

**Oxfordshire Housing Market Assessment:
Final Report**

December 2007

Services for life

Document control sheet

Client	West Oxfordshire District Council, on behalf of the five Oxfordshire authorities
Document Title	Oxfordshire Housing Market Assessment
Version	17
Status	Final
Reference	Housing/17605
Author	Valerie Strachan/Stephen Hills/Chris Adams
Date	December 2007
Further copies from	email: debby.wood@tribalgroup.co.uk quoting reference and author

Quality assurance by:	Valerie Strachan
-----------------------	------------------

Document history			
Version	Date	Author	Comments
12	5 August 2007	Valerie Strachan	
14	20 October	Chris Adams/Valerie Strachan	
16	16 November 2007	Valerie Strachan	
17	29 November 2007	Valerie Strachan	

Contact details			
Main point of contact	Telephone number	Email address	Postal address
Valerie Strachan	0131 718 4060	valerie.strachan@tribalgroup.co.uk	22 Stafford Street Edinburgh EH3 7BD

Contents

1 Introduction 1

1.1 Introduction and rationale 1

1.2 Study objectives 1

1.3 Analytical framework 2

1.4 Approach 3

2 Analysis of key drivers 6

2.1 Policy drivers 6

2.2 Economic Drivers 8

2.3 Demographic Drivers 11

2.4 Key Issues: 16

3 Assessment of HMA area 18

3.2 Context 18

3.3 Key issues: 22

4 Analysis of current housing market 23

4.2 Current supply and tenure mix 23

4.3 Property prices 25

4.4 Overcrowding, vacant dwellings and second homes 28

4.5 House conditions 29

4.6 House building 29

4.7 Key Issues: 31

5 Analysis of sub-markets 32

5.2 Rural 32

5.3 Oxford City 34

5.4 The housing markets around Cherwell and in Southern Central Oxfordshire 37

5.5 Private rented sector and buy-to-let 37

5.6 Key issues: 39

6 Assessment of housing support issues in relation to the HMA 41

6.2 Homelessness 41

6.3 Supporting People client groups 42

6.4 Older people 43

6.5 Black and minority ethnic (BME) communities 44

6.6 Key issues: 45

7 Assessment of the future housing market 46

7.2 Current need 46

7.3 Future household numbers 49

7.4 Modelling the Oxfordshire housing market 56

7.5 ‘Bringing it all together’ - Key issues 69

8 Research recommendations 71

Tables and figures

Figure 1.1: Supply/demand balance in the housing system	3
Table 1.1: HMA Guidance core outputs	4
Table 1.2: HMA Guidance process checklist.....	4
Table 2.1: New build allocations.....	7
Table 2.2: Economic activity, compared to England & Wales	9
Table 2.3: Annual pay - Gross (£) - For all employee jobs: United Kingdom, 2006.....	10
Table 2.4: Household incomes – first time buyers (2006)	11
Table 2.5: Population Change 1995-2004.....	12
Table 2.6: Projected changes in age profile by age band (2004 base)	13
Figure 2.1: Household growth	14
Table 2.7: Household net growth projections (2004 base).....	15
Figure 2.2: Forecast increase in over 85 households (as a proportion of all newly forming households aged over 35).....	16
Figure 3.1: Main migration flows	19
Table 3.2: Long-distance commuting to London	19
Figure 3.2: Travel to work movements	20
Figure 3.3: Average property prices by ward May 2007.....	21
Figure 3.4: Geographical sub market influences	22
Table 4.1: Housing supply, 2005.....	23
Figure 4.1: Tenure Breakdown showing outright owners and owners with mortgages.....	24
Table 4.2: Type of property	24
Table 4.3: Housing Association and Council Properties.....	25
Figure 4.2: House price growth	26
Table 4.4: Average house prices by property size (number of bedrooms) and type, 2007	27
Table 4.5: Average and lowest quartile house prices by district, 2007	27
Table 4.6: Levels of occupancy in the Oxfordshire housing stock.....	28
Figure 4.3: Housing conditions.....	29
Figure 4.4: Total completions	30
Table 4.7: Completions in Oxfordshire 2001/02 – 2005/06	31
Figure 5.1: Housing turnover in rural market towns 2006	33
Table 5.1: Total Number of FT Students in Oxfordshire.....	35
Table 5.2: Deprivation within Oxfordshire	36
Figure 5.2: Private Sector Rents	38
Table 6.1: Homeless acceptances and temporary accommodation placements, 2002/03 – 2005/06.....	42
Table 6.2: Changes in population of people aged 75+, 2006 – 2026 (2004 baseline), (000s)	43
Table 6.3: Population estimates by ethnicity – Oxfordshire.....	45
Table 7.1: Housing Register & Social rented supply 2006 Figures	47
Table 7.2: Summary of housing needs surveys	48
Table 7.3: Alternative calculation of current housing need (backlog)	49

Table 7.4: Affordability Ranking in Region	51
Figure 7.1: Comparative costs of renting & buying a two bed property May 2007	52
Figure 7.2: Affordability at lowest quartile prices May 2007	54
Table 7.5: Affordability Matrix for FTB & lower quartile terrace houses May 2007 % of gross income spent on mortgage.....	55
Table 7.6: Basic ratios - stock projections : household projections, 2006 – 2026	57
Figure 7.3: Dynamic model of the housing market.....	58
Table 7.7: Housing market model – summary information ¹ , annualised need figures for years 1-5, 6-10, and 16-20.....	61
Table 7.8: Ratio of supply to demand ¹ (ratio values ²).....	62
Table 7.9: Annual demand for affordable housing – Oxfordshire	63
Table 7.10: Annual demand for market housing – Oxfordshire	64
Figure 7.11: Annual shortfall for affordable housing – Oxfordshire	65
Figure 7.12: Annual shortfall for market housing – Oxfordshire (net of turnover and new build)	66
Figure 7.13: Total housing supply to total housing demand – selected years, Oxfordshire.....	66
Table 7.14: Market housing supply to demand – Oxfordshire	67
Table 7.15: Affordable housing supply to demand – Oxfordshire.....	67
Table 7.16: Supply and demand ratios by local authority ¹ (ratio values ²)	69
Table A1: Gross household projection flows per annum	75
Table B1: Annual demand for affordable housing by local authority	77
Table C1: Annual demand for market housing by local authority	79
Table D1: Annual shortfall for affordable housing by local authority.....	81
Table E1: Annual shortfall for market housing by local authority.....	83

Appendices

Appendix A - Gross Household Formation Figures 2006 – 2026	74
Appendix B – Forecast Annual Demand for Affordable Housing by Local Authority	76
Appendix C – Forecast Annual Demand for Market Housing by Local Authority	78
Appendix D – Forecast Annual Shortfall for Affordable Housing by Local Authority	80
Appendix E – Forecast Annual Shortfall for Market Housing by Local Authority.....	82
Appendix F – Modelled Scenarios	84
Appendix G – Key Study Questions.....	87
Appendix H – Summary Tables for Oxfordshire	89
Appendix I - Glossary.....	107

Executive summary

Introduction

1. The overall purpose of the study is to analyse the housing market within Oxfordshire. The aims of the study are:
 - to identify and clearly define the Oxfordshire sub-regional housing market and the housing markets within it
 - to analyse the Oxfordshire sub-regional housing market, including its characteristics, drivers and other influences
 - to derive figures for housing need and demand in the Oxfordshire sub-region and determine the requirements for market and affordable housing
 - to provide a basis for all partners in the Oxfordshire sub-region to develop and implement sustainable policies that will lead to a balanced housing market
2. The HMA analysis has been undertaken in accordance with the most up-to-date guidance which has replaced all previous guidance; the March 2007 DCLG Strategic Housing Market Assessments Practice Guidance.

Key drivers

3. The draft South East Plan sets the local authorities in Oxfordshire ambitious new build targets to meet projected demand, and to respond to/capture economic growth. The proposed growth points in Oxfordshire are evidence of the high expectations to deliver new housing in large numbers in the County.
4. The local economy is robust and buoyant. We would certainly expect continued growth and an increase in local jobs. This places pressure on the local housing market to respond by increasing capacity if prices are not to further increase and in-commuting is to be managed (thus protecting against adverse environmental outcomes). It is possible that lack of suitable housing may limit economic growth – business park ventures and growth of existing businesses can be particularly vulnerable to housing constraints – although location and proximity to transport networks will play a key role in such decisions. Strategy documents clearly point to opportunities for housing growth, linked to economic growth outside Oxford, as well as continuing to develop opportunities within the city, allowing greater variety of location and property type and price.
5. The overall growth in households - in particular the growth of smaller households including single person households - and the growth of households headed by people over 65 are the defining demographic drivers.
6. Strategic planning documents recognise that it is as important to address affordable housing issues as it is to improve the overall supply of housing in the County. Key issues for consideration include: the mechanisms for delivering new housing and for delivering affordable housing (include determining target households, levels of subsidy, nature of subsidy, and so on).
7. The long term strength of the economy and the increased demand coming from forecast demographic changes are strong indicators that the pressures on the housing market are likely to continue, over the short to medium term.

Defining the housing market

8. The starting point for the review of the housing market geography was the work undertaken in 2004 for SEERA¹, which considered the housing market areas in the South East. This work analysed a number of datasets including travel to work patterns, migration patterns, house prices and the location of key economic and retail centres to establish the boundaries of the region's market areas. Our analysis drew on updated datasets to review the boundaries and consider relationships with neighbouring market areas.
9. The examination of these factors leads us to conclude that Oxfordshire is a relatively cohesive housing market area. In particular, the vast majority of house moves are made within the County boundary, and Oxford acts as an employment and retail focus for a significant proportion of the population. There is minimal cross-boundary movement, in terms of relocation or commuting. It is therefore appropriate to assess housing market conditions within the context of this housing market area as required by the 2007 guidance.
10. The study identifies some blurring of the housing market area at its boundaries, particularly around Banbury (in relation to the East Midlands) and Reading/M4 corridor. Nonetheless, the Oxfordshire housing market is still the major force throughout the County. Given the proposed development in Southern Central Oxford, as well as continuing developments in the Milton Keynes/East Midlands, clearly this cohesion may weaken over time. It will therefore be important to continue to monitor the market boundaries.

Analysis of current housing market

11. Home ownership is the dominant tenure in the rural districts, and is well above the English average – this profile is typical of rural areas. In Oxford home ownership is the majority tenure, but well below the English average; renting – particularly private renting – is above average.
12. The breakdown of properties by type shows a higher proportion of detached homes in the districts outside of Oxford than the national average and a higher proportion of flats than the national average in Oxford.
13. There is significant variation in house prices between wards. However, there is no evidence of low price areas; all areas have high prices relative to the national average. Smaller property and entry level property prices are highest in Oxford (flats and terraces), while larger property prices are highest in South Oxfordshire.
14. Overall house prices have risen by up to 300% in the county in the last 10 years, and entry level prices are now between £150,300 to £220,700 (lowest quartile terraced houses).
15. Turnover has been declining across the county over recent years, limiting the housing options for households seeking housing in the county.
16. The levels of empty properties and second homes are below the national average indicating that there is little spare capacity within the existing housing stock. Stock condition is generally good, although the level of unfitness in Oxford is above the English average.
17. Rates of new build average build rates are in line with those required to achieve the proposed targets for the County, although this is a result of much higher build rates in the last two years. It is unclear whether this higher rate of new build can be sustained. Around 15% of the new build has been for affordable housing – well below the anticipated 30% to 40% that are likely to be required in the SE Plan.

¹ DTZ, *Identifying the local housing markets of South East England*, SEERA October 2004

18. The limited supply of dwellings coming on to the market and the lack of sufficient new building combined with the effects of a strong economy and rising demand are likely to sustain the high house prices in the county.

Analysis of sub markets

Rural housing

19. Almost half of the Oxfordshire population live in a rural settlement. This is well above the South East or English average. The HMA and the policy responses developed from it must appreciate the circumstances and needs of this part of the population.
20. While house prices vary significantly across the County, there is strong evidence of high prices in many rural parishes. Further, and critically, access to affordable housing is restricted by the very small number of properties coming on to the market in the rural areas.
21. Alternatives to home ownership are limited in the rural areas: there are now few social rented sector properties in the rural areas; the private rented sector (beyond tied housing in some parts) tends not to be well developed and can be relatively expensive (at around £800 pcm), and often linked to the tourism sector.
22. Newly forming households are generally restricted to the main market towns where the main turnover of owner occupied housing and private rented accommodation is located, or are forced to leave rural areas.

Oxford City

23. As with most cities, the housing system in Oxford is diverse, serving a wide range of households: there is a vibrant private rented sector, much of it serving students, but also serving workers in the city's buoyant economy; the owner occupied sector is relatively small, and access at the bottom end is expensive; and there are pockets of deprivation, where the benefits of the city's economy have not fully permeated.
24. Improving access to affordable housing and improving the mix of housing options are key objectives to a sustainable city. Land supply at the edges of the city is restricted because of the green belt. Development of previously developed land, bringing empty homes back into use, and improving the condition of existing properties are therefore key strategies.

Private Rented Sector (PRS)

25. The Oxfordshire PRS is differentiated and buoyant. The sector focuses on the Oxford and Banbury markets, as well as lesser activity in the market towns. Buy-to-let has been a significant source of new PRS in the south east, again, particularly in the Oxford area. Clearly, any change in the Buy-to-let market – for example in response to a significant rise in interest rates – would have implications for the supply of properties in the city.

Banbury

26. The housing market area around Banbury has relatively strong links with the East Midlands - Northampton and Milton Keynes in particular. These links operate in both directions, with households moving in and out of the county from the Midlands, and workers travelling in both directions to work. However, numbers are still relatively small. Further, Banbury provides an alternative to Oxford for community activity – for shopping in particular. As further economic development of the Cherwell area continues, economic development in Milton Keynes continues and transport links improves; the nature, strength and direction of links will need to be monitored.

Southern Central Corridor

27. In Southern Central Oxfordshire, flows in and out of the County are much more modest. Of greater interest is the potential economic and housing growth along the corridor, including Didcot, Wantage, Grove and Wallingford. Indeed, there is already evidence of east west travel, representing one of the main exceptions to the Oxford-centred travel patterns in the county. Any significant new development is only likely to increase this movement.

Housing support issues

28. The number of homeless acceptances has been declining, due in part to the increased use of preventative measures.
29. In Oxford, the homeless rate among BME households is particularly high – indeed, around 35% of homeless households are from BME groups, whereas BME households account for around 13% of the population..
30. The use of temporary accommodation has generally been falling. Despite this, in Cherwell and Oxford the use of temporary accommodation remains substantial, indicative of long waits for move-on accommodation.
31. There is scope for the development of a wider range of housing related services to support those with special housing needs. The greatest challenge will be in the provision of services to older people including options such as extra care housing, floating support and home improvement agencies to enable people to continue to live in their own homes.
32. Households requiring specialist support are much more likely than general needs households to be tenants of social/other affordable housing. Supply of appropriate, affordable housing is therefore a key component in enabling their needs to be met.

The future housing market

Affordability gap

33. There is an affordability gap for households on single incomes – most housing on the market is unaffordable to households with a single income; we estimate that even assuming a 10% deposit, only flats in Cherwell could be afforded. Households with two incomes have more options. However, even for these households, Oxford remains unaffordable unless prices were to drop by 15%.
34. Further increases in interest rates will impact on affordability. We estimate that although at current prices, 2-bed terraced homes will remain affordable to two-income households allowing for increases in interest rates to just under 7%. Were house prices to rise, then even two-income households would start to find entry-level housing unaffordable in all parts of the County except Cherwell.

Social rented housing

35. The housing list statistics are most concerning in Cherwell and West Oxfordshire, where there are more than 10 people on the list for every property that becomes available for let. In South Oxfordshire and the Vale the situation is also pressured, with more than five applicants for every available property. Oxford appears less pressured, with around three applications for every let. However, the approach to compiling these statistics varies between authorities, so they are not directly comparable. The introduction of a common housing register will work towards removing double counting between lists, and so provide a more accurate estimate of the level of demand across each of the authorities. The under-count – which results from

households in need not applying because of lack of (suitable) housing will, however, remain as an issue.

Housing need estimates

36. Two sets of current need estimates have been produced and used in different sets of scenarios. The housing needs figures arising from previously commissioned studies have been examined and set alongside figures derived from the analysis of homelessness figures, those in temporary accommodation and evidence of overcrowding (CLG Guidance approach).
37. The scenario modelling undertaken suggests a shortfall in affordable housing once turnover has been taken into account of at least 1,900 homes per year, rising to at least 3,900 by 2026. The shortfall in market housing is at least 2,000 homes per year rising to at least 2,300 homes by 2026.
38. Demand in Oxford is already significant and is projected to continue to increase. By years 16 - 20 the city represents 83% to 89% of total demand for affordable housing in the County.
39. The analysis suggests that currently the market is under some pressure with overall demand just exceeding supply. While the pressure on the market housing does increase a little over time at least one scenario indicates that this would not be a significant shift, with the market broadly in balance (with around one property available for every household in need), 1:1.01 to 1:1.02. However, this scenario assumes that new build levels are increased significantly from current SE Plan targets.
40. The pressure on affordable homes is however more intense with the potential for a significant backlog of need for affordable homes developing over the 20 year period with a worst case scenario (the historic affordable housing achievement) of over four households for every one dwelling available.
41. To offset this shortfall, the new building programme would have to be more than twice that recommended by the draft SE Plan and this would be unrealistic given the difficulties that are anticipated in meeting the current build programme.
42. Further, affordable housing would need to be 50% of this higher level of development if the need for affordable housing were to be met. Again it is unclear whether such a commitment could be delivered.
43. The size of the new build programme that would be required to offset the projected shortfall appears unrealistically large. This requires the Oxfordshire local authorities to consider how best to ensure that the housing that is built can meet specific and strategic needs within the County.

1 Introduction

1.1 Introduction and rationale

1.1.1 This is a report on the findings of the Oxfordshire Housing Market Assessment (HMA) carried out between September 2006 and May 2007.

1.1.2 Housing affordability and supply are key issues for the Oxfordshire authorities. The Government has set a series of policy goals for housing, based around improving housing affordability; condition (decency); choice, especially for those in vulnerable groups; and mixed communities². The draft South East Plan has identified a series of issues that will need to be addressed if progress is to be made against these objectives.

1.1.3 Critically, the draft Plan is based around developing the local economy and is clearly underpinned by principles of sustainable development. It identifies a requirement to increase the growth of the housing supply both in the region as a whole and in the Oxfordshire sub-region. Further, it is acknowledged that the most recent targets for housing output have lagged behind requirements; resulting in a backlog, concentrated in key areas across the region, including Oxfordshire – this too must be addressed adding to the new build requirements. A considerable proportion of the required new build will need to be “affordable” if the housing is to be accessible to new workers and vulnerable groups – however, this will clearly present challenges in terms of achieving development targets, and delivering developments of good quality and to high environmental standards.

1.1.4 It is therefore essential that the local authorities in Oxfordshire develop a clear understanding of the housing markets within the county, both so that they can develop their strategic response to proposals in the draft SE Plan and so that they can produce their local development frameworks (LDFs).³

1.2 Study objectives

1.2.1 The overall purpose of the study is therefore to analyse the housing market within Oxfordshire. The study has a number of specific objectives:

- to identify and clearly define the Oxfordshire sub-regional housing market and the housing markets within it
- to analyse the Oxfordshire sub-regional housing market, including its characteristics, drivers and other influences
- to derive figures for housing need and demand in the Oxfordshire sub-region and determine the requirements for market and affordable housing
- to provide a basis for all partners in the Oxfordshire sub-region to develop and implement sustainable policies that will lead to a balanced housing market

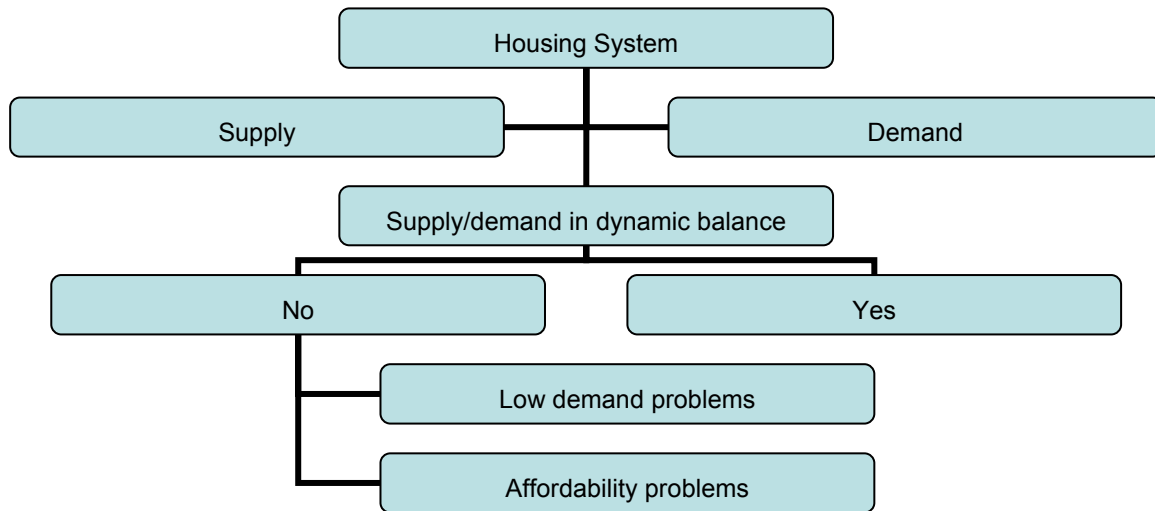
² CLG *Planning Policy Statement 3 (PPS3: Housing)*, November 2006, Para 9, as well as more recent policy pronouncements contained in the new Green Paper, *Homes for the future: more affordable, more sustainable*, published July 2007

³ Indeed PPS 3 now requires planning authorities to draw on evidence from, among other things, the strategic housing market assessment, when developing local development frameworks [CLG *Planning Policy Statement 3 (PPS3: Housing)*, November 2006, Para 22]

1.3 Analytical framework

- 1.3.1 Housing markets are complex: housing is an unusual good, it is expensive and long-lasting, so acts as a consumer good, an investment good, and is an asset that passes between generations; it is fixed in space so it may take on the attributes of the local neighbourhood; and of course, proximity to employment and transport loci increasingly confer value. The demands of the guidance (and planners) that supply requirements be estimated over time only add to these complexities.
- 1.3.2 However, we would start by stressing that housing markets generally work well to meet housing needs. Any household survey will show that that most people are satisfied with their housing and find it affordable. To understand why problems arise, and of course they do, it is necessary to understand why and how the market functions effectively most of the time.
- 1.3.3 The key principle that informs policy analysis is market balance/imbalance. Most of the time the housing market maintains a dynamic balance – house prices and market rents move to ensure that houses can be bought and sold, while the development sector, supported by a usually effective system of land use planning, is able to add stock to respond to demand.
- 1.3.4 The social housing sector faces different challenges – it now largely serves households whose incomes are too low to enable them to participate in the market sector and the process of balancing supply and demand (need) can be more complex.
- 1.3.5 The private housing sector is not, however, a market which can operate satisfactorily without public intervention. At a minimum, its effective operation requires effective land use planning – it is important that planning provides scope for housing development in areas where demand exists. And, housing development can have strong impacts - positive and negative - on the area in which it takes place and even on surrounding areas. Planning therefore needs to take account of the factors that influence the pattern of development.
- 1.3.6 Public intervention can also become necessary where imbalances between demand and supply have become more profound - long lasting or even chronic - and, if not resolved, could give rise to a large number of adverse effects. In high demand areas this can mean affordability problems with low income households being forced out of the area often causing problems with local labour supply, increased levels of road traffic and ultimately affecting the performance of the local economy. Remedying these problems is extremely difficult and sometimes calls for measures which generate controversy and even opposition.
- 1.3.7 Figure 1.1 below sets out a simple framework for considering the issue in a policy context. Policy should aim to move the system towards balance, but measures may also be needed to address the effects of imbalances (e.g. lack of affordable housing).

Figure 1.1: Supply/demand balance in the housing system



1.3.8 We would also note that while market balance is *necessary* for the housing system to meet policy objectives such as sustainable development and the support of economic growth, it is not always *sufficient*. In some cases the market may be in balance but the pattern of housing development may not be optimal from the standpoint of other objectives such as environmental sustainability or urban regeneration.

1.3.9 A policy objective of redeveloping a former commercial area for housing or bringing back into use contaminated sites will require policy intervention which does not fall under the heading of addressing market imbalance but it can be regarded as an example of dealing with “market failure” – a situation in which the unaided market cannot bring about development which would be socially and economically beneficial.

1.4 Approach

1.4.1 The HMA analysis has been undertaken in accordance with the most up-to-date guidance; the March 2007 CLG Strategic Housing Market Assessments Practice Guidance. This sets out guidance for collecting and interpreting data on the housing market and a clear approach for determining the level of housing need and demand in the housing market area.

1.4.2 The 2007 guidance specifies that to be considered a robust and credible study the HMA needs to address eight core outputs and to include seven key process elements. These are set out in the tables below, taken from the 2007 guidance and are referenced again at appropriate points in the report.

Table 1.1: HMA Guidance core outputs⁴

1	Estimates of current dwellings in terms of size, type, condition, tenure.
2	Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability.
3	Estimate of total number of future households broken down by age and type where possible.
4	Estimate of current number of households in housing need.
5	Estimate of future households that will require affordable housing
6	Estimate of future households requiring market housing
7	Estimate of size of affordable housing required
8	Estimate of household groups who have particular housing requirements e.g. families, older people, key workers, black and minority ethnic groups, disabled people, young people etc.
NB Estimates of household numbers (3, 4, 5) may be expressed as a number or a range	

Table 1.2: HMA Guidance process checklist⁵

1	Approach to identifying housing market area(s) is consistent with other approaches to identifying housing market areas within the region
2	Housing market conditions are assessed within the context of the housing market area
3	Involves key stakeholders including housebuilders
4	Contains a full technical explanation of the methods employed, with any limitations noted
5	Assumptions, judgements and findings are fully justified and presented in an open and transparent manner
6	Uses and reports upon effective quality control mechanisms
7	Explains how the assessment findings have been monitored and updated (where appropriate) since it was originally undertaken

⁴ Figure 1.1 Strategic Housing Market Assessment Core Outputs - *Strategic Housing Market Assessment practice guidance*, 2007, CLG

⁵ Figure 1.2 Strategic Housing Market Assessment process checklist – *Strategic Housing Market Assessment practice guidance*, 2007, CLG

- 1.4.3 The approach taken for the Oxfordshire housing market assessment has comprised a combination of detailed analysis of secondary data, consultation with stakeholders and scenario modelling.
- 1.4.4 Account has been taken of other HMAs in the region though none of the HMAs in contiguous areas had been completed at the time this report is being written. Account has also been taken of the work of DTZ on the assessment of HMAs in the region.
- 1.4.5 Care has been taken to use the most up to date data where possible and house price data in particular has been refreshed at the end of the study period using May 2007 data from Hometrack.
- 1.4.6 A comprehensive set of technical notes are provided on the full report and in the technical brief accompanying the housing market models.

2 Analysis of key drivers

This section addresses the requirements of the 2007 HMA Guidance for part of core output 2,

“Description of key drivers underpinning the housing market.”

And core output 3

“Estimate of total number of future households broken down by age and type where possible.”

2.1 Policy drivers

2.1.1 The local housing market has been, and will continue to be, influenced by the national, regional and sub-regional planning policy framework. Here the key aspects are identified.

2.1.2 The **Regional Housing Strategy** (RHS) provides the framework for thinking about and implementing housing policies in the region and the county. The key priorities from the RHS are:

- The need for more affordable homes.
- Improving the condition of the region’s existing housing stock.
- Providing homes which are affordable to those on lower incomes (i.e. social rented).
- Continued support for affordable housing for key workers.
- Continued support for the delivery of new affordable housing in the region’s growth areas and rural areas, including small market towns.
- A geographical focus based on housing need emerging from affordability, temporary accommodation and overcrowding criteria, and informed by the potential availability of large sites.
- Support for the principle of meeting housing need across a sub-regional housing market area.

2.1.3 An analysis of local housing strategies indicates that the issues faced by the local authorities, and hence the priorities that emerge, are broadly consistent with those for the region as a whole.

2.1.4 **The local development framework (LDF)** is a portfolio of documents, including the development plan documents, which collectively deliver the spatial planning strategy for a local planning authority’s area. The development plan is prepared by district councils⁶.

2.1.5 The **South East Plan** provides the strategic planning framework for the region. This is still at the draft stage - the evidence from the Oxfordshire HMA can, therefore, influence the responses of each of the Oxfordshire authorities to proposed modifications to the Plan. The draft Plan contains several specific key targets and objectives:

⁶ The LDF may also be prepared by a unitary authority or national park authority, as appropriate.

- New build at 28,900 per annum with the first 10 years targeted at meeting the needs of the existing housing backlog
- 60% of new homes to be built on Brownfield sites
- 35% of new homes to be affordable (25% rented, 10% other affordable housing), this rises to 50% in the Central Oxfordshire sub-area
- Increased density of 40 dwellings per hectare together with high design standards
- Better use of existing stock
- Creating more small scale affordable housing sites in rural areas

2.1.6 Some 1,700 of the target new homes per annum are identified for central Oxfordshire and a further 660 for the rest of Oxfordshire making a total of 2,360 per annum and equating to 47,200 new homes over 20 years.

Table 2.1: New build allocations, 2006-26

	Central Oxfordshire	Rest of Oxfordshire	County total
Cherwell	5,800	6,000	11,800
Oxford	7,000	n/a	7,000
South Oxfordshire	7,500	2,700	10,200
Vale of White Horse	10,500	1,000	11,500
West Oxfordshire	3,200	3,500	6,700
Total	34,000	13,200	47,200
Source Draft SE Plan			

2.1.7 The central Oxfordshire section of the draft South East Plan seeks to build on the strengths of the sub-region by both realising opportunities for further economic growth while protecting and enhancing the natural, historic and cultural environment and landscape setting of Oxford.

2.1.8 The draft Plan seeks to achieve this by exploiting the economic potential of Southern Central Oxfordshire; building thriving and balanced communities at Bicester, Didcot, and Wantage and Grove; and providing for economic development within Oxford. The aim is to grow the economy in a way that is sustainable in terms of both transport and the area's environmental heritage.

2.1.9 Didcot and Oxford are also identified by the CLG as New Growth Points, which would bring the total new development in these areas to almost 11,000 units over the period to 2026 (5,000 and 5,692 units respectively). This includes the outputs previously identified in draft SE Plan, with some of the Didcot new build being delivered in the Vale.

- 2.1.10 The Sustainability Appraisal Report (2006)⁷ assesses the environmental implications of the draft South East Plan. The report identifies specific environmental threats associated with achieving the proposed housing development in Oxfordshire:
- Flood risk associated with the proximity of development land to existing flood plains.
 - Limited amount of previously developed (brownfield) land to achieve targets, which would suggest the need to use of greenfield sites and designated Green Belt land to achieve growth targets.
 - Transport congestion resulting from new development bringing further traffic flows to already overstretched A roads.
 - Water supply, already under pressure from existing use.
- 2.1.11 The report further stresses the importance of assessing the environmental impact of new housing schemes at specific locations, so as to fully appreciate the environmental and sustainability implications of specific developments.
- 2.1.12 The report concludes that it will be very difficult for the sub-regions to achieve the draft South East Plan affordable housing targets, and notes that the objective to increase the total supply of houses has to be balanced with the other factors that contribute to delivering sustainable communities, such as transport, other items of infrastructure, and impact on the environment and natural resources.

2.2 Economic Drivers

- 2.2.1 The Oxfordshire economy has historically been relatively self-contained with the majority of its workforce (around 85%) resident in the County. Whilst towns on the edge of the County provide labour and services to neighbouring counties, the economic influence of the city of Oxford is significant. The draw of Oxford city in terms of the number of jobs that it supports is an important factor. The Office of the Deputy Prime Minister's (ODPM March 2006) analysis of the performance of English city-regions ranks Oxford 8th out of the 56 English city-regions in terms of economic growth.
- 2.2.2 In addition there is significant economic activity centred on Banbury as well as potential development to expand the level of economic activity centred on Wantage and Didcot. Two important employment sites are Milton Park just east of Didcot and Harwell Science and Innovation Centre. Milton Park is the largest business park in the County and contains over 150 companies with a workforce of nearly 6,500⁸. Harwell Science and Innovation Centre employ about 4000 people working for more than 70 organisations. HSIC hosts some of the UK's leading research facilities⁹.
- 2.2.3 Oxfordshire's economic activity is characterised by the significant presence of micro businesses and small and medium enterprises. There are relatively few large employers based in Oxfordshire - 95% of Oxfordshire enterprises employ less than 20 people¹⁰.

⁷ Environmental Resources Management (2006), *Final sustainability report on the draft South East Plan*, SEERA February 2006

⁸ Owners MEPC have invested more than 50 million in the Park since 1997 and envisage further growth through expansion and redevelopment (Source: South Oxfordshire District Council).

⁹ Future investment in the Campus is expected to exceed £1 billion (Source: South Oxfordshire District Council).

¹⁰ Source: Counts of Enterprises for Census Area Statistics Wards by Employment Size Band, 2004

2.2.4 The County currently has 399,200 people of working age, of which 321,000 are economically active (83.1% of population) and 8,000 people are unemployed. Unemployment is therefore 2.5% of the working age population compared to a national average of 5%. There are also 65,300 people classed as economically inactive (e.g. retired or students)¹¹.

2.2.5 Table 2.2 compares economic activity within the County against the English/Welsh level. It clearly shows that economic activity is well above average in all the districts. However, Oxford has a relatively high level of economic inactivity, which is not related to retirement (as this too is below national levels). Instead, the difference in Oxford is mostly explained by the large student population. Oxford City has the highest number of students as a proportion of the local population of any place in the South East region and the second highest in the country after Cambridge.

Table 2.2: Economic activity, compared to England & Wales			
	Economically active	Economically inactive	Retired
Cherwell	+ 8.9%	- 6.3%	- 2.6%
Oxford City	- 5.7%	+ 10.8%	- 5.1%
South Oxfordshire	+ 7.2%	- 6.2%	- 1.0%
Vale of White Horse	+ 6.8%	- 6.1%	- 0.7%
West Oxfordshire	+ 8.4%	- 7.4%	- 1.1%
Source Annual Population Survey 2005			

2.2.6 The Oxfordshire economy is generally buoyant, with high levels of employment and steady economic growth. Economic forecasts indicate an increase in jobs in the county of between 28,100 and 33,900 between 2001 and 2011 and 51,200 to 75,400 between 2001 and 2026 (Draft South East Plan 2005).

2.2.7 Although successful, Oxfordshire’s economy does face certain challenges which are caused by, or can be seen to link with, housing market issues. In particular, there are concerns that key workers may not be able afford housing within the County, and that the County may not provide a full price range of housing so as to deliver a full spectrum of workers’ needs. Further, as pressures grow for development land, there are tensions between land for economic activity and for housing¹².

2.2.8 Even if all of the current unemployed people were able to be successfully employed within Oxfordshire’s expanding economy this would still leave a labour shortage of several thousand. Inward migration at current rates may also not be enough to meet this labour shortage. Thus, if the economy continues to expand, it will require a combination of increased in-migration and increased levels of commuting into Oxfordshire from outside the County. This combination of factors means that in addition to the competition for development land from housing and business, there are likely to be further pressures on the transport networks.

2.2.9 The level of earnings within the County, at around £25,204 per annum (median), is above

¹¹ All figures in this paragraph are from the Annual Population Survey 2005

¹² For example the Cherwell 2006 Employment Land Supply identifies a 27% shortfall in the amount of land needed for business development at current rates of development.

the national and regional average. The mean average figures are around 26% higher still with the mean average for Oxfordshire being £28,270.¹³

Table 2.3: Annual pay - Gross (£) - For all employee jobs: United Kingdom, 2006					
		Percentiles			
	Median	25	40	60	75
United Kingdom	19,496	11,799	16,355	23,031	29,779
South East	21,329	12,440	17,759	25,365	33,310
Oxfordshire	22,329	13,772	18,906	26,180	33,002
Cherwell	20,056	12,799	17,240	24,078	30,825
Oxford	21,266	14,291	19,156	25,429	31,197
South Oxfordshire	22,459	13,061	18,251	28,012	x
Vale of White Horse	25,595	15,604	21,376	28,997	35,075
West Oxfordshire	22,085	13,845	17,941	24,543	x
ASHE 2006 Table 8.7a Note "x" indicates figures not available					

2.2.10

Of particular significance to the HMA are the earnings of first time buyer households. These are typically people in the 20 – 39 age brackets. The earnings for first time buyer households are shown below for each district. Clearly, earnings in most districts are above – and in some cases, well above – the national and the regional average; although earnings in Cherwell and West Oxfordshire tend to sit just above the national figures. Later, we shall return to first time buyers, and consider their earnings in relation to local house prices.

¹³ ASHE, 2006

Table 2.4: Household incomes – first time buyers (2006)	
	Average income¹ per year (£)
Cherwell	42,300
Oxford City	37,626
South Oxfordshire	49,462
Vale of White Horse	44,656
West Oxfordshire	39,057
Oxon average	42,620
SE average	41,342
England average	38,996
Source Wilcox 2006 ¹⁴	
¹ Based on joint household earnings of people aged 20-39	

2.3 Demographic Drivers

- 2.3.1 The total resident population of Oxfordshire in 2004 was 619,700, comprising 248,000 households¹⁵. The 2001 Census revealed a distinct urban/rural split in the County, with 78% of population living in wards outside Oxford and 38% of people living in parishes of below 5,000 people. The County has the lowest population density in the South East region. The main urban centres are at Oxford, Banbury and Bicester in Cherwell, Abingdon in Vale of White Horse, and Didcot in South Oxfordshire.
- 2.3.2 The population of the County has been growing steadily over recent years at a rate slightly above the averages recorded for the South East region and England as a whole. Over the period 1995 to 2004 the population rose by some 34,000 people, with almost half of this growth being concentrated in Oxford.

¹⁴ Wilcox, S (2006), *The geography of affordable and unaffordable housing and the ability of younger working households to become home owners*, Joseph Rowntree Foundation

¹⁵ Source: Office for National Statistics, Mid year population estimates 2004; CLG, Mid year household estimates 1981-2004.

Table 2.5: Population Change 1995-2004

				Population change, 1995-2004	
	1995	2000	2004	No.	%
Cherwell	127,500	132,300	133,500	6,000	5%
Oxford	128,500	136,600	145,100	16,600	13%
South Oxfordshire	123,100	127,900	127,900	4,800	4%
Vale of White Horse	112,500	114,800	116,200	3,700	3%
West Oxfordshire	94,200	95,600	97,000	2,800	3%
Oxfordshire	585,800	607,200	619,700	33,900	6%
South East	7,763,000	7,990,600	8,110,200	347,200	4%
England	48,383,500	49,233,300	50,093,800	1,710,300	4%

Source: ONS Mid year population estimates (www.nomisweb.co.uk)

2.3.3 The Office for National Statistics (ONS) has produced forecasts for population growth across the Country which shows the population for Oxfordshire continuing to increase - to 640,900 by 2008 and 724,000 by 2028. This represents a 13% overall increase between 2008 and 2028.

2.3.4 As might be expected, population growth is not uniform across age groups; the population is getting older. For Oxfordshire as a whole between 1991 and 2001 the under 4s declined by 3.2% and the 25 - 29s by 11.6%, while those over 65 increased by 10.3%. These broad trends are forecast to continue. Table 2.6 shows population growth for each local authority, broken down to three broad age groups. Population decline or slow growth is forecast for the younger age groups across Oxfordshire; with significant decline forecast for South Oxfordshire under 65s and for West Oxfordshire under 20s. Strong growth is forecast for the over 65s for all the district authorities. Oxford differs in that, although growth is forecast, this is more modest, and growth for the younger age groups is also relatively strong (albeit still slower than that for the over 65s).

Table 2.6: Projected changes in age profile by age band (2004 base)							
Area name	Age group	Thousands					% increase 2006 -2026
		2006	2011	2016	2021	2026	
Cherwell	0-19	34.1	33.6	33.6	34.0	34.6	1.5
	20 - 64	82.6	86.1	87.7	89.7	90.5	9.6
	65+	19.3	21.9	25.7	28.8	32.2	66.8
Oxford	0-19	34.0	35.1	36.1	37.5	38.7	13.8
	20 - 64	99.2	106.7	110.9	113.4	115.7	16.6
	65+	17.0	17.2	18.4	19.6	21.4	25.9
South Oxfordshire	0-19	31.7	30.6	30.1	30.2	30.4	-4.1
	20 - 64	75.7	75.5	74.9	75.0	74.6	-1.5
	65+	21.1	23.6	26.4	28.2	30.9	46.4
Vale of White Horse	0-19	30.0	29.2	29.1	29.6	30.1	0.3
	20 - 64	68.3	68.3	67.7	68.0	67.8	-0.7
	65+	19.2	21.1	24.1	25.8	27.9	45.3
West Oxfordshire	0-19	24.2	23.5	22.9	23.1	23.4	-3.3
	20 - 64	57.2	57.6	57.3	57.6	57.5	0.5
	65+	16.8	18.9	21.9	23.9	26.2	56.0

Source ONS 2004-based sub national population projections

Migration

2.3.5 The ONS figures for 2004/05 and the NHS figures for the same period indicate that net migration into the County is currently close to zero. The projected levels of total net in-migration of around 52,000 people by 2028 (ONS 2005) mostly consists of people moving **between** local authorities within Oxfordshire. Analysis of the 2001 Census data reveals that around 11% of in-migration is from people coming into the County from other parts of the UK or abroad.

2.3.6 On the basis of the available data from the Home Office¹⁶ the numbers of migrant workers from the eastern European accession states into Oxfordshire has been no more than

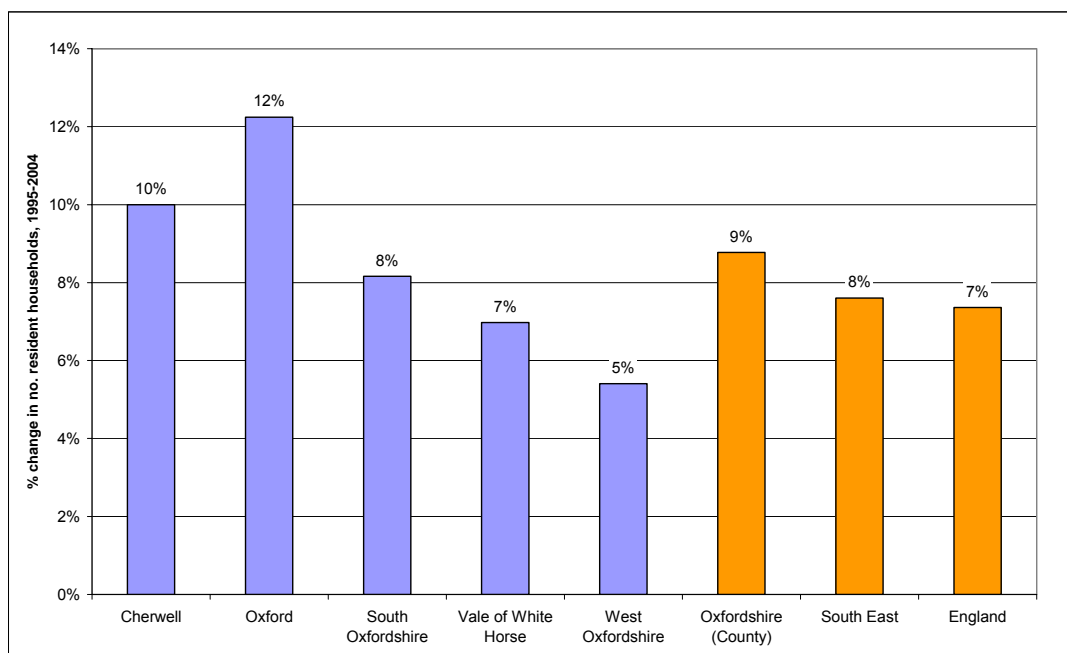
¹⁶ Home Office, DWP, HM Revenue & Customs & CLG *Accession Monitoring Report May 2004 - December 2006*, February 2007

1,000 per year, one of the lowest figures in the country and equating to around 2% of the total inward migration into Oxfordshire.

Households

2.3.7 As at June 2004 there were an estimated 248,000 households in Oxfordshire¹⁷, an increase of 9% over the number recorded in 1995. As Figure 2.1 shows, household growth in the County has been stronger than that measured across the South East region and England as a whole throughout the period shown here. Growth has been most rapid in Oxford and Cherwell, with other districts showing rates of growth closer to the regional average. Only in West Oxfordshire have growth rates been recorded below the national average.

Figure 2.1: Household growth



Source: CLG Live tables on household and population estimates

2.3.8 As Table 2.7 shows, this growth is set to continue, although the profile of growth will shift somewhat. Oxford remains the authority with highest forecast growth, while Cherwell becomes the only other authority with growth above the County average; growth for South and West Oxfordshire is forecast to slow from current levels.

¹⁷ Source: CLG, mid year household estimates 2004.

Table 2.7: Household net growth projections (2004 base)

District	2004	2006	2011	2016	2021	2026	Change, 2004-2026
	Thousands						%
Cherwell	55	56	60	64	68	72	31%
Oxford	55	58	62	67	71	74	35%
South Oxfordshire	53	53	55	57	59	61	15%
Vale of White Horse	46	47	49	51	53	55	20%
West Oxfordshire	39	40	42	44	46	48	23%
Oxfordshire	248	254	268	283	297	310	25%
South East	3,368	3,435	3,601	3,783	3,963	4,125	22%
England	21,062	21,519	22,646	23,837	24,973	25,975	23%

Source CLG 2004-based sub national household projections

2.3.9 As would be expected from this combination of moderate population growth and continuing household growth, the current household projections by SEERA indicate that the average household size will decline. Forecasts suggest that household size will decline from 2.31 in 2001 to 2.19 in 2026 for the South East of England; while the forecast for Oxfordshire is for a potentially sharper decline - from 2.37 in 2006 to 2.16 in 2026.

2.3.10 This decrease in the size of the average household is partly due to an increase of 40,000 in one-person households (accounting for about 60% of the total household growth). Of this one-person growth virtually half will be persons aged 50-74 (divorcees, widows and former co-habitees mainly).

Gross household formation projections

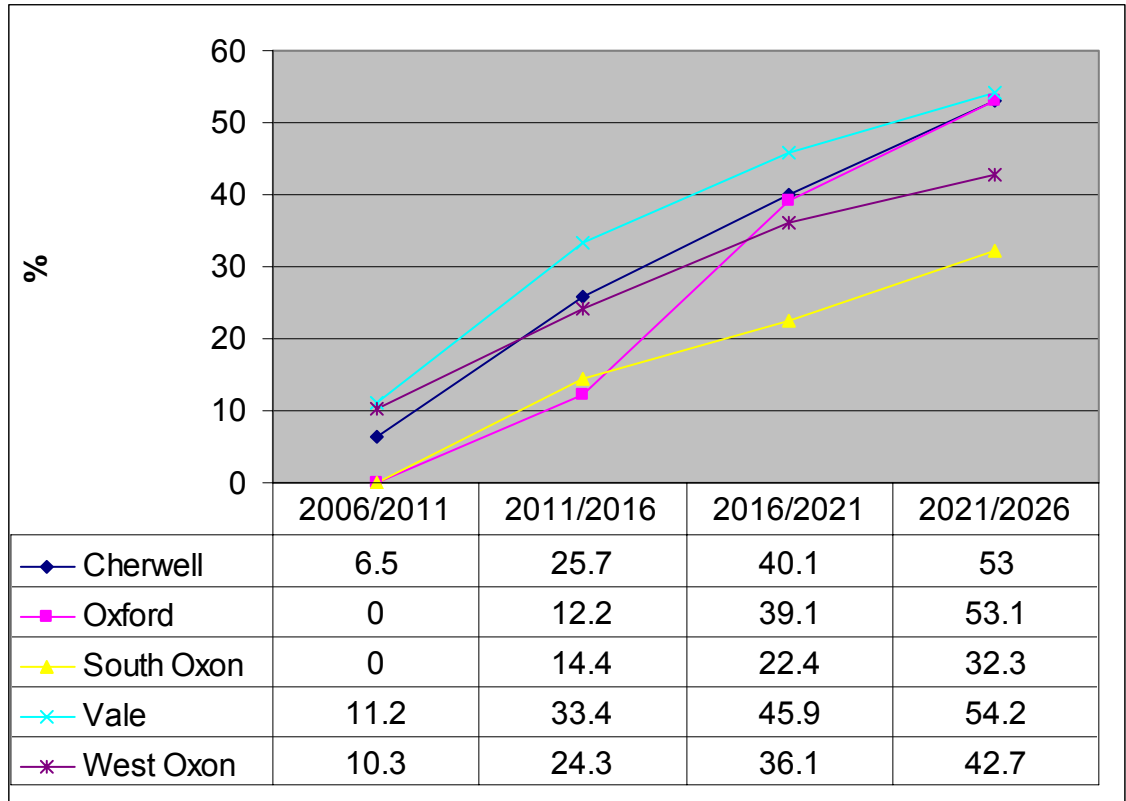
2.3.11 Of particular significance to the HMA are the gross household formation figures. The net change figures, which are quoted above, “mask” the flows of new households that emerge and migrate into the area, as these are “netted” against the households that leave the area and terminate because the person dies or moves into the institutional sector (hospital or residential care)¹⁸. Understanding the size and nature of these flows into the housing system is critical to gaining a true understanding of the extent and range of housing that will be required in the local area – therefore, the 2007 guidance recommends the use of gross household formation figures¹⁹.

¹⁸ For example, a net change of 0 does not mean that no new households formed in a given time year, just that the number of households that left the area/terminated was the same as the new households. It is therefore essential that we understand the number and broad profile of new households.

¹⁹ CLG *Strategic Housing Market Assessments: Practice Guidance*, March 2007, p45, with guidance on method in Annexe B. The numbers of households exiting the housing market (out-migrants, household deaths, moves into institutions, etc - flows out) are picked up elsewhere in the turnover assumptions.

2.3.12 The majority of the newly forming households in Oxfordshire are under 35 years old; but there is a noticeable forecast upturn in the number of households forming in the over 85 age band²⁰. Indeed, by 2016 onwards this growth in the older age group is marked. As shown on Figure 2.2 below, the over 85s account for over a third of growth in the over 35 year olds in all but South Oxfordshire, and by 2021, that proportion has risen to two-fifths (and over a half in some authorities). More detailed gross household formation figures by age bands are provided in Appendix A.

Figure 2.2: Forecast increase in over 85 households (as a proportion of all newly forming households aged over 35)



Source CLG 2004-based sub national household projections

2.4 Key Issues:

- The draft SE Plan sets the local authorities in Oxfordshire ambitious new build targets to meet projected demand, and to respond to/capture economic growth. The proposed New Growth Points in Oxfordshire are evidence of the requirement to deliver new housing in large numbers in the County.
- The local economy is robust and buoyant. We would certainly expect continued growth and an increase in local jobs. This places pressure on the local housing market to respond by increasing capacity if prices are not to further increase and in-commuting is to be managed (thus protecting against adverse environmental outcomes). It is possible that lack of suitable housing may limit economic growth – business park ventures and growth of existing businesses can be particularly vulnerable to housing constraints – although location and proximity to transport

²⁰ Much of this household “formation” will be the creation of new single person households from a two person households – most likely the result of the death of one partner.

networks will play a key role in such decisions. Strategy documents clearly point to opportunities for housing growth, linked to economic growth, outside Oxford (as well as continuing to develop opportunities within the city), allowing greater variety of location and property type and price.

- Whilst overall numbers of inward migration are relatively low, incoming households are vital to maintain the growth in the local economy as the current population is close to full employment.
- The growth of smaller households including single person households and the growth of households headed by people over 65 are the defining demographic drivers.
- Strategic planning documents recognise that tackling lack of affordable housing is the primary issue alongside meeting increased demand. This is a key aspect of housing market intervention, which planning authorities need to consider – in what ways they intend to intervene, for which household groups, and how far they are able to assist. The main groups affected include (potential) first time buyers, key workers, and single person households.
- Overall, the long term strength of the economy and the increased demand coming from forecast demographic changes are strong indicators that the inflationary pressures on the housing market are likely to continue over the next 20 years.

3 Assessment of HMA area

3.1.1 The 2007 guidance identifies that for the HMA to be robust it must assess housing market conditions within the context of the housing market area. The following section considers the Oxfordshire housing market area to assess whether it is appropriate to focus the study on the Oxfordshire sub-region and to determine the extent to which account needs to be taken of neighbouring areas.

3.2 Context

3.2.1 In 2004, SEERA commissioned research to establish the boundaries of the housing markets within the South East; to enable the local planning authorities to work together to undertake their local housing market analyses. The resulting report²¹, *Identifying the Local Housing Markets of South East England*, drew on information about house moves and migration, travel to work patterns and other data, to conclude that there is a distinct HMA centred on Oxford and encompassing the City council and all four of the Oxfordshire district councils.

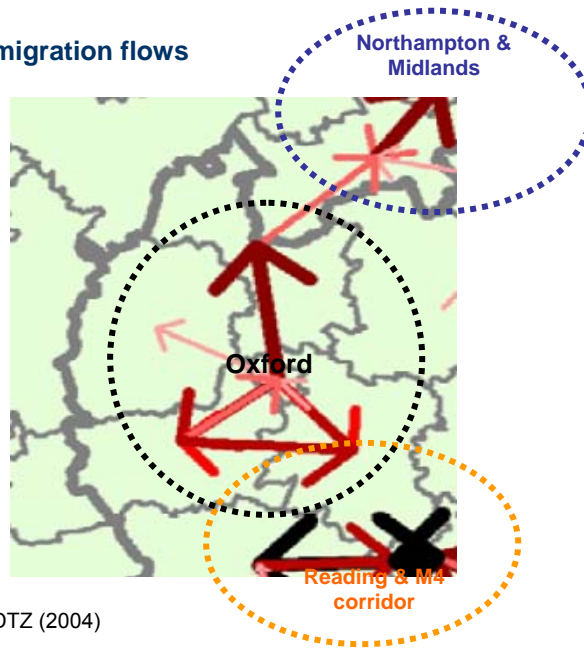
3.2.2 Tribal have re-examined the migration data and concur with the findings of the DTZ study. The key points from this analysis were that:

Migration

- The County is highly self-contained. Around half of all households who move house in Oxfordshire stay within the same district.
- Of the other moves, most are contained within the County; some 89% of in-moves are made between districts with only 11% coming in from outside of Oxfordshire. Much of this is movement from Oxford to other parts of the County, notably Cherwell; as well as some movement between Vale of White Horse and South Oxfordshire.
- There is, of course some movement in and out of the County.
 - The main flows out of the County are from Cherwell to Northamptonshire. There is a smaller movement of people out of South Oxfordshire to Buckinghamshire. There are no other outward flows of significance.
 - Likewise, the main in-movement to the county are from Northamptonshire to Cherwell. There is also a smaller movement of people in from the Reading area into South Oxfordshire.
- Figure 3.1 shows these main flows highlighting the internal dynamics in and out of Oxford. The bolder the arrow the more significant the number of moves.

²¹ DTZ, *Identifying the local housing markets of South East England*, SEERA October 2004

Figure 3.1: Main migration flows



Source DTZ (2004)

Travel to work patterns

- Travel to work distances tend to be short, and in a fairly tight pattern: there is some movement between the districts, but the most significant travel is into Oxford from surrounding areas.
- There is some travel to work out of county: from South Oxfordshire to Reading and Buckinghamshire, and to a lesser extent from Cherwell to Northamptonshire and from Vale of White Horse to Swindon.
- There is travel into the county for work from Northamptonshire into Cherwell and, slightly less, from Buckinghamshire into South Oxfordshire.
- There is long-distance commuting to London from the southern districts in particular from South Oxfordshire as figure 3.1 shows.
- Figure 3.2 shows the main travel to work movements with the bolder arrows representing larger movements of people and clearly showing the centrality of Oxford.

Table 3.2: Long-distance commuting to London

District	Numbers	% of population (banded)
Cherwell	1,500 – 3,300	1.0 – 1.4%
Oxford City	1,500 – 3,300	1.0 – 1.4%
South Oxfordshire	3,300 - 3,600	2.7 – 4.1%
Vale of White Horse	1,200 - 1,500	1.0 – 1.4%
West Oxfordshire	200 – 1,200	1.0 – 1.4%

Source DTZ, 2004, based on the Census 2001

Figure 3.2: Travel to work movements



Source DTZ (2004)

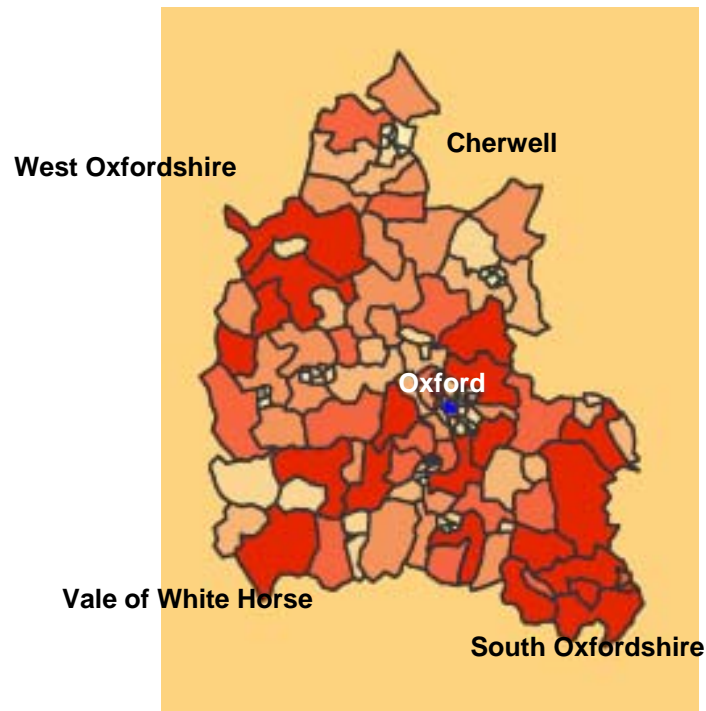
- Discussion with neighbouring local authorities also in the process of carrying out their HMA studies, although their studies are not yet in a position to provide housing market data, indicates they are able to confirm these travel to work relationships between Oxfordshire and the surrounding areas.

House prices²²

- House prices throughout the County are consistently above the national average. Prices in all areas have also risen over the last ten years with no area having falling or static prices. In this respect the housing market in Oxfordshire can be treated as cohesive.
- There are however some differences in the house price patterns that are detailed in section four of this report. Specific variations include, for example, the high house prices in the western parts of West Oxfordshire, indicative of the 'Cotswolds influence' (in-movers), and lower prices in the Banbury area of Cherwell.
- Figure 3.3 shows the differences in house prices for each ward with the deep red colours indicating the more expensive areas (over £398,800), while the pale areas, mainly in the market towns, represent the cheaper areas (under £200,700) based on the average property prices at May 2007 (Hometrack).

²² Recent advice (University of Glasgow (2007), *Identifying submarkets at the sub regional level in England*, CLG May 2007) has been published on techniques to model property prices using the cost per square metre and employing a range of statistical techniques to identify geographies of prices at a sub district level²² but these have not been employed in this study as the guidance came out after the bulk of the work had been completed.

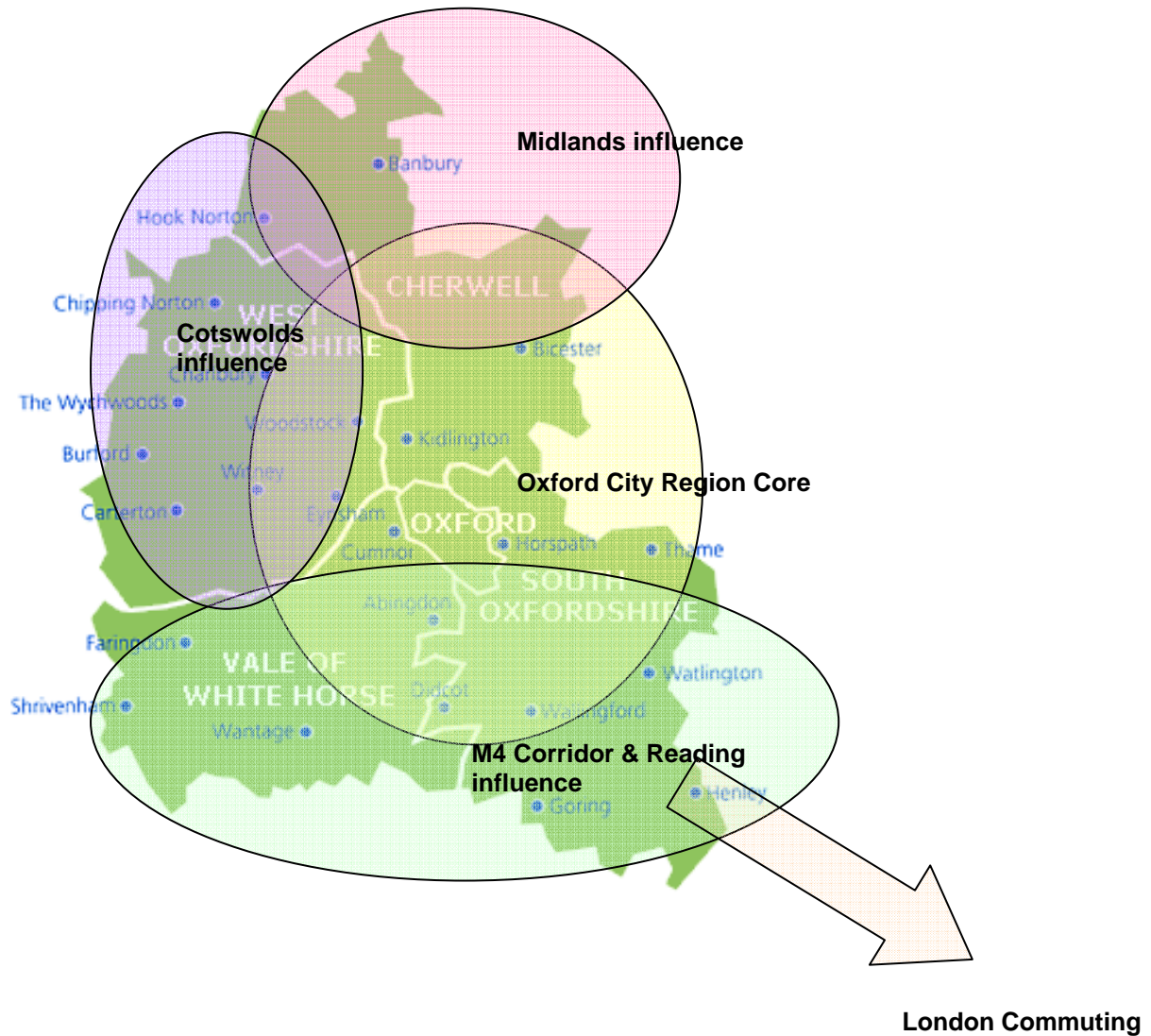
Figure 3.3: Average property prices by ward May 2007



Source Hometrack

- 3.2.3 Together, this evidence indicates a cohesive housing market area comprising the County, centred on Oxford, with a lesser focus on Banbury. The housing market becomes somewhat less cohesive at key points around the boundary, specifically with the Reading/M4 corridor and the growth areas of Milton Keynes and Northampton exerting influence.
- 3.2.4 The stronger of these is the East Midlands' influence on the Banbury area. There is both in-migration from the area and travel to work to the area. Nonetheless, Banbury's strongest connections are with the Oxfordshire housing market area. This **may** change over time, and the relative strength of connections should be observed.
- 3.2.5 The linkages that parts of the Vale of White Horse and South Oxfordshire have with Reading are much weaker. However, this is an area which has been identified for economic and housing growth in coming years, and should therefore be kept under review.

Figure 3.4: Geographical sub market influences



3.3 Key issues:

- Oxfordshire is a relatively distinct housing market area. It is therefore appropriate to assess housing market conditions within the context of this housing market area as required by the 2007 guidance.
- The study identifies some blurring of the housing market area at its boundaries, particularly along/at at key transport nodes. Nonetheless, the Oxfordshire housing market still appears to be the major force throughout the county. Future updates must monitor the continued relevance of the county boundary for the HMA analysis.

4 Analysis of current housing market

4.1.1 This section specifically meets the requirements of the 2007 guidance for core output 1 and part of core output 2:

“Estimates of current dwellings in terms of size, type, condition, tenure”

“Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability.”

4.2 Current supply and tenure mix

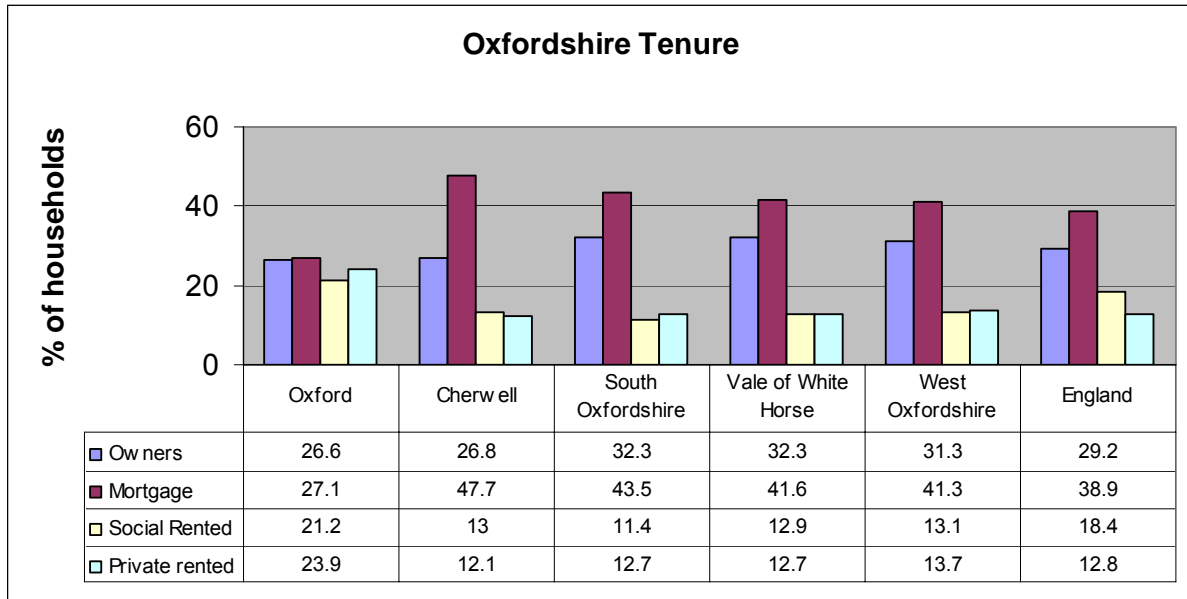
4.2.1 The total housing supply within Oxfordshire is 255,510. This breaks down broadly evenly between the authorities, as shown on Table 4.1 below.

Table 4.1: Housing supply, 2005		
Authority	Total dwellings	
	Number	% of Oxfordshire total
Cherwell	55,982	22%
Oxford City	54,546	21%
South Oxfordshire	54,999	22%
Vale of White Horse	48,046	19%
West Oxfordshire	41,937	16%
Oxfordshire total	255,510	
Source: HSSA returns 2004/05, data as at 01/04/2005		

4.2.2 Home ownership dominates the districts, and is well above the English average; indeed, in most areas levels of both outright ownership and ownership with a mortgage are higher than the English average (the exception being Cherwell, where outright ownership is lower than the English average). In Oxford there is a more even spread of tenures; with home ownership levels below the national average and levels of private rented housing above national average figures.

4.2.3 The figures for shared ownership figures have been omitted as they are very small. They range between 0.4 and 0.6% of households apart from Oxford city where the figure is 1.2%.

Figure 4.1: Tenure breakdown showing outright owners and owners with mortgages



Source Census 2001 (www.neighbourhood.statistics.gov.uk)

4.2.4

As might be expected, higher density house types (that is, flats and terraces) are more prevalent in Oxford than in the districts, whereas in the districts lower density house types (detached and semi-detached properties) are more prevalent. Indeed, as shown on Table 4.2, the levels of low density housing in the districts – in particular those for detached properties – are considerably above the England and Wales average; while the levels for high density housing in Oxford are well above the England and Wales average. These comparisons are based on Census figures, but as the total stock has only increased by around 5% since 2001 this position will not have changed significantly.

Table 4.2: Type of property

House type	Cherwell		Oxford		South Oxon		Vale		West Oxon	
	%	Rel to E&W (%)	%	Rel to E&W (%)	%	Rel to E&W (%)	%	Rel to E&W (%)	%	Rel to E&W (%)
Detached	31.1	+8.3	9.8	-13	36.6	+13.8	38.7	+16	36.4	+13.6
Semi-detached	35.6	+4.0	31.6	0	32.5	0.9	31.4	-0.2	32.9	+1.3
Terraced	24.2	-1.8	30.2	+4.1	18.8	-7.2	18.5	-7.5	22.1	-4.0
Flats	8.6	-7.2	26.7	+6.8	10.2	-6	9.9	-6.1	7.8	-8.3
Other	0.6	0	1.8	+1.0	1.9	+1.4	1.4	+0.9	0.9	+0.4
Total	100	0	100	0	100	0	100	0	100	0

Source Hometrack/Census 2001

4.2.5 The social rented sector in Oxfordshire primarily consists of the properties owned by Registered Social Landlords (RSLs). Only Oxford City has a significant number of properties still owned by the local authority (8,118); the other authorities having transferred their stock to RSLs. The profile of the social rented stock is shown in the table below. A significant proportion of the RSL stock – ranging from about 10% in West Oxfordshire to 34% in Oxford – is housing for older people.

Table 4.3: Housing Association and Council properties

	Cherwell	Oxford	South Oxfordshire	Vale of White Horse	West Oxfordshire
HA rented accommodation	6,662	3,584	6,237	6,207	5,061
Council rented	0	8,118	0	0	0
Total rented	6,662	11,702	6,237	6,207	5,061
HA shared ownership & leasehold	296	611	305	189	359
Total	6,958	12,313	6,542	6,396	5,420

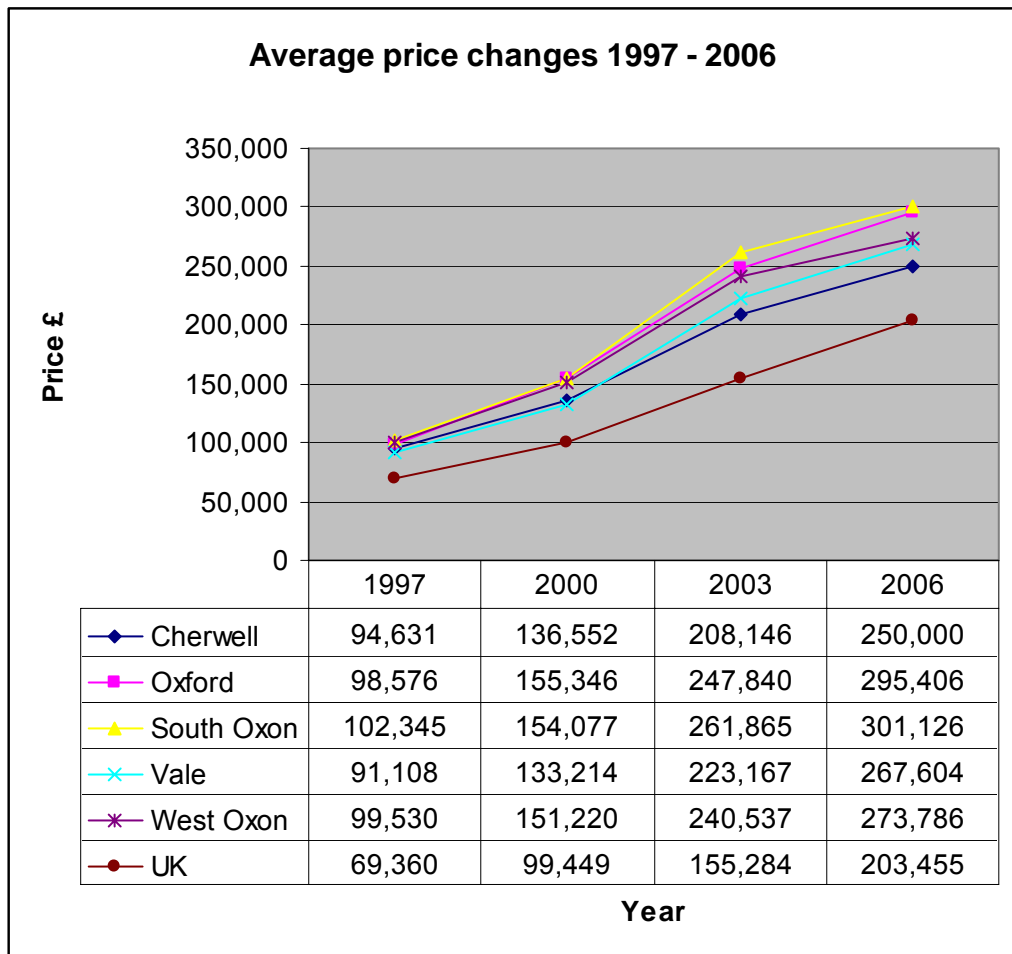
Source: Regulatory and Statistical Returns 2005

4.3 Property prices

4.3.1 This section considers property prices. This is a thorny topic, as house prices – typically expressed as average house prices – encompass huge variations in the quality, size, location and so on of the properties. In this section we therefore provide some more detailed price information (by property size and type, and for different price brackets), but nonetheless, the tables will not be presenting “like-for-like” comparisons. However, to some extent, that is not important. For the purposes of this study, the core issue is really to establish the accessibility of the housing market – for example how much it costs to buy an entry-level 2-bed property in each area, and how accessible (or how available) these properties are.

4.3.2 Average house prices in Oxfordshire have increased broadly in line with UK house price movements over the last 10 years. However the differential between local authorities has increased during that time, with properties in South Oxfordshire and Oxford in particular moving further away from those in Cherwell despite the slightly steeper price rises in Cherwell in the last 12 months.

Figure 4.2: House price growth



Source CLG Live tables on housing market and house prices, based on Land Registry data

4.3.3

Table 4.4 moves on to break property prices down by key property type and size. The highest price for each property type has been shaded. This clearly shows that smaller properties are more expensive in Oxford than in the rest of the County. Whereas, the average price for larger properties is highest in South Oxfordshire). The lowest average price for each type of property is found in Cherwell.

Table 4.4: Average house prices by property size (number of bedrooms) and type, 2007

	1 bed flat	2 bed flat	2 bed house	3 bed flat	3 bed house	4 bed house
Cherwell	113,021	150,161	182,648	145,648	216,004	336,044
Oxford	174,723	210,271	242,109	343,242	271,176	390,753
South Oxfordshire	142,259	186,249	231,064	316,444	307,471	446,937
Vale of White Horse	130,856	163,288	227,596	226,921	254,234	380,522
West Oxfordshire	119,166	166,197	215,190	246,250	263,456	377,902

Source: Home track, May 2007

4.3.4 Table 4.5 provides a comparison of property prices across the five local authorities. These averages cannot fully reflect the wide range of prices within the county, given that ward averages range from £140,000 to £700,000. The table, therefore, also shows the lower quartile price and the lower quartile price for a terraced house, as these provide a benchmark for the sort of entry level property likely to be sought by first time buyers. Again we have highlighted the highest prices in each category. As might be expected from figure 4.6, the highest overall average is found in South Oxfordshire (c. £400k), and the highest “entry-level” prices are found in Oxford (c. £220k).²³

Table 4.5: Average and lowest quartile house prices by district, 2007

District	Average (£)	Lowest quartile (all properties) (£)	Lowest quartile terraces only (£)
Cherwell	233,300	157,900	150,300
Oxford City	311,000	216,700	220,700
South Oxfordshire	400,200	209,000	193,000
Vale of the White Horse	303,100	199,000	180,000
West Oxfordshire	284,400	191,800	185,000
Oxfordshire	306,400	194,900	218,968

Source: Home track, May 2007

4.3.5 The figures for Oxfordshire²⁴ clearly show that turnover been declining in the County since 2001. Nationally the percentage of private stock being sold each year has fallen from 5.25% to 4.5% in 2005. The Oxfordshire authorities have seen a sharper fall to around 3.75%. The profile is slightly different in Cherwell, where turnover has been higher than the national average - at 7% in 2001 and falling to 4.75% in 2005.

²³ We would note that the lowest quartile price for terraces in Oxford is actually slightly higher than the overall lower quartile price, whereas in the other authority areas the lower quartile price for terraces is lower than the overall lower quartile price. This is because of the stock structure in Oxford – there is a high proportion of flatted accommodation, which will be cheaper than terraced accommodation.

²⁴ Sources for following paragraph Hometrack and Land Registry

4.3.6 Turnover figures for 2006 indicate a rise in the number of properties coming on to the market in Oxfordshire with total sales of second hand homes of 12,278 representing a turnover figure of around 6%. The supply of entry level properties is of course just part of this overall total – with, for example, only 16.7% of properties on the market being terraces under £200K.

4.4 Overcrowding, vacant dwellings and second homes

4.4.1 There is some overcrowding in the Oxfordshire local authorities but this is well below the regional average. Levels are highest in Oxford at 5.6%, but even here are below the regional average of 5.9% (Regional Housing Strategy 2006).

4.4.2 Under-occupation is above the national average in the four districts, indicating that the majority of housed people have accommodation exceeding the “minimum space standards”. While Oxford has a lower percentage of households under-occupying than the national average, this still represents 68% of all accommodation.

4.4.3 Turning to the use of the stock itself: as shown on Table 4.6, there is a very high occupancy rate of the existing stock, at 97% this is above the national average. The level of vacant homes is lower than the national average at around 2.6%, accounting for just over 6,000 properties in the county.

4.4.4 Second home ownership is below the national average accounting for just 1,580 properties in the County. The greatest level of second home ownership is in West Oxfordshire, 1.2% of the stock (480 properties), most likely due to the proximity of the Cotswolds.

Table 4.6: Levels of occupancy in the Oxfordshire housing stock

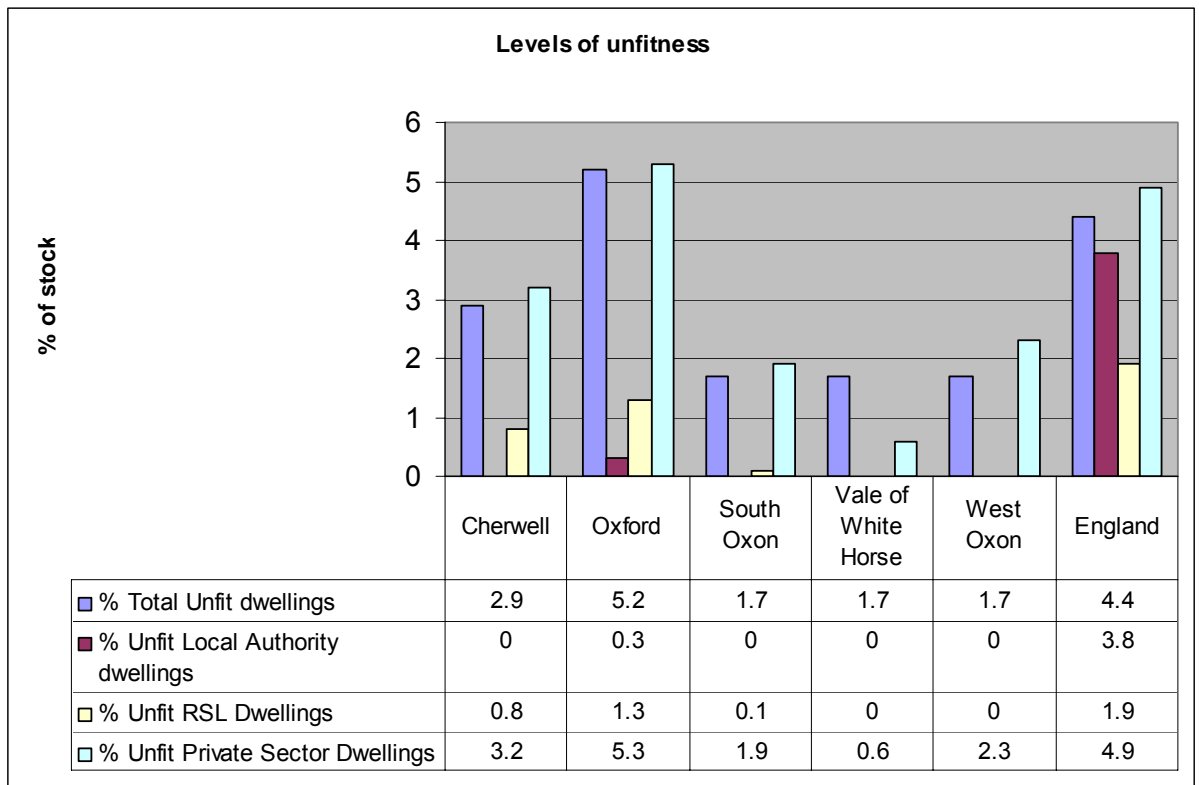
	Cherwell		Oxford		South Oxfordshire		Vale of White Horse		West Oxfordshire	
	%	Rel to E&W (%)	%	Rel to E&W (%)	%	Rel to E&W (%)	%	Rel to E&W (%)	%	Rel to E&W (%)
Occupied household space	97.1	+ 1.0	96.8	+ 0.7	96.7	+ 0.5	97.5	+ 1.4	95.8	- 0.3
Second residence/ holiday accomm	0.5	- 0.2	0.5	- 0.1	0.6	0.0	0.4	- 0.2	1.2	+ 0.5
Unoccupied household space	2.9	- 1.0	3.2	- 0.7	3.4	- 0.5	2.5	- 1.4	4.2	+ 0.3
Vacant household space	2.5	- 0.8	2.6	- 0.6	2.7	- 0.5	2.1	- 1.2	3.0	- 0.2

Source Hometrack/Census 2001

4.5 House conditions

- 4.5.1 The comparison of Oxfordshire with other districts across the South East region indicates that there are relatively higher levels of unfitness to address across the County particularly in Oxford. For example, Oxford has the highest number of properties in the South East (and the 5th highest in England and Wales) identified as having no access to a private bathroom²⁵. The highest levels of unfitness are to be found within the private sector.
- 4.5.2 However, as Figure 4.3 demonstrates, only Oxford has levels of unfitness above the English average.

Figure 4.3: Housing conditions



Source HIP / HSSA return for 2004/05. Figures as at 1/4/2005

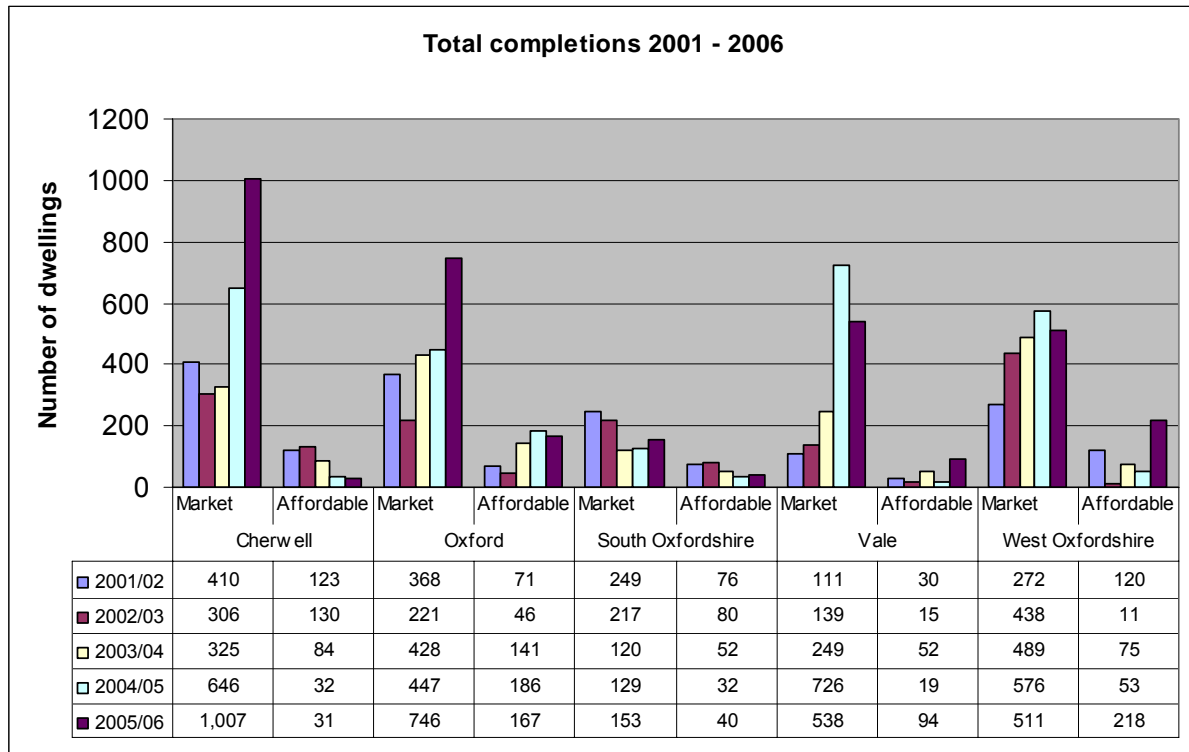
4.6 House building

- 4.6.1 New housing completions in Oxfordshire between 2001/02 and 2005/06 totalled 10,916 units. When the numbers of conversions are added, this gives a total for completions of 11,799. Overall 14.8% of completions were for affordable housing. This gives an average over the past five years of 2,360 completions per year and an average social housing proportion of 12.4%. Figure 4.4 provides a breakdown of completions by local authority.
- 4.6.2 The target for completions for 2006 onwards (to 2026) in the draft SE Plan is 2,360 per annum. Past performance appears in line with the proposed target. However, it is falling short on the affordable housing component of the overall total, which is likely to be between 30% and 40%. Moreover, it is clear from Table 4.7 that a substantial contribution

²⁵ Draft South East Plan

to the 5 year average has come from completions achieved in the last two years – building rates in the first three years fell far short of the proposed target level (at between 1,600 and 2,000 units per annum). Consequently, it is unclear whether the target levels could be sustained and whether the required levels of affordable housing could be achieved.

Figure 4.4: Total completions²⁶



Source Oxfordshire County Council Land Development Progress System ²⁷

²⁶ Includes new build completions and properties generated by conversions. More up-to-date figures indicate that Vale has completed in the region 290 affordable units over the period 2001/02 – 2005/06, rather than the 210 indicated here. Updated figures for Cherwell indicate that total completions for 2004/05 were 677 not 678 and for 2005/06 were 1,067 not 1,038, while affordable completions in 2005/06 were 61 not 31. Further, Cherwell are awaiting an appeal decision (expected by 21 November 2007) which might reduce 05/06 completions by c. 300 dwellings.

²⁷ Affordable housing figures have been obtained from the local authority in Oxford, South Oxfordshire, Cherwell and West Oxfordshire and based on returns to the CLG for Vale of White Horse. Figures include newbuild and conversions, but not acquisition of affordable housing.

Table 4.7: Completions in Oxfordshire 2001/02 – 2005/06

	Market	Affordable	Total
01/02	1,410	420	1,830
02/03	1,321	282	1,603
03/04	1,611	404	2,015
04/05	2,524	322	2,846
05/06	2,955	550	3,505

Source Oxfordshire County Council Land Development Progress System ²⁸

4.7 Key Issues:

- Home ownership is the dominant tenure in the rural districts, and is well above the English average – this profile is typical of rural areas. In Oxford home ownership is the majority tenure, but well below the English average; renting is above average.
- The breakdown of properties by type shows a higher proportion of detached homes in the districts outside of Oxford than the national average and a higher proportion of flats than the national average in Oxford.
- There is significant variation in house prices between wards. However, there is no evidence of low price areas; all areas have high prices relative to the national average. Smaller property and entry level property prices are highest in Oxford, while larger property prices are highest in South Oxfordshire.
- Overall, house prices have risen by up to 300% in the County in the last ten years and entry level prices now stand at around £113k for a one bedroom flat in Cherwell and £210k for a 2 bedroom flat in Oxford²⁹.
- Turnover has been declining across the county over recent years, limiting the housing options for households seeking housing in the county although 2006 saw an increase to 6%.
- The levels of empty properties and second homes are below the national average indicating that there is little spare capacity within the existing housing stock. Stock condition is generally good though there are some issues of concern within Oxford.
- Recent average build rates have been in line with those required to achieve the proposed targets for the County; however, affordable housing completions have not reached target levels.
-

²⁸ Affordable housing figures have been obtained from the local authority in Oxford, South Oxfordshire, Cherwell and West Oxfordshire and based on returns to the CLG for Vale of White Horse. Figures include newbuild and conversions, but not acquisition of affordable housing.

²⁹ Average prices (Figure 4.6)

5 Analysis of sub-markets

5.1.1 In this section we consider a number of sub-markets within the overall Oxfordshire housing market:

- Rural housing markets
- Oxford City
- The housing markets around Cherwell and in the Southern Central Corridor
- Private rented sector and the buy-to-let sectors

5.1.2 In Section 6 we consider housing issues affecting key household types to address the other parts of this core output.

5.1.3 Together these sections address the requirement of the 2007 guidance expressed in core output eight.

“Estimate of household groups who have particular housing requirements e.g. families, older people, key workers, black and minority ethnic groups, disabled people, young people etc”.

5.2 Rural

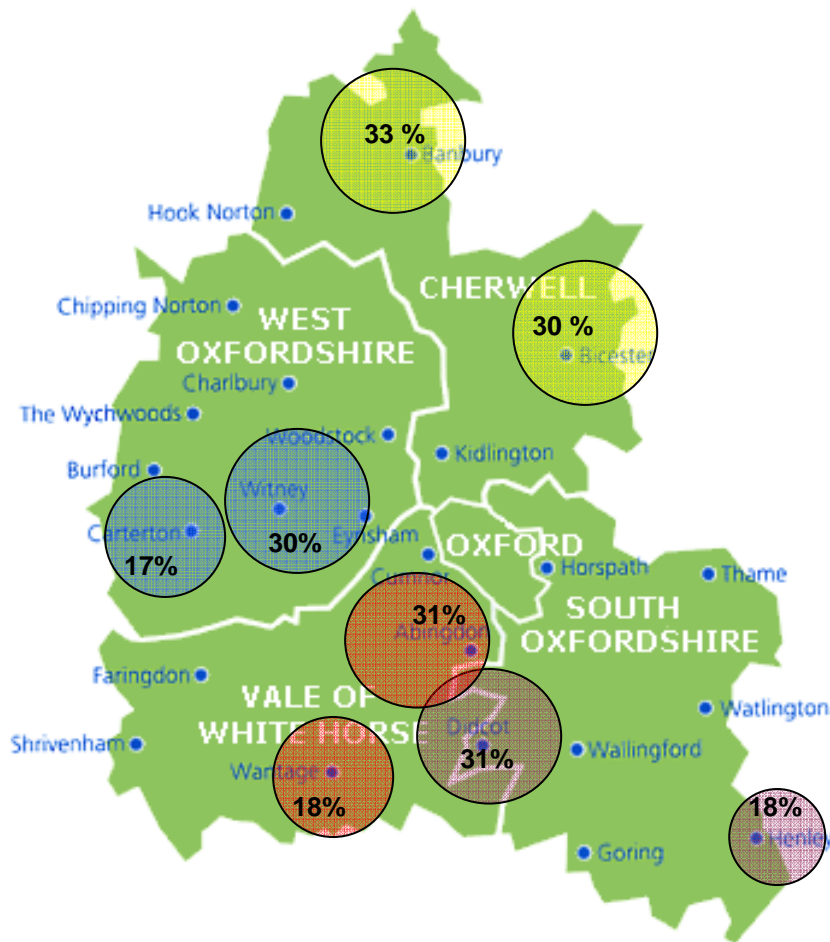
5.2.1 The Regional Housing Strategy (RHS) recognises 450 rural settlements in Oxfordshire³⁰, accounting for 19% of the rural settlements in the South East. Almost half (49%) of the population of Oxfordshire live in a rural settlement making it the most rural county in the region.

5.2.2 Affordability is a key concern in rural areas: the RHS identified 17 of the 19 least affordable areas in rural areas. The main driver of this is high property prices. The average price of a property in the lower quartile range in the rural districts of Oxfordshire is £189,425 (Hometrack May 2007).

5.2.3 However, for local households, high house prices are just part of the story – limited availability of housing is also significant. In 2006 there were only around 240 properties per month coming onto the market in each district. This represents **all** the available supply – across all prices and locations (including market towns) in each district. Some of the more rural wards had few properties coming onto the market, some had none at all. For example in West Oxfordshire in 2006, 47% of all turnover was in two market towns, while seven wards had no turnover (Hometrack). Figure 5.1 provides further examples of the concentration of turnover in key market towns.

³⁰ Defined as settlements of fewer than 10,000 people

Figure 5.1: Housing turnover in rural market towns 2006 ³¹



5.2.4 Access to the rented sectors is also limited in the rural areas. Typically, rural parishes have low levels of social rented stock: 165 rural parishes have either no social rented housing or less than 10% social rented housing; while just three have over 35% and a further nine have over 20% social rented housing (Fisher 2004).

5.2.5 Drawing on the secondary data to develop a clear overview of housing needs in rural areas is therefore problematic, price and turnover data are too thin to provide an accurate picture of the private sector “market”, and the lack of social rented sector means that housing list data are unreliable measures of need for affordable housing. The task is further complicated by the fact that rural housing markets can be extremely localised – because of transport and the structure of facilities. More local investigation is required to build up a picture of the nature of rural areas – to understand the structure of the micro market (if one exists), linkages with neighbouring micro markets, and with market towns and other housing markets/employment centres. Great care must be taken not to double count across studies, and not to generalise from “worst case situations”³².

5.2.6 The rural housing stock has disproportionately fewer smaller properties than are found

³¹ Data from Hometrack/Land Registry 2006. Figures in circles show the market towns percentage share of the total district turnover for 2006

³² Rural areas with greatest housing need tend to undertake such studies first...

nationally. As a consequence, the property mix tends to be skewed towards the more expensive property types (larger properties and houses rather than flats). In low and medium priced rural areas this may not be a problem as a bottom/affordable end of the market will tend to develop – poorer quality houses, those in less attractive areas, those with smaller rooms, and so on, will be affordable despite being houses rather than flats/terraces.

5.2.7 Some work has been undertaken in Oxfordshire by the Oxfordshire Rural Housing Enablers. This is helpful in understanding local housing systems and needs. Key issues identified by this work include:

- Although undoubtedly factors such as quality and location influence price differentials across Oxfordshire, the base price is high, stock quality is typically good and demand is strong. Thus even at the “bottom-end” prices remain fairly high, making it difficult for new households to access housing in their local area.
- Further, the total stock of private rented sector housing outside of the market towns is below the average for the county as a whole. Lack of move-on options also means that there is below average turnover of these PRS properties, adding to supply problems.
- As is typical in rural areas, the level of social rented housing is low, which further reduces access to affordable housing in rural areas.

5.2.8 The combined effect of these factors is a lack of accommodation for newly forming households to move into in rural settlements.

5.2.9 Work undertaken for SEERA³³ estimates that between 492 - 655 homes per annum are required to meet the current housing need in rural Oxfordshire. Some of this need will be met by turnover, but the report identifies an overall need for new building in rural areas in the South East.

5.2.10 Achieving new build in the rural areas is difficult - but critical - if supply problems are to be addressed. Measures promoted include using powers for rural exception sites, and maximising the level of building that can be achieved in nearby market towns.

5.3 Oxford City

5.3.1 The detailed figures on socio economic profiles, current housing stock, housing market activity and house prices set out in previous sections point to Oxford as having very specific characteristics, compared with the other Oxfordshire districts. The key points are highlighted below.

Tenure structure

5.3.2 As noted at the start of this report, the tenure structure of the city differs from the County, and from England. Oxford has a relatively low level of home ownership and a correspondingly high level of renting - in particular, a high level of private renting – which enables the market to offer the greater flexibility required to meet the high levels of turnover in the city.

5.3.3 The high levels of private renting are also strongly associated with the student population. Oxford has the highest number of students as a proportion of the local population of any

³³ the Rural Affordable Housing Need report, 2006

place in the South East region, and the second highest in the country after Cambridge. A significant number of students are housed in accommodation provided by their university. The others will mainly rely on the private rented sector to meet their accommodation needs. Students face difficulties accessing appropriate accommodation in a market that moves very quickly at the key times of the year, and particularly, being able to secure reasonable accommodation at a reasonable price.

5.3.4 The significant student sector itself impacts on the private rented sector: a substantial proportion of the sector is given over to housing students, and this has acted as a force in driving buy-to-let in the city, with implications for the general availability and price of accommodation in the city.

Table 5.1: Total Number of FT Students in Oxfordshire	
	Number of FT students
Cherwell	4,385
Oxford City	26,606
South Oxfordshire	4,742
Vale of White Horse	5,171
West Oxfordshire DC	3,124
Source Census 2001	

Owner occupation

5.3.5 Although Oxford is not the highest priced authority in the County, entry level house prices are high – both when considered in terms of house type (the price of smaller properties) and segments (the lower quartile price in Oxford is higher than those for the other districts). Thus, getting a “foot on the housing ladder” in the city is expensive – at around £220k (Hometrack, May 2007 lower quartile prices for terraces). These high prices for properties at the bottom end of the market are likely to be an impact of the student market; as smaller dwellings and bottom end dwellings (such as larger properties able to be turned into HMOs) make ideal rental properties and are therefore sought after by landlords and developers.

5.3.6 The demand for affordable housing is compounded in the city by the lack of suitable development land, in part resulting from restrictions placed by the Green Belt. This combination of high demand and limited land supply means that house prices per square metre in Oxford are the highest in the County.

BME households

5.3.7 BME communities represent 4.8% of the total population of Oxfordshire, but 12.9% of Oxford population. The largest non white ethnic group in Oxford are Pakistanis (2.2%), Indians (2.1%) and Chinese (2.0%).³⁴ It is anticipated therefore that the expected growth

³⁴ Census 2001

in households from BME communities of 22% between 2001 and 2011 will largely take place with the city.³⁵

5.3.8 Oxford therefore has a much larger BME population than other parts of the county resulting in the need to address a more diverse set of housing needs than is the case elsewhere. In part this profile is a consequence of the diverse nature of the student population in the city. However there is also a significant “settled” population.

Links with the city’s economy

5.3.9 The city’s economy is buoyant, and the diverse housing market is appropriate to support the current and developing economy. However, as with many cities, the Green Belt that surrounds the city does constrain the extent of housing (and industrial/commercial) development that can take place within the city itself. The city’s workforce is not entirely resident within the city – hence the pronounced transport issues that face the local area on a daily basis. Housing opportunities – and particular opportunities to enjoy an enhanced environment/neighbourhood – can arise outside the city, while people continue to work within the city. Thus, the Oxford housing market extends beyond the city boundary.

Deprivation

5.3.10 Not all households in Oxford share in the city’s buoyant economy. Unlike other parts of the County, there are significant pockets of deprivation within the city: the ONS measurement at sub district levels indicates that 12% of the sub-areas in Oxford are in the 20% most deprived in the country, while only 8% are in the 20% least deprived. Elsewhere in the County only Cherwell has sub-areas in the 20% most deprived whilst the other districts have a significant proportion of the sub areas in the 20% least deprived. This clearly has implications for the need and demand for social and affordable housing in the city.

Table 5.2: Deprivation within Oxfordshire		
	% of SOAs in 20% most deprived	% of SOAs in 20% least deprived
Cherwell	3	44
Oxford	12	8
South Oxfordshire	0	64
Vale of White Horse	0	68
West Oxfordshire	0	78

Source ONS, Index of Multiple Deprivation 2004, showing percentage of super output areas (SOAs) in the 20% most deprived SOAs

³⁵ Oxfordshire Data Observatory 2006

5.4 The housing markets around Cherwell and in Southern Central Oxfordshire

Cherwell

5.4.1 The housing market in Cherwell – and in particular Banbury – exhibits some distinct characteristics that led the SEERA (DTZ) report to consider whether it should be considered outside of the Oxfordshire housing market area. A number of factors were examined:

- The travel to work data indicates a strong link with the East Midlands.
- The migration data indicate a reasonably strong link with the East Midlands.
- Banbury provides a significant employment and retail centre separate to Oxford.
- House prices also follow a different pattern to the rest of Oxfordshire – with average prices lower than those for the rest of the county but also rising faster than the rest of the County.

Southern Central Corridor

5.4.2 The most significant economic and housing development activity outside of Oxford and Banbury is centred on the southern part of central Oxfordshire, which includes the towns of Didcot, Wantage and Grove. Didcot has been identified by the CLG as a New Growth Point for housing and is the nearest town to the expanding employment sites of Milton Park and Harwell Science and Innovation Centre. The travel to work data also reveal that there is already a significant movement of people the Southern Corridor, representing one of the main exceptions to the Oxford-centred travel patterns in the county.

5.5 Private rented sector and buy-to-let

5.5.1 There is a buoyant private rented sector (PRS) in Oxfordshire. The recent increases in house prices have led to an increase in the numbers of people looking to rent as an alternative to buying – either because they now cannot afford to do so, or because they prefer to defer.³⁶ In particular there has been a rise in activity at the top end of the rental market and continued interest in buy-to-let. However the increases in property market values also means that landlords are typically achieving a reduced rate of return, as rents are not rising commensurately. Nonetheless, for many landlords, the investment potential is more important than the short term rate of return, which generally serves to maintain supply at a time when demand is increasing.³⁷

5.5.2 The PRS market in Oxfordshire has a number of distinct segments:

- Oxford and the market towns
- Rural lets
- Letting by rooms

5.5.3 The bulk of the activity is centred in Oxford, which has a diverse PRS, including the

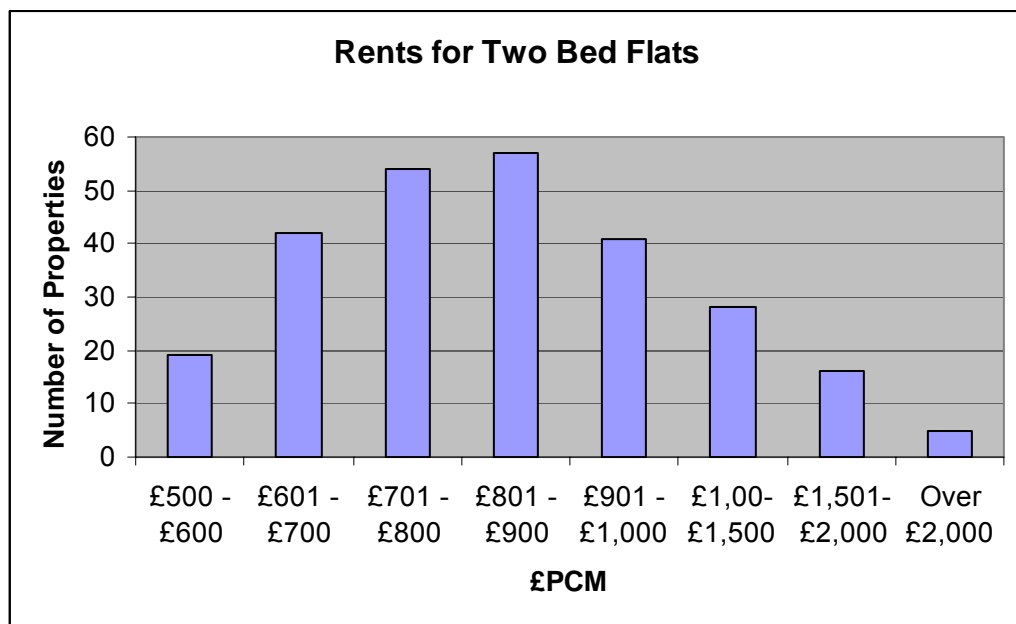
³⁶ Interview with Rent Officer Service

³⁷ CML (2006), 'The growth of buy-to-let', *Housing Finance*, 09 (September 2006)

professional market, the student market, and the Housing Benefit market. However, it is dominated by one and two bed flats, representing the student/middle/upper end of the market. Banbury has a larger proportion of the lets at the cheaper end of the market. Whilst there is still some low quality accommodation in Banbury, the upturn in the market is leading to a general improvement. The rest of the main PRS activity lies within the key market towns including: Bicester, Abingdon, Kidlington, Witney, Faringdon, Thame, Wallingford, Didcot and Wantage.

5.5.4 A sample of 2,621 two bed properties based on the current supply of 88 Oxfordshire letting agents advertising on the Rightmove website (November 2006) produced the following distribution:

Figure 5.2: Private sector rents



Source: Rightmove website, sample of 88 Oxfordshire landlords (Nov 2006)

5.5.5 Figure 5.2 shows that three quarters of the properties on the market have an asking rent of between £600 and £1,000 pcm with a median point of around £800 pcm.

5.5.6 The higher prices are to be found in among landlords based in Oxford and in the south at Henley-on-Thames (the most expensive property at Henley at £5,500 pcm) whilst the cheaper prices are to be found at Faringdon, Banbury and Bicester.

Buy-to-let³⁸

5.5.7 The buy-to-let market has become a significant source of rental property across the country serving 5-6% of all households. The biggest buy-to-let region is the South East with 27.6% of the buy-to-let market share. The buoyant private rented sector in Oxford in particular and the sharp house price increases in the county generally has provided fertile ground for buy-to-let development in the county as in other parts of the south east.

³⁸ Source for this paragraph, except where otherwise stated, is CML (2006), 'The growth of buy-to-let', *Housing Finance*, 09 (September 2006)

5.5.8 The Council of Mortgage Lenders own surveys indicate that over 91% of investors are seeking long term (10 – 15 year) capital gain and 80% of investors are not intending to sell even if prices fall in the short term. Whilst some anecdotal evidence from auction house indicates that around 50% of all recent repossessions are from buy-to-let investors; CML figures show that arrears amongst buy-to-let investors has actually fallen during the last two years³⁹ (CML 2006)⁴⁰. This would indicate some stability in the supply of buy-to-let properties over the coming years.⁴¹

5.6 Key issues:

Rural housing

- Almost half of the Oxfordshire population live in a rural settlement. This is an extremely high percentage compared to the South East or to England.
- While house prices vary significantly across the county, there is strong evidence of high prices in many rural parishes. Further, and critically, access to affordable housing is restricted by the very small number of properties coming on to the market. Alternatives to home ownership are limited: there are now few social rented sector properties in the rural areas; the private rented sector (beyond tied housing in some parts) tends not to be well developed and can be relatively expensive.
- Newly forming households are generally restricted to the main market towns, where the main turnover of owner occupied housing is focused, or are forced to leave rural areas.

Oxford City

- As with most cities, the housing system in Oxford is diverse, serving a wide range of households: there is a vibrant private rented sector, much of it serving students, but possibly also serving workers in the city's buoyant economy; the owner occupied sector is relatively small, and access at the bottom end is expensive; many of the city's workers live elsewhere, resulting in marked transport problems for the city; and there are pockets of deprivation, where the benefits of the city's economy have not permeated.

Cherwell and the Southern Central Oxfordshire

- Although on balance, the county of Oxfordshire is a self-contained housing market, there are some areas which function somewhat differently. The rural areas, and the possibility of micro markets were discussed above. Two other areas stand out:
 - The housing market area around Banbury has relatively strong links with the East Midlands - Northampton and Milton Keynes in particular. These links operate in both directions, with households moving in and out of the county from the Midlands, and workers travelling in both directions to work. However, numbers are still relatively small. Further, Banbury provides an alternative to Oxford for community activity – for shopping in particular. As further economic

³⁹ Repossessions overall equate to just 0.06% of all BTL mortgages.

⁴⁰ CML (2006), 'The growth of buy-to-let', *Housing Finance*, 09 (September 2006)

⁴¹ Unfortunately no data is currently available from either the CML or ARLA to allow a more precise assessment of BTL in the Oxfordshire local authorities.

development of the Cherwell area continues, economic development in Milton Keynes continues and transport links improves; the nature, strength and direction of links will need to be monitored.

- In Southern Central Oxfordshire, flows in and out of the county are much more modest. Of greater interest is the potential economic and housing growth along the corridor, including Didcot, Wantage and Grove. Indeed, there is already evidence of east west travel, representing one of the main exceptions to the Oxford-centred travel patterns in the county. Any significant new development is only likely to increase this movement.

Private rented sector

- The Oxfordshire PRS is differentiated and buoyant. The sector focuses on the Oxford and Banbury markets, as well as lesser activity in the market towns. Buy-to-let has been a significant source of new private rented supply in the south east, again, particularly in the Oxford area. Clearly, any change in the BTL market – for example in response to a rise in interest rate – would have implications for the supply of properties in the city⁴².

⁴² It is our view that a further rise in interest rates over the next year is likely. While such a rise would be unlikely to effect existing landlords position on remaining in the sector (rate of return being less important than capital gain), if the increased cost of borrowing cannot be set against increased rents, this may result in increased possessions, thus reducing the supply of properties.

6 Assessment of housing support issues in relation to the HMA

6.1.1 This section in part addresses the requirement of the 2007 guidance expressed in core output eight.

“Estimate of household groups who have particular housing requirements e.g. families, older people, key workers, black and minority ethnic groups, disabled people, young people etc”.

6.2 Homelessness

6.2.1 The level of homeless acceptances in the County has been falling over the last four years, both in absolute terms and when considered as a proportion of the overall population. Further, as Table 6.1 shows, levels of homeless acceptance are generally low in the County, with three of the five authorities having rates of acceptances below that for the region as a whole. However, homeless rates are considerably higher than the regional average in Oxford, at c. 7 per 1,000, compared with c. 3 per 1,000 for the region as a whole (and c. 2 per 1,000 in South and West Oxfordshire and in the Vale).

6.2.2 Reliance on temporary accommodation is also generally falling, although it is continuing to rise in Cherwell. The use of temporary accommodation in Cherwell and Oxford is significant – in both authorities there are more people in temporary accommodation than were accepted as homeless in the previous year (around 2.2 households are currently in temporary accommodation per household accepted as homeless) indicative of very long waiting periods prior to rehousing.

Table 6.1: Homeless acceptances and temporary accommodation placements, 2002/03 – 2005/06

Authority	2002/03	2003/04	2004/05	2005/06
Homeless acceptances per 1,000 population				
Cherwell	4.9	3.8	5.6	3.3
Oxford City	10.4	6.8	6.7	6.8
S Oxfordshire	5.2	2.8	1.8	1.3
Vale of White Horse	3.1	3.5	2.4	1.9
W Oxfordshire	1.6	2.5	2.4	1.5
<i>South East Region</i>	<i>4.3</i>	<i>4.5</i>	<i>3.7</i>	<i>2.7</i>
No. accepted as homeless				
Cherwell	266	210	310	179
Oxford City	570	382	376	379
S Oxfordshire	273	149	98	69
Vale of White Horse	145	163	114	89
W Oxfordshire	61	98	94	59
No. in temporary accommodation¹				
Cherwell	223	262	353	394
Oxford City	944	1,109	924	861
S Oxfordshire	162	161	115	99
Vale of White Horse	313	224	186	162
W Oxfordshire	13	35	24	21
Source: CLG from Regulatory and Statistical Returns, various years Note1 – this is a snapshot figure of the number in temporary accommodation as at 31/3 each year.				

6.3 Supporting People client groups

6.3.1 Oxfordshire’s Supporting People Strategy 2004-2009 provides direction for the provision of housing and support for vulnerable groups across the County. Key issues include:

- **Young people at risk and care leavers:** most services for young people are located in Cherwell (60%) and to a lesser extent in Oxford (24%). There is a clear lack of direct access and emergency provision outside of Banbury and Oxford for this group.
- **People with learning disabilities:** there are approximately 1,800 people over the age of 18 with severe to moderate learning disabilities known to Social Health and Care in the County. While people with learning disabilities live in a range of housing types and tenures, people living in independent housing tend to live in social rented homes.
- **People with physical disabilities:** services are almost all in Cherwell, Oxford and South Oxfordshire. In addition, Home Improvement Agency services are also

available to people with physical disabilities.

- **People with mental ill health:** 71% of the funding supports services in Oxford, with very low levels of provision in the other districts. There is a lack of move-on accommodation available for this group.
- **People who are substance users:** over half of the funding supports services in Oxford. There are no services provided in West Oxfordshire or South Oxfordshire and very minimal services in Cherwell.
- **People leaving prison:** a potential source of housing need arises from people leaving prison. Of those discharged from Thames Valley prisons to Oxfordshire in 2003/04, only around a fifth were not released to permanent accommodation.

6.3.2 Whilst the needs of the various groups that fall under the Supporting People category are diverse they are also more likely to be dependant upon the provision of affordable rented accommodation to meet their housing needs. As a consequence, vulnerable people are likely to be disproportionately affected by any shortfall in the supply of affordable rented accommodation in the County.

6.4 Older people

6.4.1 The growth in the population of older people, and particularly of those aged 75 and over, will have implications for the type of housing that is required and for the services that will be needed to support people in independence and for care services.

6.4.2 As Table 6.2 shows, although the older population is forecast to grow substantially in all authorities, this growth is substantial in the rural districts. An average growth of 39% is forecast over the next 20 years for people in the 65 – 69 age groups while the 75 and over population is forecast to increase by more than 60% in each of the districts over the same period. However, the growth in Oxford is more modest, at just over 20%.

Table 6.2: Changes in population of people aged 75+, 2006 – 2026 (2004 baseline), (000s)

Local authority	2006	2011	2016	2021	2026	% increase 2006 - 2026
Cherwell	9.1	10.1	11.4	13.6	16.5	81.3
Oxford	9.0	9.0	9.1	9.7	11.0	22.2
South Oxfordshire	10.1	11.1	12.3	14.3	16.8	66.3
Vale of White Horse	9.3	10.2	11.4	13.1	15.3	64.5
West Oxfordshire	8.4	9.2	10.3	12.1	14.4	71.4

Source: ONS 2004 based sub national population projections

6.4.3 It will be critical to ensure that appropriate housing and support are available for this household group, to enable them to remain independent and/or to live in homely environments in the community, for as long as possible. The forthcoming analysis of costs and benefits of the Supporting People programme in England (as well as similar studies undertaken in Scotland and Wales) points to substantial cost savings that can be achieved by providing appropriate housing support for older people; it also points to the

quality of life benefits generated by such support⁴³

- 6.4.4 However, the Supporting People Strategy highlights that there is currently a poor fit between existing services for older people and the strategic objectives of the Supporting People programme. Services are not targeted towards those for whom support could prevent a hospital admission or ease discharge, and few sheltered housing schemes are able to assist residents who have fallen. Access to sheltered accommodation in the County is generally on the basis of housing need and not support needs. This could be improved through better targeting of existing services and the development/direction of services to support more vulnerable older people.
- 6.4.5 The Supporting People Strategy identifies that there is more scope to develop floating support services which may also improve the accessibility of support for those living in rural areas. There is also scope to expand the work of the Home Improvement Agencies to help ensure older people's properties are kept in reasonable repair and to enable quicker discharge from hospital.
- 6.4.6 Increasingly, there is development of specialist and/or sheltered housing for older people in the private sector. The high property values and the aging population would mark Oxfordshire as a target for such developments; the rurality, costs of development and constraints on development may however restrict opportunities. Nonetheless, at least one such scheme is already underway on the edges of Oxford (for the over 50s). More specialist "retirement villages" may follow.
- 6.4.7 Finally, social rented sheltered housing could play a role in the wider housing system; it could contribute towards the release of family accommodation in the social housing sector by providing an alternative for older people who are under occupying their property. However, for this to be a realistic option, the sheltered housing available would have to meet older people's requirements, and would have to "offer" something that their current housing lacks— typically an acceptable standard of support at a reasonable cost, within a good environment and in good quality accommodation.

6.5 Black and minority ethnic (BME) communities

- 6.5.1 BME communities (based on 2001 census) represent 4.8% of the overall County population. The largest ethnic group are people of Indian origin (0.7% of the population); while in Cherwell the largest BME group is of Pakistani origin (0.8% of the population), located mainly in Banbury.
- 6.5.2 Oxford has a higher percentage of people from BME groups than the national average (at 12.9%). Indeed, it has the third largest level of BME population in the South East region after Slough and Reading. The student population will of course have some influence on the Oxford BME profile. In Oxford, people of Pakistani origin account for 2.2% of the total population, while people of Indian origin account for 2.1% and people of Chinese origin account for 2.0%.
- 6.5.3 Notably, while the total BME population in the city is around 13%, some 35% of Oxford's homeless households are from BME groups. This is also considerably higher than the English BME homeless rate (which is "just" 25%)⁴⁴.
- 6.5.4 Population projections suggest that the number of people from BME communities is expected to rise by 22% in the period 2001 to 2011. However, this is from a small base,

⁴³ None of these reports are yet published, so references are not available.

⁴⁴ Homelessness Strategy for Oxford 2003-2008

and by 2011 BME communities will constitute some 5.7% of the Oxfordshire population.

Table 6.3: Population estimates by ethnicity – Oxfordshire				
Ethnic group	2001	2006	2011	% change 2001-2011
British white	545,731	550,565	563,277	3.2
Other white	31,750	33,585	35,448	11.6
Mixed	7,205	8,591	10,273	42.6
Caribbean black	2,480	2,447	2,398	-3.3
Other black	2,480	2,882	3,133	20.3
Indian	4,104	4,314	4,520	10.1
Pakistani	4,034	4,163	4,329	7.3
Other Asian	2,422	2,552	2,683	10.8
Chinese	3,906	4,644	5,275	35.0
Other	3,044	3,426	3,765	23.7
Total	607,280	617,168	635,100	4.6
Source: Oxfordshire County Council Estimates of population by ethnic group, 2001-2011, 01/11/06				

6.6 Key issues:

- The number of homeless acceptance has been declining, due in part to the increased use of preventative measures, and rates are below the regional average. However, homeless rates among BME households are particularly high – both compared with rates generally in Oxfordshire and when compared with rates for BME homelessness generally.
- The use of temporary accommodation has generally been falling, although in Cherwell and Oxford continues to be substantial, indicative of long waits for move-on accommodation.
- There is scope for the development of a wider range of housing related services to support those with special housing needs. The greatest challenge will be in the provision of services to older people including options such as extra care housing, floating support and Home Improvement Agencies to enable people to continue to live on their own homes.
- Whilst the overall numbers of Supporting People clients is small, these households are more likely than the general population to be social renters – they are therefore reliant upon an adequate supply of good quality, (often accessible) affordable rented homes being available.

7 Assessment of the future housing market

7.1.1 This final section of the report draws together key information from the previous sections, to develop a set of forecasts for the housing market over the next 10 and 20 years. The section is in four main sections:

- We start by considering the available information on current (backlog) housing need
- We then move on to lay the groundwork for the analysis of new need, by drawing together the key economy and demographic information from previous sections
- We summarise some of the emerging information around need for affordable housing
- And conclude by developing a set of housing market projections that draw out requirements for affordable and market housing in Oxfordshire

7.2 Current need

7.2.1 This is specified as one of the core outputs of an HMA – core output 4.

“Estimate of current number of households in housing need”.

7.2.2 Calculating the level and type of housing need has traditionally been achieved by undertaking a survey of local households. In-line with the HMA guidance this study aims to utilise secondary data including the results of previous housing needs studies to ascertain a picture of demand. To do this we have looked at the waiting list data and homelessness data as well as re-examining the housing needs studies available.

7.2.3 Table 7.1 summarises the housing list compared with housing supply for each authority. It suggests demand is considerably higher than supply in all Oxfordshire authorities. The position appears worst in Cherwell and South Oxfordshire, where there are more than ten people on the housing list for every property that becomes available for let. In West Oxfordshire and the Vale the situation is also very pressured. Oxford appears less pressured, with around 3.1 applications for every let.⁴⁵

7.2.4 We would stress that these figures are simply illustrative – we have not had an opportunity to examine the data that goes to make up these statistics in detail – there may be a mismatch in the applications and lets data, there may be double counting in the applications figures, the waiting list figures may not be updated routinely, and so on. Further, as authorities move to common housing register and possibly choice based letting, the housing list data (or registers) may become a less useful measure of demand (depending on how the registers are held and maintained⁴⁶), while the bids information will become a more useful tool. Finally, we would note the obvious - housing lists will never be a useful indicator of demand in areas where there is little or no social rented stock, as households, no matter how desperate they are, will not see the point in applying for housing that does not exist.

⁴⁵ The housing lists are compiled by a range of different organisations, using different administrative approaches – it is not appropriate, therefore, to compare the ratios across the authorities. The key point is that demand appears to outstrip supply in all the authorities.

⁴⁶ If details of active “bidders” (say within the last year) can be extracted, as well as an updated total Register figure, then the Register will provide extremely useful information about the numbers of people seeking housing in the local area.

Table 7.1: Housing register and social rented supply, 2006

	Cherwell	Oxford	South Oxfordshire	Vale of White Horse	West Oxfordshire	South East
Housing list						
Requiring 1 bedroom	53%	60%	62%	52%	62%	56%
Requiring 2 bedrooms	34%	23%	27%	29%	20%	26%
Requiring 3 bedrooms	11%	14%	9%	13%	17%	13%
Requiring more than three	2%	3%	2%	6%	1%	3%
Other	-	-	-	-	-	2%
Total on housing register	3,436	3,816	2,253	2,817	2,228	195,700
Housing supply						
LA Lets	-	574	-	-	-	18,357
RSL Lets	238	666	209	283	323	18,400
Ratio of apps to lets	14.4	3.1	10.7	9.9	6.9	5.3

Source 2006 CLG Housing Strategy Statistical Appendix

7.2.5 Housing needs surveys can provide a more in-depth and comprehensive assessment of housing needs – in particular they can seek out those households in need that are not on the waiting list and profile the households (including reasons for not applying to the housing register). Critically, the surveys can adopt rigorous research methods that permit extrapolation to local authority population.

7.2.6 Each local authority has commissioned a housing needs survey in the last three years and the results of these are summarised in Table 7.2. We would stress that these surveys were carried out at different points in time, by different contractors, using different methodologies, so the outputs are not comparable.

7.2.7 Key points to note from the surveys are:

- The level of need for affordable housing in the four rural authorities is equivalent to around 2% of households, and is higher at around 4% in Oxford.
- The levels of current need (and therefore, annualised backlog) tend to be low; the bulk of the need is generated from new needs that are estimated to develop over the planning period.
- In all authorities, except West Oxfordshire, around one third of the new need comes

from in-migrating households⁴⁷.

- In Cherwell, almost 70% of newly forming households are assumed to be able to afford market housing. This is much higher than in any of the other authorities. It is lowest in Oxford, at just 25%.

Table 7.2: Summary of housing needs surveys

	Total current (backlog) need	Newly arising need	Total affordable need	Supply of affordable units	Overall annual shortfall
Cherwell	450	969	1,014	328	686
Oxford City	1,570	2,252	2,409	652	1,757
South Oxfordshire	1,450	1,036	1,181	346	835
Vale of White Horse	580	1,065	1,123	278	845
West Oxfordshire	1,400	615	755	253	502
Total	5,450	5,937	6,482	1,857	4,625

Source: Cherwell Housing Needs Study 2004, Fordham Research; Oxford Housing Requirements Study 2004, Fordham Research; South Oxfordshire Housing Needs Study Update 2004, Fordham Research; Vale of White Horse Housing Needs Survey Update 2005, Fordham Research; West Oxfordshire Housing Needs Survey Update 2004, David Couttie Associates Ltd.

7.2.8 There are concerns with each of these estimates. The housing list figures are not yet a reliable measure of need – they are subject to double counting, over-counting (of people no longer seeking/interested in social housing), and they miss people who do not come forward for social housing for whatever reason.

7.2.9 Similarly there are sometimes problems in relying on the findings of housing needs studies. The 2007 guidance too recognises the difficulties in getting accurate housing needs data – typically around sampling strategies and data collection (households in need are a very small part of the total population, and will often not be the household that is being interviewed, but a “hidden household” requiring proxy data to be collected), as well as double counting across components of the calculation.

7.2.10 An alternative estimate of current housing need suggested by the 2007 guidance can be obtained from homelessness data, overcrowding data and temporary accommodation data. The results of this approach are given in Table 7.3, alongside the housing needs studies figures for comparison. We have used the “Tribal” estimate of current need and the current need estimate from housing needs studies in the modelling.⁴⁸

⁴⁷ This is much higher than we would typically expect. We have not had the opportunity to review local social landlords’ administrative data in detail – but it would be helpful to consider whether these housing needs figures accord with waiting list and lets patterns. In the West Oxfordshire needs study around 5% of the newly arising need comes from in-migrating households.

⁴⁸ In the modelling the Tribal current need estimates form the basis for the “A” scenarios, while the housing needs estimates from the basis for the “B” scenarios.

Table 7.3: Alternative calculation of current housing need (backlog)

Local Authority	A Total over-crowding ^{1, 2}	B Adjusted over-crowding figure ³	C Homeless acceptances ⁴	D Numbers in TA ⁴	E Homeless at home ^{4, 5}	F Current need (backlog) from Housing Needs Surveys ⁶	G Current need (backlog) from alternate calculation ⁶
Cherwell	2,604	1,302	179	394	0	450	1,875
Oxford	6,102	3,051	379	861	6	1,570	4,297
S Oxon	2,027	1,014	69	99	15	1,450	1,197
Vale	1,795	898	89	162	0	580	1,149
W Oxon	1,403	702	59	21	3	1,400	785

Notes

1. Households requiring more than one extra room 2001 Census
2. Some of those currently in overcrowded households may also form some of the households identified as newly forming households.
3. Not all overcrowded households would be seeking new accommodation, adjustment of 50% therefore made to reflect this
4. CLG HSSA figures 2005/06
5. There is the potential here for double counting as some overcrowded households may have been accepted as homeless and may also be currently homeless at home.
6. Different companies & different years
7. G = B+C+D+E

7.3 Future household numbers

7.3.1 We now move on to lay the ground work for the analysis of new need in the model. The guidance suggests that the future forecasting section is taken in four steps:

1. Projections of changes in future household numbers
2. An assessment of future economic performance
3. An assessment of affordability issues
4. 'Bringing it all together' - identification of high level messages about the key trends and drivers and an estimate of the scale of the requirements for future housing and the likely changes to affordability.

7.3.2 Some of these issues have already been covered in detail in previous sections, so we merely summarise the key points here (and refer back to the appropriate point in the report). However, for completeness, we do touch on all issues in this section.

Household growth

7.3.3 Information on net household growth within Oxfordshire was addressed in section 2.3. The key messages to emerge from this analysis are as follows.

- Household growth is continuing across the county. The rate of household growth is greater than that for population growth, as a consequence of decreasing household

sizes and the growth of single person households.

- The age structure of the population is continuing to shift towards older people. The impact of this shifting demographic can be seen in the gross new household formation statistics, where there is a pronounced growth in households headed by someone aged 85+. These households will typically already be in housing, but there are clearly issues around the continuing suitability of that housing and the support that will be required to enable elderly households to remain independent/to achieve their preferred form of accommodation.
- The analysis of the housing market area demonstrated that Oxfordshire is relatively self-contained. Almost all the migration that is experienced in the county is, in fact, movement between Oxfordshire authorities – this accounts for some 89% of all in-authority movement. Just 11% of all in-migration originates outside the county.

7.3.4 Section 2.3 also noted the requirement to develop an estimate of gross household formation. Estimates of gross flows are not published, but CLG do publish information that is sufficient to enable a broad estimate to be produced⁴⁹. Appendix A provides a summary of the gross household formation figures produced.

Future economic performance

7.3.5 The economic conditions pertaining to Oxfordshire were addressed in section 2.2. Of particular significance are the following key findings.

- The local economy is robust and buoyant. We would certainly expect continued growth and an increase in local jobs. This places pressure on the local housing market to respond by increasing capacity if prices are not to further increase and in-commuting is to be managed (thus protecting against adverse environmental outcomes).
- It is possible that lack of suitable housing may limit economic growth – business park ventures and growth of existing businesses can be particularly vulnerable to housing constraints – although location and proximity to transport networks will play a key role in such decisions.
- Whilst overall numbers of inward migration are relatively low, incoming households are important to maintain the growth in the local economy as the current population is close to full employment.

7.3.6 The 2007 guidance highlights the need to identify any potential changes to the economic circumstances of the study area that may lead to a shift in the housing market or that would indicate an increase/decrease in demand. Our analysis does not indicate that a fall in demand is likely. There is however potential for increased pressure on the housing market: in particular, employment growth may promote in-migration (although in-commuting is an alternative response); while the Oxfordshire housing market may continue to exert a pull on buyers from the south and west, thus continuing the upward pressure on prices.

Affordability

This sub section part addresses the requirements of the 2007 guidance for core output 5.

“Estimate of future households that will require affordable housing”

⁴⁹ Annexe B of the Guidance sets out an approach to estimating gross flows, which has been followed here.

7.3.7 Oxford city has been identified as one of the least affordable places in the South East (Wilcox 2006). The position of each authority in relation to the rest of the 67 South East local authorities is as follows:

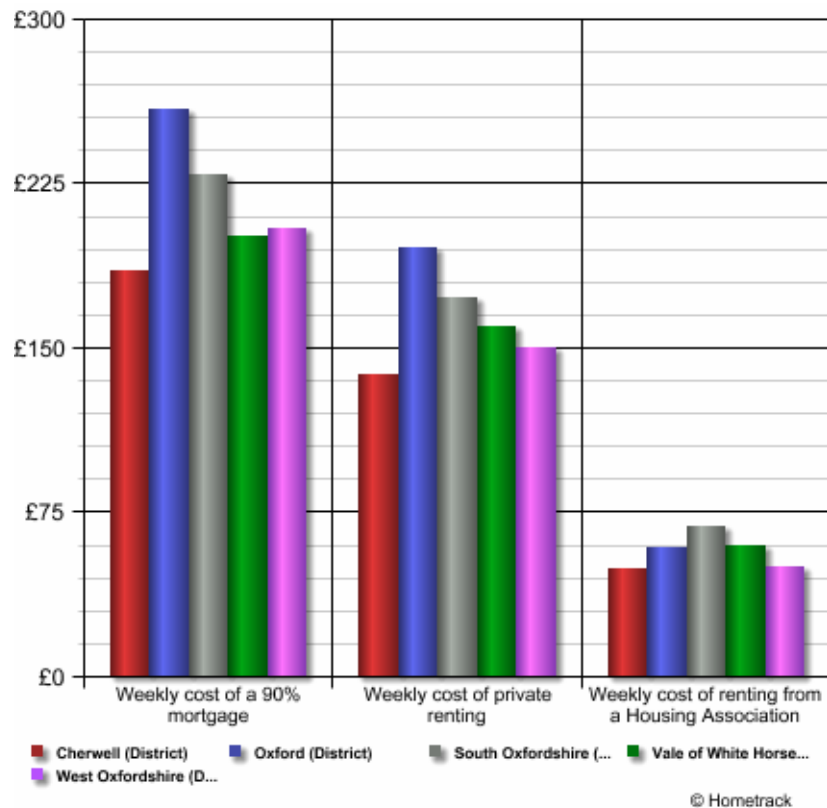
Table 7.4: Affordability ranking in region	
Authority	Affordability ranking in SE Region
Oxford City	10 th least affordable
South Oxfordshire	16 th least affordable
Vale of White Horse	23 rd least affordable
West Oxfordshire	28 th least affordable
Cherwell	43 rd least affordable
Source: Wilcox 2006	

7.3.8 Figure 7.1 indicates the relative costs of buying or renting a 2 bed property in each of the districts in Oxfordshire. Key points from this chart:

- Renting in Oxford is relatively expensive. Indeed, it can be more expensive to rent a property from the private sector in Oxford than it would be to purchase a property in another part of the county.
- There is a pronounced difference between the cost of renting from an RSL and the cost of renting privately or buying. While this is the case across the country, we have seen elsewhere in this report that the supply of social rented housing is very limited in Oxfordshire, particularly in the rural areas. Thus, although social renting may be an affordable option in theory – lack of supply constrains access.
- Housing costs are typically lower in Cherwell than in the other districts⁵⁰ – this applies across all tenures, including the social rented sector.

⁵⁰ We would stress that these are district average costs, and when prices are disaggregated to smaller geographies a more complex price profile is seen. However, the highest prices in the county tend to be found in the southern parts of the county, and some of the cheaper prices are found in the regeneration areas of the larger towns/city. These lower prices found in parts of Banbury are reflected in the private rents.

Figure 7.1: Comparative costs of renting & buying a two bed property May 2007



Source Hometrack May 2007

7.3.9 There are of course many different ways of measuring affordability such as for example, comparing average incomes with average house prices. In recent CLG advice a suggested measure of affordability is the ratio of lower quartile incomes to lower quartile property prices.⁵¹

7.3.10 Our approach, used below, is based on whether people can afford to **borrow enough to buy a property in the local area** and, if so, what type of property, would they be able to afford⁵². Our primary concern is to ascertain the affordability position of households seeking to enter the housing market. Our analysis therefore focuses on first time buyers (average earning) and the type of properties they would be likely to buy (lower quartile flats and terraces).

7.3.11 Our analysis assumes

- A single income household, with earnings of around £25k pa
- A 10% deposit is put down on the property

⁵¹ CLG (2007), Housing market information, advice note, May 2007

⁵² The calculation requires that we make a number of assumptions: we have assumed that the interest rate is 5.35%, that households make a 10% deposit and take out a 25 year repayment mortgage. We have assumed that households will have an average income for the County of around £24,000 pa (Source ASHE 2006). House prices are based on the lowest quartile prices for both flats and terraces representing the typical entry level; for first time buyers, based on 2007 prices (source Hometrack).

- The interest rate is 5.35%
- Mortgage is repaid over 25 years
- 33% of gross income is spent on mortgage
- Only properties at the lower quartile price were considered

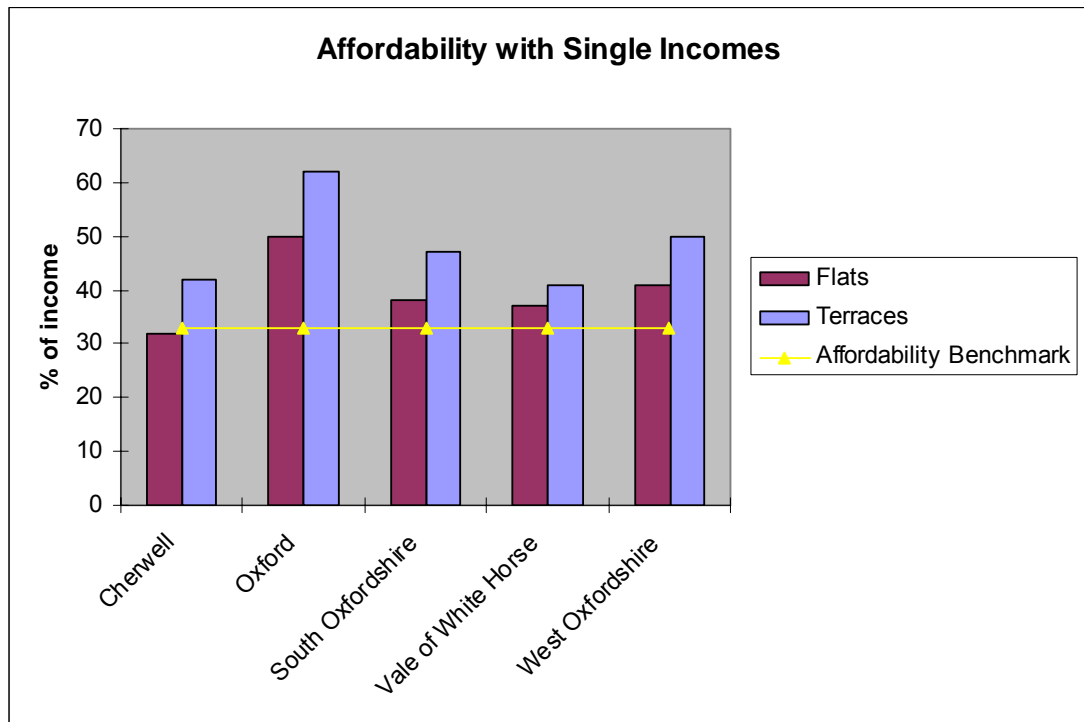
7.3.12 This differs from the CLG analysis. The CLG income component is based on lower quartile incomes: it comprises all those on very low incomes, including people on benefits – people who would be unlikely to enter the housing market – and unrealistically suppressing the income measure. The property price measure uses the lower quartile property price, which is based on **all** properties, including larger properties which first time buyers would not be expected to buy, which will serve to inflate the lower quartile price. Thus incomes are probably too low and prices are probably too high using the CLG approach.⁵³

7.3.13 Figure 7.2 shows what a first time buyer with a single income would be able to afford – this is the yellow line running across the chart. This clearly shows that the only type of property that a single income household could afford is a flat in Cherwell. We appreciate that, given the generally low levels of turnover in the county, flats in this price bracket in Cherwell will constitute a fairly small number of the properties on the market, and are likely to be found in a fairly limited number of locations within the district.

7.3.14 Most out of reach would be a terraced house in Oxford, which would cost in excess of 60% of the household's income.

⁵³ The CLG measure however is useful as an indicator of relative changes in the housing market and has been included within the affordability toolkit that accompanies this report.

Figure 7.2: Affordability at lowest quartile prices May 2007



Data sources: Hometrack May 2007, ASHE 2006

7.3.15 Table 7.5 illustrates the affordability position for households with two incomes - a majority of FTB are represented by households with joint incomes so in the current market this may be regarded as a more realistic assessment. The middle column (current prices) shows the percentage of the household income that would be required to finance a mortgage on a lower quartile terraced house in each of the local authority areas (under the same mortgage assumptions given above⁵⁴).

7.3.16 The table shows that terraced properties in Oxford remain unaffordable even for households with two incomes. They are, however, affordable for households with two incomes in the other local authority areas.

7.3.17 The table also shows the impact on affordability of price increases and decreases. In summary:

- Lower quartile terraces in Chenwell, South Oxfordshire and Vale of White Horse remain affordable to households with two incomes, even if prices increase by 20%
- Lower quartile terraces in West Oxfordshire remain affordable to households with two incomes, even if prices increase by 15%
- In contrast, lower quartile terraces in Oxford remain **unaffordable** to households with two incomes unless prices **decrease** by 15%

7.3.18 The darker shaded area of Table 7.5 shows the prices at which a terrace house at lower quartile prices is unaffordable at an interest rate of 5.35%.

⁵⁴ A 10% deposit is put down on the property, the interest rate is 5.35%, mortgage is repaid over 25 years

7.3.19 We have also indicated the impact of higher interest rates on the table. Increases in mortgage rates would affect the affordability gap even if house prices were to remain stable. The lighter shaded areas show the prices that would become unaffordable should the mortgage interest rate rise to 6.8%. For example, under this mortgage rate two income households in Oxford could not afford a terraced house, even if the price were to fall by 20% (properties which would have been affordable under a 5.35% interest rate). In West Oxfordshire, where properties are currently affordable, a 5% price rise coupled with a rise in interest rates would also push the properties into the unaffordable range.

Table 7.5: Affordability matrix for FTB & lower quartile terrace houses May 2007 % of gross income spent on mortgage

Price change %	-20%	-15%	-10%	-5%	Current prices	+5%	+10%	+15%	+20%
Cherwell	18.4	19.55	20.7	21.85	23	24.15	25.3	26.45	27.6
Oxford	30.4	32.3	34.2	36.1	38	39.9	41.8	43.7	45.6
South Oxon	20.0	21.25	22.5	23.75	25	26.25	27.5	28.75	30.0
Vale	20.8	22.1	23.4	24.7	26	27.3	28.6	29.9	31.2
West Oxon	22.4	23.8	25.2	26.6	28	29.4	30.8	32.2	33.6

Source Tribal (house price data Hometrack, income data Wilcox 2006)

Note The darker shaded cells identify those that are unaffordable (above 33% of income as outgoings). The lighter shaded cells with values in bold are those that become unaffordable if the interest rate is increased to 6.8%.

7.3.20 These figures are based on standard assumptions and the standard mortgage industry benchmark of affordability as 33% of outgoings. However there is a vast array of mortgage products that will allow people to borrow at lower interest rates, at interest only or much higher ratios against their income or borrow over more than a 25 year period thus reducing the monthly cost. People will sometimes find a way of putting in a higher deposit (e.g. a loan from within the family) as a way of reducing the mortgage commitment. In addition, people are sometimes willing to commit much more of their income in order to secure a property and at the height of the 1980s boom mortgage outgoings could account for 60% of gross incomes.

7.3.21 These factors are an indication that the simple measures of affordability are not sufficient to explain the continuing demand for properties within Oxfordshire and other high cost areas.

7.3.22 Bringing together a number of pieces of evidence from this study allows us to make the following case:

- The local economy is strong, diverse and growing with high demand for labour. This will bring people into the area with jobs and will provide people with confidence to commit to a high mortgage.
- The supply coming onto the market is relatively small with properties attractive to FTB numbering a few hundred a year across the county. Competition can therefore be great for these properties.
- The demographic projections show that the number of households has been growing steadily and are forecast to continue to grow over the next 20 years; this will feed demand for market housing.

- Based on standard assumptions about the cost of a mortgage and using the joint income figures for the County, only Oxford shows as having an affordability problem even if prices were to increase by 15% from their current (May 2007) position.
- People can access a variety of mortgage products and stretch their incomes to enable them to buy even in Oxford and there are enough people willing and able to do this to feed the demand for the limited number of properties at the bottom end of the market.
- Continued house price inflation encourages people to tackle these risks and stretch their commitments as they fear not being able to get on the property ladder if they wait. The strength of the economy provides the confidence to do this and a competitive mortgage market provides them with the means to do so.

7.3.23 Whilst these factors can explain the continued demand for apparently ‘unaffordable’ housing it should also be noted that an increasing number of people will be disadvantaged by these circumstances. Those unwilling or unable to stretch their incomes or those without recourse to extra capital will be those unable to access home ownership and will be unlikely to be eligible for affordable rented accommodation. It is this group of people that are considered in the other affordable housing category. The requirement for each of these tenures is considered below.

7.4 Modelling the Oxfordshire housing market

7.4.1 This sub section addresses the requirement of the 2007 guidance for core outputs 5 and 6

“Estimate of future households that will require affordable housing”

“Estimate of future households that will require market housing”

7.4.2 It is a key requirement of the guidance that housing estimates are produced, over a 20 year period.

7.4.3 A straightforward solution to comparing demand and supply over the projection period can be obtained by comparing the potential forward housing supply based on current new build aspirations with the CLG (net) household projections. This produces the following table, which suggests that in the early years there should be sufficient stock to meet demand (the ratio of stock to households is less than 1:1), but in later years the pressure on the market tightens, with household numbers exceeding projected stock levels. However, when the growth projections are taken into account (the stock (growth) rows), again the ratios fall below 1:1.

Table 7.6: Basic ratios - stock projections : household projections, 2006 – 2026

Oxfordshire	2006 (Base)	2011	2016	2026
Households	248,198	267,869	282,262	308,953
Stock	257,275	269,075	278,515	302,115
Stock (growth)	-	271,748	283,861	312,807
Stock : Household Ratio	1 : 0.96	1 : 0.99	1 : 1.01	1 : 1.02
Stock : Household Ratio (growth)	-	1 : 0.98	1 : 0.99	1 : 0.99

Source SEERA (stock figures) and CLG (household data)

7.4.4 However, this simple approach is not sufficient to meet the guidance requirements. In particular:

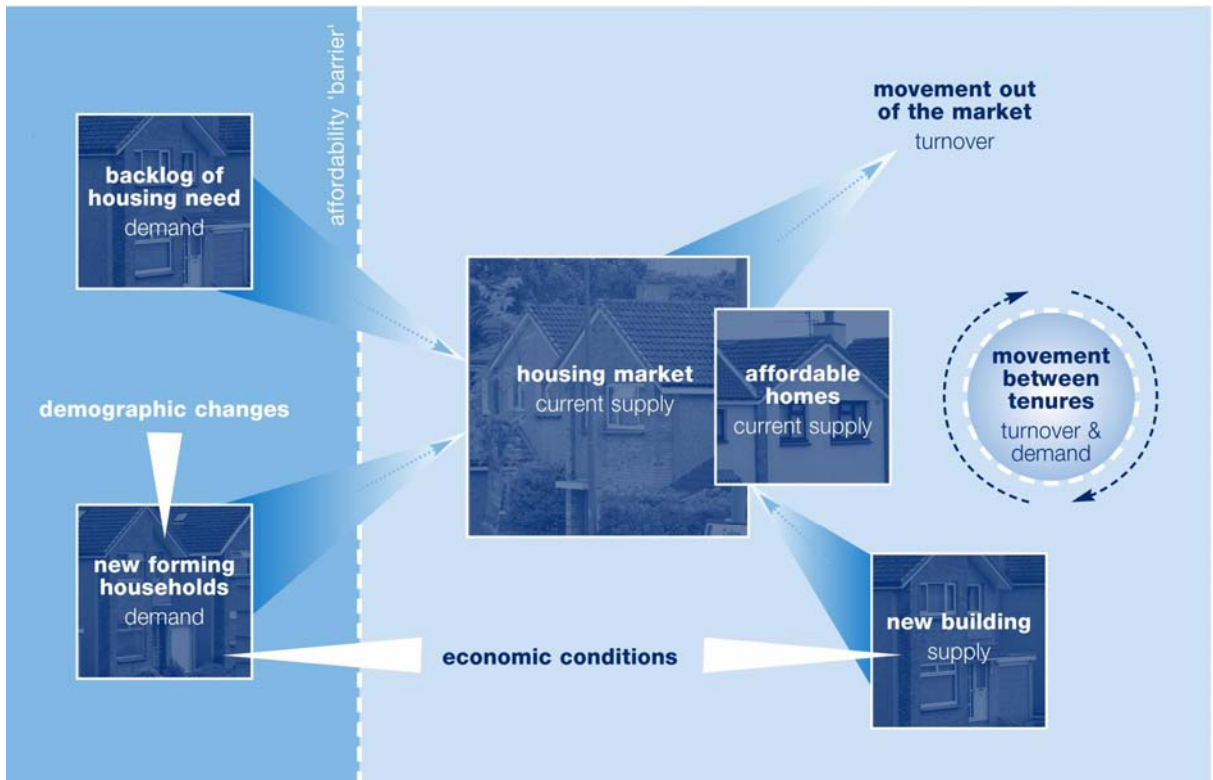
- It does not take into account households that are currently in housing need
- It does not consider gross household formation nor the pressure arising from movements within tenures
- It does not distinguish need/demand for affordable and market housing

7.4.5 To achieve these elements a more sophisticated approach is required, which accommodates the various flows in and out of the different segments of the housing market. Tribal has developed a model which takes account of demand from current needs, newly forming households and movement between tenures as well as the sources of supply from turnover and new building into account.

7.4.6 Figure 7.3 is a simplified model illustrating these main flows and also indicates the influence of demographic changes, economic conditions and affordability. It shows that:

- The elements driving demand/need for housing are the backlog of need (current housing need) and newly forming households (which are themselves influenced by the economic conditions).
- The housing supply is largely market housing, but there is a substantial affordable element, and that these two components overlap. There is considerable movement within the sector as people move house, and move within the housing market area, and within/between tenures. There is also some movement out of the housing market, as people leave Oxfordshire, households dissolve, or people die/move into institutional settings.
- The supply of housing is influenced by the demand exerted and economic conditions.
- There is an affordability barrier. For many people the housing market operates adequately – they are able to access housing that meets their housing needs (indeed, a significant proportion of the population occupy housing in excess of their needs). However, there is an important minority of the population that is unable to afford to meet their housing needs in the market place. Understanding the nature of the affordability barrier, and approaches to addressing it, are key to any housing market study.

Figure 7.3: Dynamic model of the housing market



7.4.7

The housing market model is a spreadsheet model which attempts to estimate these various factors as they interact with each other. The model contains a number of assumptions; and it is variations on these assumptions that allow different scenarios to be modelled. The key variables are as follows:

- the estimate of current (backlog) housing need – we discuss this below
- the level of affordable housing that will be achieved – the model uses 30% and 40% of the market target, as well as the figure achieved historically
- a range of assumptions relating to the first choice destination of households – between home ownership, private rented and affordable housing
- the impact of the new housing development figures recommended by the Panel; these include the development relating to the New Growth Points in South Oxfordshire and Oxford. These development figures are in excess of the allocations proposed in the SE Plan⁵⁵. These are referred to as the Panel scenarios.
- A final set of development assumptions produced by Tribal that are considerably in excess of the allocations contained in the SE Plan – c. 11,000 units in addition to the SE plan allocations. These have been focussed on South Oxfordshire and Oxford (these scenarios are referred to as the Growth scenarios)

⁵⁵ It is stressed that, at time of the final edit (November 2007), these figures are still at the consultation stage, and are subject to further revision. We would stress that the key source for the figures used in this report has been the SE Plan. The report has not been updated to take account of the Panel’s recommendations. However, this set of scenarios has been produced to provide an indication of the impact of development at this level.

- 7.4.8 Sixteen different scenarios have been modelled – these produce in the region of 182,000 data outputs (see Appendix F for a description of the scenarios modelled and Appendix H for a summary of the outputs).
- 7.4.9 A number of clear issues emerge from the analysis:
- There is demand for new affordable housing
 - There is demand for market housing
 - There is potential shortfall in housing on the basis of the current projections for new completions
- 7.4.10 Before turning to the results of the modelling some caution must be expressed. As indicated elsewhere in this report future forecasts are prone to error the further forward the projections are taken. Confidence with outputs is therefore much higher for the first five years than for the final few years. In addition some of the base assumptions in the model such as those related to tenure preferences and turnover patterns are based upon national data from the Survey of English Housing 2006. There are two issues in relation to this; first, these preferences will change over time, leading to different results; second, the extrapolation of percentages from national data sets then applied to relatively small local data sets can result in statistical distortions. A further exploration of these technical challenges is provided in the technical report accompanying this study.

Summary of the outputs over the 20 year period

- 7.4.11 As noted above, the projection model produces a set of detailed outputs from an Excel model; a “working” copy of the model has been provided to each of the Oxfordshire authorities, together with an Excel file that contains tabular data for each authority and for Oxfordshire for each of the 16 scenarios.
- 7.4.12 Tables 7.7 and 7.8 summarises the key findings from the base scenario at the Oxfordshire level. We then move on to discuss some of the findings in a bit more detail.
- 7.4.13 **Newly arising need** We first consider newly arising need. This is built up from the households that are currently in housing need (the backlog) who will require housing in any one year, together with the newly emerging households. The model determines which tenure each of these households fall into – the bulk of the current housing need will need to be housed within the affordable housing sector (mainly, but not entirely) social renting, whereas the majority of the new households typically move into the market sector (the majority moving into the private rented sector).
- 7.4.14 The first row of Table 7.7 shows the outcome of the calculations: the average level of newly arising need for social housing in the next five years will be c. 1,786 pa⁵⁶, falling to 1,273 pa by year 20. There is a similar pattern for “other affordable housing”. The decline in affordable housing need occurs after year 10, and is because the current need has been dealt with. Clearly the numbers of households needing “other affordable housing” starts out, and remains, lower than those needing social rented housing. The proportion of housing need allocated to other affordable housing is based on current levels of take-up – this may change over the projection period. The overall level of housing need for social and other affordable housing can stand as a level of housing required, with the allocation between social and other affordable useful in the short term (say three to five

⁵⁶ This figure is clearly overly precise. We would expect authorities to use rounded figures when working with study outputs. However, as part of the purpose here is to describe study outputs, it is helpful to quote exactly what is shown on the table, and in the accompanying excel spreadsheets, so that connections can be made.

years. However, beyond that point, we would suggest that the total requirement is the more useful figure, and a more flexible approach to allocation between social and other affordable considered⁵⁷.

- 7.4.15 The first row also shows that the majority of newly forming households meet their housing needs in the market sector: c. 4,373 pa in years 1-5 rising to c. 5,170 in years 16-20. This is equivalent to around two-thirds of newly arising need in the first five years, rising to over three quarters in the last five years of the projection.
- 7.4.16 **Total demand** The second row of the Table 7.7 summarises total (all) demand for each sector: that is, demand for each tenure from households moving into the tenure (inter-tenure moves) as well as the new demand that we have already calculated in the first row. Thus, for example, moves from social renting into owner occupation, and from private renting into other affordable housing are estimated. The model does not calculate moves within the tenure (intra-tenure moves) – for example moves into a social rented property to another social rented property, as these cancel each other out (churn). The model is concerned with moves between tenures⁵⁸.
- 7.4.17 The model indicates continued demand for the social and affordable housing tenures, throughout the projection period: Social housing demand is c. 4,018 pa, rising to c. 8,754 pa in years 16-20. Demand is also projected to grow for market housing – currently c. 9,950 pa, it is projected to be c. 14,925 pa by years 16-20.
- 7.4.18 **Shortfall** The next stage of the model calculates how demand will be accommodated. Supply comes from two main sources⁵⁹:
- turnover of existing stock – as households move out to different tenures, leave the area, die, move into institutional accommodation, and so on
 - development of additional dwellings – through new build and conversions
- 7.4.19 The third row of Table 7.7 shows the impact of subtracting demand from supply. In all cases there is a shortfall of dwellings, with that shortfall increasing over time. Notably, although the market sector is by far the largest sector, with most demand, the greatest shortages are to be found in the affordable housing sector – particularly the social rented sector (c.1,898 pa in years 1-5, rising to c. 6,445 in years 16-20); but shortages in the other affordable sector are not insignificant, given the relative size of the sector (at c. 334 in years fifteen, rising to c. 1,046 by years 16-20).

⁵⁷ This will be possible using the model, as authorities will be able to update the shifting trend towards other forms of affordable housing, at the expense of social rented housing, as and when these develop.

⁵⁸ It is also interested in moves out of the tenure/area (terminations) – as such moves free up properties for new households. Such moves could be the same tenure, but because they are in another

⁵⁹ The model also makes allowance for the change in tenure of dwellings without a move (through the RTB), as this affects the stock available for future movers, as well as affecting the tenure of the household

Table 7.7: Housing market model – summary information¹, annualised need figures for years 1-5, 6-10, and 16-20

	Social rented			Other affordable			Market		
	Years 1-5	Years 6-10	Years 16-20	Years 1-5	Years 6-10	Years 16-20	Years 1-5	Years 6-10	Years 16-20
Newly arising need ²	1,786	1,857	1,273	399	411	260	4,373	4,165	5,170
All demand ³	4,018	6,453	8,754	635	1,153	1,452	9,950	11,767	14,925
Shortfall	1,896	4,269	6,445	334	816	1,046	916	2,424	4,976

Notes:

1 The figures in this table relates to the Base Scenario A1. The assumptions for the scenarios are given in Annexe F. Key assumptions for A1 are that the backlog figures used are those developed by Tribal, and that new housing supply is based on the draft SE Plan targets, with affordable housing accounting for 30% of completions. The table presents annualised figures for each of the time periods

2 This comprises current need and need from new households

3 This is the total demand figure, and includes the newly arise need estimate from the row above

7.4.20 Table 7.8 moves on to provide a profile of the overall housing outcomes for the Oxfordshire housing market. Here we assume that any housing needs that are unmet in any one year are fed back through the system to be addressed in future years – that is, they form a “backlog of need” that has to be met in future years. The table picks out three separate years (that is, these are not averages of the five year periods, as was the approach used in Figure 7.7). The profile is produced using ratios, which compare the supply of available homes with the number of households seeking homes. If the market were in perfect balance then the ratio would be one to one (1:1). If there were two households for each available property then it would show as 1:2. In reality, the relationship between demand and supply is often much smaller than this, and we have had to show the ratios to two decimal points (e.g. 1:1.08).

7.4.21 The ratios show considerable variation in the relationship between supply and demand – both between the different tenures, and across time. The key points are:

- Demand for affordable housing (social and other affordable combined) exceeds supply throughout the projection period, and grows at a substantial rate. By year 5 demand exceeds supply by 25%, by year 10 this has grown to 86% (that is, there are almost two people per let), and by year 20 there are more than three people per let.
- Demand also exceeds supply for market housing but the situation is far less pressured, especially in the first five years. The ratios indicate that market housing overall is almost in balance. However, there appears to be excess demand in the home ownership sector, and excess supply in the private rented sector, which will be providing a short-term solution for those needing a home in the market sector. This relationship appears to continue and strengthen throughout the projection period. In reality, we might expect some market adjustment, around price and possibly additional property shifts between the sectors⁶⁰.

⁶⁰ The model assumes that private rented sector remains a constant proportion of the market sector – in reality, this is likely to change in response to market pressure and economic conditions. Thus in this situation, we might expect to see the tightening of

7.4.22 Overall, for Oxfordshire, under the base assumptions, we see the housing market is under some pressure in the first few years, with this growing as the projection period extends. By year 10 there is excess demand of 10% in the home ownership sector, and an excess demand for housing of almost 20% overall.

Table 7.8: Ratio of supply to demand¹ (ratio values²)			
	Year 5	Year 10	Year 20
Affordable housing ³	1.28	1.86	3.22
Private rented housing	0.95	0.91	0.79
Home ownership	1.04	1.11	1.33
All market housing	1.02	1.07	1.24
Overall supply to demand	1.06	1.19	1.55

Notes:
 1 These estimates are taken at the end of each 5 year period, and assume the cumulative demand/supply position at that point in time (dynamic housing model approach)
 2 Ratio values – these should be expressed 1, but this has been omitted throughout on the table for simplicity
 3 These estimates apply to all affordable housing, not just the social rented sector

7.4.23 We move on to consider some of these figures in a little more detail, in particular, how the figures change as we adjust the assumptions under the different scenarios.

The total demand for affordable housing

7.4.24 The total demand for housing comprises three elements:

- Almost all (90%) of the current housing need is met within the affordable housing sector. We have assumed this will be addressed over 10 years⁶¹.
- Newly arising need is built up from two types of households – those who have never been independent (effectively first time buyers) and households that will have previously been independent (for example in-migrants). We have used age as the proxy for these household types (and used 35 years as the threshold) as first time buyers and in-migrating households will have very different tenure profiles⁶².
- Need/demand for affordable housing from existing households in other tenures.

7.4.25 We have of course excluded need/demand for affordable housing arising from within the

the home ownership sector leading to increased prices in the sector, and a further incentive for properties to move properties from home ownership to private renting (potential owners cannot afford to own, but may afford to rent).

⁶¹ These assumptions could be changed – both in terms of the balance between affordable housing and market housing, and the period over which the backlog is addressed.

⁶² While net household projections are available for different household types, the only realistic breakdown that can be constructed for a gross flows approach is age.

affordable housing tenure, as this represents churn within the sector rather than additional requirements.

7.4.26 As stressed above, we have adopted a dynamic approach to modelling the housing system. These demand figures roll forward any assumed unmet demand from the previous year and thus provide an indication of the potential growing backlog despite the initial backlog being deemed to be met in year 10.

7.4.27 Table 7.9 shows the lowest and highest total demand levels over the 20 year period. (The table below conflates rented housing and other affordable housing, but these are provided as separate outcomes within the model.)

7.4.28 Total demand for affordable housing ranges between c 3,600 and c 4,700 pa in the first five years, rising to between c. 6,000 and c. 11,000 pa by years 16-20.

7.4.29 The information in brackets show which of the scenarios have generated the projections. The lowest projections have come from the Growth B scenario, which assumes the lowest level of current housing need and the highest new build; conversely, the highest demand figures have come from the A3 scenario which assumes the highest current need and the lowest affordable housing new build. The level of need appears to be the main driver.

Table 7.9: Annual demand for affordable housing – Oxfordshire			
	Years 1-5	Years 6-10	Years 16-20
Lowest figure per annum	3,600 (Growth B)	4,900 (Growth B)	6,000 (Growth B)
Highest figure per annum	4,700 (A3)	7,900 (A3)	11,000 (A3)

7.4.30 The annual demand figures for each local authority are provided in Appendix B. These reveal that demand in Oxford is significantly higher than in the other districts. While the demand in the other authorities falls off after year 10 before building again, demand keeps rising in Oxford and by years 16-20 accounts for between 65% and 80% of demand in the County.

The demand for market housing

7.4.31 As with affordable housing, the demand for market housing is estimated from:

- The current need (the vast majority of the current need is addressed through affordable housing – we have assumed only 10% of households currently in need will move on to meet their needs in the market sector). This is addressed over a period of 10 years.⁶³
- Demand arising from newly forming households.
- Demand coming from households currently in other tenures but needing to move.

7.4.32 For simplicity, private rented housing and home ownership have been presented as market housing, but the model provides figures for both tenures.

⁶³ These assumptions could be changed – both in terms of the balance between affordable housing and market housing, and the period over with the backlog is addressed.

7.4.33 Total demand for market housing ranges between c. 9,400 and c. 10,000 pa in the first five years, rising to between c. 10,900 and c. 15,600 pa by years 16-20.

7.4.34 The lowest projections come from the Growth B scenario; while the highest demand figures have come from a combination of the A1 and B2 scenarios. A1 is the base scenario (which uses the Tribal – higher – current need estimate and completions based on the draft SE plan targets); B2 uses the lower current needs figures but assumes a higher proportion of affordable housing will be achieved from the SE target housing supply.

Table 7.10: Annual demand for market housing – Oxfordshire			
	Years 1-5	Years 6-10	Years 16-20
Lowest figure per annum	9,400 (Growth B)	10,100 (Growth B)	10,900 (Growth B)
Highest figure per annum	10,000 (A2)	12,000 (A2)	15,600 (A2)

7.4.35 The annual demand figures for each local authority are provided in Appendix C. These reveal that market demand in Oxford is higher than in the other districts. Demand in all the local authorities grows steadily over the 20 years but growth is steeper in Oxford. By years 16-20 the Oxford share accounts for between 28% and 50% of demand in the County.

The potential shortfall in affordable housing

7.4.36 The shortfall, if any, in supply is determined by considering the supply available to meet demand. This comes from a number of sources:

- Turnover
 - households leaving the housing market e.g. through migration or death
 - properties freed up as the occupants move tenure⁶⁴
- New supply⁶⁵
 - New build
 - Conversions

7.4.37 Combining this information with total demand allows us to forecast a range of outputs showing the potential shortfall. We need to stress that the different scenarios take account of different levels of new build and make different affordable housing assumptions. Shortfalls that are identified by the models are in excess of these levels.

7.4.38 Table 7.11 shows the shortfall in affordable housing for the County as a whole in two parts. The top half of the table shows the shortfall before any new builds have been undertaken⁶⁶, while the bottom half of the table shows the direct impact of new build

⁶⁴ As on the demand side, we ignore people moving **within** the sector.

⁶⁵ Detail on new supply is taken from section 4.5. No allowance is made for demolitions.

⁶⁶ New build activity does play through the model. The top part of the model only excludes the direct impact of new build.

activity.

7.4.39 Assuming no newbuild activity (that is, assuming that the need for affordable housing is purely met from turnover of existing housing), the requirement for affordable housing in the first five years ranges from c. 1,900 to c. 2,645 pa. This requirement for affordable housing rises over the projection period to between c. 3,940 and c. 8,835 pa by years 16-20.

7.4.40 As shown on Table 7.11, the overall shortfall for social and affordable housing is estimated to be between c. 1,040 and c. 2,640 pa in the first five years rising to between c. 3,070 and c. 8,840 pa in years 16-20. These figures include the need for both rented housing and low cost home ownership, and indicate significant levels of affordable housing need that are not currently being planned for. Appendix D shows the figures for each local authority. By 2026 Oxford accounts for 83% to 89% of this demand.

Table 7.11: Annual shortfall for affordable housing – Oxfordshire				
		Years 1-5	Years 6-10	Years 16-20
Net of turnover				
Lowest annum	figure per	1,910 (Growth B)	3,040 (Growth B)	3,940 (Growth B)
Highest annum	figure per	3,040 (A3)	6,160 (A3)	9,230(A3)
Net of turnover and new build				
Lowest annum	figure per	1,040 (Growth B)	2,170 (Growth B)	3,070 (Growth B)
Highest annum	figure per	2,640 (A3)	5,770 (A3)	8,840 (A3)

The potential shortfall in market housing

7.4.41 Table 7.12 provides the shortfall levels for market housing (private rent and home ownership). As with affordable housing, the shortfall takes account of the turnover from the sector and new build (according to the assumptions for the different scenarios).

7.4.42 The requirement for market housing is between c. 2, 050 and 2,650 pa in the next five years, rising to between c. 2,390 pa and c. 7,455 pa by years 16-20.

7.4.43 Taking new build into account suggests that the shortfall in market ranges between c. 30⁶⁷ and c. 1,240 pa in the first five years through to between c. 360 and c. 6,040 pa in years 16-20.

7.4.44 Clearly, these estimates appear heavily sensitive to the assumptions used in the

⁶⁷ That is, effectively nothing.

modelling, but it should be noted that the assumptions used for Growth B – those that produce the lowest shortfall – assume the highest rate of new build used in the scenarios, while those that generate the highest shortfall of market housing (A2) are those that assume the highest allocation of new build to affordable housing.

Figure 7.12: Annual shortfall for market housing – Oxfordshire (net of turnover and new build)

	Years 1-5	Years 6-10	Years 16-20
Net of turnover			
Lowest figure per annum	2,050 (Growth B)	2,330 (Growth B)	2,390 (Growth B)
Highest figure per annum	2,650 (A2)	4,380 (A2)	7,460 (A2)
Net of turnover and new build			
Lowest figure per annum	30 (Growth B)	300 (Growth B)	360 (Growth B)
Highest figure per annum	1,240 (A2)	2,960 (A2)	6,040 (A2)

7.4.45 Appendix E shows the figures for each local authority. By 2026 Oxford accounts for between 21% and 72% of this demand.

Overall balance of supply and demand in Oxfordshire

7.4.46 Finally, we consider the ratio of supply to demand. This is useful – it is a shorthand way of expressing the severity of the problem - relating the available supply with the households seeking/needing housing in each of the tenures.

7.4.47 Table 7.13 shows the ratios for the **overall housing supply** in Oxfordshire, for selected years (5, 10 and 20). This indicates that over the short-term the Oxfordshire market will be under some pressure, with overall demand exceeding supply by a small margin; estimates range between c. 2% and c. 6% higher than supply (1: 1.02 and 1: 1.06). At current build rates however this pressure is projected to intensify, with the worst case scenario (A3) measuring demand 56% above supply by year 20 (1:1.56)⁶⁸. The more optimistic scenario (Growth B) assumes that substantial additional housing, in line with our assumptions. This is sufficient to manage supply to within 5-6 percentage points of demand for the first ten years or so, but pressure increases thereafter.

Figure 7.13: Total housing supply to total housing demand – selected years, Oxfordshire

	Year 5	Year 10	Year 20
Lowest figure per annum	1:1.02 (Growth B)	1:1.06 (Growth B)	1:1.16 (Growth B)
Highest figure per annum	1:1.06 (A1-A5)	1:1.19 (A1-A5)	1:1.56 (A3)

7.4.48 Breaking these figures down by market and affordable housing provides further understanding of the nature of this growing pressure on housing supply.

⁶⁸ This is the scenario that identifies the higher level of housing need, but assumes affordable housing will be built at previous rates; total house construction will be in line with draft SE Plan targets

7.4.49 Figure 7.14 provides the figures for **market housing**. This clearly shows that balance between supply and demand is broadly in line, **assuming that the highest rate of new build used in these scenarios is achieved**⁶⁹. Further, this optimistic scenario indicates only minimal increase in pressure on the market (from 1:1 to 1:1.02). Even the least optimistic scenario would suggest the market is broadly in balance. However, this scenario would suggest that the market will become much more pressured over time.

7.4.50 There is marked difference between the home ownership sector and the private rented sector, and between the different authorities.

- Some of the pressure in the overall market housing is diffused by the presence of the private rented sector which in most cases has some spare capacity to absorb surplus demand from those otherwise seeking home ownership. (For example, in year 10 the private rented sector ratio is 0.89. compared to 1.08 for the home ownership sector).
- Similarly there is the possibility for people to take up home ownership properties by crossing from one Oxfordshire local authority to another. Thus the building programme in South Oxfordshire will in part be helping to meet excess demand from within Oxford. (For example, in year 10, the home ownership ratio for Oxford is 1.2, compared with 1 for South Oxfordshire and just under 1 for Cherwell and the Vale⁷⁰.) This market flexibility is implicit in SEERA’s identification of an inner Oxford centred house building allocation and an outer allocation.

Table 7.14: Market housing supply to demand – Oxfordshire			
	Year 5	Year 10	Year 20
Lowest figure per annum	1:1 (Growth B)	1:1.01 (Growth B)	1:1.02 (Growth B)
Highest figure per annum	1:1.03 (A2)	1:1.09 (A2)	1:1.3 (A2)

7.4.51 The figures for **affordable housing** are given on Table 7.15: The pressure on affordable homes is notably more intense, with the potential for a significant backlog of need for affordable homes to develop over the 20 year period. The worst case scenario (which is based on historic affordable housing levels) results in 4 households for every one dwelling available by year 20. The impact of an increased home building programme and the allocation of 40% affordable housing targets go some way to meeting this need but even in the best case scenario the ratio rises to almost 2 households for every available dwelling.

Table 7.15: Affordable housing supply to demand – Oxfordshire			
	Year 5	Year 10	Year 20
Lowest figure per annum	1:1.13 (Growth B)	1:1.36 (Growth B)	1:1.87 (Growth B)
Highest figure per annum	1:1.34 (A3)	1:2.07 (A3)	1:3.97 (A3)

⁶⁹ This rate of new build is c. 11,000 units above the draft SE Plan targets over the period 2006-2026.

⁷⁰ And 1.02 for West Oxfordshire

Additional development targets

7.4.52 A number of the authorities within Oxfordshire are seeking to deliver homes in addition to the basic draft SE Plan targets - Oxford and Didcot (South Oxfordshire and Vale of White Horse) have been awarded New Growth Point status, which will increase the level of development in these areas. The levels of development that would be achieved under the NGP are set out in the Panel’s recommendations to the SE Plan. Two of the model scenarios consider the impact achieving the level of development recommended in the Panel report. As is shown in Table 7.16 below, the additional development is not sufficient to meet the requirements for affordable housing or for market housing. Indeed, as has been clear in the foregoing tables, only new build development of the scale assumed by our growth scenario (some 11,000 units in excess of SE Plan targets), goes any way towards bringing balance to the market sector, and even this falls some considerable way short of dealing with pressure in the affordable sector.

Table 7.16: Annual shortfalls of affordable and market housing: Panel B Scenario¹

	Year 5	Year 10	Year 20
Social and affordable housing	1,240	2,766	4,553
Market housing	483	1,645	3,679

Panel B Scenario assumes development levels in line with the NGP initiative, as specified in the Panel report to the draft SE Plan, current demand levels based on Tribal estimates using the approach specified in the 2007 guidance.

Local authority figures

7.4.53 Most of the minimum and maximum scores to emerge across all the indicators, including the ratios, came from the Growth Point B and A3 scenarios. We have therefore extracted ratios for each of the authorities from these scenarios for comparison (Table 7.17).

7.4.54 Clearly, a much wider range of ratios emerges from the authority-level data. These figures would suggest that there is already notable imbalance in the overall Oxford housing market and, critically, that this is projected to deteriorate significantly over the projection period. The most optimistic scenario suggests there will be more than 2 households for every three dwellings by year 20, whereas the pessimistic scenario would suggest that it will be more than 3 households for every dwelling. None of the other authorities is projected to face pressure of this nature: the typical profile is a shift from broad balance to imbalance by sometime between year 10 and 15. By year 20, most of the districts are projected to have excess demand of around 6% - 8%. Further, Oxford city is not a discreet housing market – the pressure from the city will feed out to the surrounding authorities, and it is clear from these ratios that there is no “slack” in any of the surrounding areas; without remedial action, the outcome will be further pressure on the district authorities’ housing markets.

7.4.55 There is already pronounced pressure on the affordable housing sector in West Oxfordshire and Oxford – where excess demand/need is c. 13% and c. 26%. Pressure is projected to grow markedly across most of the authorities: most obviously in Oxford, where it is projected to grow to nearly 4 households per dwelling by year 20; while in West Oxfordshire excess demand/need is expected to grow to 28% and in Cherwell to 8%. These projections assume the lower estimate of housing need, and the higher level of new build. More pessimistic assumptions result in much greater levels of excess demand/need: most notably in Oxford where the projections suggest there would be

nearly 10 households in need of affordable housing for every available dwelling.

Table 7.17: Supply and demand ratios by local authority¹ (ratio values²)

	Affordable			Market			All		
	Yr 5	Yr 10	Yr 20	Yr 5	Yr 10	Yr 20	Yr 5	Yr 10	Yr 20
Cherwell									
High	1.25	1.51	1.79	1.00	1.01	1.02	1.03	1.07	1.10
Low	1.08	1.14	1.18	1.01	1.03	1.06	1.02	1.04	1.08
Oxford									
High	1.72	3.66	9.66	1.08	1.26	1.89	1.21	1.75	3.4
Low	1.26	1.91	3.74	1.01	1.03	1.04	1.06	1.21	1.61
South Oxfordshire									
High	1.12	1.23	1.3	1.00	1.00	1.02	1.01	1.03	1.06
Low	1.05	1.09	0.99	0.98	0.97	0.96	0.99	0.99	0.97
Vale									
High	1.15	1.32	1.53	0.98	0.97	0.95	1.00	1.01	1.02
Low	1.02	1.04	1.00	0.99	0.99	1.00	1.00	1.00	1.00
West Oxfordshire									
High	1.13	1.27	1.44	1.00	1.00	1.02	1.01	1.04	1.07
Low	1.13	1.26	1.28	1.00	1.01	1.05	1.02	1.05	1.08
Notes									
1 Drawing figures from scenario Growth point B (low) and A3 (high)									
2 Ratio values – these should be expressed 1, but this has been omitted throughout on the table for simplicity									

7.5 ‘Bringing it all together’ - Key issues

7.5.1 Housing in Oxfordshire is expensive. There is an affordability gap for households on single incomes – most housing on the market is unaffordable to households with a single income; we estimate that even assuming a 10% deposit, only flats in Cherwell could be afforded. Households with two incomes have more options. However, even for these households, Oxford remains unaffordable unless prices were to drop by 15%. By contrast prices could increase by 20% in Vale of White Horse, South Oxfordshire and Cherwell and still remain affordable for dual income first time buyer households (unless interest rates continue to rise).

7.5.2 As affordability worsens there is a growing number of households who have incomes too high to be considered for social rented housing but too low to access a home at market prices. Housing to meet the needs of these households is often termed affordable or intermediate housing and usually consists of subsidised home ownership or subsidised private rent.

7.5.3 The housing list statistics indicate pressure for social housing across Oxfordshire. In

particular in Cherwell and West Oxfordshire, where there are more than 10 people on the list for every property that becomes available for let. In South Oxfordshire and the Vale the situation is also pressured, with more than five applicants for every available property. Oxford appears less pressured, with around three applications for every let. However, the approach to compiling these statistics varies between authorities, so they are not directly comparable. The introduction of a common housing register will work towards removing double counting between lists, and so provide a more accurate estimate of the level of demand across each of the authorities. The under-count – which results from households in need not applying because of lack of (suitable) housing will, however, remain as an issue.

- 7.5.4 Two sets of current need estimates have been produced and used in different sets of scenarios. The housing needs figures arising from previously commissioned studies have been examined and set alongside figures derived from the analysis of homelessness figures, those in temporary accommodation and evidence of overcrowding (CLG Guidance approach).
- 7.5.5 The scenario modelling undertaken suggests a shortfall in affordable housing of c.1,040 homes per year, rising to c. 3,070 by 2026. However, these figures assume the highest levels of new build assumed by the scenario modelling (that is, a level of new build beyond significantly above the draft SE Plan and NGP targets). The least optimistic figures would suggest that the shortfalls could be c. 2,640 units per year, rising to c. 8,840 per year by 2026 (table 7.11 details which scenario applies to each figure).
- 7.5.6 The most optimistic projection for market housing is a shortfall of c. 30 homes per year rising to c. 360 homes by 2026. However, again these figures assume the highest levels of new build used in the scenario modelling – well beyond that currently proposed within the SE Plan. Notably unlike the affordable scenario, they do suggest that with this level of new build the market housing sector could be broadly in balance. The least optimistic projections suggest a current shortfall of c. 1,240 homes pa, rising to c. 6,040 pa by 2026 (table 7.12 details which scenario applies to each figure).
- 7.5.7 Demand in Oxford is already significant and is projected to continue to increase. By years 16 -20 the city represents 83% to 89% of total demand for affordable housing in the County.
- 7.5.8 The analysis suggests that currently the market is under some pressure with overall demand exceeding supply by small to moderate levels. The pressure on affordable homes is, however, more intense with the potential for a significant backlog of need for affordable homes developing over the 20 year period with a worst case scenario of over four households for every one dwelling available. To offset this shortfall, even at the best estimate, the new building programme would have to be more than twice that recommended by the draft SE Plan. It is unclear whether this would be realistic given the difficulties that are anticipated in meeting the current build programme. Further, affordable housing would need to be at least 50% of this higher level of development if the need for affordable housing were to be met. Again it is unclear whether such a commitment could be delivered.
- 7.5.9 The size of the new build programme that would be required to offset the projected shortfall appears unrealistically large. This requires the Oxfordshire local authorities to consider how best to ensure that the housing that is built can meet specific and strategic needs within the County.

8 Research recommendations

8.1.1 The Housing Market Assessment was a significant piece of research, drawing on secondary data sources, local authority data, Hometrack information, and two consultation events involving stakeholders from all the authorities involved in the study. Nonetheless, there were a number of areas that we were not able to explore fully. It was therefore agreed with the steering group that we would set out research recommendations, for consideration by the steering group. We have assumed that these recommendations could be followed up by the steering group, the Observatory or by individual authorities.

Information on property size and type

8.1.2 It has not been possible from the existing information to come to robust conclusions about the size and type of accommodation that people will demand. Further research is required in order to meet this requirement. Two approaches could be considered.

8.1.3 First, soundings could be taken from developers, as part of capacity work. Developers do tend to have a understanding of market preferences (although, they will target their development towards areas that will result in the best outcomes for themselves).

8.1.4 Second, consumer research could be undertaken, to explore households' preferences on house type and size (possibly linked to the housing aspirations outlined below). It would be useful to be able to distinguish between the preferences of existing households (that is moving households) and new households (emerging households). In research terms, the best information on the behaviour of emerging households is generated from the actual choices made by people who are now in their first home.

Household aspirations

8.1.5 The study was clearly not able to explore **why** people made key moves, nor examine what households really want from their housing in Oxfordshire now and over the next few years. It is increasingly being recognised that aspirations drive housing outcomes, so an understanding of these "whys" and "whats" could be extremely useful in future planning.

8.1.6 If the councils were planning a survey of local households we would strongly recommend that it covered some of these issues.

- motivations for renters – why tenants are renting – was it an active choice, for how long, had more affordable owner occupied housing been available would they have bought or rented⁷¹, when do they expect to buy, where?
- housing choices for older people – what is important, what would prompt a move, what type of housing would people like to live in, would they consider council/RSL housing, where would they like to live?
- what is most important when deciding where to live, is there anything you wouldn't compromise on, ...
- where did they live in their last house – tenure (this would allow the SEH tenure move assumptions used in the model to be replaced with local information, or at least provide some local information for a comparison)

Rural research

8.1.7 The secondary data on the rural housing market is not detailed enough to build up a

⁷¹ The CML have suggested that first time buyers are now much less price sensitive, and are actively choosing to rent for life-style reasons. If this is the case, then expenditure on first time buyers may not be efficient...

complete profile. More detailed research on one or more of the rural areas might be considered. This would allow a deeper understanding of the housing needs of the households in the rural area. A rural research study would entail drawing together existing secondary data (which is likely to be fairly thin) and collection of supplementary primary data - both from agencies working in the area, and from residents of the area. A face to face survey would provide the most robust data, but will prove expensive in a rural setting. Postal surveys tend to provoke a strong response bias, which can be extremely misleading in a needs assessment. A telephone survey might be a useful compromise – landlines still tend to be common in rural areas (as mobile reception can be poor, there is less reliance on mobiles in these areas), so a reasonable population and response should be achievable⁷².

- 8.1.8 We would note that there is potential for double counting of housing needs across rural studies – so care must be taken to avoid over-estimating need and demand across settlements. It can be useful to refer back to an overall constraint such as a county needs estimate or a household formation figure to ensure that local estimates are within reasonable limits.

Information on the social rented sector

- 8.1.9 Future studies/updates would benefit from improved information on demand for social rented housing. Even the best waiting list information does have its flaws.

- It is not comprehensive - it will miss those who do not register, either because of lack of information, awareness, or because they do not feel it worthwhile (it will usually miss out people in areas where there is little social rented housing).
- It may over-estimate need, if it includes people who are not in housing need. And there are problems if the lists are not kept up-to-date. Good lists should enable these people to be excluded.
- Where there are multiple providers there may be the issue of multiple applications, artificially inflating the combined waiting list

- 8.1.10 Where lists are not kept up-to-date they can contain applicants that no longer wish to be rehoused by the landlord – inflating the waiting list⁷³.

- 8.1.11 Waiting list information in Oxfordshire is fairly fragmented (most authorities have transferred their stock), and in some cases waiting list reviews are not annual. However, there may be plans to move to a common housing register. This may be helpful in providing information on households interested in social rented stock. Of particular interest would be:

- Numbers and profile of households (single, couple, etc) registering each year (waiting list and transfer)
- Number and profile of households bidding each year (waiting list and transfer)
- Number and profile of households being granted priorities outside the normal registration process

⁷² We have certainly used this approach with reasonable results in remote rural areas, where budget constraints have meant a full face to face survey was not possible.

⁷³ One recent example of a landlord reviewing its waiting list after four years resulted in the loss of 33% of the names of the list – a considerable reduction. While some of these people will rejoin when they realise they have come off the list, most will be people who no longer need social housing.

- 8.1.12 It would be also be useful to monitor characteristics such as age, ethnicity, origin (LA district/out of Oxon), time on register.

Tenure movement

- 8.1.13 The Oxfordshire housing market model draws on national data, among other things, to estimate movement between tenures. In many respects this is appropriate – the national survey is updated frequently, so changes in behaviour can be captured. However, local information would be helpful to indicate whether there is a case for modifying the estimate made from national data. Information on tenure moves could be collected in a housing needs survey or other form of residents survey. A robust sampling method would be required to ensure that the findings could be reliably extrapolated to the population as a whole, and to the key population sub groups (that is the tenure sub-groups and new households). A random sample would be required, preferably administered face-to-face, although some telephone techniques are compliant with random sampling requirements.

Private renting

- 8.1.14 The private rented sector is a key sector in the Oxfordshire housing market, especially in Oxford city. In the city, it accounts for a significant proportion of households, is highly segmented, and plays an important role in the structure of the housing market. Secondary data on the sector is fragmented and, currently, limited. A separate study to construct an evidence base (principally drawing on secondary data) would be helpful in allowing the authority to track and analyse the sector. We would suggest that that the Council Tax Register (CTR) could form a useful starting point for this analysis; if it is not already tenure coded, work could be undertaken to introduce a tenure marker onto the database. This would enable the authority to estimate (and through time, track) the size of the sector. Mapping the data, would allow analysis of the location of the sector and again, changes in the profile of the sector could be revealed over time. Linking the CTR data with address or postcoded data from other databases would allow more detailed analysis of the sector to be built up.
- 8.1.15 If a housing needs survey (or other resident-based survey) is to be undertaken, it might be worthwhile considering a private rented sector boost. A pure random sample is unlikely to yield a large enough sample to enable analysis – especially is sub-samples of the sector are to be analysed.

Appendix A - Gross Household Formation Figures 2006 – 2026

Table A1: Gross household projection flows per annum

	2006/2011	2011/2016	2016/2021	2021/2026
Cherwell under 35s	1,163	1,240	1,250	1,223
Over 35s	135	141	194	217
% over 35	10.4	10.2	13.4	15.1
Over 85s as a % of over 35s increase	6.5	25.7	40.1	53.0
Total	6,490	6,905	7,220	7,200
Oxford under 35s	1,505	1,531	1,567	1648
Over 35s	129	95	141	156
% over 35	7.9	5.8	8.2	8.7
Over 85s as a % of over 35s increase	0	12.2	39.1	53.1
Total	8,170	8,130	8,540	9,020
South Oxon under 35s	840	890	901	886
Over 35s	160	252	320	382
% over 35	16.0	22.1	26.2	30.1
Over 85s as a % of over 35s increase	0	14.4	22.4	32.3
Total	5,000	5,710	6,105	6,340
Vale under 35s	799	858	876	863
Over 35s	141	169	226	307
% over 35	15.0	16.5	20.5	26.2
Over 85s as a % of over 35s increase	11.2	33.4	45.9	54.2
Total	4,700	5,135	5,525	5,850
West Oxon under 35s	604	652	659	647
Over 35s	151	230	301	374
% over 35	20.0	26.1	31.4	36.6
Over 85s as a % of over 35s increase	10.3	24.3	36.1	42.7
Total	3,775	4,410	4,800	5,105

Source: Tribal estimates based on CLG 2004-based sub national household projections

Appendix B – Forecast Annual Demand for Affordable Housing by Local Authority

Table B1: Annual demand for affordable housing by local authority			
	Years 1-5	Years 6-10	Years 16-20
Cherwell			
Lowest figure per annum	611 (B5)	643 (B5)	631 (A2, B2)
Highest figure per annum	744 (A3)	778 (A3)	645 (A3, B3)
Oxford			
Lowest figure per annum	1,420 (Growth B)	2,560 (Growth B)	3,935 (Growth B)
Highest figure per annum	2,396 (A3)	5,423 (A3)	8,872 (A3)
South Oxon			
Lowest figure per annum	573 (A5)	571 (A5)	424 (A5)
Highest figure per annum	613 (Growth B, Panel B)	650 (Growth B, Panel B)	558 (Panel B)
Vale of White Horse			
Lowest figure per annum	482 (B5)	478 (B5)	396 (A5)
Highest figure per annum	549 (A3, Panel A)	581 (A3)	521 (A3)
West Oxon			
Lowest figure per annum	428 (A5)	423 (A5)	314 (A5)
Highest figure per annum	496 (B1-3, Growth B, Panel B)	521 (B3, Panel B)	418 (B1, 2, Growth B, Panel B)

Appendix C – Forecast Annual Demand for Market Housing by Local Authority

Table C1: Annual demand for market housing by local authority			
	Years 1-5	Years 6-10	Years 16-20
Cherwell			
Lowest figure per annum	2,000 (B2)	2,102 (B2)	2,224 (B2)
Highest figure per annum	2,020 (A4, A5)	2,130 (A3)	2,264 (A3, B3)
Oxford			
Lowest figure per annum	2,777 (Growth B)	2,933 (Growth B)	3,101 (Growth B)
Highest figure per annum	3,326 (A2)	4,841 (A2)	7,831 (A2)
South Oxon			
Lowest figure per annum	1,711 (A5)	1,775 (A5)	1,748 (A5)
Highest figure per annum	1,751 (Growth B, Panel B)	1,919 (Growth B)	2,100 (Panel B)
Vale of White Horse			
Lowest figure per annum	1,557 (B5)	1,577 (B5)	1,600 (A5)
Highest figure per annum	1,595 (A3, Panel A)	1,709 (B2)	1,915 (B2)
West Oxon			
Lowest figure per annum	1,311 (A5)	1,350 (A5)	1,321 (A5)
Highest figure per annum	1,347 (B3, Panel B)	1,467 (B3)	1,595 (B1, Growth B, Panel B)

Appendix D – Forecast Annual Shortfall for Affordable Housing by Local Authority

Table D1: Annual shortfall for affordable housing by local authority			
	Years 1-5	Years 6-10	Years 16-20
Cherwell			
Lowest figure per annum	285 (B2)	274 (B2)	183 (B2)
Highest figure per annum	432 (A3)	459 (A3)	312 (A3, B3)
Oxford			
Lowest figure per annum	864 (Growth B)	1,981 (Growth B)	3,308 (Growth B)
Highest figure per annum	1,854 (A3)	4,884 (A3)	8,336 (A3)
South Oxon			
Lowest figure per annum	272 (A5)	247 (A5)	54 (A5, B5)
Highest figure per annum	312 (B3)	327 (A3)	195 (A3, B3)
Vale of White Horse			
Lowest figure per annum	184 (A3)	152 (A3)	17 (A3)
Highest figure per annum	262 (B5)	289 (B5)	220 (B5)
West Oxon			
Lowest figure per annum	183 (A5)	164 (B5)	29 (B5)
Highest figure per annum	257 (B3)	279 (B3)	168 (B3)

Appendix E – Forecast Annual Shortfall for Market Housing by Local Authority

Table E1: Annual shortfall for market housing by local authority			
	Years 1-5	Years 6-10	Years 16-20
Cherwell			
Lowest figure per annum	538 (B3)	564 (B3)	553 (A3, B3)
Highest figure per annum	562 (A2, A4, A5)	607 (A2)	604 (A2)
Oxford			
Lowest figure per annum	554 (Growth B)	588 (Growth B)	511 (Growth B)
Highest figure per annum	1,126 (A2)	2,575 (A2)	5,432 (A2)
South Oxon			
Lowest figure per annum	323 (A5)	329 (A5)	188 (A5)
Highest figure per annum	361 (B2)	466 (B2)	527 (B2)
Vale of White Horse			
Lowest figure per annum	318 (B5)	273 (B5)	166 (A5)
Highest figure per annum	358 (A2)	417 (B2)	509 (B2)
West Oxon			
Lowest figure per annum	218 (A5)	216 (A5)	105 (A5)
Highest figure per annum	255 (B2)	337 (B2)	394 (B2)

Appendix F – Modelled Scenarios

The following scenarios have been run through the HMA market model. The scenarios have been coded for ease of use with the spreadsheets and a list of the key data or variables altered for the scenario are described in the explanation column. A full technical explanation is provided in the technical report accompanying the toolkits.

Scenario Code	Explanation
Base A1	<p>The A coded scenarios take the Tribal assessment of housing needs figures.</p> <p>Household formation figures are gross flows taken from the CLG Jan 2006 figures.</p> <p>The flows between tenures are based primarily on national assumptions derived from the 2006 Survey of English Housing.</p> <p>The new completions data is based on the draft SE plan figures with an assumed allocation to affordable housing of 30%.</p>
A2	<p>As Base A1 but with an assumption of base 40% affordable housing instead of 30%.</p>
A3	<p>As Base A1 but with the affordable housing figures based on those achieved over the last five years by each local authority.</p>
A4	<p>As Base A1 but with the destination of newly forming households aged under 35 (the bulk of newly forming households) changed from 52% to PRS and 23% to home ownership to 34% to PRS and 41% to home ownership.</p>
A5	<p>As Base A1 but with the destination of newly forming households aged under 35 (the bulk of newly forming households) changed from 52% to PRS and 23% to home ownership to 15% to PRS and 60% to home ownership.</p>
A6	<p>As Base A1 but with the destination of newly forming households aged under 35 (the bulk of newly forming households) changed from 52% to PRS and 23% to home ownership to 22% PRS, 13% home ownership and 45% other affordable housing (e.g. low cost home ownership).</p>
Growth A	<p>As Base A1 with substantial additional new build included South Oxon (Didcot) and Oxford in addition to the draft SE plan allocations (5,000 and 5,692 respectively). These are merely assumed for the purposes of the model.</p>
Panel A	<p>As Base A1 but incorporating recommended housing provision levels outlined in the draft SE plan panel report August 2007, to meet the New Growth Point initiative requirements</p>

Scenario Code	Explanation
Base B1	<p>The B coded scenarios take the various housing needs studies assessment of housing needs figures.</p> <p>Household formation figures are gross flows taken from the CLG Jan 2006 figures.</p> <p>The flows between tenures are based primarily on national assumptions derived from the 2006 Survey of English Housing.</p> <p>The new completions data is based on the draft SE plan figures with an assumed allocation to affordable housing of 30%.</p>
B2	As Base B1 but with an assumption of base 40% affordable housing instead of 30%.
B3	As Base B1 but with the affordable housing figures based on those achieved over the last five years by each local authority.
B4	As Base B1 but with the destination of newly forming households aged under 35 (the bulk of newly forming households) changed from 52% to PRS and 23% to home ownership to 34% to PRS and 41% to home ownership.
B5	As Base B1 but with the destination of newly forming households aged under 35 (the bulk of newly forming households) changed from 52% to PRS and 23% to home ownership to 15% to PRS and 60% to home ownership.
B6	As Base B1 but with the destination of newly forming households aged under 35 (the bulk of newly forming households) changed from 52% to PRS and 23% to home ownership to 22% PRS, 13% home ownership and 45% other affordable housing (e.g. low cost home ownership).
Growth B	As Base B1 with the addition of a substantial number of extra homes in South Oxon (Didcot) and Oxford in addition to the draft SE plan allocations (5,000 and 5,692 respectively). These are merely assumed for the purposes of the model.
Panel B	As Base B1 but incorporating recommended housing provision levels outlined in the draft SE plan panel report August 2007, to meet the New Growth Point initiative requirements

Appendix G – Key Study Questions

Table 2.1: Research questions for each stage of the strategic housing market assessment		
Chapter	Stage	Research Questions
3. The current housing market	1. The demographic and economic context	<ul style="list-style-type: none"> ▪ What is the current demographic profile of the area? ▪ What is the current economic profile? ▪ How have these profiles changed over the last 10 years?
	2. The housing stock	<ul style="list-style-type: none"> ▪ What is the current housing stock profile? ▪ How has the stock changed over the last ten years?
	3. The active market	<ul style="list-style-type: none"> ▪ What do the active market indicators tell us about current demand, particularly house prices/affordability? ▪ How has demand changed?
	4. Bringing the evidence together	<ul style="list-style-type: none"> ▪ How are the market characteristics related to each other geographically? ▪ What do the trends in market characteristics tell us about the key drivers in the market area? ▪ What are the implications in terms of the balance between supply and demand and access to housing? ▪ What are the key issues for future policy/strategy?
4. Future housing market	1. Indicators of future demand	<ul style="list-style-type: none"> ▪ How might the total number of households change in the future? How are household types changing, e.g. is there an aging population? ▪ How might future economic factors influence total future demand? ▪ Is affordability likely to worsen or improve?
	2. Bringing the evidence together	<ul style="list-style-type: none"> ▪ What are the key issues for future policy/strategy?
5. Housing need	1. Current housing need	<ul style="list-style-type: none"> ▪ What is the total number of households in housing need currently (gross estimate)?
	2. Future need	<ul style="list-style-type: none"> ▪ How many newly arising households are likely to be in housing need (gross annual estimate)?
	3. Affordable housing supply	<ul style="list-style-type: none"> ▪ What is the level of existing affordable housing stock? ▪ What is the likely level of future annual supply?
	4. Housing requirements of households in need	<ul style="list-style-type: none"> ▪ What is the current requirement for affordable housing from households in need? ▪ What are the requirements for different sized properties? ▪ How is the private rented sector used to accommodate need?
	5. Bringing the evidence together	<ul style="list-style-type: none"> ▪ What is the total number of households in need (net annual estimate)? ▪ What are the key issues for future policy/strategy? ▪ How do the key messages fit with the findings from Chapters 3 and 4?
6. Housing requirements of specific household groups	Families, Older People, Minority and hard to reach households, and households with specific needs.	<ul style="list-style-type: none"> ▪ What are the housing requirements of specific groups of local interest/importance?
	Low Cost Market Housing	<ul style="list-style-type: none"> ▪ What is the scope for addressing demand through the provision of low cost market housing?
	Intermediate Affordable Housing	<ul style="list-style-type: none"> ▪ What is the scope for addressing need through the provision of low cost market housing?

Appendix H – Summary Tables for Oxfordshire

Scenario: Base A1	Oxfordshire			
	Years 1-5	Years 6-10	Years 11-15	Years 16-20
Summary Outputs - per annum				
Newly arising demand pa				
Social Rented	1,786	1,857	1,237	1,273
Other Affordable Housing	399	411	258	260
All affordable	2,185	2,269	1,754	1,533
Private Rented Sector	2,711	2,865	2,905	2,946
Full market value home owners	1,661	1,854	2,036	2,224
All market	4,373	4,165	4,940	5,170
New demand from all sources pa				
Social Rented	4,018	6,453	7,668	8,754
Other Affordable Housing	635	1,153	1,340	1,452
All affordable	4,653	7,606	9,008	10,206
Private Rented Sector	4,949	5,164	5,268	5,375
Full market value home owners	5,001	6,602	8,057	9,550
All market	9,950	11,767	13,324	14,925
Shortfall (demand less turnover & new build) pa				
Social Rented	1,896	4,269	5,423	6,445
Other Affordable Housing	334	816	968	1,046
All affordable	2,230	5,086	6,391	7,492
Private Rented Sector	-394	-393	-492	-587
Full market value home owners	1,311	2,817	4,171	5,563
All market	916	2,424	3,678	4,976
Ratio outputs				
Ratio of affordable housing supply/demand	1.76	2.62	2.94	3.24
Ratio of PRS supply/demand	0.98	0.98	0.97	0.95
Ratio of home ownership supply/demand	1.48	1.98	2.40	2.81
Ratio of all open market supply/demand	1.08	1.21	1.30	1.39
Overall supply/demand	1.22	1.50	1.63	1.76
Summary output – cumulative	Year 5	Year 10	Year 15	Year 20
Ratio outputs				
Ratio of affordable housing supply/demand	1.28	1.86	2.52	3.22
Ratio of PRS supply/demand	0.95	0.91	0.85	0.79
Ratio of home ownership supply/demand	1.04	1.11	1.21	1.33
Ratio of all open market supply/demand	1.02	1.07	1.14	1.24
Overall supply/demand	1.06	1.19	1.36	1.55

Scenario: A2	Oxfordshire			
	Years 1-5	Years 6-10	Years 11-15	Years 16-20
Summary Outputs - per annum				
Newly arising demand pa				
Social Rented	1,786	1,857	1,237	1,273
Other Affordable Housing	399	411	258	260
All affordable	2,185	2,269	1,754	1,533
Private Rented Sector	2,711	2,865	2,905	2,946
Full market value home owners	1,661	1,854	2,036	2,224
All market	4,373	4,165	4,940	5,170
New demand from all sources pa				
Social Rented	3,963	6,241	7,263	8,120
Other Affordable Housing	612	1,068	1,185	1,219
All affordable	4,576	7,309	8,448	9,339
Private Rented Sector	4,947	5,155	5,249	5,365
Full market value home owners	5,071	6,861	8,525	10,254
All market	10,018	12,016	13,775	15,620
Shortfall (demand less turnover & new build) pa				
Social Rented	1,665	3,842	4,767	5,526
Other Affordable Housing	228	637	707	694
All affordable	1,893	4,479	5,474	6,220
Private Rented Sector	-346	-326	-409	-469
Full market value home owners	1,582	3,291	4,866	6,508
All market	1,237	2,965	4,458	6,039
Ratio outputs				
Ratio of affordable housing supply/demand	1.58	2.30	2.51	2.69
Ratio of PRS supply/demand	0.99	1.00	0.98	0.97
Ratio of home ownership supply/demand	1.59	2.18	2.70	3.22
Ratio of all open market supply/demand	1.11	1.26	1.38	1.49
Overall supply/demand	1.22	1.49	1.62	1.75
Summary output – cumulative				
Ratio outputs				
Ratio of affordable housing supply/demand	1.23	1.71	2.22	2.72
Ratio of PRS supply/demand	0.96	0.92	0.87	0.83
Ratio of home ownership supply/demand	1.04	1.13	1.25	1.40
Ratio of all open market supply/demand	1.03	1.09	1.18	1.30
Overall supply/demand	1.06	1.19	1.35	1.54

Scenario: A3	Oxfordshire			
	Years 1-5	Years 6-10	Years 11-15	Years 16-20
Summary Outputs -per annum				
Newly arising demand pa				
Social Rented	1,786	1,857	1,237	1,273
Other Affordable Housing	399	411	258	260
All affordable	2,185	2,269	1,754	1,533
Private Rented Sector	2,711	2,865	2,905	2,946
Full market value home owners	1,661	1,854	2,036	2,224
All market	4,373	4,165	4,940	5,170
New demand from all sources pa				
Social Rented	4,123	6,864	8,446	9,955
Other Affordable Housing	596	1,008	1,075	1,053
All affordable	4,719	7,872	9,520	11,007
Private Rented Sector	4,952	5,174	5,286	5,402
Full market value home owners	4,943	6,399	7,708	9,051
All market	9,894	11,573	12,994	14,453
Shortfall (demand less turnover & new build) pa				
Social Rented	2,255	4,986	6,557	8,054
Other Affordable Housing	390	780	825	782
All affordable	2,645	5,766	7,382	8,835
Private Rented Sector	-456	-480	-603	-721
Full market value home owners	981	2,325	3,516	4,741
All market	525	1,844	2,913	4,020
Ratio outputs				
Ratio of affordable housing supply/demand	2.05	3.08	3.52	4.00
Ratio of PRS supply/demand	0.96	0.97	0.95	0.93
Ratio of home ownership supply/demand	1.38	1.81	2.16	2.51
Ratio of all open market supply/demand	1.03	1.15	1.22	1.30
Overall supply/demand	1.22	1.51	1.65	1.79
Summary output – cumulative				
Ratio outputs				
Ratio of affordable housing supply/demand	1.34	2.07	2.95	3.97
Ratio of PRS supply/demand	0.94	0.89	0.83	0.76
Ratio of home ownership supply/demand	1.03	1.08	1.17	1.27
Ratio of all open market supply/demand	1.01	1.05	1.11	1.18
Overall supply/demand	1.06	1.19	1.36	1.56

Scenario: A4	Oxfordshire			
	Years 1-5	Years 6-10	Years 11-15	Years 16-20
Summary Outputs - per annum				
Newly arising demand pa				
Social Rented	1,771	1,842	1,221	1,257
Other Affordable Housing	399	411	258	260
All affordable	2,170	2,253	1,736	1,517
Private Rented Sector	1,822	1,929	1,954	1,993
Full market value home owners	2,565	2,806	3,002	3,193
All market	4,387	4,179	4,956	5,186
New demand from all sources pa				
Social Rented	3,978	6,349	7,496	8,509
Other Affordable Housing	635	1,151	1,337	1,448
All affordable	4,612	7,500	8,833	9,957
Private Rented Sector	4,062	4,233	4,322	4,426
Full market value home owners	5,854	7,406	8,776	10,162
All market	9,916	11,639	13,098	14,588
Shortfall (demand less turnover & new build) pa				
Social Rented	1,857	4,164	5,250	6,201
Other Affordable Housing	334	815	965	1,041
All affordable	2,190	4,979	6,216	7,242
Private Rented Sector	-1,281	-1,324	-1,438	-1,536
Full market value home owners	2,164	3,620	4,890	6,176
All market	883	2,297	3,452	4,639
Ratio outputs				
Ratio of affordable housing supply/demand	1.74	2.57	2.87	3.15
Ratio of PRS supply/demand	0.81	0.81	0.80	0.79
Ratio of home ownership supply/demand	1.72	2.20	2.60	2.98
Ratio of all open market supply/demand	1.07	1.19	1.27	1.35
Overall supply/demand	1.21	1.48	1.60	1.71
Summary output – cumulative				
Ratio outputs				
Ratio of affordable housing supply/demand	1.27	1.84	2.48	3.16
Ratio of PRS supply/demand	0.84	0.69	0.54	0.38
Ratio of home ownership supply/demand	1.06	1.15	1.27	1.40
Ratio of all open market supply/demand	1.02	1.07	1.14	1.22
Overall supply/demand	1.06	1.19	1.35	1.53

Scenario: A5	Oxfordshire			
	Years 1-5	Years 6-10	Years 11-15	Years 16-20
Summary Outputs - per annum				
Newly arising demand pa				
Social Rented	1,771	1,842	1,221	1,257
Other Affordable Housing	399	411	258	260
All affordable	2,170	2,253	1,736	1,517
Private Rented Sector	889	947	956	992
Full market value home owners	3,498	3,788	4,000	4,194
All market	4,387	4,179	4,956	5,186
New demand from all sources pa				
Social Rented	3,957	6,275	7,367	8,324
Other Affordable Housing	634	1,149	1,333	1,442
All affordable	4,591	7,424	8,699	9,766
Private Rented Sector	3,129	3,251	3,324	3,439
Full market value home owners	6,715	8,165	9,397	10,635
All market	9,844	11,416	12,721	14,075
Shortfall (demand less turnover & new build) pa				
Social Rented	1,836	4,091	5,121	6,016
Other Affordable Housing	333	812	961	1,036
All affordable	2,169	4,903	6,082	7,052
Private Rented Sector	-2,214	-2,306	-2,436	-2,523
Full market value home owners	3,024	4,380	5,511	6,649
All market	810	2,073	3,075	4,126
Ratio outputs				
Ratio of affordable housing supply/demand	1.73	2.54	2.81	3.07
Ratio of PRS supply/demand	0.63	0.63	0.62	0.62
Ratio of home ownership supply/demand	1.97	2.41	2.77	3.11
Ratio of all open market supply/demand	1.06	1.16	1.23	1.29
Overall supply/demand	1.20	1.45	1.55	1.65
Summary output – cumulative				
Ratio outputs				
Ratio of affordable housing supply/demand	1.27	1.83	2.46	3.12
Ratio of PRS supply/demand	0.73	0.46	0.20	-0.05
Ratio of home ownership supply/demand	1.08	1.19	1.32	1.47
Ratio of all open market supply/demand	1.02	1.06	1.12	1.20
Overall supply/demand	1.06	1.18	1.33	1.50

Scenario: A6	Oxfordshire			
	Years 1-5	Years 6-10	Years 11-15	Years 16-20
Summary Outputs - per annum				
Newly arising demand pa				
Social Rented	1,761	1,832	1,211	1,247
Other Affordable Housing	2,373	2,490	2,370	2,377
All affordable	4,134	4,322	4,182	3,624
Private Rented Sector	1,233	1,309	1,323	1,361
Full market value home owners	1,190	1,358	1,531	1,718
All market	2,423	2,319	2,855	3,079
New demand from all sources pa				
Social Rented	3,844	5,343	3,610	-4
Other Affordable Housing	3,815	7,456	10,697	13,792
All affordable	7,659	12,799	14,307	13,788
Private Rented Sector	3,347	1,819	-2,775	-14,588
Full market value home owners	3,121	847	-4,460	-18,233
All market	6,468	2,666	-7,236	-32,821
Shortfall (demand less turnover & new build) pa				
Social Rented	1,722	3,159	1,364	-2,312
Other Affordable Housing	3,514	7,120	10,325	13,386
All affordable	5,237	10,278	11,690	11,074
Private Rented Sector	-1,996	-3,738	-8,535	-20,550
Full market value home owners	-569	-2,938	-8,346	-22,220
All market	-2,566	-6,677	-16,882	-42,770
Ratio outputs				
Ratio of affordable housing supply/demand	2.87	4.35	4.66	4.40
Ratio of PRS supply/demand	0.68	0.51	0.04	-1.10
Ratio of home ownership supply/demand	0.86	0.05	-1.75	-6.25
Ratio of all open market supply/demand	0.74	0.42	-0.36	-2.26
Overall supply/demand	1.19	1.24	0.67	-0.91
Summary output – cumulative				
Ratio outputs				
Ratio of affordable housing supply/demand	1.65	2.82	4.01	5.01
Ratio of PRS supply/demand	0.75	0.32	-0.63	-2.84
Ratio of home ownership supply/demand	0.98	0.91	0.70	0.18
Ratio of all open market supply/demand	0.94	0.80	0.47	-0.36
Overall supply/demand	1.05	1.11	1.02	0.49

Scenario: Base B1	Oxfordshire			
	Years 1-5	Years 6-10	Years 11-15	Years 16-20
Summary Outputs - per annum				
Newly arising demand pa				
Social Rented	1,505	1,576	1,237	1,273
Other Affordable Housing	333	346	258	260
All affordable	1,838	1,922	1,754	1,533
Private Rented Sector	2,692	2,846	2,905	2,946
Full market value home owners	1,642	1,835	2,036	2,224
All market	4,334	4,121	4,940	5,170
New demand from all sources pa				
Social Rented	3,339	4,781	5,681	6,766
Other Affordable Housing	476	761	874	986
All affordable	3,815	5,542	6,554	7,752
Private Rented Sector	4,930	5,145	5,267	5,375
Full market value home owners	4,926	6,390	7,781	9,273
All market	9,856	11,535	13,048	14,648
Shortfall (demand less turnover & new build) pa				
Social Rented	1,218	2,597	3,435	4,458
Other Affordable Housing	175	424	502	580
All affordable	1,393	3,021	3,937	5,038
Private Rented Sector	-414	-412	-493	-587
Full market value home owners	1,236	2,605	3,895	5,286
All market	822	2,193	3,402	4,699
Ratio outputs				
Ratio of affordable housing supply/demand	1.50	1.99	2.20	2.51
Ratio of PRS supply/demand	0.97	0.98	0.97	0.95
Ratio of home ownership supply/demand	1.46	1.91	2.30	2.72
Ratio of all open market supply/demand	1.07	1.19	1.28	1.37
Overall supply/demand	1.16	1.35	1.47	1.60
Summary output – cumulative	Year 5	Year 10	Year 15	Year 20
Ratio outputs				
Ratio of affordable housing supply/demand	1.17	1.52	1.92	2.40
Ratio of PRS supply/demand	0.95	0.90	0.85	0.79
Ratio of home ownership supply/demand	1.03	1.10	1.19	1.31
Ratio of all open market supply/demand	1.02	1.06	1.13	1.22
Overall supply/demand	1.04	1.13	1.25	1.41

Scenario: B2	Oxfordshire			
	Years 1-5	Years 6-10	Years 11-15	Years 16-20
Summary Outputs - per annum				
Newly arising demand pa				
Social Rented	1,505	1,576	1,237	1,273
Other Affordable Housing	333	346	258	260
All affordable	1,838	1,922	1,754	1,533
Private Rented Sector	2,692	2,846	2,905	2,946
Full market value home owners	1,642	1,835	2,036	2,224
All market	4,334	4,121	4,940	5,170
New demand from all sources pa				
Social Rented	3,285	4,569	5,275	6,133
Other Affordable Housing	453	676	719	752
All affordable	3,738	5,245	5,994	6,885
Private Rented Sector	4,930	5,148	5,270	5,372
Full market value home owners	4,997	6,651	8,253	9,979
All market	9,926	11,799	13,523	15,351
Shortfall (demand less turnover & new build) pa				
Social Rented	986	2,170	2,779	3,539
Other Affordable Housing	69	244	241	228
All affordable	1,055	2,414	3,020	3,767
Private Rented Sector	-362	-333	-388	-462
Full market value home owners	1,508	3,080	4,594	6,232
All market	1,145	2,747	4,206	5,770
Ratio outputs				
Ratio of affordable housing supply/demand	1.34	1.72	1.83	2.02
Ratio of PRS supply/demand	0.98	1.00	0.99	0.97
Ratio of home ownership supply/demand	1.56	2.10	2.60	3.12
Ratio of all open market supply/demand	1.11	1.25	1.36	1.47
Overall supply/demand	1.16	1.35	1.46	1.59
Summary output – cumulative				
Ratio outputs				
Ratio of affordable housing supply/demand	1.13	1.39	1.67	1.98
Ratio of PRS supply/demand	0.96	0.92	0.87	0.83
Ratio of home ownership supply/demand	1.04	1.12	1.23	1.38
Ratio of all open market supply/demand	1.03	1.08	1.17	1.28
Overall supply/demand	1.04	1.13	1.25	1.40

Scenario: B3	Oxfordshire			
	Years 1-5	Years 6-10	Years 11-15	Years 16-20
Summary Outputs - per annum				
Newly arising demand pa				
Social Rented	1,505	1,576	1,237	1,273
Other Affordable Housing	333	346	258	260
All affordable	1,838	1,922	1,754	1,533
Private Rented Sector	2,692	2,846	2,905	2,946
Full market value home owners	1,642	1,835	2,036	2,224
All market	4,334	4,121	4,940	5,170
New demand from all sources pa				
Social Rented	3,445	5,193	6,458	7,967
Other Affordable Housing	437	615	608	586
All affordable	3,882	5,808	7,066	8,553
Private Rented Sector	4,932	5,155	5,286	5,402
Full market value home owners	4,869	6,191	7,438	8,780
All market	9,801	11,345	12,725	14,182
Shortfall (demand less turnover & new build) pa				
Social Rented	1,577	3,314	4,569	6,066
Other Affordable Housing	231	388	359	316
All affordable	1,808	3,702	4,928	6,381
Private Rented Sector	-475	-500	-603	-721
Full market value home owners	907	2,117	3,246	4,470
All market	432	1,617	2,643	3,749
Ratio outputs				
Ratio of affordable housing supply/demand	1.76	2.39	2.72	3.20
Ratio of PRS supply/demand	0.96	0.96	0.95	0.93
Ratio of home ownership supply/demand	1.36	1.74	2.07	2.42
Ratio of all open market supply/demand	1.03	1.13	1.20	1.28
Overall supply/demand	1.16	1.36	1.48	1.63
Summary output – cumulative				
Ratio outputs				
Ratio of affordable housing supply/demand	1.23	1.70	2.29	3.03
Ratio of PRS supply/demand	0.94	0.89	0.82	0.75
Ratio of home ownership supply/demand	1.02	1.08	1.15	1.25
Ratio of all open market supply/demand	1.01	1.04	1.09	1.16
Overall supply/demand	1.04	1.14	1.26	1.42

Scenario: B4	Oxfordshire			
	Years 1-5	Years 6-10	Years 11-15	Years 16-20
Summary Outputs - per annum				
Newly arising demand pa				
Social Rented	1,490	1,561	1,221	1,257
Other Affordable Housing	333	346	258	260
All affordable	1,823	1,907	1,736	1,517
Private Rented Sector	1,803	1,910	1,954	1,993
Full market value home owners	2,546	2,786	3,002	3,193
All market	4,349	4,135	4,956	5,186
New demand from all sources pa				
Social Rented	3,299	4,676	5,508	6,521
Other Affordable Housing	475	759	870	982
All affordable	3,775	5,435	6,379	7,503
Private Rented Sector	4,043	4,214	4,322	4,431
Full market value home owners	5,779	7,193	8,500	9,886
All market	9,822	11,407	12,822	14,317
Shortfall (demand less turnover & new build) pa				
Social Rented	1,178	2,492	3,263	4,213
Other Affordable Housing	175	422	499	575
All affordable	1,353	2,914	3,762	4,788
Private Rented Sector	-1,300	-1,343	-1,438	-1,531
Full market value home owners	2,089	3,407	4,614	5,899
All market	788	2,064	3,176	4,369
Ratio outputs				
Ratio of affordable housing supply/demand	1.49	1.95	2.13	2.42
Ratio of PRS supply/demand	0.80	0.81	0.80	0.79
Ratio of home ownership supply/demand	1.70	2.13	2.50	2.89
Ratio of all open market supply/demand	1.07	1.17	1.25	1.33
Overall supply/demand	1.15	1.33	1.43	1.55
Summary output – cumulative				
Ratio outputs				
Ratio of affordable housing supply/demand	1.17	1.50	1.89	2.34
Ratio of PRS supply/demand	0.84	0.69	0.53	0.38
Ratio of home ownership supply/demand	1.06	1.14	1.25	1.38
Ratio of all open market supply/demand	1.02	1.06	1.12	1.20
Overall supply/demand	1.04	1.13	1.24	1.39

Scenario: B5	Oxfordshire			
	Years 1-5	Years 6-10	Years 11-15	Years 16-20
Summary Outputs - per annum				
Newly arising demand pa				
Social Rented	1,490	1,561	1,221	1,257
Other Affordable Housing	333	346	258	260
All affordable	1,823	1,907	1,736	1,517
Private Rented Sector	870	928	956	992
Full market value home owners	3,479	3,769	4,000	4,194
All market	4,349	4,135	4,956	5,186
New demand from all sources pa				
Social Rented	3,279	4,603	5,379	6,338
Other Affordable Housing	475	756	866	976
All affordable	3,754	5,359	6,246	7,314
Private Rented Sector	3,110	3,232	3,334	3,444
Full market value home owners	6,640	7,952	9,124	10,364
All market	9,749	11,184	12,458	13,807
Shortfall (demand less turnover & new build) pa				
Social Rented	1,157	2,418	3,134	4,030
Other Affordable Housing	174	420	495	569
All affordable	1,331	2,838	3,629	4,600
Private Rented Sector	-2,233	-2,326	-2,426	-2,518
Full market value home owners	2,949	4,167	5,238	6,377
All market	716	1,841	2,812	3,859
Ratio outputs				
Ratio of affordable housing supply/demand	1.48	1.91	2.07	2.34
Ratio of PRS supply/demand	0.63	0.63	0.62	0.62
Ratio of home ownership supply/demand	1.94	2.34	2.67	3.02
Ratio of all open market supply/demand	1.06	1.14	1.21	1.27
Overall supply/demand	1.14	1.30	1.38	1.48
Summary output – cumulative				
Ratio outputs				
Ratio of affordable housing supply/demand	1.17	1.49	1.86	2.30
Ratio of PRS supply/demand	0.72	0.46	0.20	-0.05
Ratio of home ownership supply/demand	1.08	1.18	1.31	1.45
Ratio of all open market supply/demand	1.02	1.05	1.11	1.18
Overall supply/demand	1.04	1.12	1.23	1.36

Scenario: B6	Oxfordshire			
	Years 1-5	Years 6-10	Years 11-15	Years 16-20
Summary Outputs - per annum				
Newly arising demand pa				
Social Rented	1,481	1,551	1,211	1,247
Other Affordable Housing	2,307	2,424	2,370	2,377
All affordable	3,788	3,975	4,182	3,624
Private Rented Sector	1,214	1,290	1,323	1,361
Full market value home owners	1,171	1,338	1,531	1,718
All market	2,384	2,275	2,855	3,079
New demand from all sources pa				
Social Rented	3,163	3,637	1,841	-116
Other Affordable Housing	3,656	7,063	10,226	13,310
All affordable	6,819	10,699	12,067	13,194
Private Rented Sector	3,306	1,655	-3,124	-15,486
Full market value home owners	3,062	680	-4,879	-19,252
All market	6,368	2,335	-8,003	-34,738
Shortfall (demand less turnover & new build) pa				
Social Rented	1,042	1,452	-405	-2,424
Other Affordable Housing	3,355	6,726	9,854	12,904
All affordable	4,397	8,179	9,450	10,480
Private Rented Sector	-2,037	-3,902	-8,884	-21,448
Full market value home owners	-629	-3,105	-8,765	-23,238
All market	-2,666	-7,007	-17,649	-44,687
Ratio outputs				
Ratio of affordable housing supply/demand	2.61	3.72	3.99	4.23
Ratio of PRS supply/demand	0.68	0.49	0.00	-1.19
Ratio of home ownership supply/demand	0.84	-0.01	-1.89	-6.58
Ratio of all open market supply/demand	0.73	0.39	-0.42	-2.40
Overall supply/demand	1.12	1.08	0.49	-1.06
Summary output – cumulative				
Ratio outputs				
Ratio of affordable housing supply/demand	1.55	2.48	3.44	4.41
Ratio of PRS supply/demand	0.75	0.30	-0.69	-3.00
Ratio of home ownership supply/demand	0.98	0.90	0.69	0.14
Ratio of all open market supply/demand	0.94	0.79	0.44	-0.42
Overall supply/demand	1.03	1.05	0.91	0.34

Scenario: Growth (A)	Oxfordshire			
	Years 1-5	Years 6-10	Years 11-15	Years 16-20
Summary Outputs - per annum				
Newly arising demand pa				
Social Rented	1,786	1,857	1,237	1,273
Other Affordable Housing	399	411	258	260
All affordable	2,185	2,269	1,754	1,533
Private Rented Sector	2,711	2,865	2,905	2,946
Full market value home owners	1,661	1,854	2,036	2,224
All market	4,373	4,165	4,940	5,170
New demand from all sources pa				
Social Rented	3,902	6,030	6,916	7,649
Other Affordable Housing	578	940	951	869
All affordable	4,479	6,970	7,868	8,518
Private Rented Sector	4,952	5,174	5,287	5,407
Full market value home owners	4,606	5,179	5,519	5,806
All market	9,558	10,354	10,806	11,213
Shortfall (demand less turnover & new build) pa				
Social Rented	1,659	3,699	4,499	5,146
Other Affordable Housing	221	539	508	382
All affordable	1,879	4,238	5,007	5,528
Private Rented Sector	-500	-546	-691	-827
Full market value home owners	621	1,080	1,300	1,468
All market	121	534	610	640
Ratio outputs				
Ratio of affordable housing supply/demand	1.58	2.18	2.27	2.36
Ratio of PRS supply/demand	0.96	0.97	0.95	0.93
Ratio of home ownership supply/demand	1.20	1.32	1.36	1.39
Ratio of all open market supply/demand	1.01	1.05	1.06	1.06
Overall supply/demand	1.13	1.29	1.32	1.33
Summary output – cumulative	Year 5	Year 10	Year 15	Year 20
Ratio outputs				
Ratio of affordable housing supply/demand	1.23	1.69	2.17	2.63
Ratio of PRS supply/demand	0.94	0.88	0.81	0.73
Ratio of home ownership supply/demand	1.02	1.04	1.07	1.10
Ratio of all open market supply/demand	1.00	1.01	1.03	1.04
Overall supply/demand	1.04	1.12	1.21	1.30

Scenario: Growth (B)	Oxfordshire			
	Years 1-5	Years 6-10	Years 11-15	Years 16-20
Summary Outputs - per annum				
Newly arising demand pa				
Social Rented	1,505	1,576	1,237	1,273
Other Affordable Housing	333	346	258	260
All affordable	1,838	1,922	1,754	1,533
Private Rented Sector	2,692	2,846	2,905	2,946
Full market value home owners	1,642	1,835	2,036	2,224
All market	4,334	4,121	4,940	5,170
New demand from all sources pa				
Social Rented	3,223	4,358	4,929	5,662
Other Affordable Housing	418	548	485	402
All affordable	3,642	4,906	5,414	6,064
Private Rented Sector	4,932	5,155	5,287	5,407
Full market value home owners	4,532	4,968	5,245	5,530
All market	9,464	10,123	10,532	10,938
Shortfall (demand less turnover & new build) pa				
Social Rented	980	2,027	2,512	3,158
Other Affordable Housing	61	147	42	-84
All affordable	1,042	2,174	2,554	3,074
Private Rented Sector	-519	-566	-691	-828
Full market value home owners	547	869	1,026	1,192
All market	27	304	335	365
Ratio outputs				
Ratio of affordable housing supply/demand	1.35	1.64	1.65	1.76
Ratio of PRS supply/demand	0.96	0.96	0.95	0.93
Ratio of home ownership supply/demand	1.18	1.26	1.29	1.32
Ratio of all open market supply/demand	1.00	1.03	1.04	1.04
Overall supply/demand	1.08	1.16	1.17	1.19
Summary output – cumulative	Year 5	Year 10	Year 15	Year 20
Ratio outputs				
Ratio of affordable housing supply/demand	1.13	1.36	1.61	1.87
Ratio of PRS supply/demand	0.94	0.87	0.80	0.72
Ratio of home ownership supply/demand	1.01	1.04	1.06	1.08
Ratio of all open market supply/demand	1.00	1.01	1.01	1.02
Overall supply/demand	1.02	1.06	1.11	1.16

Scenario: Panel A	Oxfordshire			
	Years 1-5	Years 6-10	Years 11-15	Years 16-20
Summary Outputs - per annum				
Newly arising demand pa	1,786	1,857	1,237	1,273
Social Rented	399	411	258	260
Other Affordable Housing	2,185	2,269	1,754	1,533
All affordable	2,711	2,865	2,905	2,946
Private Rented Sector	1,661	1,854	2,036	2,224
Full market value home owners	4,373	4,165	4,940	5,170
All market				
New demand from all sources pa	3,998	6,380	7,537	8,557
Social Rented	625	1,117	1,275	1,355
Other Affordable Housing	4,623	7,498	8,812	9,912
All affordable	4,950	5,170	5,279	5,396
Private Rented Sector	4,936	6,367	7,631	8,908
Full market value home owners	9,886	11,536	12,911	14,305
All market	1,786	1,857	1,237	1,273
Shortfall (demand less turnover & new build) pa				
Social Rented	1,792	4,094	5,173	6,114
Other Affordable Housing	286	736	854	893
All affordable	2,078	4,831	6,027	7,007
Private Rented Sector	-447	-469	-590	-702
Full market value home owners	1,024	2,346	3,495	4,658
All market	577	1,876	2,906	3,956
Ratio outputs				
Ratio of affordable housing supply/demand	1.68	2.48	2.76	3.01
Ratio of PRS supply/demand	0.97	0.97	0.95	0.93
Ratio of home ownership supply/demand	1.39	1.80	2.14	2.47
Ratio of all open market supply/demand	1.04	1.15	1.23	1.30
Overall supply/demand	1.18	1.43	1.54	1.65
Summary output – cumulative	Year 5	Year 10	Year 15	Year 20
Ratio outputs				
Ratio of affordable housing supply/demand	1.26	1.79	2.38	3.00
Ratio of PRS supply/demand	0.95	0.89	0.83	0.76
Ratio of home ownership supply/demand	1.03	1.09	1.17	1.27
Ratio of all open market supply/demand	1.01	1.05	1.11	1.18
Overall supply/demand	1.05	1.17	1.31	1.47

Scenario: Panel B	Oxfordshire			
	Years 1-5	Years 6-10	Years 11-15	Years 16-20
Summary Outputs - per annum				
Newly arising demand pa	1,505	1,576	1,237	1,273
Social Rented	333	346	258	260
Other Affordable Housing	1,838	1,922	1,754	1,533
All affordable	2,692	2,846	2,905	2,946
Private Rented Sector	1,642	1,835	2,036	2,224
Full market value home owners	4,334	4,121	4,940	5,170
All market				
New demand from all sources pa	3,319	4,708	5,550	6,570
Social Rented	466	725	809	889
Other Affordable Housing	3,786	5,433	6,359	7,459
All affordable	4,931	5,150	5,279	5,396
Private Rented Sector	4,861	6,155	7,356	8,632
Full market value home owners	9,792	11,305	12,636	14,028
All market	1,505	1,576	1,237	1,273
	333	346	258	260
Shortfall (demand less turnover & new build) pa				
Social Rented	1,114	2,422	3,186	4,126
Other Affordable Housing	127	344	388	427
All affordable	1,240	2,766	3,573	4,553
Private Rented Sector	-466	-489	-590	-702
Full market value home owners	949	2,134	3,220	4,382
All market	483	1,645	2,631	3,679
Ratio outputs				
Ratio of affordable housing supply/demand	1.43	1.87	2.04	2.31
Ratio of PRS supply/demand	0.96	0.97	0.95	0.93
Ratio of home ownership supply/demand	1.36	1.73	2.05	2.38
Ratio of all open market supply/demand	1.03	1.13	1.21	1.28
Overall supply/demand	1.12	1.29	1.38	1.49
Summary output – cumulative	Year 5	Year 10	Year 15	Year 20
Ratio outputs				
Ratio of affordable housing supply/demand	1.15	1.46	1.81	2.21
Ratio of PRS supply/demand	0.94	0.89	0.83	0.76
Ratio of home ownership supply/demand	1.03	1.08	1.15	1.25
Ratio of all open market supply/demand	1.01	1.04	1.10	1.16
Overall supply/demand	1.03	1.11	1.21	1.33

Appendix I

Glossary

Affordability	A measure of whether households can access and sustain the cost of private sector housing. There is no standard measure of affordability. This report uses two broad measures: the lenders' multiplier (2.9 times joint income or 3.5 times single income (whichever the higher)); and the more sophisticated approach developed by the model which assesses the affordability of housing, based on the cost of housing making assumptions around interest rates, deposits and so on – here we assume that the household should not spend more than 33% of their income on mortgage costs.
Affordable housing	<p>PPS3 defines affordable housing as “social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:</p> <ul style="list-style-type: none"> - Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices. - Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision”.
ASHE	Annual Survey of Hours and Earnings
CDC	Cherwell District Council
CLG	(Department for) Communities and Local Government, previously the ODPM (Office of the Deputy Prime Minister)
Current need	(Previously referred to as the backlog of need) Households whose current housing circumstances fall below accepted minimum standards. This would include households living in overcrowded conditions, in unfit or seriously defective housing, families sharing, and homeless people living in temporary accommodation or sharing with others.
Housing need	PPS3 defines housing need as “the quantity of housing required for households who are unable to access suitable housing without financial assistance”.
HSSA	Housing Strategy Statistical Appendix (the replacement for the HIP returns)
Intermediate Housing	PPS3 defines intermediate housing as “housing at prices and rents above those of social rent but below market prices or rents and which meet the criteria set out above. These can include shared equity products (eg Homebuy), other low cost homes for sale and intermediate rent.”
LDFs	Local Development Frameworks
OCC	Oxfordshire County Council
ONS	Office for National Statistics
PPS3	Planning Policy Statement 3 (PPS3: Housing), November 2006
RHS	Regional Housing Strategy
RSR	Regulatory Statistical Returns
SEH	Survey of English Housing
SODC	South Oxfordshire District Council
VoWH	Vale of White Horse District Council
WODC	West Oxfordshire District Council