

www.oxford.gov.uk



**Oxford City
Council Local
Plan 2036**

*Employer-linked
Affordable Housing*

**BACKGROUND
PAPER**

INTRODUCTION

Employers in Oxford are facing significant challenges in recruiting and retaining staff as a result of the lack of availability and affordability of housing. There is not only a shortage of homes in Oxford, but a shortage of homes that are affordable to local people working in Oxford. Many of these workers are unable to afford market housing or even private rented accommodation in the city and if they take a job in the city they are faced with long commutes. This is having a huge impact upon some of Oxford's major employers, such as the hospitals, universities, schools and public sector organisations, in particular the County Council, who find the recruitment and retention of social care workers particularly challenging.

The wider context of affordable housing and the implications for the proposed Local Plan have been discussed at length in other papers. The emphasis of this paper is on the specific needs for certain employers in Oxford who are facing significant challenges in recruiting and retaining staff as a result of the lack of availability and affordability of housing.

PLANNING POLICY CONTEXT

National Planning Policy Framework (2018)¹

The NPPF (paragraph 64) states that major housing developments must make available at least 10% of their properties for affordable housing. To ensure that developers contribute to their affordable housing requirements, the government is proposing a restriction on the use of viability testing of developments which do not comply with Local Plan Policy with respect to affordable housing provision. It is hoped this will prevent viability claims that negotiate down the proportion of off-market homes. Furthermore, ministers want to inject transparency into the affordable housing process by allowing the public to view viability assessments which remain an undisclosed procedure.

The Housing White Paper - Fixing our Broken Housing Market²

The Government has published a White Paper setting out proposals to boost housing supply and address the unaffordability issue, including measures to speed up building rates, diversifying the type of homes available and ensuring the right homes are built in the right places. There are also proposed changes to definition of what constitutes affordable housing.

Measures included in the White Paper relevant to the preparation of the Local Plan include:

¹ Ministry of Housing, Communities and Local Government, July 2018
(<https://www.gov.uk/government/consultations/draft-revised-national-planning-policy-framework>)

² Fixing our broken housing market – DCLG February 2017
(https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf - accessed June 2018)

- Introduction of a standardised approach to calculating assessed housing needs to apply from April 2018. In September 2017, the government published a consultation on a proposed standard method for calculating local authorities' housing need;
- Ensuring Plans focus on having clear policies to address the housing requirements of particular groups such as older and disabled people;
- Requiring local authorities to provide a clear strategy to maximise the use of suitable land in their area and amending the NPPF to indicate that great weight should be attached to the value of using suitable brownfield land for housing;
- Supporting development of small sites with an expectation that local authorities will have policies to support small windfall sites;
- Requiring at least 10% of sites allocated in local plans to be 0.5 hectares or less;
- Amending the definition of affordable housing to include a wider range of products including social rented housing, starter homes, discounted market sale housing, affordable private rent housing and intermediate housing;
- Requiring local authorities to ensure that a minimum of 10% of all homes on individual qualifying sites are affordable home ownership products, with the appropriate mix to be determined locally; and
- Amending the NPPF to ensure plans and proposals encourage higher density development

While the proposed changes demonstrate recognition of the issue, they are nonetheless proposed for implementation over a medium to long term timescale, and the current level of need in Oxford is such that it requires a more immediate and locally centred intervention.

Oxford City Council Housing Strategy 2015 - 2018

Oxford City Council's Housing Strategy 2015-2018 includes objectives to deliver more affordable housing to meet the City's housing needs. It sets out corporate actions to deliver this including delivering new council homes, Barton Park strategic site, and implementing strategies around affordable housing and empty homes.

Oxford City Council Corporate Plan 2016-2020

The City Council identifies housing affordability as a key issue facing the city, both for local people and local employers. This is acknowledged in the Corporate Plan which seeks to help deliver investment in new affordable homes to help key workers, those on low incomes, and the most vulnerable to find a home that they can afford and that meets their needs.

Oxford Core Strategy 2026 and Sites and Housing Plan 2011-2026

Paragraph 7.2.7 of the Core Strategy recognises that Oxford is home to many key workers³, including people who work in the public sector. While there is currently no policy

³ The City Council's definition of a key worker is any person who is in paid employment solely within one or more of the occupations as listed in paragraph A2.30 of the Sites and Housing Plan 2011-2026 and Appendix 1.

specifically addressing affordable housing for key workers, the existing framework recognising the need faced by key workers in the unique setting of Oxford. The Core Strategy states that provision for key workers will be supported in addition to the required obligations of developers in relation to affordable housing as described in policies HP3 and HP 4 of the Sites and Policies Plan.

OXFORD CONTEXT

Oxford is a successful economy and a successful place with a long history as both a centre of educational and scientific excellence, and as a prominent manufacturing centre⁴. The sectors driving the unique economic and social profile of Oxford also happen to be significant employers and with a substantial physical presence in the city and its environs. They are specialist and knowledge driven, and are a good fit with the highly educated population. This is comprised of not only the high profile specialist roles but also the numerous support roles and services that allow such innovation to happen as well as people that are often public sector employees who ensure that the essential services that allow the city to function.

Oxford's challenge is that, as the economy is growing, the availability of housing that is affordable for all has become increasingly constrained. The conundrum this presents, is that the growing economy feeds job growth and the influx of people to fill them, placing pressure on the availability of housing and services. However without the influx of people with the right skills and experience, there is very little scope for economic growth and the delivery of essential services will become increasingly challenging.

Recent studies demonstrate that there is often a spatial mismatch between people and jobs, whereby housing areas are distanced from areas dense with job opportunities⁵. Lower paid and lower skilled workers are disproportionately affected, faced with fewer commuting options and barriers to relocation (financial or otherwise⁶). Social housing can be a potential solution, however with limited stock choices and long waiting lists (over 2500 on the waiting list⁷), it may not be a viable option for many, especially those that may have specific needs with regards to sufficient space, accessibility etc. Appendix 3 sets out further information on the comparative affordability of rental and purchase properties in Oxford.

⁴ Oxford Labour Market Profile Appendix 2

⁵ From 'How does housing affect work incentives for people in poverty?', Joseph Rowntree Foundation, February 2016 (<https://www.jrf.org.uk/report/how-does-housing-affect-work-incentives-people-poverty>)

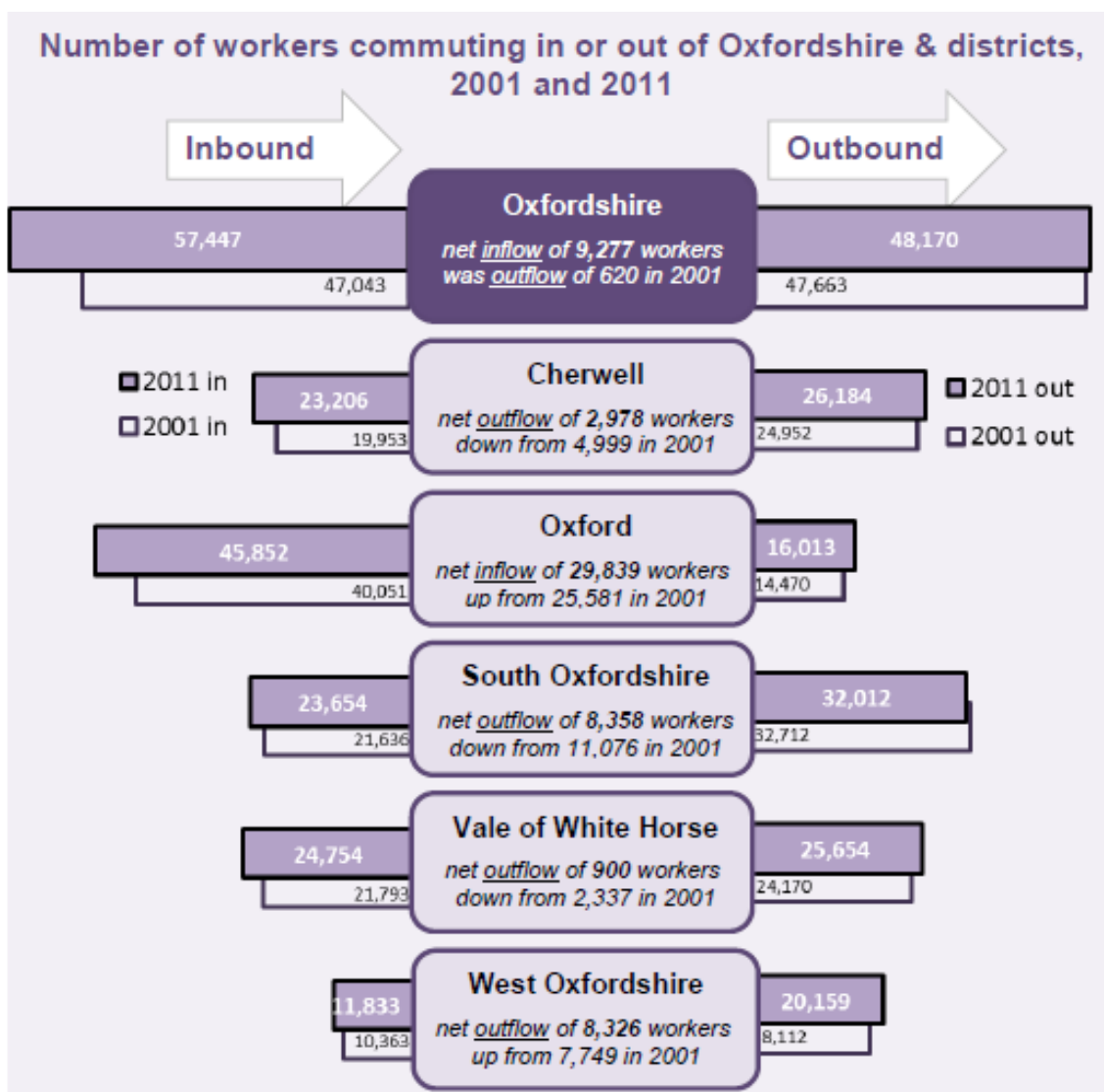
⁶ The Campaign Company, which uses a software called Origins, has found that non-white British ethnic groups associated with being from more recent waves of immigration have moved out toward the edges of Oxford, and possibly into neighbouring authorities. Within Oxford, those who are transient

⁷ Oxford City Council (2017) Housing Needs Performance – how did we do in 2017/18

Movement, Transportation, and Pressures of Accessibility

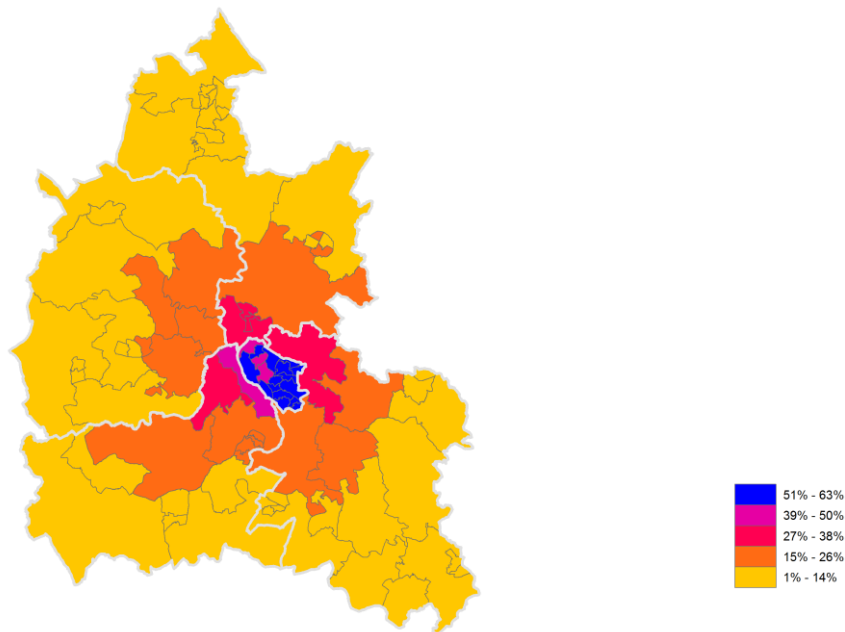
The mismatch of homes to jobs has resulted in Oxford having the highest net inflow of commuting workers in the Oxfordshire region, up significantly from previous figures from previous census. Majority of inbound commuters to Oxford arrive by car (66.8%) and there has been a 10% increase in the number of inbound drivers over the last census period (2001 to 2011). Figures 1 and 2 show the commuter flows and the location of usual residence of people who travelled to work in Oxford. Around 70 percent of people whose workplace was Oxford lived in the areas coloured in blue, mauve, pink, or orange in Figure 2. At the 2011 Census over 88,000 workers had their main job in Oxford, 46,000 of whom commuted from outside the city, mostly by car or bus. Besides the obvious environmental pressures, commuting generates its own costs which can be significant particularly when they involve long journeys. These are often borne directly by the employee, particularly if they are on temporary or agency based contracts.

Figure 1: Inbound and Outbound commuter flows in Oxfordshire



Source: <http://insight.oxfordshire.gov.uk/cms/travel-3>; 2011 Census data

Figure 2: Work and Connectivity - Census Middle Super Output Areas, percentage of Economically Active residents aged 16-64 working in Oxford



It could be inferred that the trend for increasing inbound traffic could be an indication of the increasing scale of the job market whose rate of growth already outpaces the existing capacity provided by current city residents. With a growing economy, increased housing costs discouraging renting or purchasing within city limits, the increase in traffic levels is likely to continue.

LIKELY TRENDS WITHOUT A NEW POLICY

The issues noted above; throughout the appendices of this paper; and in the host of other background papers and reports that form the evidence base of the Local Plan 2036 will not resolve themselves through being left unaddressed. Problems are likely to worsen and there are several trends considered likely to solidify should no new policy be enacted:

- Affordability will be influenced by government changes around incentivising home ownership, and also the supply of new affordable housing (for rent or purchase). In the local context of Oxford, it is anticipated that the supply of affordable homes is likely to worsen, particularly social rent. This is due to the compounding impact of: losses through Right to Buy, especially since the increased discount introduced in 2012; combined with the lack of land to provide replacement affordable homes and changes to national policy which reduce the opportunities for delivering homes through developer contributions; and caps on rental incomes for local authorities or

registered providers which have been introduced as part of the national Welfare Reform programme.

- There is likely to be an impact on the mix and balance of communities in Oxford during the Plan period.
- Recruitment and retention of workers in Oxford may be adversely affected, which may place constraints on the expansion of the economy and implications for the delivery of essential services.
- Whilst there may be employers that may seek to provide housing as an incentive, there may be a preference to prioritise provision for executive employees or special talent, or to set prohibitive terms that may exclude employees that are relatively lower levels of pay or status. As executive level employees are likely to form a minority of the overall workforce (and are those least vulnerable to the pressures of unaffordability in Oxford), there would be a minimal overall effect on the availability of housing or on the ability for the wider economy to retain the essential workforce.

DEVELOPING A SOLUTION FOR EMPLOYER-LINKED AFFORDABLE HOUSING

Recruitment and retention problems due to affordability and housing issues are some of the most consistently raised concerns of businesses in Oxford. Finding a way to assist employers with recruitment and retention problems supports the Local Plan objectives in three ways: economic (productivity of the employer and local investment); housing (provision of affordable housing); and sustainability (opportunity to live closer to place for work, increased energy efficiency and reduced emissions). As such, the policy was developed through discussion with several large employers in Oxford. The largest employers in key sectors of the local economy were consulted for early input to the development of this policy, as they collectively held notable landholdings in the city; their employees are likely to be direct beneficiaries of the proposed policy once implemented; and in order to best understand their needs and shape a mechanism that could help them deliver affordable housing on their own named sites, whilst also meeting the aspirations, ambitions, and objectives of Oxford City Council and the Local Plan.

A letter was sent out to 95 employees, including all the colleges of the University of Oxford, and all the schools in the city. A copy of the letter is in Appendix 4. Comments were returned from many significant respondents including, the University of Oxford, Corpus Christi College, Oxford Health (the local NHS trust), BMW-Mini, Community School Alliance Trust, Oxford Academy, and Oxford Bus Company.

Responses and Feedback

The responses received were generally supportive of the principle of the policy and the new approach being taken. Internal staff feedback citing the problems of affordability in the city and inconvenience of travel when living outside the city were frequently cited. Several of the respondents reiterated their continued struggles with recruitment and retention as direct outcomes of affordability issues in the city. The potential of their role as notable landowners and possible developers was also noted as appealing to them, and it was welcomed that the changes proposed by this policy approach would unlock such potential.

One significant employer did reply that they do not consider the provision of employer-linked affordable housing appropriate to the needs of the manufacturing sector. They took the view that there was no employer link between housing need and manufacturing operations at their plant. They noted that, in practical terms, they also did not consider it appropriate to locate employer-linked housing within the curtilage of industrial activity sites. One other employer echoed this latter sentiment, but also indicated that they would consider contributing sites as and when they become available as they are still supportive of the policy principle where it is workable and appropriate in different contexts.

Furthermore, some responses from the health and social care sector fed back some detailed information and evidence contributing to their support of our policy approach. They noted that the Health and Social care sector is the second largest in terms of the workforce in the city and that a key source of information about the challenges resulting from the lack of affordable housing provision is a collection of research papers and surveys commissioned by Oxfordshire County Council and Oxford Health Foundation trust to determine the impact of housing challenges on the workforce. For them, housing affordability was unsurprisingly cited as an issue. The level of home ownership among workers in this sector is below the national average. The survey also highlighted the push factors that exist. The survey reports that 1 in 4 employees will need to move home within the next 2 years. For care workers it rises to 1 in 3. Housing related reasons are significant push factor, with the main reasons given being the need for cheaper housing, the desire for more space, and the opportunity to buy a home. Other factors cited related to transport, including the length and cost of travel and difficulties with parking. There is demonstrable support among employees in employer provided housing, the survey reporting 50% of NHS workers and 30% of Adult Social Care workers expressing an interest. They form a significant proportion of the current workforce of the social care sector and other sections of the NHS and public sector. These workers are an essential part of the delivery of these services and the issue of affordability will be even more pressing due to the absence of benefits and income guarantees that come with permanent employment. They are also subject to high turnovers, which can be exacerbated by the high costs of living.

The Policy

In developing the policy, the Council maintained several clear objectives;

- Developing a new planning policy approach that allows/encourages/incentivises key employers/partners to use their land and resources to help meet some of their own (affordable) housing needs and helps delivers those with pace
- Developing an approach that embodies affordability and access for a diagonal cross-section of employees/staff – not just to attract ‘celebrity academics’
- Developing a policy approach that doesn’t mean significant numbers of housing sites/opportunities for ‘traditional’ affordable housing delivery were also lost
- Developing an approach where the amount of social rented housing supply ‘lost’ from suitable sites for the sake of employer-linked affordable housing is minimised
- Developing an approach with partners that uses new and innovative methods of delivery and construction (off-site production/high quality design and construction/low carbon principles)

The policy is also careful to not apply as a blanket to all employer held land, but only apply to specific sites chosen for their suitability, availability, and potential capacity to cater to the housing needs of essential workers (who form a significant proportion of the workforce in Oxford). These sites have been/will be identified in coordination with the relevant landowner as suitable in terms of their capacity and appropriate housing typology. As it is not a blanket requirement on all sites, it is not expected that the policy will be unduly onerous to implement.

The sites selected to be suitable for employer linked housing are set out in Appendix 5. These sites have been selected as a result of responses from landowners to the letter and on-going discussions.

Policy H3 is set out in full as follows:

Policy H3: Employer-linked affordable housing

Planning permission will be granted on specific sites (as listed in Appendix 3.4) for affordable housing for rent. On these sites an affordable housing approach will need to be agreed with the Council setting out how the proposed affordable homes will be developed and managed by the employers (or their development partners on their behalf) to meet the housing needs of their employees. Where this policy is applied the standard affordable housing requirements of Policy H2 will not apply, except to any market housing element on the site.

All the following criteria must be met to apply this policy:

- a) the employer has an agreed affordable housing approach in place setting out access criteria and eligibility, rent policy and rent levels, approved by the City Council and*

reviewed every five years; and

- b) 100% of the housing should be available to be occupied by those employees who meet the requirements of the affordable housing approach agreed with the council and be available in perpetuity; and*
- c) the occupation of such housing will be limited to households where at least one member works for the employer linked to the site (for the duration of their employment). This also applies to social care workers who work for but are not employed directly by Oxfordshire County Council and to some NHS staff.*
- d) an occupancy register should be kept and made available for inspection by the City Council at any time; and*
- e) planning applications must be accompanied by a detailed explanation and justification of the approach proposed and the mechanisms for securing the requirements of this policy.*

A legal agreement will be required to secure the benefits of this policy. In addition the legal agreement will be used to:

- f) agree the allocations policy;*
- g) ensure that in periods where there are vacant units for more than 6 months, the employer works with the City Council's housing team who will ensure those units are offered to those on the housing register;*
- h) agree that if the employer finds they no longer have a need for the housing, 50% of the housing must be managed by a Registered Provider or the City Council's housing company, with 40% retained for social rent.*

OPERATION OF THE POLICY

Policy H3 requires that the entirety (100%) of housing delivered in this way be occupied by employees that meet the requirements of the affordable housing approach as agreed by the council, and for these to be available in this form to be available for rent in perpetuity. Such provision will be included within the applicable affordable housing requirements for developments of an appropriate size, and there would be no additional financial contribution required by the developer. The developer would be required to sign up to a legal agreement to ensure that the housing remains as social rented housing in perpetuity. This guarantee would be assured through a section 106 agreement that would be signed between the applicant and Oxford City Council as part of the granting of planning permission.

APPENDIX 1: THE CITY COUNCIL'S DEFINITION OF KEY WORKERS AS SET OUT IN THE SITES AND HOUSING PLAN 2011-2026

Defining Key Workers

In the Oxford setting, the council considers a key worker to be a person who is in paid employment solely within one or more of the following occupations:

- *Most NHS workers: (all clinical staff except doctors and dentists)*
- *Schools: qualified teachers in any Local Education Authority school or sixth form college, or any state-funded Academy or Free School; qualified nursery nurses in any Oxfordshire County Council nursery school*
- *Universities and colleges: (lecturers at further education colleges; lecturers, academic research staff and laboratory technicians at Oxford Brookes University or any college or faculty within the University of Oxford)*
- *Police & probation: police officers and community support officers; probation service officers (and other operational staff who work directly with offenders); prison officers including operational support*
- *Local authorities & Government agencies: (social workers; occupational therapists; educational psychologists; speech and language therapists; rehabilitation officers; planning officers; environmental health officers; clinical staff; uniformed fire and rescue staff below principal level)*
- *Ministry of Defence: servicemen and servicewomen in the Navy, Army or Air Force; clinical staff (with the exception of doctors and dentists).*

APPENDIX 2: OXFORD LABOUR MARKET PROFILE

The Oxford labour market is highly diverse, although it is predominantly comprised of knowledge intensive sectors (71% of workforce) with most employees in professional occupations. The resident population is highly educated, with a high proportion (42.6%) qualified at NVQ level 4, i.e. HND/degree level or above which is much higher than the regional and national average (27.4%)⁸. Workers in key sectors (education, health and human services) comprise of the largest proportion of the Oxford workforce⁹. The JSA claimant rate is very low, however it does have a proportion of the population (21%) that is economically inactive that is slightly higher than the Southeast average (19.9%). Most employees are full time workers.

Table 1: Oxford Labour market profile

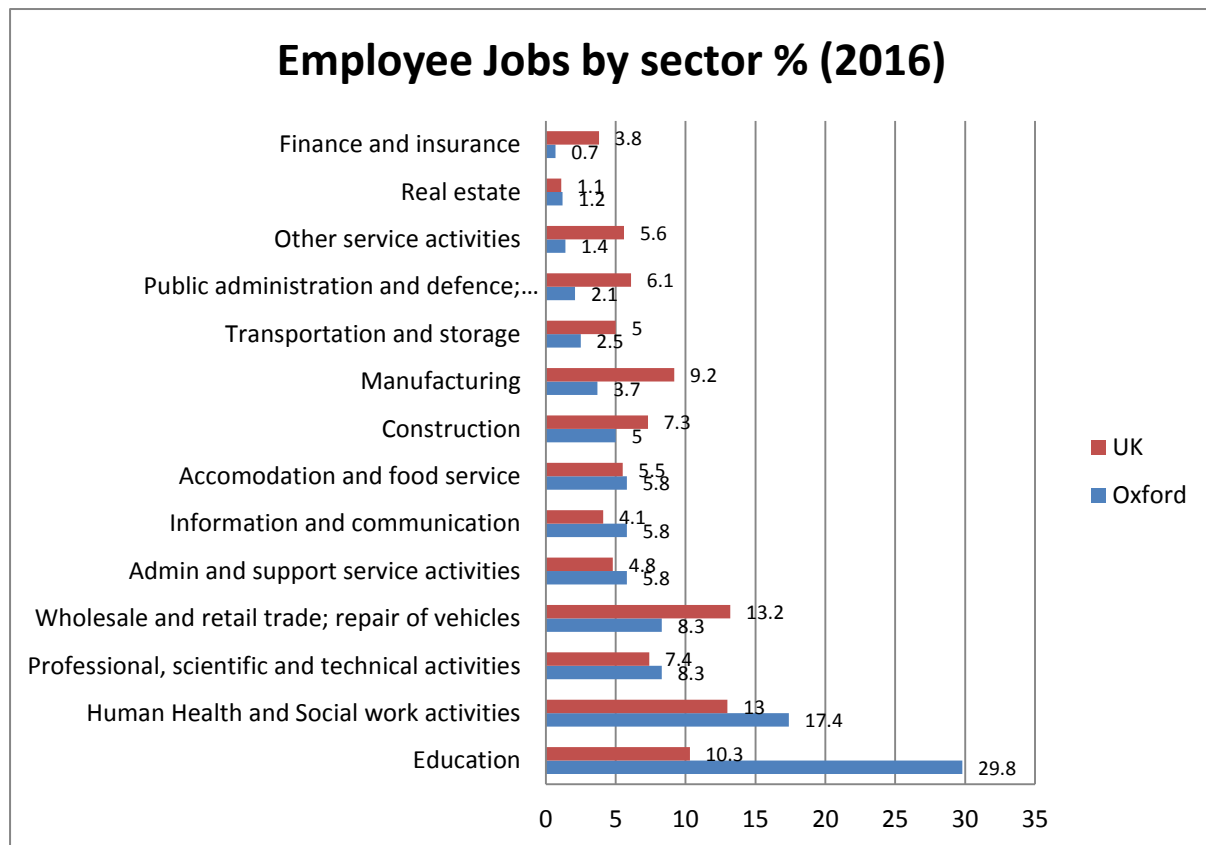
Category of worker	Oxford employee jobs	(%)
Full time	82000	67.8
Part time	39000	32.2
Total employee jobs	121000	

(<https://www.nomisweb.co.uk/reports/lmp/la/1946157324/report.aspx?town=oxford>)

⁸ Oxford Economic Profile (2018)

⁹ ONS: <https://www.nomisweb.co.uk/reports/lmp/la/1946157324/report.aspx?#ld> (accessed June 2018)

Figure 1: Distribution of employee jobs by sector in Oxford compared to UK figures



(ONS <https://www.nomisweb.co.uk/reports/lmp/la/1946157324/report.aspx?#ld>)

The 100 largest employers in Oxford account for approximately 66,600 jobs, equivalent to 60.1% of total employment¹⁰. In line with the overall labour market profile, they are highly represented in the knowledge based sectors. The contribution of high level and innovative work is clear; however alongside them are the wide base of key workers in supporting roles or in essential public services that in numerical terms outnumber them. The labour market profile indicates that a significant proportion of the resident workforce can be categorised as key workers based on the description above.

¹⁰ Oxfordshire’s top 100 employers – October 2012 (<http://insight.oxfordshire.gov.uk/cms/oxfordshires-top-100-employers>)

APPENDIX 3: COMPARATIVE AFFORDABILITY OF RENTAL AND PURCHASE PROPERTIES IN OXFORD

Oxford remains one of the least affordable cities in the UK, the impact of rising ownership and rental costs compounded by constraints on available housing units.

Table 1: Property affordability compared across Oxfordshire local authorities

<u>Area Lower quartile</u>	<u>Lower quartile purchase price (£)</u>	<u>Lower quartile private rent (£)</u>	<u>Affordable rent (£)</u>	<u>Lower quartile social rent (£)</u>
Cherwell	52,900	24,900	19,900	15,600
Oxford	61,700	36,900	29,500	15,800
South Oxon	67,100	30,700	24,500	16,700
VoWH	56,900	26,600	21,300	17,600
West Oxon	53,700	26,600	21,300	18,000

Extract from SHMA, Table 43: Indicative income required to purchase/rent without additional subsidy (based on 2013 data)

Housing affordability has been steadily worsening over time in comparison to incomes. The situation is such that intermediate housing options such as the Government's 'Starter Homes' would still be out of reach for many key workers. Several workers earning around about the media/average wage may well find themselves in need of social housing. Some workers would require social housing despite being in full employment and at median incomes. Employers in the university and health sectors have reported that housing affordability has been a significant barrier in their ability to recruit and retain existing staff.

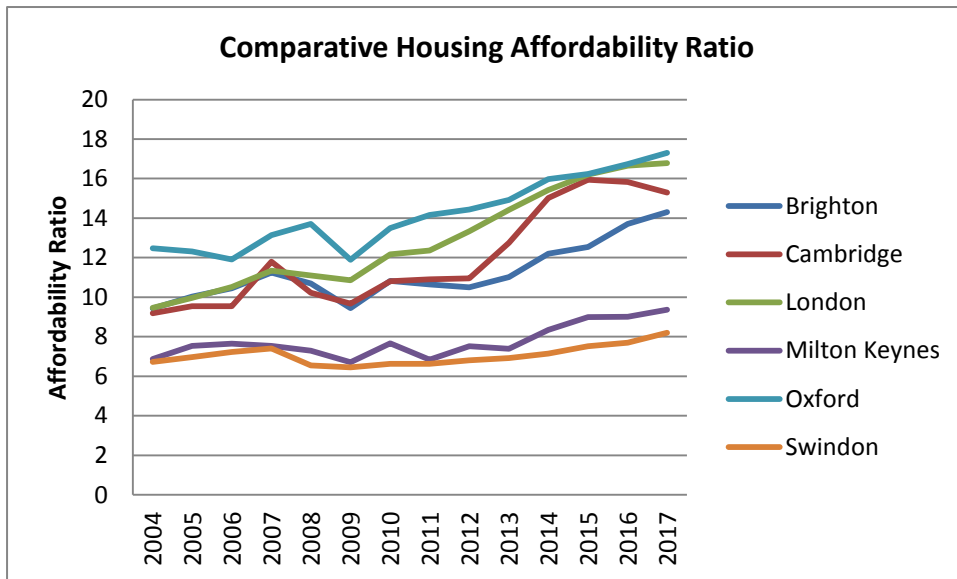
Table 2: Rent Affordability (costs per month across all room categories), 2014-15

<u>Area</u>	<u>Mean</u>	<u>Lower quartile</u>	<u>Median</u>	<u>Upper quartile</u>
Cherwell	884	695	825	975
Oxford	1,204	875	1,080	1,395
South Oxfordshire	1,081	795	900	1,200
Vale of White Horse	1,001	750	895	1,100
West Oxfordshire	954	725	850	1,000
Oxfordshire	1,065	775	925	1,200

Source: Private Rental Market Statistics 2014-15, Table 2.7

<https://www.gov.uk/government/statistics/private-rental-market-summary-statistics-england-2014-15>

Figure 1: Comparative Housing Affordability across different cities



Source: Centre for Cities 2018

APPENDIX 4: CONSULTATION LETTER TO EMPLOYERS

BY EMAIL

Local Plan 2036

27 February 2018

Dear Sir/Madam

Oxford Local Plan 2036 – Possible new policies to support delivery of employer-linked housing

In the public consultation on the Local Plan 2036 Preferred Options last year we tested an option to introduce supporting employer-linked housing developments, with the intention that it could help with the recruitment and retention issues that employers in Oxford report.

This is a fairly new policy idea but one that we feel is worth exploring because of the particular affordability issues that face people living and working in Oxford.

The proposed approach seeks to encourage key employers in Oxford to proactively address their own housing needs by building housing on their own land for their own staff, which could involve a reduced requirement for social rented housing on the site compared to the normal policy requirements for affordable housing provision. I enclose a copy of the Preferred Option for ease of reference.

We received many comments through the Local Plan consultation and are now considering these in refining the policy approach. However we would specifically be interested to hear if you have any further thoughts on this potential policy, and how likely it is that you would consider providing housing for staff on your site(s) to help with recruitment and retention within the Local Plan period to 2036. For example would any of your sites have any space for adding some residential uses, would your business uses be compatible to be alongside residential uses or would you need to buy new sites; is there particular sectors of your staff (in terms of salary/payscale or roles) which you would particularly wish to target the housing for to address your staffing concerns; and What type of accommodation would those people need e.g. family sized homes or smaller 1-2 bed flats.

Any extra information that you can provide at this stage, will help us to refine the policy approach and help us to best meet your needs.

We look forward to hearing from you with any further comments you would like to make about this topic to rnixon@oxford.gov.uk by 16th March 2018.

Yours faithfully,

Sarah Harrison
Principal Planner for the Oxford Local Plan 2036

Encl. extract of preferred options consultation, options for employer-linked housing

APPENDIX 5: EMPLOYER LINKED HOUSING SITES

- Campus sites of the colleges of the University of Oxford and of Oxford Brookes. These are sites with academic accommodation existing at the time of the submission of the Local Plan, and where academic institutional use would remain on the site, even with the development of some employer-linked housing.
- Edge of Playing Fields Oxford Academy
- Edge of Playing Fields Bayards Hill Primary School
- Grandpont car park (or) Iffley Mead
- Old Power Station
- Radcliffe Observatory Quarter
- Slade House (or) Manzil Way Resource Centre
- Warneford Hospital
- Summertown House, Apsley Road
- West Wellington Square
- Osney Mead
- Court Place Gardens
- John Radcliffe Hospital
- Churchill Hospital
- Nuffield Orthopaedic Hospital