the viability of schemes, particularly given the proposed move towards introducing CIL in the District.

## **Size and Tenure Mix**

We support the recognition that the indicative size mix for affordable housing as set out in the Local Plan is a guide only and that consideration of local circumstances and any identified local needs will need to be taken account of. The same recognition is equally applied to the preferred tenure mix, whilst noting the higher need for rented accommodation. It is noted that the Council are currently undertaking further work on a potential Living Rent model and we will wish to review and provide comments on this when available as part of future work on the SPD.

## **Custom and Self-Build**

We consider that this section of the SPD should be deleted entirely.

Policy H5 of the Local Plan requires that all housing developments of 100 or more dwellings to include 5% of the residential plots to be serviced and made available for custom and self-build housing. The SPD states that on qualifying sites, 5% of the affordable homes should also be made available for custom and self-build housing. It is considered that further evidence is required to demonstrate the support of the registered providers to enable this form of delivery to ensure this will not delay and restrict the delivery of much needed affordable homes.

Policy H5 of the Local Plan states that if any of the serviced plots/units offered for custom/self-build/self-finish remain unsold after 12 months marketing, they may be built out by the developer. It is unclear within the wording of the SPD how this work in respect of the affordable housing element and whether the plots would revert to the developer (and revert to market housing) or to the registered provider. Currently concern is raised that the proposed approach will result in further delays and uncertainty in the delivery of affordable housing and reduce the viability of schemes accordingly.

## **Design Criteria**

Whilst the proposed design criteria are generally supported, it is considered that they should recognise the likelihood of affordable housing being provided in clusters for ease of management. The third bullet should therefore be amended as follows:

- Affordable units should be distributed evenly in clusters throughout the development where practicable to promote social inclusion and mixed communities. The exception to this is in relation to the design and provision of housing for older people and developers will need to demonstrate why a deviation is required when seeking approval.

## **Space Standards**

It is important to recognise that it will not be appropriate or achievable to meet the nationally prescribed space standards for housing in all instances. The design of developments will need to take account of individual site characteristics, viability and market demand. As such the proposed recognition of the SPD that these standards cannot be required on all developments is supported.

Furthermore the NPPF and PPG make clear that the nationally prescribed space standard should only be required where the need for an internal space standard has been justified. No such justification has been provided in support of the SPD and as such reference to the standards should be deleted.

## **Zero-Carbon Homes**

We are unclear why the Affordable Housing SPD is considered to be the appropriate mechanism for seeking to introduce additional measures to seek to tackle the climate and ecological emergency the Council has declared.

It is understood that at this stage these measures are proposed to be required in relation to affordable homes only, an approach seemingly at odds with the design criteria requirement for tenure blindness. From the consultation document it is unclear what discussions the Council has had with registered providers with regards to the additional costs required to go above and beyond in terms of delivering exemplary standards of sustainability and whether any viability assessment has been undertaken. Indeed it is noted that the requirement has not been assessed in the viability assessment to inform the current CIL Charging Schedule consultation. The proposed requirement to go above and beyond is also open to significant differences in interpretation and provides no clarity as to what is actually required by the Council.

In light of the above comments it is considered that this element of the SPD should be removed.

If the Council wish to introduce greater sustainability requirements this should be in the form of a separate SPD and consider all forms of development, including non-residential, and should include the Sustainable Design and Construction Checklist currently proposed to be developed. The requirements of any future SPD should also be considered in a review of the Council's CIL to ensure it does not render developments unviable.

## **Viability**

We note the Council has highlighted that the viability of the level of affordable housing provision required was tested at the Local Plan stage. It is important to note however that the SPD is seeking to introduce a series of additional requirements which will add to the cost of delivery of affordable housing. These additional costs will need to be weighed in the development of proposals for the site to maintain viability, particularly in light of the proposed introduction of CIL. Policy H3 remains the relevant and appropriate policy context and it is considered unnecessary for this SPD to add to those requirements.

We trust the above is of assistance in the Council's preparation of the Affordable Housing SPD and look forward to continuing to engage with the process. Should you require clarification on our comments please let us know.

Yours sincerely



Donna Palmer  
**Associate Director**



## **OXFORDSHIRE COUNTY COUNCIL'S RESPONSE TO THE FOLLOWING CONSULTATION:**

**District:** West Oxfordshire

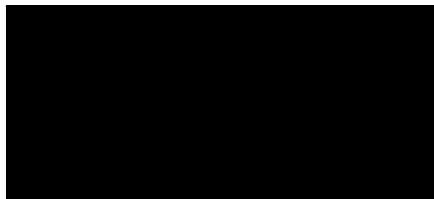
**Consultation:** Affordable Housing Supplementary Planning Document

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### **Overall View of Oxfordshire County Council**

Oxfordshire County Council welcomes the opportunity to comment on the draft Affordable Housing Supplementary Planning Document. The SPD aims to set out how West Oxfordshire will seek to increase the supply of new affordable homes in West Oxfordshire through the application of Local Plan Policy H3 and Core Objective 6, and provides guidance on a number of related matters.

Oxfordshire County Council are broadly supportive of the SPD, but recommend a small number of amendments including reference to OCCs Market Position Statement 2019 and a statement requiring developers to consider the need for supported living developments within housing developments. Detailed comments can be seen in Appendix 1. It is also noted that the SPD may require further review or amendments in light of the planning white paper consultation.



John Disley  
Infrastructure Strategy & Policy Manager

20<sup>th</sup> August 2020

## Appendix 1 – Detailed Officer Comments

Team	Section	Page	Comment
Housing	5.1	12	Support range of 35%-50% affordable housing on qualifying sites. Request explanation as to why this drops for Extra Care Housing as larger schemes are more viable than smaller ones and the greatest need for ECH units is for those at social or affordable rent.
Housing	5.2	15	Request increase in proportion of one bed properties in line with CBL data = 52% need for 1 bed properties. The pressure on one beds is exacerbated by the need to accommodate single young people, care leavers and homeless adults who are moving on from supported housing. Also request that WODC consider requiring that a proportion of affordable rented housing be provided in the form of HMOs to ensure a supply of shared accommodation for single people under the age of 35, particularly in market towns (on the basis that under 35s only qualify for the single room rate in terms of the housing costs covered by Universal Credit).
Housing	5.3	16	Would like developers to be <b>required</b> rather than to <b>explore</b> to provide new homes at <b>social rent levels</b> rather than 'affordable' levels which are still out of reach of many single people and lower income households.
Housing	6.0	20	Support high design standard for affordable housing. Request that bedroom sizes in 3 bed properties adhere to the Housing Act to accommodate full size bed and furniture and avoid overcrowding <sup>1</sup> .
Housing	6.2	20	Support need for 5% of homes to be wheelchair accessible with sufficient internal space. Request that in these homes the ceilings are strong enough to support track hoists and to allow stairlifts to be fitted where there is a need.
Housing	6.3	27	Welcome wide definition of keyworkers and prioritised classification on choice based lettings. Welcome development of keyworker housing by Blenheim Estate. Suggest that these could be made available to key workers employed outside of Blenheim

<sup>1</sup> The Housing Act 1985 specifies an effective room size to be 6.15sq m, and states that overcrowding may exist if an adult is permitted to sleep in a room with a floor area of less than this.



Housing	Other		<p>We would like to see reference made to Oxfordshire County Council's market position statement 2019<sup>2</sup> and a statement requiring developers to consider the need for supported living developments within housing developments. These are generally 4-8 unit blocks of accommodation for people with a learning disability and/or autism and need to be situated close to infrastructure and facilities. We have a significant shortage of this type of accommodation to meet current and future needs.</p>
Estates & Strategy (Planning Consultants)	General		<p>This is a supplementary planning document and as such sets out the supporting information in light of the adopted policy Local Plan policy H3. It provides clarification of what is considered affordable housing and other definitions relating to the policy including when and how financial contributions may be more appropriate than on site provision.</p> <p>On review there are no specific amendments which would be required in terms of the remit of the Estates team and their land interest within the West Oxfordshire District.</p> <p>It is noted however that with the recent release of the planning white paper and opening of consultation on various policy tools, including First Homes, the proposed SPD may require an early review or amendments.</p>
Planning	2.1	6	<p>The SPD refers to NPPF revised in July 2018, there has since been the February 2019 update.</p>

<sup>2</sup> <https://www.oxfordshire.gov.uk/sites/default/files/file/adult-social-and-health-care/OxfordshireMPS2019-22.pdf>



Planning Policy  
West Oxfordshire District Council  
Elmfield  
New Yatt Road  
Witney  
OX28 1PB

Date: 20 August 2020

Our Ref: JR M15/0715-342

By email only:  
[planning.policy@westoxon.gov.uk](mailto:planning.policy@westoxon.gov.uk)

Dear Sir/Madam

**RE: DRAFT AFFORDABLE HOUSING SUPPLEMENTARY PLANNING DOCUMENT**

Thank you for the opportunity to comment on the Draft Affordable Housing Supplementary Planning Document (SPD). We represent **Rentplus UK Ltd**, an innovative company providing **affordable rent to buy housing** for hard-working people aspiring to home ownership. Rentplus provides an accessible route to achieve their dream through the rent - save - own model. Households rent the property for a defined period at an affordable rent and then receive a gifted 10% deposit upon purchase. Rentplus has been recognised by the National Housing Awards as the most innovative Home Ownership Solution for 2019.

The first section of these representations introduces the Rentplus model and sets out recent developments which underline the importance of the rent-to-buy model. The second section provides specific comments on the emerging SPD.

**Introducing Rentplus**

The Rentplus model of affordable rent-to-buy aims to help those hard-working families and households unable to access ownership either through shared ownership, starter homes or homes on the open market, to overcome the mortgage 'gap'. This is achieved through a defined period of affordable Intermediate Rent at no more than 80% of local market value (including service charge) during which all Rentplus residents are able to save towards a deposit to supplement the 10% gifted deposit received from Rentplus.

It is important to note that in 2018 the National Planning Policy Framework (the 'Framework') was revised to incorporate a wider definition of affordable housing, now providing four categories; rent-to-buy is included within category d) Other affordable routes to homeownership. The revised Framework also expanded the scope of 'Affordable housing for rent' to include not just 'traditional' affordable and social rented housing, but any scheme which meets criteria where the rent is at least 20% below local market rents, where the landlord is a registered provider, and where any public subsidy is recycled for future provision. Rentplus (working with its partner Registered Providers (RPs)) meets each of these criteria; it does not rely on public subsidy and therefore there is no requirement to recycle it. The then-Planning Minister confirmed in a letter in 2019 that Rentplus meets the Government's expectation of rent to buy (see **Appendix 1**).

In this context, the Rentplus model is a hybrid and falls within both categories of affordable housing, as either part of the 'affordable housing to rent' element, or as an 'affordable route to home ownership'. This has also been recognised by several councils across England with whom Rentplus has worked with to deliver homes in recent years.

The Rentplus model offers the opportunity for the Council and RPs to diversify the local housing offer without further recourse to public subsidy. The affordable rented period provides families and households with security of tenure, with certainty of management and maintenance by a local partner RP, and critically the opportunity to save towards purchase. As affordable rent to buy meets needs for affordable rent (the only difference being marked by the expectation by all parties of purchase), it comes with a significant benefit of freeing up existing affordable rented homes for others in priority need, as demonstrated by Rentplus schemes across England.

In diversifying the overall housing mix, Rentplus can help to create mixed and balanced communities. Rentplus tenants are on a clear path to homeownership, meaning they are more likely to remain in their property for the long-term and therefore better settle into their community. This helps to create a stronger sense of place in new developments in the long run.

### Comments on the draft Supplementary Planning Document

**Paragraph 3.2** now sets out the broad categories of affordable housing and footnote 5 explains that they could be updated in future revisions of national policy. This is welcome as it allows the SPD to respond to changing circumstances should the Framework be amended in the future. Furthermore, Page 8 includes a useful table, providing further information regarding various forms of affordable housing such as Rent to Buy, this inclusion is welcomed. Similarly, the Council's identification of rent to buy as a rented product is welcome – as set out earlier in this representation, Rentplus meets the definition of 'affordable housing for rent' in Annex 2 of the Framework.

However, we recommend updating the definition of Rent to Buy. There are various models of rent to buy and the Council's definition as drafted would only encompass a few of these. Revised wording is set out below:

*A ~~government~~ scheme to help first time buyers, or those returning to the market following relationship breakdown. Households are able to rent a home at 80% of the market value **an affordable or intermediate rent**, providing an opportunity to build up a deposit. ~~If after the initial five years of letting the landlord wishes to sell the property, the existing tenant should have the right of first refusal to buy it. Similarly, if after the first five years the tenant submits a request to buy their home, it is expected that the landlord would agree.~~ **There are different models of rent to buy with different terms and conditions but generally households rent the property for a defined period with the expectation of purchase at the end of the period. Some rent to buy schemes include support towards purchase such as gifted deposits.***

**Paragraph 4.1** outlines the Affordable Housing Need within West Oxfordshire. These figures are taken from the Oxfordshire Strategic Housing Market Assessment (SHMA). The SHMA was produced in 2014 and therefore does not reflect the latest NPPF definition for affordable housing and reflects housing needs as matters stood some six years ago. With this in mind, we urge the Council to commission an updated SHMA that addresses these. Rentplus has worked with Lichfields to produce a methodology for assessing needs for rent to buy, which we are happy to share with the Council and can be found at **Appendix 2**.

**Section 5.0** (Future Affordable Housing provision in West Oxfordshire) deals with instances where viability issues mean the affordable housing proportion is reduced. Page 14 explains what will happen where the full proportion cannot be achieved. The SPD 'misses out a step' in this respect since it does not cover the potential to change the mix of tenures first. Rentplus notes from recent experience that Councils have accepted adjustments to the overall mix of tenures, to ensure that the full proportion of affordable housing can be delivered. For example, some authorities have accepted Rentplus in place of affordable rented housing since the Rentplus model meets the Framework's definition of 'affordable housing to rent' (the only difference being the expectation of purchase by all parties) but generates higher rates of return than some other affordable products, therefore supporting development viability.

**The third paragraph on Page 14 should therefore be amended**, and suggested wording is set out below:

*Policy H3 also recognises that in some instances, it may not be possible, even on larger market housing schemes, to deliver affordable housing on-site e.g. it is not physically possible or feasible, or there is evidence that a separate site may be more suitable to meet local need. Development proposals which seek to depart from these targets and tenure mix must be supported by evidence that explains why the affordable housing target is “not viable or otherwise appropriate” (Policy H3). If this is the case, the applicant should notify WODC as early as possible through pre-application discussions. In the first instance, the Council will consider adjustments to the tenure mix where this will maximise the overall proportion of affordable housing.*

**Section 5.3** (Preferred Tenure Mix) outlines that the West Oxfordshire Local Plan highlights a significantly greater need for rented accommodation than for the various forms of intermediate housing, with a ratio of 2:1 in favour of affordable rented homes. Despite this, it also states that each proposal will be determined on a case by case basis. The draft SPD also provides further guidance with regards to each tenure mix which is welcomed.

The ‘**A West Oxfordshire Living Rent**’ section states that “WODC is currently undertaking a study to explore a Living Rent model for West Oxfordshire including the level of discount from market rent required to be realistic for local people having regard to typical household incomes.” With this in mind, Rentplus would welcome the opportunity to discuss this matter further. The above sections demonstrate that the Rentplus have considerable experience in this field and their affordable rent to buy model would be an ideal fit for West Oxfordshire.

### **Summary and conclusions**

We welcome the production of the Affordable Housing SPD and recommend some minor changes to the policy wording, in order to reflect the requirements of national policy in securing affordable home ownership. Changes are also needed to better reflect the range of rent to buy schemes, which include the Rentplus model which offers greater degree of flexibility and the benefit of a gifted deposit.

Should the Council wish to discuss how affordable housing delivery and rent to buy can best meet needs of households across West Oxfordshire, please get in touch. We would like to be notified of further consultations and progress of the Affordable Housing Scheme and any future Development Plan production; please notify **Tetlow King Planning** as agents of Rentplus by email only to [consultation@tetlow-king.co.uk](mailto:consultation@tetlow-king.co.uk).

Yours faithfully



**JAMIE ROBERTS** MPlan MRTPI  
**PRINCIPAL PLANNER**  
For and On Behalf Of  
TETLOW KING PLANNING

[consultation@tetlow-king.co.uk](mailto:consultation@tetlow-king.co.uk)

**Appendix 1:** Letter from Kit Malthouse MP, June 2019

**Appendix 2:** *Affordable rent to buy homes – Methodology for assessing the need for rent to buy*, Lichfields, February 2019



Ministry of Housing,  
Communities &  
Local Government

**Kit Malthouse MP**  
*Minister of State for Housing*

**Ministry of Housing, Communities and Local  
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Our Ref: 4287292

18 June 2019

**Extract from a redacted letter from Kit Malthouse MP, Minister of State for Housing: June 2019**

"This Government is committed to making the housing market work for everyone and to increasing access to home ownership. We recognise that Rent to Buy can help people to achieve this.

.....

"In the revised NPPF, we expanded the definition of affordable housing to include a greater range of affordable routes to home ownership, including Rent to Buy. There are no specific or implicit barriers in existing planning policy or guidance that would prevent local councils from accepting Rentplus properties as affordable housing. This is demonstrated by Rentplus having reached agreement on the properties it has secured to date."

**KIT MALTHOUSE MP**

# **Affordable rent to buy homes Methodology for assessing the need for rent to buy**

**Update report**

Rentplus

February 2019

**LICHFIELDS**



**LICHFIELDS**

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31546/02/GW/STi  
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## Executive Summary

This report has been prepared by Lichfields on behalf of Rentplus. It provides an updated approach for assessing the need for affordable rent to buy homes, based on the revised National Planning Policy Framework (NPPF) (July 2018) and Planning Practice Guidance (PPG).

“Affordable rent to buy” housing provides a route to home ownership for people who are currently unable to purchase a property on the open market but are not considered a priority for social or affordable rented accommodation. Affordable rent to buy homes are therefore helping to address the specific needs of a given section of the population whose needs are currently not being met by the traditional (market or affordable) housing tenures.

The Rentplus model provides an accessible route to home ownership for those who cannot currently purchase a house on the open market for a variety of reasons, including the inability to provide a deposit, but who would otherwise not be considered a priority, or qualify for social or affordable rented homes.

The affordable rent to buy tenure is now specifically included in the new NPPF definition of affordable housing, as one of the affordable routes to home ownership “*for those who could not achieve home ownership through the market*” (NPPF Annex 2). Accordingly, the updated PPG process for assessing the need for affordable housing now includes assessing past trends and current estimates of households “*that cannot afford their own homes, either to rent, or to own, where that is their aspiration*” (ID: 2a-23-20180913).

This report sets out a robust methodological approach to undertaking an assessment of need for affordable rent to buy housing. The demonstration of substantial need for affordable rent to buy properties can form part of the evidence base in support of any planning application for development comprising or including this tenure. The methodology can also be applied at the plan preparation stage in identifying the scale of need for this type of housing, which can be supported by housing allocations and appropriate strategic policies.

This updated methodology follows the process outlined in the PPG, which:

- 1 Considers the need for affordable homes arising from both current households in need and from newly-forming households; and,
- 2 Combines these two sources of need to indicate the total gross need; before,
- 3 Subtracting the existing available accommodation of this type in order to identify the total net need to be addressed.

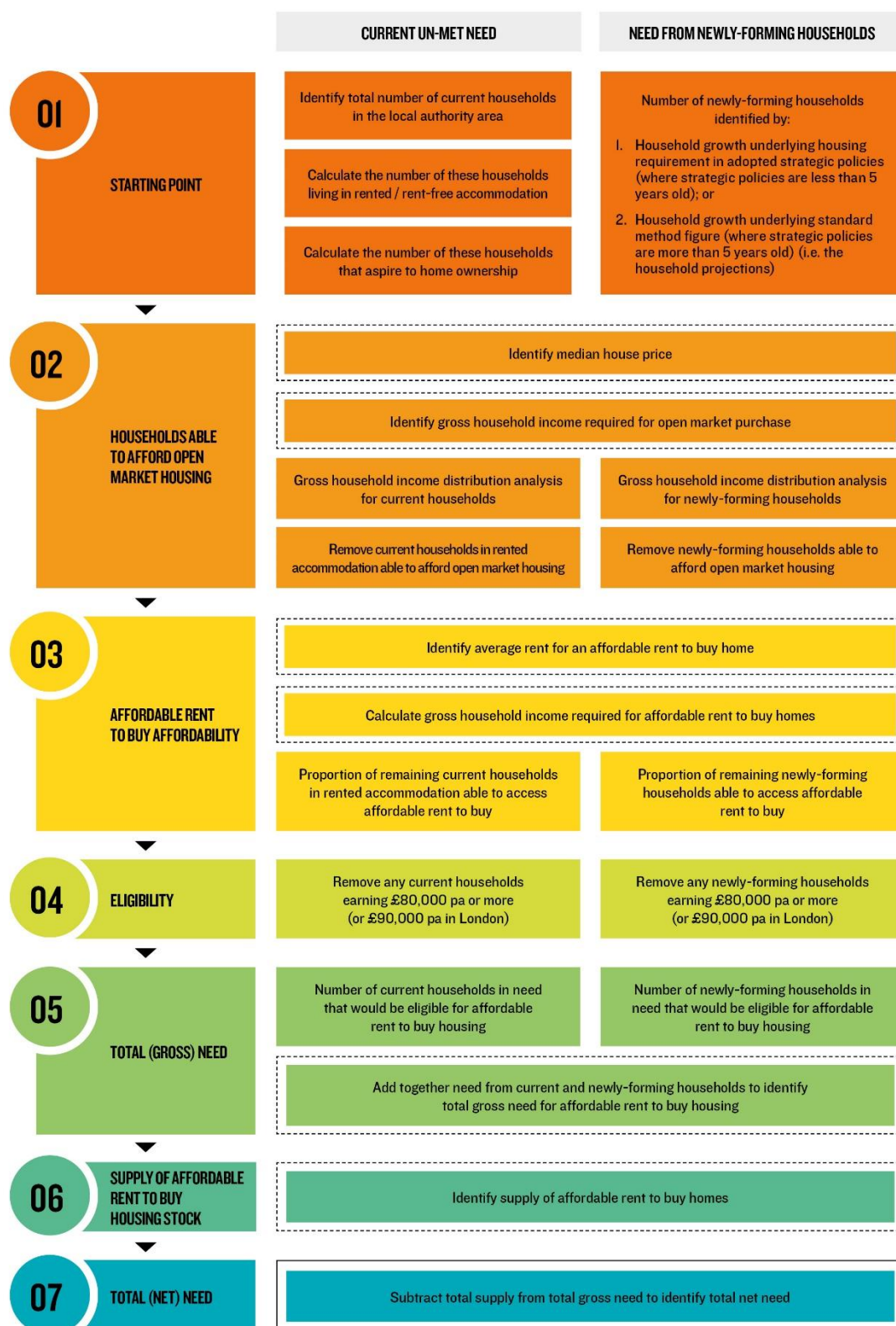
The assessment should be performed at a local authority level, in order to align with the standard method and overall assessment of need for affordable housing.

Figure 1 provides a summary of this methodology.

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Figure 1 Methodology for assessing the need for affordable rent to buy homes



Source: Lichfields

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# Appendices

## Appendix 1: Data sources



## 1.0 Introduction

- 1.1 This report has been prepared by Lichfields on behalf of Rentplus. It provides an updated approach for assessing the need for a relatively new housing tenure known as “affordable rent to buy” at a local authority level, based on the revised National Planning Policy Framework (NPPF) (July 2018) and Planning Practice Guidance (PPG).
- 1.2 “Affordable rent to buy” housing provides a route to home ownership for people who are currently unable to purchase a property in the open market but are not considered a priority for social or affordable rented accommodation.
- 1.3 The proposed methodology within this report is based upon the housing product offered by Rentplus but its principles are applicable to the affordable rent to buy tenure as a whole.

### The Rentplus affordable rent to buy model

- 1.4 The Rentplus model provides an accessible route to home ownership for those who cannot currently purchase a house on the open market for a variety of reasons, including the inability to provide a deposit<sup>1</sup>, but who would otherwise not be considered a priority, or qualify for social or affordable rented homes.
- 1.5 Rentplus has provided the following details regarding its affordable rent to buy product:
- 1 Rentplus homes are made available on five-year renewable assured shorthold tenancies (AST) at an affordable rent and are managed by a housing association, which also provide a full repair and maintenance service.
  - 2 Prospective tenants/purchasers are assessed for eligibility for a Rentplus home based on their current income and future prospects. This is also used to determine when they will have the opportunity to buy their home at either 5, 10, 15 or 20 years at which time it is expected the home will be purchased by the tenant at open market value with a benefit of a 10% gifted deposit from Rentplus to add to their own savings.
  - 3 The Rentplus model aims to assist purchasers in saving for their purchase costs and to add to the Rentplus deposit by paying a reduced (affordable) rent rather than a private market rent for the duration of the tenancy, as well as improving their credit rating. The rent charged on a Rentplus property is an Affordable Rent, which is set at the lower of 80% open market rent or LHA, and includes services charges. Tenants have no repair or maintenance responsibilities whilst they are renting the property.
  - 4 If the tenant is not able to buy their home at the date agreed at the start of the tenancy arrangements are in place to manage this:
    - a If possible, Rentplus will substitute the planned purchase with that of a tenant who originally planned to buy their home at a later date but is able to bring forward the purchase of their own home. This allows the first tenant to remain in their home with a further five-year AST and more time to prepare for their purchase.
    - b If this is not possible, Rentplus will offer the property for sale to the managing housing association with a 10% discount on the open market value. The housing association will then determine the most suitable use for the property as an affordable home, which could be to continue to rent to the current tenant or to offer the home under a shared ownership model.

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<sup>1</sup> Rentplus website, FAQs



- c If neither the tenant nor the housing association purchases the property, the property will be sold on the open market, and 10% of the sales proceeds net of Rentplus' costs will be paid to the local authority to reinvest in new affordable housing provision.

## **Planning policy context**

### **Providing a range of homes**

- 1.6 The revised NPPF sets out that the purpose of the planning system is to contribute to the achievement of sustainable development. The “social” pillar of sustainable development at paragraph 8(b) of the NPPF recognises the importance of providing a range of homes:  
*“to support strong, vibrant and healthy communities, by ensuring that a sufficient number and range of homes can be provided to meet the needs of present and future generations.”*
- 1.7 The NPPF states at paragraph 61 that planning policy should reflect the size, type and tenure of housing needed for different groups, including those who require affordable housing. Paragraph 62 states that planning policy should specific the type of affordable housing required.

### **Rent to buy as affordable housing**

- 1.8 Affordable housing is defined in Annex 2 of the revised NPPF as *“housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)”* and also falls into one of the four categories provided:
  - 1 Affordable housing for rent;
  - 2 Starter homes;
  - 3 Discounted market sales housing; and,
  - 4 Other affordable routes to home ownership.
- 1.9 The affordable rent to buy tenure is now specifically listed as one of the affordable routes to home ownership under category 4 above *“for those who could not achieve home ownership through the market”*. The NPPF states that rent to buy would include a period of intermediate rent.
- 1.10 Other types of homes offering affordable routes to home ownership include shared ownership schemes, equity loans (including the Government’s Help to Buy (equity loan) scheme), and low-cost homes (priced at least 20% below the market value).
- 1.11 Affordable rent to buy homes offer a housing solution that meets the needs of households that are looking to secure their own home immediately but are not necessarily in a position to obtain a mortgage, often due to having a lower credit rating. By contrast, for shared ownership and equity loan schemes tenants will usually need to obtain a mortgage in order to access the scheme.

### **Comparison with intermediate rented housing**

- 1.12 “Intermediate rented” homes are offered only for rent and do not offer the option to buy. Intermediate rented homes fall under the “Affordable housing for rent” category in the NPPF (Annex 2), and are subject to the following requirements:
  - 1 The rent is set in accordance with the Government’s rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable);
  - 2 The landlord is a registered provider, except where it is included as part of a Build to Rent scheme; and,

- 3 It includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision.

- 1.13 In accordance with the first requirement above, the defining feature of intermediate rented housing products is that the level of rent is set at a rate above social rent but (at least 20%) below market level.
- 1.14 Affordable rent to buy housing differs from intermediate rented housing as it offers the option to buy and it is not required to comply with the three conditions above.

### **Intermediate housing: A broader term**

- 1.15 Whilst not present in national planning policy, the broader term “intermediate housing” is used to refer to a range of homes either for sale and/or rent provided at a cost above social rent but below market levels. This wider category would therefore include the affordable rent to buy tenure.
- 1.16 Some, but not all, intermediate housing products offer the opportunity for tenants to purchase the property, which could be offered via a shared ownership or shared equity arrangement or a discount on the market value of the home.
- 1.17 By way of example, the GLA Affordable Housing and Viability Supplementary Planning Guidance SPG provides a summary of the “London Living Rent” (LLR) scheme, a type of intermediate affordable housing that is intended to assist households to save for a deposit to purchase their own home through offering low rents on time-limited tenancies. Under the scheme, the Registered Providers that manage these homes are expected to “actively encourage” tenants into home ownership and to offer tenants the right to purchase their LLR home on a shared ownership, basis. However, whilst in most cases tenants of LLR homes delivered in partnership with the GLA can purchase their home at any time during the tenancy, for homes offered by Build to Rent providers, there is no requirement for the provider to sell the home to the tenant.
- 1.18 The Rentplus affordable rent to buy product shares some characteristics with the LLR scheme but it differs in that it guarantees the tenant’s right to purchase their home.

### **Local housing need assessment: Standard method**

- 1.19 The revised NPPF formally introduces the standard methodology for the assessment of housing need and states that this should underpin local housing needs assessments which are required to inform strategic policies – unless exceptional circumstances justify an alternative approach.
- 1.20 Paragraph 60 of the revised NPPF states:
- “To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals...”*
- 1.21 The standard method, which takes as its starting point the most recent household projections published by ONS, can be summarised as follows:

Figure 2 The standard method for assessing local housing need



Source: Lichfields, based on NPPF and PPG

1.22

The PPG clarifies at Reference ID: 2a-10-20180913 that the standard method provides the “*minimum starting point*” in identifying the actual number of homes needed. Local planning authorities may consider applying an uplift to the standard method figure in circumstances including, but not limited to:

- 1 Where growth strategies are in place, and particularly where these identify that additional housing above historic trends is needed to support growth;
- 2 Where strategic infrastructure improvements are planned that would support new homes;
- 3 Where strategic infrastructure improvements are planned that would support new homes;
- 4 Where an authority has agreed to take on unmet need, calculated using the standard method, from neighbouring authorities;
- 5 Where previous delivery indicates a greater level of need; and,
- 6 Where recent assessments of need, such as a Strategic Housing Market Assessment, indicate higher levels of need.

**Proposed changes to the standard method**

- 1.23 On 26 October 2018 the Government published a consultation on changes to the standard method. The proposed changes respond to the results of the ONS 2016-based household projections (released 20 September 2018), which anticipate annual levels of household growth that are 24% lower across England than those in the 2014-based projections. This reduction has a significant impact on the standard method figures for many local authority areas.
- 1.24 The Government's consultation proposes that, for the short term, the 2014-based data will provide the demographic baseline for the assessment of local housing need. The document also proposes that the standard method will be reviewed in order to establish a new formula by the time the next projections are issued.
- 1.25 The consultation period closed on Friday 7 December 2018. Paragraph 20 of the consultation report states that:
- "...For decision making, any proposed revisions would apply from the day of publication of the revised planning practice guidance, unless otherwise stated."*
- 1.26 It is not currently known when the revised PPG will be published, or what form the final approach might take, although the consultation document provides the clear Government direction of travel.

**Which housing need figure?**

- 1.27 When assessing five-year housing land supply, the NPPF states at paragraph 73 that, in areas with adopted strategic policies that are less than five years old, the housing requirement figure within these policies is to be used to represent the housing need for the area.
- 1.28 In areas where strategic policies are more than five years old, the standard method is used to identify the local housing need figure. However, it is noted that this figure would not account for any unmet need from neighbouring areas and, as set out above, local planning authorities may make an upward adjustment to the standard method figure as part of the plan making process.
- 1.29 Hence, when calculating the need for affordable rent to buy homes in areas with adopted strategic policies that are less than five years old, the housing requirement figure within these policies should be used as the starting point. In areas without up-to-date strategic policies, the standard method housing need figure should be used.

**Assessment of need for affordable housing**

- 1.30 The NPPF states at paragraph 61 that the need for each size, type and tenure of housing, including affordable homes, should be undertaken within the context of the overall local housing need figure, together with any additional needs that cannot be met in neighbouring areas.
- 1.31 The PPG notes at Reference ID: 2a-20-20180913 that the need for housing for particular groups may exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method. This is due to the needs of particular groups being calculated in relation to the whole population of area rather than the projected new households, which form the baseline for the standard method. Once the need for a particular group has been assessed, it is up to the strategic policymaker to consider how this can be addressed within the constraint of the overall need.
- 1.32 The PPG provides the methodology for calculating total affordable housing need at Reference ID: 2a-23-20180913 to 2a-27-20180913. This approach now includes a requirement to assess past

trends and current estimates of households “that cannot afford their own homes, either to rent, or to own, where that is their aspiration” (Reference ID: 2a-23-20180913).

- 1.33 Strategic policy-making authorities should therefore calculate the need for homes providing affordable routes to ownership, including rent to buy, as part of their affordable housing need assessment. Our updated methodology for conducting this assessment, in accordance with the requirements of the revised NPPF and PPG, is provided in Section 2.

## **The problem of declining affordability and the need for affordable rent to buy**

### **Declining affordability**

- 1.34 The problem of declining affordability for younger households is acknowledged within the Explanatory Notes supporting the Housing and Planning Act 2016 (paragraphs 7 and 8):

*“Although now abated, the long-term downward trend in owner occupation has disproportionately affected younger households. Of those households that do own their home 75% are over the age of 45 and nearly half (46%) of households in the 25-34 age group live in the private rented sector (only 21% were renting privately in 2003-04). Over the last twenty years, the proportion of under 40 year olds who own their home has fallen by over a third from 61% to 38% and, in 2014, the Office for National Statistics (ONS) reported that 3.3 million people between the ages of 20 and 34 were still living with their parents (accounting for 26% of the age group).*

*“The number of first-time buyers since the financial crash of 2007-08, as measured by the number of mortgages issued to first-time buyers, has fallen significantly. Throughout the 1980s and 1990s the number of mortgages to this group averaged over 400,000 per year but between 2008 and 2014 the average annual number of loans has been fewer than 300,000.”*

- 1.35 This evidence reflects that set out in the English Housing Survey, which notes that the average age of a first-time buyer in England was 33 in 2016/17, compared to 30 in 2006/07. A total of 60% of first-time buyers were aged between 25 and 34 and 33% were aged 35 and over in 2016/17<sup>2</sup>. Although it would be too simplistic to suggest that the number of young people (and households) can be taken to reflect the need for affordable rent to buy housing in an area, it is likely that the need will be greater in an area with more young adults and where the existing housing supply is oriented towards larger and more expensive properties.
- 1.36 The English Housing Survey indicates that the average (mean) deposit for first-time buyers in England was £48,591 in 2016/17, and two thirds (56%) of first time buyers were earning in the top 40% of all households. This demonstrates that saving for a deposit represents a major barrier to home ownership for many people.

### **The role of affordable rent to buy in enabling home ownership**

- 1.37 Affordable rent to buy housing is likely to be particularly attractive to those aged between 25 and 34, given that the majority of first-time buyers are within this age cohort.
- 1.38 Rentplus noted in December 2018 that their tenants range from 20 to 53 years of age, with the average age being 31. Over two thirds of Rentplus properties accommodate families with children, and 17% households are young couples. The tenure is therefore particularly important in

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<sup>2</sup> English Housing Survey 2016/17, Section 1, Table AT1.8

providing assistance to younger people and families, who are more likely to face barriers in accessing home ownership.

- 1.39 Rentplus reported in December 2018 that the average income of households in Rentplus developments is £31,500. By contrast, the average income for purchasers using the Government's Help to Buy (equity loan) scheme in 2018 Quarters 1 and 2 was £55,500 in England (£54,000 outside of London)<sup>3</sup>. Analysis conducted in October 2017 in relation to five Rentplus developments<sup>4</sup> indicated that residents of these developments had average savings of just over £2,000 when they moved into their affordable rent to buy home.
- 1.40 This analysis demonstrates that affordable rent to buy can provide a route to home ownership for households that would not otherwise be able to access their own home on the open market.

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<sup>3</sup> MHCLG Help to Buy Tables (data to 30 June 2018), Release Table 8

<sup>4</sup> Lichfields analysis of data provided by Rentplus (October 2017) on Rentplus developments at Palmerston Heights, Plymouth; Corelli Estate, Sherbourne, Dorset; Flanders Close, Bicester; Saxon Fields, Cullompton; and Knighton Road, Wembury. No household savings information is available for the scheme at Moorgate, Lechlade.

## 2.0

# Methodology

## PART A: Current situation

### Demographic and household profile

## 2.1

An assessment of need for affordable rent to buy housing should commence with an overview of the current situation within the local area in respect of demographic profile, housing stock and market signals. Consideration of existing and projected future population levels and household need and composition provides a baseline through which key pressure points can be identified and drawn out by further research. The key metrics that should be considered are summarised below:

Table 2.1 Demographic and housing profile metrics

Metric	Issues to consider	Data sources
Population by age cohort	<ul style="list-style-type: none"> <li>Total population in local authority</li> <li>Number of persons by age cohort</li> <li>Proportion of total population within different age cohorts</li> </ul>	ONS Mid-Year Population Estimates
Population projections	<ul style="list-style-type: none"> <li>Projected level (and proportion) of future population change</li> <li>Projected level (and proportion) of future change in different age cohorts</li> </ul>	ONS Sub National Population Projections
Household composition	<ul style="list-style-type: none"> <li>Profile of households by type (e.g. single person, couple, family with dependent children, family with non-dependent children, other)</li> <li>Profile of households by age of head of household</li> </ul>	2011 Census data
Household occupancy	<ul style="list-style-type: none"> <li>Level of over and under-occupancy of housing within local authority (defined in terms of number of spare bedrooms within property)</li> </ul>	2011 Census data
Projected household growth	<ul style="list-style-type: none"> <li>Projected number of additional households expected in next 20-25 years</li> <li>Projected change in household composition (age and occupancy structure)</li> </ul>	ONS Household projections

### Housing stock

## 2.2

The current stock of housing will influence the ability of newly forming households to access a suitable property. Indicators such as the overall housing stock, number of new completions, and the size, type and average cost of housing will all be relevant and should be considered by way of background to the assessment of need for affordable rent to buy housing. The key metrics that should be considered are summarised below:

Table 2.2 Housing stock metrics

Metric	Issues to consider	Data sources
Dwelling stock	<ul style="list-style-type: none"> <li>Number of houses in local authority</li> </ul>	MHCLG Live Tables 100 and 253

Metric	Issues to consider	Data sources
	<ul style="list-style-type: none"> <li>Number of recent housing completions</li> </ul>	Local Authority Annual Monitoring Report
Housing type and size	<ul style="list-style-type: none"> <li>Profile of dwelling stock (e.g. detached, semi-detached, terraced, flats)</li> <li>Profile of dwelling stock by number of bedrooms and number of habitable rooms</li> </ul>	2011 Census data 2001 Census data (to provide comparison of change over time)
House prices	<ul style="list-style-type: none"> <li>Median and lower quartile house prices</li> <li>Change in house prices over time</li> <li>Median and lower quartile house prices per type of dwelling</li> </ul>	HM Land Registry Data ONS House Price Statistics for Small Areas
Sales turnover	<ul style="list-style-type: none"> <li>Number of transactions in local authority by year and type of dwellings</li> </ul>	HM Land Registry Data
Affordability	<ul style="list-style-type: none"> <li>Ratio of median income to median house prices</li> </ul>	ONS ratio of house price to workplace-based earnings data
Rental levels	<ul style="list-style-type: none"> <li>Average rental value for different house sizes</li> </ul>	VOA Private Market Rental Statistics

2.3 This analysis will provide an overview of the housing market at the local authority level that forms the context for the assessment of need for affordable rent to buy housing. It will highlight any pressure points in the housing market, for example whether overall housing completions are keeping up with housing need, and whether there are particular challenges with affordability of homes to purchase or to rent.

2.4 In addition, the outputs from this analysis in relation to house prices, affordability and rental levels will feed in directly to the assessment of affordable rent to buy outlined below.

## **PART B: Assessment of need for affordable rent to buy**

2.5 An assessment of the need for affordable rent to buy homes should be undertaken as part of an assessment of need for all types of affordable housing. The assessment should be performed at a local authority level, in order to align with the standard method and overall assessment of need for affordable housing.

2.6 This updated methodology prepared by Lichfields takes account of the changes to the NPPF and PPG, whereby affordable rent to buy homes are now included in the NPPF definition of affordable housing. It follows the process outlined in the PPG, which considers the need for affordable homes arising from both current households in need and from newly-forming households. It then combines these two sources of need to indicate the total gross need. The final step in the process is to subtract the existing available accommodation of this type in order to identify the total net need to be addressed.

### **Step 1: Starting point**

#### **Current households in rented/rent-free accommodation**

2.7 The starting point in assessing the level of need arising from current households is to identify the total number of households living in the rented sector and in rent-free accommodation (typically living with family), i.e. those that are not home owners.

2.8 The total number of current households in the local authority area should be identified from the ONS Household Projections, using the publication applied by the standard method. At the point



of writing this is the 2016-based Household Projections. However, if the proposed changes to the standard method are taken forward (see Planning Policy Context section above), the 2014-based Household Projections should be used.

- 2.9 The proportion of these households that are living in rented or rent-free accommodation should be identified from 2011 Census data and then applied to the current number of households in the area.

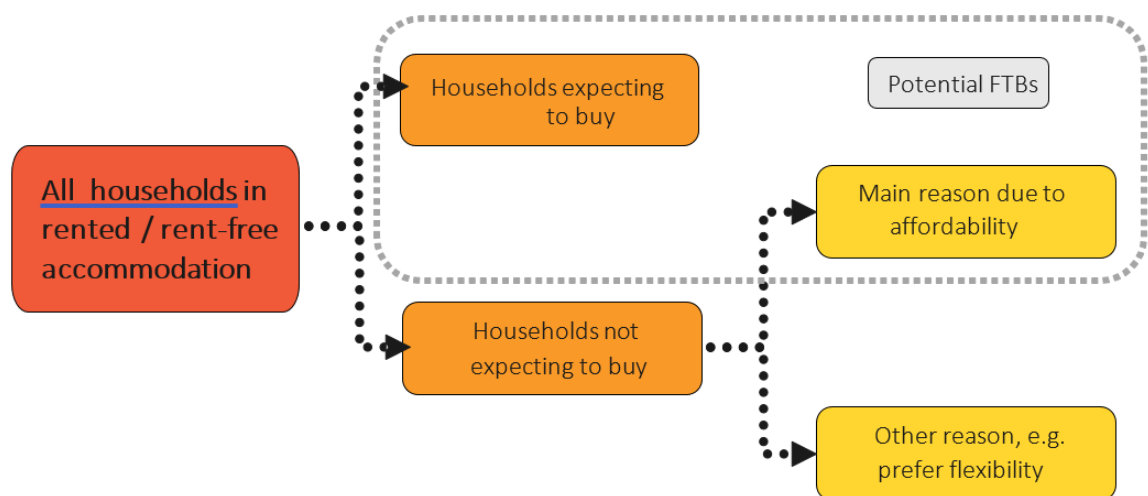
### **Aspiration for home ownership**

- 2.10 Not all households in the private rented sector necessarily want to move into home ownership (either at all, or in the near future). Some households may not want to move into ownership due to not having secure employment or income, not wanting to be in debt, concern regarding the cost of repairs and maintenance, not wanting the commitment/preferring the flexibility of renting, and liking their current accommodation.
- 2.11 The English Housing Survey states that, in 2016-17, 46% of all renters expected to buy a property at some point in the future and 54% expected not to buy – although for some, this might be due to a view that they might not be able to afford to buy a home, rather than because they do not want to do so.
- 2.12 A separate English Housing Survey report on future home owners (2015/16) provides information on the main reason why households do not expect to buy. A total of 65% of households in rented accommodation stated that their main reason for not expecting to buy was that they do not believe they would ever be able to afford it<sup>5</sup>.
- 2.13 Based on this information, we can estimate the number of households which may be expected to buy if the affordability barrier were removed, i.e. those that aspire to home ownership:
- 1 The percentage of households in a group who would be expected to buy anyway (as shown above); plus
  - 2 The percentage of households which currently do not expect to buy, mainly due to affordability reasons.
- 2.14 This is illustrated in **Error! Reference source not found..** The remaining households are those which cited reasons other than affordability for preferring not to become home owners.

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<sup>5</sup> English Housing Survey 2015/16 Future Home Owners: Annex Table 1.29 – Main reason people don't expect to buy a home, by tenure, 2008/09 to 2015/16

Figure 3 Potential first-time buyer households if affordability barrier removed



Source: Lichfields, based on English Housing Survey

### Newly-forming households

2.15 The starting point in assessing the level of need arising from newly-forming households is the total number of new households expected to form over the relevant period. This figure will be:

- 1 The level of household growth underlying the housing requirement figure where adopted strategic policies are less than five years old; or,
- 2 The level of household growth underlying the standard method housing need figure where strategic policies are more than five years old (i.e. the relevant household projections).

### Step 2: Households able to afford open market housing

2.16 Affordable rent to buy housing is aimed at households that are unable to purchase a home on the open market. Those that are already able to buy an open market property should not be included in the assessed need for this tenure. Therefore, it is necessary to identify the number of current and newly-forming households in this category in order that they can be removed from the need figure.

#### Identify median house price

2.17 Whilst the PPG details the process for assessing the number of households specifically in need of affordable housing, there is no standardised approach for assessing the number of households that can afford to access property on the open market.

2.18 One of the tests for affordable housing need is to set household income against lower quartile house prices (Reference ID: 2a-24-20180913). However, it should not be assumed that all households with the necessary incomes to support the purchase of a lower quartile priced home will be able or willing to do so. There is a general correlation between house prices and sizes, the implication of which is that the cheapest properties that might be within the reach of those on lower incomes may be too small to meet the needs of some households (e.g. those with families), and many will require refurbishment, which a large proportion of first-time buyers may be unable to finance or unwilling to undertake.

2.19 In the light of this, for an affordable rent to buy assessment, it is more appropriate to assess the ability of a first-time buyer household to purchase a property on the open market against the

median house price for the area. Median house prices can be identified from ONS's ratio of house price to workplace-based earnings data.

- 2.20 This approach in testing affordability against median house prices is also consistent with the standard method, which applies an affordability ratio based on median workplace-based earnings and median house prices<sup>6</sup>.

### **Identify gross household income required for open market purchase**

- 2.21 This stage undertakes an affordability test to identify the number of households that are able to purchase a home on the open market at the median price for the local authority area. In order to identify the income required to access such properties, it is necessary to consider how much households can afford to spend on their housing.
- 2.22 Single-earner households can typically borrow up to 4 times their annual income and dual-earner households can borrow up to 4.5 times their annual income when buying housing<sup>7</sup>.
- 2.23 Using an average income multiple, it is possible to calculate the gross household income required to support the purchase of a property at the median house price identified above.

### **Gross household income distribution analysis (open market purchase)**

#### **Current households**

- 2.24 In order to calculate the number of current households in rented/rent-free accommodation that are in receipt of the minimum gross household income identified above, it is necessary to analyse the gross income distribution for households in the relevant local authority area.
- 2.25 Local authority-level data on household incomes is not currently available as open data. This data can be purchased from companies such as CACI or Experian. However, if this is not possible, regional-level data can be applied from the ONS data set, "Effects of taxes and benefits on household income".
- 2.26 Given that no data is readily available that breaks down household income by tenure it is necessary to assume that the household incomes of current households in rented/rent-free accommodation reflects the incomes of all current households. It is noted that, in practice, incomes for those in rented accommodation are likely to be lower than those for home owners. This assumption would therefore serve to overestimate household incomes and therefore the number of households that are assessed as able to afford open market housing. Consequently, it will result in a conservative estimate of the level of need for affordable rent to buy homes.

#### **Newly-forming households**

- 2.27 It is important to note that the income distribution of newly-forming households is different to that for all households, with earnings approximately 33% below those for existing households<sup>8</sup>. Therefore, the gross household income distribution identified above for current households should be adjusted for the newly-forming households group. This can be illustrated on a graph that shows the proportion of new and existing households earning different amounts. An example graph is shown below.

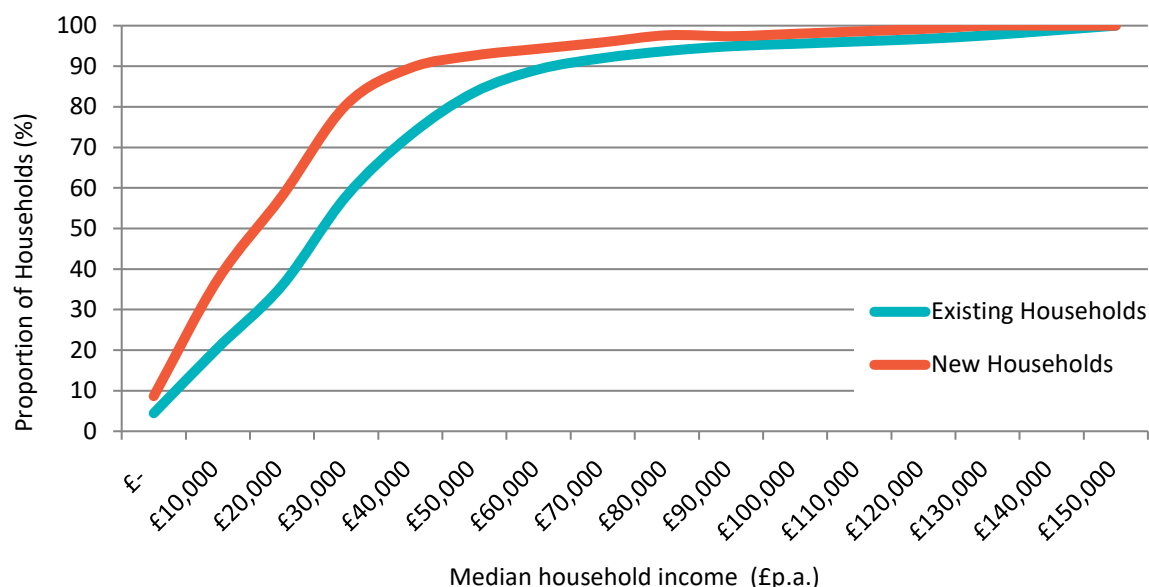
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<sup>6</sup> ONS median workplace-based affordability ratios

<sup>7</sup> It is acknowledged that the methods by which lenders now determine borrowing limits is more complex than simply using mortgage multipliers – lenders take into account a wide range of factors including length of mortgage (which can now be up to 35-40 years), committed expenditure and loan-to-value ratio which can affect the amount borrowed relative to income. However for the purposes of this assessment it is necessary to make some assumptions, and the use of a 4-4.5 income multiplier is considered reasonable for first-time buyers with around a 15% deposit

<sup>8</sup> This comes from the 2004/05 English Housing Survey published in October 2006. This data is no longer collated but represents a buoyant point in the economy, there is no newer evidence and there is nothing to suggest that the situation for newly forming households has improved.

Figure 4 Affordability modelling



Source: Experian income data, Rightmove, VOA and Lichfields analysis

### Remove households able to purchase open market housing

- 2.28 Following on from the previous steps, it will be possible to identify the proportion of current and newly-forming households that earn enough to afford to purchase a home on the private market and that would therefore not require affordable rent to buy housing.
- 2.29 In the absence of available data on household savings, this methodology assumes that households that are able to afford their own homes on the basis of income are also able to raise the required deposit and have the necessary credit rating required to access mortgage finance. However, we note that, in practice, many of these households do not have enough savings to fund a deposit. It is therefore likely that the actual need for affordable rent to buy housing is higher than that identified by this methodology.
- 2.30 The number of current and newly-forming households in receipt of the required income to be able to afford open market housing should be removed from the total number of current / newly-forming households, in order to focus on the target market for the affordable rent to buy tenure.

### Step 3: Rental affordability

- 2.31 Affordable rent to buy housing is not suitable for every household that cannot afford to purchase its own home on the open market, and it does not replace the need for social rented homes, not least because it will be unaffordable for a proportion of households.
- 2.32 The next step in assessing the need for affordable rent to buy is therefore to undertake a rental affordability test. This step identifies the minimum level of household income needed in order to support an affordable rent to buy home.

### Identify average annual rent for an affordable rent to buy home

- 2.33 The rent charged on Rentplus homes is set at “80% of the local market rents or the Local Housing Allowance (Housing Benefit) level whichever is the lower” (Rentplus website FAQs). This level of rent can be taken as a proxy across the affordable rent to buy tenure.

2.34 In making this assumption, the affordable rent to buy assessment should first identify the annual median market rent for the relevant local authority, using Valuation Office Agency (VOA) Private Rental Market Statistics, and then calculate 80% of this rent. This figure represents the approximate annual rent that could be charged for an affordable rent to buy property in the local area.

2.35 For the purposes of the assessment of need, it is more appropriate to apply 80% of the market rent than identifying an average level of Local Housing Allowance (LHA) within a local authority area, given that this allowance varies depending upon the size of the property and the Broad Rental Market Area in which the property is located.

### **Identify gross household income required for affordable rent to buy**

2.36 The next step is to calculate the level of household income required in order to access an affordable rent to buy home.

2.37 The 2016/17 English Housing Survey found that the national average proportion of gross household income (including state assistance) spent on rent was:

- 1 34.3% for the private rented sector;
- 2 27.1% for those living in local authority housing; and,
- 3 28.7% for those living in housing association properties<sup>9</sup>.

2.38 Other sources also suggest broad rules of thumb between 25% and 35% of gross income as being the appropriate threshold<sup>10</sup>.

2.39 The issue of how much households should be expected to pay for their housing as a proportion of their average income has also been considered by two Local Plan Inspectors in recent years.

2.40 The Inspector into the East Hampshire Joint Local Plan stated in response to the Council's proposed 30% income threshold, based on data indicating that households are actually spending more than this on rent:

*"...it is not right, in my view, to plan on the basis that it is acceptable for those in need to have their already limited incomes squeezed just so they can live in a decent home (and the need for affordable housing reduced for the purposes of plan making)"<sup>11</sup>.*

2.41 Similarly, the Eastleigh Local Plan Examination Inspector's report states:

*"I see no justification for the Council assuming that more than 30% of income could reasonably be spent on housing. Some households may be forced to do so, but that does not make it a justified approach to assessing need"<sup>12</sup>.*

2.42 A number of local authorities have sought to argue that a higher proportion (35%) should be applied but it is worth noting that 35% of gross income would represent an even more significant proportion of net income which households actually receive, likely getting close to 50%. In the light of this, and on the basis of the above remarks, it is considered that 30% would be an appropriate starting point upon which to base the assessment of the ability of local people to access the housing market, although the precise figure should be selected on a case-by-case basis, taking account of local affordability issues. Indeed, eligible households may opt to "stretch" themselves to take advantage of the opportunity to secure a home that they will eventually own.

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<sup>9</sup> MHCLG English Housing Survey 2016/17, Annex Table 1.13

<sup>10</sup> Shelter Private Rent Watch Report one: Analysis of local rent levels and affordability (October 2011).

<sup>11</sup> East Hampshire Local Plan Joint Core Strategy, Inspector's Report (April 2014), paragraph 17-18

<sup>12</sup> Eastleigh Borough Local Plan, Inspector's Report (February 2015), paragraph 32-33

- 2.43 This threshold should be applied to the annual rent for an affordable rent to buy property in the local authority area in order to identify the gross household income required in order to access an affordable rent to buy home.

### **Proportion of remaining households able to access affordable rent to buy**

#### **Current households**

- 2.44 Using the same gross household income data and approach applied in Steps 2 and 3, it is possible to identify the proportion of remaining<sup>13</sup> current and newly-forming households that are in receipt of the required gross household income required to access an affordable rent to buy home in the relevant local authority area. Any households earning less than this figure (i.e. those likely to be in need of social rented housing) would not be able to afford a rent to buy home and so would not be included within the identified need.

### **Step 4: Affordable rent to buy eligibility**

#### **Remove any newly-forming households earning £80,000 pa or more (or £90,000 in London)**

- 2.45 The eligibility criteria for Rentplus homes include the requirement that applicant households are earning less than £80,000 pa or more (or £90,000 or more in London). The principle of this eligibility criterion is considered to be appropriate for all affordable rent to buy homes, given that the tenure is aimed at those households that are in need of financial support in order to access home ownership. Depending upon the location, it is not anticipated that there will be a large number of households that pass Step 3 that would achieve this level of income.
- 2.46 The number of current and newly-forming households earning £80,000 or more (or £90,000 or more in London) should be deducted from the remaining households of each type identified in Step 3.

### **Step 5: Total (gross) need**

- 2.47 This step simply identifies the number of current and newly-forming households that meet the requirements of each of the previous elements of the calculation.
- 2.48 The need from both current and newly-forming households should be combined into a single figure, indicating total (gross) need for affordable rent to buy homes.

### **Step 6: Supply of affordable rent to buy homes**

- 2.49 In accordance with the PPG (Reference ID: 2a-025-20180913), a calculation of affordable housing need should take account of any current and committed supply of housing stock that can be used to accommodate households in need. In this case, providers of affordable rent to buy homes such as Rentplus should be contacted to establish:
- 1 The number of affordable rent to buy homes that are likely to become available (i.e. where the current tenants have not opted to purchase the property); and,
  - 2 Number of vacant properties.
- 2.50 The local authority planning register should also be consulted to identify any committed supply of new affordable rent to buy homes.

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<sup>13</sup> Following the removal of those that can afford open market housing in Step 2

- 2.51 Given that the affordable rent to buy tenure is relatively new, it is likely that any current and committed supply relating to this tenure will be small.

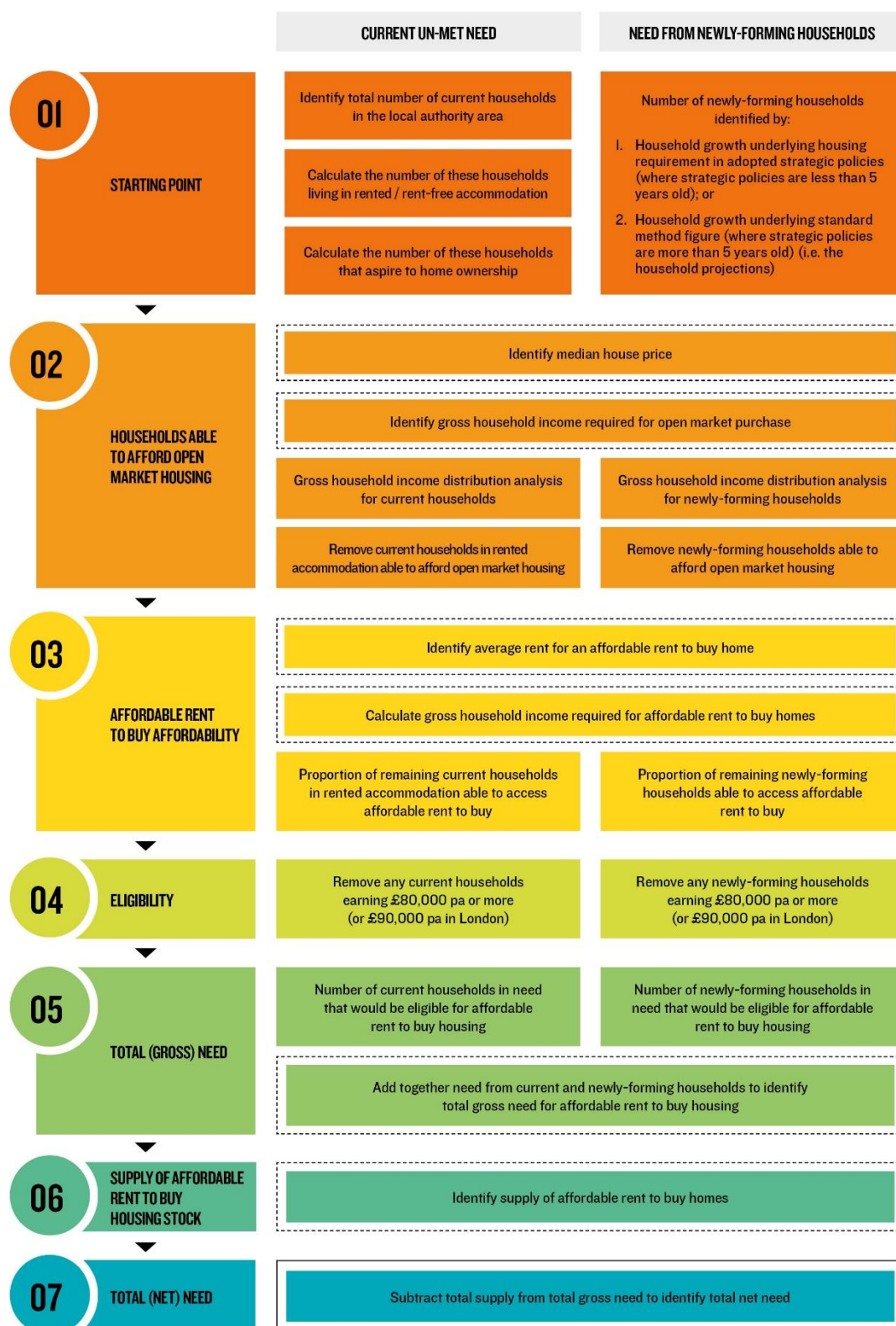
### **Step 7: Total (net) need**

- 2.52 The total supply of affordable rent to buy homes identified in Step 6 should be subtracted from the total (gross) need to identify total (net) need for this tenure.

### **Summary**

- 2.53 The approach starts with the number of current households in rented accommodation or living rent-free and the number of newly-forming households in the area. It then identifies the number of current and newly-arising households that can afford to access housing on the open market, and the proportion of households that could not afford an affordable rent to buy property and those that are ineligible for the tenure. The remaining number of households (that can access affordable rent to buy but cannot compete on the open market) represents the total gross need that exists in the local area for an affordable rent to buy property. The available stock of affordable rent to buy homes is then subtracted from this figure to identify the total net need for this tenure.
- 2.54 Figure 5 provides a summary of the methodology above (which is also provided at Figure 1).

Figure 5 Assessment of need for affordable rent to buy housing





2.55

This calculation can be summarised as follows:

Table 2.3 Assessment of need for affordable rent to buy housing (equation)

<b>Current households in need:</b>	<b>Newly-forming households in need:</b>
Number of current households in rented/rent-free accommodation that aspire to home ownership	Newly-forming households
<i>Minus</i>	<i>minus</i>
Current households in rented/rent-free accommodation that aspire to home ownership that are able to afford open market housing	Newly-forming households able to afford open market housing
<i>minus</i>	<i>minus</i>
Any remaining households in rented/rent-free accommodation that aspire to home ownership unable to access affordable rent to buy	Any remaining newly-forming households unable to access affordable rent to buy
<i>minus</i>	<i>minus</i>
Current households in rented/rent-free accommodation earning £80,000 pa or more (£90,000 in London)	Newly-forming households earning £80,000 pa or more (£90,000 in London)
<b>Total gross need: Current households in need + newly-forming households in need</b>	
<i>Minus</i>	
Supply of affordable rent to buy homes	
<i>Equals</i>	
<b>Total net need: Total gross need - available stock</b>	

## **3.0 Conclusion**

- 3.1 The affordable rent to buy tenure provides an innovative solution to the challenges that face the housing market in this country. By focusing upon aspiring home owners that are currently unable to compete within the open market and unable to save for a mortgage, it provides an alternative to the private rental sector which is characterised by high rents, an insecurity of tenure and below-average living conditions. Crucially, the model also provides an opportunity for households that would not qualify for affordable housing. Accordingly, it provides a response to recognised pressures at a number of points in the system in a way that is not otherwise being provided.
- 3.2 The potential contribution of affordable rent to buy properties can be most effectively understood through a demonstration of the level of need that exists for the product. This report has set out a robust methodological approach to undertake such an assessment of need. This approach draws upon the policy contained within the revised NPPF and guidance set out in the PPG, together with Lichfields' considerable experience in assessing both the overall need for housing and affordable housing. It makes use of readily available data sources and benefits from transparency and clarity.
- 3.3 The demonstration of substantial need for affordable rent to buy properties can form part of the evidence base in support of any planning application for development comprising or including this tenure. This assessment of need can also be supplemented by an explanation of the economic and social benefits of this type of development, which can be very significant to a local area and the people that will benefit from this innovative form of housing tenure.
- 3.4 The methodology can also be applied at the plan preparation stage in identifying the scale of need for this type of housing, which can be supported by housing allocations and appropriate strategic policies.
- 3.5 The assessment of the need for affordable rent to buy housing should be undertaken within the context of the overall need for housing in each local authority area and the need for all types of affordable housing, and should contribute towards meeting these needs. In particular, affordable rent to buy homes are helping to address the specific needs of a given section of the population whose needs are currently not being met by the traditional housing tenures.

## Appendix 1: Data sources

Information	Data sources
Population by age cohort	ONS Mid-Year Population Estimates
Population projections	ONS Sub National Population Projections
Household composition	2011 Census data
Household occupancy	2011 Census data
Projected household growth	ONS Household projections
Dwelling stock	MHCLG Live Tables 100 and 253 Local Authority Annual Monitoring Reports
Housing type and size	2011 Census data 2001 Census data (to provide comparison of change over time)
House prices	HM Land Registry Data ONS House Price Statistics for Small Areas ONS ratio of house price to workplace-based earnings data
Sales turnover	HM Land Registry Data
Affordability	ONS ratio of house price to workplace-based earnings data
Rental levels	Valuation Office Agency (VOA) Private Market Rental Statistics
Gross household income distribution	Economic forecasting companies, e.g. Experian ONS Effects of taxes and benefits on household income



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**Subject:** FW: Woodstock Town Council response to CIL and Affordable Housing SPD  
**Attachments:** image001.emz  
**Importance:** High

**From:** Janine Saxton [REDACTED]  
**Sent:** 09 September 2020 11:54  
**To:** Chris Hargraves  
**Cc:** Christine Inker  
**Subject:** RE: Woodstock Town Council response to CIL and Affordable Housing SPD  
**Importance:** High

Good Morning Chris,

Please find below the response from Woodstock Town Council:-

CIL - Woodstock Town Council support this consultation

SPD - Woodstock Town Council made not comment

Kind Regards

[REDACTED]

Janine Saxton  
Town Clerk  
Woodstock Town Council

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