

Background paper 002

Affordable Housing

This paper explains the key issues relating to affordable housing needs in Oxford, and the context to delivering affordable housing that reflects the local circumstances in Oxford (especially that they need to be truly affordable to Oxford residents).
Relevant Local Plan 2042 Objectives: <ul style="list-style-type: none">• Maximise capacity for delivering homes across the city and set a housing requirement that seeks to meet the needs of different groups as far as possible.• Provide access to affordable, high-quality and suitable accommodation for all.
Relevant SA Objective(s): 4.To meet local housing needs by ensuring that everyone has the opportunity to live in a decent affordable home
SEA theme(s): Material assets, population, human health

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1. Introduction

1.1 Affordability (or unaffordability) of housing for people living in Oxford is a key issue to address in LP2042 and is also a corporate priority of the City Council more broadly. It is an issue that goes back many years, as a result of the high land values and property prices in Oxford not being matched by salaries, resulting in many people being priced out of the market to buy or to rent homes in Oxford.

1.2 The problems cannot be solved by planning policies alone, but LP2042 can help to address it alongside other Council initiatives and programmes including the Affordable Housing Delivery Programme and the Council's housing company OX Place delivering affordable homes.

1.3 This paper explains the key issues relating to affordable housing needs in Oxford. It then explains how LP2042 could seek to address these needs with policies to deliver affordable housing that reflects the local circumstances in Oxford and that is truly affordable to Oxford residents.

1.4 This paper helps to explain the following housing-related topics:

- Delivering affordable homes (contributions from residential developments)
- Affordable housing contributions from new purpose-built student accommodation
- Affordable housing contributions from self-contained older persons accommodation
- Employer-linked affordable housing.

1.5 This paper focuses on the affordability of housing and factors affecting the delivery of affordable housing, whilst the supply and demand is covered in Housing Need Background Paper 003 (which also explains how affordability is factored into overall housing need in the Standard Method calculations) and Background Paper 004 covers specialist housing need.

2. Policy Framework/Plans, Policies, Programmes (supporting Task A1 of Sustainability Appraisal)

National Planning Policy Framework and Planning Practice Guidance

2.1 The [National Planning Policy Framework](#) (NPPF) sets out that Local Plans should deliver a sufficient number and range of homes to meet identified housing need, including affordable housing. It defines affordable housing in Annex 2 of the [NPPF](#). The Planning Practice Guidance (PPG) sets out further clarification about how the NPPF should be applied, including how to calculate affordable housing need and supply.

2.2 Elements of national policy and guidance that are particularly relevant to delivering affordable housing in Oxford are:

- The threshold of 10 dwellings for seeking developer contributions towards affordable housing (thereby exempting developments of 1-9 dwellings from affordable housing requirements) ([PPG](#) paragraph 023).
- The Permitted Development Rights (General Permitted Development Order) for conversion of office to residential, which has a similar impact of effectively exempting those conversion developments from affordable housing contributions.

2.3 The former NPPF requirement to include First Homes in the affordable housing mix, has now been removed from the NPPF (explained in footnote 31 of [NPPF](#)). Instead, there is greater emphasis on delivering social rent (paragraphs 63 and 64 of the [NPPF](#)). These amendments to the NPPF are more closely aligned with the aspirations in Oxford for affordable housing that is truly affordable to those in Oxford in housing need.

Housing and Planning Act 2016

2.4 The Housing and Planning Act (2016) sets out measures intended to boost the supply of new housing nationally, to devolve significant new powers to a local level, and to support first time buyers to make home ownership more affordable. There was also various reforms to social housing, which do not directly impact the delivery of new affordable housing but do affect the supply of Social Rent housing available because of initiatives such as right to buy.

Oxford City Council Corporate Strategy 2024-28

2.5 The City Council [Corporate Strategy 2024-28](#) identifies housing affordability as a key issue facing the city, both for local people and local employers. The Corporate Strategy identifies delivering good, affordable homes as one of the key priorities.

Oxford City Council Housing, homelessness and rough sleeping strategy 2023-2028

2.6 Oxford City Council's [Housing, homelessness and rough sleeping strategy 2023-2028](#) sets out intentions to provide more affordable and low carbon homes, alongside wider intentions to improve conditions for those renting homes, and to prevent homelessness and rough sleeping. Providing more, affordable, homes is identified as a key priority, and actions to deliver this include OX Place delivering a build programme, working with housing associations to build new homes including Social Rent, and working with neighbouring councils to ensure that more affordable housing is built in and around Oxford.

3. Current situation (supporting Task A2 and A3 of Sustainability Appraisal)

3.1 Oxford is one of the least affordable cities, due to the mismatch between average house prices/rent levels and average salaries (the affordability ratio). This has been the situation for a number of years. The high cost of housing in Oxford, compared to wages, (known as housing affordability) has many impacts and consequences, and many people who work in Oxford cannot afford to live here.

3.2 In August 2024 the [average house price in Oxford](#) was £489,000. This is more than 12 times the average household earnings; this makes it one of the least affordable places in the country. This has consequences for the economy and key services, as employers struggle to attract and retain staff, including essential hospital staff, health and social care workers, teachers, as well as those in retail, hospitality, and office workers. There are also potential social impacts on families and communities who may be split up because of housing costs. Even when applying so-called affordable housing purchase products, such as shared ownership or First Homes, it is still unaffordable for many people in Oxford to own their own home.

3.3 As a consequence of high house prices, there is a large private rented sector in the city. However, rent levels are also very high, so renting a home via the private-rented sector is also out of reach for many people. The average private rent in Oxford is [£1,725 a month](#) (September 2024). This can result in Oxford's workforce needing to share rented accommodation or needing to commute into the city in order to find suitable accommodation. It also means that Social Rent housing plays an important role in meeting affordable housing needs in Oxford.

3.4 Social Rented housing is the lowest cost compared to market values. Tenants rent from the City Council or a Housing Association, usually at about 40% of market cost (ie what a private landlord would charge for the same home). Thus as the lowest cost option it helps provide housing for those in greatest need. Unsurprisingly, there is a huge demand for this type of housing in the city, yet it is also the most expensive to build (due to the larger discounts on returns). There are also significant numbers of people who do not have sufficient priority on the housing register to be considered for Social Rent (when compared to households in even greater housing need), yet market housing is also out of reach. So it is also important that intermediate types of housing (such as shared ownership models) continue to be provided for as well.

Oxford City Housing Register

3.5 The Oxford City Council Housing Register records how many people have registered to apply for Social Rent housing in the city. There are currently (January 2025) just over 3,000 people on the housing register, and it is expected that only 5% of these will be housed within a year.

3.6 Regardless of the method used, Oxford is one of the most expensive places to buy or rent a property in comparison with monthly earnings, as a result of high land values, limited land availability, and a shortage of homes. This means that housing is so expensive - in absolute terms and compared to average salaries - that many people are priced out of the market and many people who work in the city are unable to afford to live here.

Affordable housing delivery

3.7 The City Council has been working to increase the delivery of affordable homes through a number of measures across council departments. Some affordable housing is delivered through planning permissions on qualifying sites, some is delivered directly by the City Council through the affordable homes programme, and some is delivered via the City Council's Housing Company OX Place. There are also various other complementary programmes and initiatives by the City Council to tackle homelessness and reduce empty homes.

3.8 Table to show affordable housing completions in Oxford 2016/17 to 2023/24, taken from [Authority Monitoring Report 2023/24](#)

Year	Affordable housing completed
2016/17	20

2017/18	17
2018/19	105
2019/20	104
2020/21	144
2021/22	274
2022/23	273
2023/24	61

4. Likely trends without a new Local Plan (supporting Task A2 and A3 of Sustainability Appraisal)

4.1 One of the biggest issues facing residents in Oxford is the unaffordability of homes, to rent or to buy. Overall the affordability of housing in Oxford is likely to continue to be an issue in future, as the lack of land for housing (including for affordable housing) and increasing land values push house prices up further. [Research](#) suggests that social and affordable housing accommodation is likely to need to continue to play an important role for Fast Growth Cities (FGCs) such as Oxford and Cambridge, where overall increases in the housing stock are unlikely to fully address affordability issues alone.

4.2 The supply of affordable homes to meet need in Oxford is likely to remain a challenge, particularly Social Rent, but also market rates and discounted purchase options, such as shared ownership. Market rental prices are also likely to continue to increase as the unaffordability of buying homes puts additional pressure on the rental market. In turn this also affects the types of homes required, and there is already high demand for shared accommodation in the private rental sector as a lower cost option than renting or purchasing individual properties.

4.3 The supply of affordable housing is being challenged due to the compounding impact of: a general lack of land supply for new homes within Oxford, losses through Right to Buy, especially since the increased discount introduced in 2012; changes to national policy which reduce the opportunities for delivering new affordable homes through developer contributions, for example the city is not allowed to secure affordable homes when new homes are delivered via office to residential prior approval B56 permissions, and even with an updated local plan this situation would not change; and caps on rental incomes for local authorities or registered providers which are set nationally.

4.4 Together these factors are likely to impact on the overall numbers of new affordable homes delivered, as well as the mix and balance of communities in Oxford during the Plan period.

4.5 If the affordability of housing worsens, then there would also be other knock-on effects because it affects not just where people can afford to live and quality of life, and also impacts the economy as employers in key sectors in Oxford already have problems recruiting and retaining staff. If economic growth is constrained, then this affects not just Oxford but the wider region and even national economy as Oxford is a net contributor nationally.

4.6 The City Council is committed to the delivery of affordable housing through several initiatives which are outside of the local plan and would happen anyway without the plan. The City Council has set up OX Place as a wholly owned company, which has an aim of delivering more affordable housing. The Council's Affordable Housing Delivery Programme also directly delivers new homes as well as taking on homes from developer contributions. But there also needs to be supply from other sources (through developer contributions and housing associations) so overall it would be more difficult to deliver affordable housing without an up-to-date local plan.

4.7 The City Council has also been working with the other Oxfordshire district councils to help deliver homes to address Oxford's unmet need outside the city boundary. Neighbouring Local Plans make provision for these additional homes, including delivery of affordable homes. The City Council has been working with its partners on the allocation policy and management of those new affordable homes in adjoining districts, in particular ensuring that those on Oxford's housing register will be eligible to apply for the new homes. However without an up-to-date local plan to establish the housing need and housing requirement then it is less certain that unmet need within adjoining districts would be delivered because it would be difficult for those authorities to deliver additional housing over and above their own requirements if it has not been tested by an Inspector.

4.8 Affordability is also influenced by government policies related to incentivising home ownership and house building including delivery of affordable housing, which would influence affordable housing delivery in Oxford with or without a plan.

4.9 Most of these initiatives focus on helping people to purchase homes, however the nature of the housing market in Oxford means that even with those support measures, purchase options are still out of reach for many people in Oxford and/or they are not

workable or viable for developers. Recently the NPPF was updated and no longer requires First Homes to be included within the affordable element of proposals.

4.10 So overall these national initiatives in terms of affordable housing delivery, and especially Social Rent, may be fairly limited in terms of take-up and their effectiveness in addressing housing needs in Oxford because the high prices and unaffordability pressures simply do not fit with the national models. Which is why local policies are needed in the LP2042 which are bespoke to address the particular circumstances and housing needs in Oxford.

4.11 In recent years, external economic factors – including Brexit and the war in Ukraine – have also affected construction costs and availability of materials, as well as rises in the costs of borrowing. These have significantly affected viability of developments, as explained in more detail in the Viability Study. This affects how much value can be captured to deliver public goods, such as affordable housing, and also the supply of housing generally.

5. Options for Local Plan 2042 policies

5.1 The analysis set out in the previous sections of this background paper indicates that the Local Plan 2042 should include several policies to address the topic of delivering affordable housing. The Local Plan 2042 therefore includes proposes policies on the following topics:

- Affordable housing contributions from qualifying residential developments
- Affordable housing contributions from purpose-built student accommodation
- Affordable housing contributions from commercial / employment developments
- Employer-linked affordable housing

5.2 Linked to these policies, it is also important that the Plan includes an overall viability policy to ensure that none of the policies requiring affordable housing contributions would risk development becoming unviable. This is addressed in the cascade approach for sites if the full policy requirement for affordable housing contributions is not viable.

5.3 For each topic, the options that have been considered for the Local Plan 2042 policy, are presented. These ‘options sets’ are set out in tables on the following pages. The tables identify potential positives of the approach, as well as the potential negative or

neutral impacts that could arise depending on the approach taken, and that have helped inform the preferred position set out.

5.4 Additionally, the options sets have been considered in light of their specific sustainability impacts through a high-level screening against the 12 sustainability criteria forming the assessment process for the separate Local Plan Sustainability Appraisal (explained in greater detail in the Sustainability Appraisal report). Where there is potential for a significant sustainability impact to arise from an option, or where there are significant differences in impacts between potential options, the Council has “screened in” the options set in for a more detailed appraisal in the main Sustainability Appraisal report. A summary of this screening process is included at the end of each options set table.

Policy options set 002a (draft policy H2): Affordable housing contributions

5.5 Securing new affordable housing as part of larger developments is a significant way that more affordable homes can be provided in Oxford. In successive Plans the City Council has adopted policies that require the delivery of an ambitious percentage of affordable housing. These contributions – whether onsite or financial – have made a significant contribution to the supply of affordable homes in Oxford.

5.6 With any policy about contributions towards affordable housing there are various policy decisions to reflect how to direct those contributions towards most effectively delivering homes to meet the needs of local people in the specific context of Oxford. For example whether to prioritise affordable housing to rent or to buy; whether to maximise the number of affordable homes or the greatest levels of subsidy of the homes (but fewer affordable homes as they cost more in contributions); or whether to prioritise developer contributions towards other public benefits.

Table 5.1: Policy options set 002a Affordable housing contributions

Option for policy approach	Potential positive consequences of the approach	Potential negative/neutral consequences of the approach
Option a Seek to maximise the overall number of affordable homes delivered through contributions	This would help to maximise the number of affordable homes, and to meet a range of different affordable tenures including for those who are seeking affordable home ownership options. Encourages a mix of tenures onsite. More flexibility to respond to market demands to help site viability.	To be viable, this option is likely to mean a lower proportion of Social Rented homes, and a larger proportion of intermediate tenures of affordable housing such as shared ownership, so would not help as many people on the housing register. Options other than Social Rent are not affordable to many of those in need of affordable housing in Oxford because of the prices to wages ratio in Oxford.
Option b Focus on maximising the number of Social Rent homes from developer contributions, even if this means fewer affordable homes overall	This option would prioritise delivering affordable homes for those in the greatest housing need, that would not be able to afford alternative affordable housing tenures.	This is likely to result in the delivery of fewer affordable houses overall from contributions (because they cost more for developers to deliver), which could in turn worsen the level of affordable housing need if supply slows while demand continues.

		Option does not help meet the needs of households that could afford shared ownership/ low-cost home ownership models. It would also not encourage mixed communities to focus on just one tenure or form of affordable housing.
Option c Do not maximise affordable housing contributions but set them at a lower level of contribution that leaves more opportunity for alternative developer contributions or greater profit margins.	This would allow for developer contributions to be directed to delivering other infrastructure or public benefits. A greater profit may also encourage delivery of sites for residential uses and make the profit levels more competitive against other land uses which are currently more attractive to developers in terms of profit levels (mainly R&D uses in recent years).	This approach would fail to maximise opportunities to address the affordable housing crisis and inequalities, and it is not necessary in order to encourage sites to come forward because that would be tested through the preparation of the local plan.
Option d Do not include any policy requiring affordable housing contributions.	This would minimise risk of affordable housing contributions negatively impacting on viability of sites, and it would allow maximum contributions towards other infrastructure and public benefits.	This would not at all be attempting to meet affordable housing needs, which would be contrary to the NPPF, so would not be a sound approach. It would also do nothing to address the housing crisis in Oxford or reducing inequalities.

Initial sustainability appraisal screening of options sets

Is there only one option or are there various options we could take? A or b or c or d

High-level screening conclusion? the options are similar to each other and are unlikely to have significant sustainability impacts

Screened in for detailed appraisal? No

Rationale:

These options are about how to prioritise developer contributions from residential development in order to deliver public benefit in the form of affordable housing, which is a local priority. Options a and b prioritise delivering affordable housing, whilst option c prioritises affordable housing to a lesser degree (alongside other contributions or greater profits for the developer) and option d would set no local steer on affordable housing contributions. Options a and c are about the overall affordable housing requirement, usually as a percentage of the development, whereas b is about which tenure split to prioritise within that requirement.

In terms of sustainability impacts, options a and b, would score positively against **criterion 4 local housing needs** by contributing to ensuring that everyone has the opportunity to live in a decent affordable home. Option c is also likely to contribute towards **criterion 4** plus other sustainability objectives such as **criterion 7. Green infrastructure** or accessibility/transport under **criterion 8** however these are likely to be minor positive impacts and would depend very much on implementation on a case-by-case basis what the contributions were targeted to. Option d would not help to meet **criterion 4**, nor would it be consistent with the NPPF which requires plans to making provision for housing including affordable housing (para 20). Similarly, by delivering affordable housing, options a, b, c would all score positively against **criterion 5 inequalities**, because access to affordable housing is a factor in reducing inequalities. Overall, it is considered that the sustainability impacts from the options do not differ enough to warrant them being scoped in for detailed appraisal.

Policy options set 002b (draft policy H3): Affordable housing: financial contributions from new student accommodation

5.7 Many sites for student accommodation could equally be suitable for non-student homes, from which an affordable housing would normally be sought. The exception to this, is where student accommodation is developed within existing university campuses, because market housing would not usually be provided within those sites. As such, it is reasonable for the Plan to include a policy which seeks affordable housing contributions from new purpose-built student accommodation.

Table 5.2: Policy options set 002b Affordable housing: financial contributions from new student accommodation

Option for policy approach	Potential positive consequences of the approach	Potential negative/neutral consequences of the approach
Option a Seek a financial contribution from <u>all</u> student accommodation developments, towards affordable housing	In many situations, affordable housing would not be suitable to be provided on student sites. Therefore, a financial contribution towards provision of affordable housing elsewhere within Oxford would help towards meeting affordable housing needs from sites that could otherwise be making contributions from residential development on such sites.	The seeking of financial contributions provides less certainty than developing on-site affordable housing because sites would need to be secured separately. The thresholds for qualifying sites would need to be tested through plan viability.
Option b Require financial contributions from	This would mean that the financial contributions from student accommodation are sought on a comparable basis to residential development. It	None identified.

student developments equivalent to <u>10 or more</u> self-contained units [the same threshold as residential developments] or 25+ student rooms	would also maximise the level of contributions towards much-needed affordable housing.	
Option c Only require financial contributions from <u>larger</u> student schemes, for example of <u>more than 50</u> rooms (or 20 self-contained units).	None identified.	This would result in a reduced financial contribution from what would be sought if the site was for general housing where the threshold is 10 dwellings. This could encourage landowners to opt for student accommodation in unsuitable locations instead of residential homes and would not help to address the constrained supply of new homes in Oxford or to meet housing needs within Oxford.
Option d Require affordable housing to be delivered <u>on-site</u> within larger student developments	Provides more certainty that affordable housing would be delivered if it is provided by the developer as part of the development.	In many situations, affordable housing would not be suitable to be provided on student sites, for example student accommodation is typically flats so in practice it would be difficult to provide separate entrances.
Option e Do not require an affordable housing contribution from any student accommodation developments	None identified.	This would make the development of student accommodation disproportionately more viable and therefore attractive to developers, than the development of general housing which would result in sites suitable for housing being delivered for student accommodation instead. This would not help to address the constrained supply of new homes in Oxford. It would also result in the loss of any financial contribution towards affordable housing that would have been secured if the site was being developed for general housing, so would result in fewer affordable homes provided in Oxford.

<p>Initial sustainability appraisal screening of options sets</p> <p>Is there only one option or are there various options we could take? a or b or c or d or e</p> <p>High-level screening conclusion? the options are similar to each other from a sustainability perspective</p> <p>Screened in for detailed appraisal? No</p> <p>Rationale: These options are about whether to seek contributions towards affordable housing from student accommodation developments, and about what size developments that requirement should apply to. Sites that are developed for student accommodation are also often suitable in principle for residential development, so seeking contributions on a comparable basis (ie for sites delivering 10 or more homes or equivalent number of student rooms at a ratio of 2.5:1) helps to ensure that sites are not unduly prejudiced against providing residential accommodation on the basis of viability, as well as providing an additional contribution source of much-needed affordable housing to address local needs.</p> <p>In terms of sustainability impacts, options a, b, c, d would all help to deliver affordable housing so would score positively against criterion 4 local housing needs and criterion 5 inequalities, with option a having the greatest potential positive impact because it would apply to the greatest number of developments. Whereas option d would do nothing to help achieve either of these objectives. The options do not really affect the other sustainability objectives. Overall, it is considered that the sustainability impacts from the options do not differ enough to warrant them being scoped in for detailed appraisal.</p>

Policy options set 002c (Draft Policy H4): Affordable housing: financial contributions from self-contained older-persons accommodation

5.8 Many sites for self-contained older persons accommodation could equally be suitable for mainstream residential development, from which an affordable housing would normally be sought. As such, it is reasonable for the Plan to include a policy which seeks affordable housing contributions from those developments.

Table 5.3: Policy options set 002c: Affordable housing: financial contributions from self-contained older-persons accommodation

Option for policy approach	Potential positive consequences of the approach	Potential negative/neutral consequences of the approach
Option a Seek a financial contribution from <u>all</u>	In many situations, affordable housing would not be suitable to be provided on older persons sites. Therefore, a financial contribution towards provision	The seeking of financial contributions provides less certainty than developing on-site affordable housing because sites would need to be secured separately.

self-contained older persons accommodation developments, towards affordable housing	of affordable housing elsewhere within Oxford would help towards meeting affordable housing needs from sites that could otherwise be making contributions from residential development on such sites.	The thresholds for qualifying sites would need to be tested through plan viability.
Option b Require financial contributions from developments equivalent to <u>10 or more</u> self-contained units [the same threshold as residential developments]	This would mean that the financial contributions are sought on a comparable basis to residential development. It would also maximise the level of contributions towards much-needed affordable housing.	None identified.
Option c Only require financial contributions from <u>larger</u> development, for example of <u>more than 20</u> self-contained units.	None identified.	This would result in a reduced financial contribution from what would be sought if the site was for general housing where the threshold is 10 dwellings.
Option d Require affordable housing to be delivered <u>on-site</u> within larger older-persons developments	Provides more certainty that affordable housing would be delivered if it is provided by the developer as part of the development.	In many situations, onsite provision of affordable housing within new developments for older persons such as retirement complexes, is unlikely to be appropriate because of the different housing needs and lifestyles. Management agreements and other restrictions (e.g. car parking) are also imposed which are also not necessarily appropriate to general housing.
Option e Do not require an affordable housing contribution from any older-persons	None identified.	This would make the development of older-persons accommodation disproportionately more viable and therefore attractive to developers. This would not help to address the constrained supply of new homes in Oxford. It would also result in the loss of any financial contribution towards affordable housing

accommodation developments		that would have been secured if the site was being developed for general housing, so would result in fewer affordable homes provided in Oxford.
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<p>Initial sustainability appraisal screening of options sets</p> <p>Is there only one option or are there various options we could take? a or b or c or d or e</p> <p>High-level screening conclusion? - the options are similar to each other from a sustainability perspective</p> <p>Screened in for detailed appraisal? No</p> <p>Rationale: These options are about whether to seek contributions towards affordable housing from self-contained older-persons accommodation developments, and about what size developments that requirement should apply to. Sites that are developed for older-persons accommodation are also often suitable in principle for residential development, so seeking contributions on a comparable basis (ie for sites delivering 10 or more homes) helps to ensure that sites are not unduly prejudiced against providing residential accommodation on the basis of viability, as well as providing an additional contribution source of much-needed affordable housing to address local needs.</p> <p>In terms of sustainability impacts, options a, b, c, d would all help to deliver affordable housing so would score positively against criterion 4 local housing needs and criterion 5 inequalities, with option a having the greatest potential positive impact because it would apply to the greatest number of developments. Whereas option d would do nothing to help achieve either of these objectives. The options do not really affect the other sustainability objectives. Overall, it is considered that the sustainability impacts from the options do not differ enough to warrant them being scoped in for detailed appraisal.</p>
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Policy options set 002d (Draft policy H5): Affordable housing: financial contributions from new commercial development

5.9 Commercial developments can impact on affordable housing needs by encouraging workers in housing need to move to Oxford to take up new jobs generated by the proposed use of the new development. As such this policy explores whether those developments should contribute towards affordable housing provision.

Table 5.4: Policy options set 002d Affordable housing: financial contributions from new commercial development

Option for policy approach	Potential positive consequences of the approach	Potential negative/neutral consequences of the approach
Option a Require financial contributions towards off-site affordable housing from major commercial developments (over 1000sqm or 1ha)	Commercial developments have the potential to generate demand for affordable housing. Option would support economic growth by helping to deliver affordable housing to support a local workforce. Lack of affordable housing is often referenced as a constraint on Oxford's economic potential, and employers report difficulties in attracting and retaining staff because of the lack of affordable housing. Whilst the housing would not necessarily go directly to the staff of the development site, it would generally help supply of affordable housing.	Requiring financial contributions towards affordable housing could impact on viability of developments, especially in the period soon after adoption, because this is not currently a local policy requirement so schemes already in the pipeline may not have factored it into costs. This could however be mitigated with a viability cascade to ensure that the policy does not prevent sites being developed. Furthermore in recent years the viability of commercial developments has been very strong in Oxford, outstripping even residential developments. Option would also need to be tested via a viability assessment to check that this typology of site could deliver the policy requirements.
Option b Do not require financial contributions towards off-site affordable housing from major commercial developments (over 1000sqm or 1ha)	Financial contributions could be sought towards alternative public benefits eg public transport as part of travel to work to support sustainable commuting to the site.	Option would not help to deliver affordable housing at all, with knock on effects for employers trying to attract and retain staff.
Option c Require onsite provision of affordable housing as part of major commercial developments (over 1000sqm or 1ha)	Provision of affordable housing close onsite has the potential to reduce commuting and help address recruitment issues, although the residents would depend on implementation (the tenure and allocations policy) as to who could access the homes. Introducing residential to areas which are solely employment presently, could help to bring more	Onsite provision may not be feasible or practical on all sites depending on the size and location of the site, for example if the site adjoins land uses which are not compatible with residential, or if the site is located within a larger employment park which would otherwise be empty overnight and/or weekends it may not be a pleasant living environment, or on sensitive sites such as hospital sites where employers would only wish to house

	vibrancy to areas of Oxford which are otherwise only occupied for part of the day/week.	<p>their own staff for security reasons. This would depend on implementation, and certain exclusions may be justifiable eg to exclude on-profit making sectors such as health and education.</p> <p>It could also impact on viability if the employment use cannot be maximised on the site, or could constrain the economic potential of the site. A cascade policy would be needed to ensure the policy does not prevent sites being developed, with an option to revert to equivalent off-site financial contributions if appropriate.</p>
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Initial sustainability appraisal screening of options sets

Is there only one option or are there various options we could take? a or b or c

High-level screening conclusion? the options are similar to each other from a sustainability perspective

Screened in for detailed appraisal? No

Rationale: These options are about whether to seek contributions towards affordable housing from commercial developments, and about whether the contribution should be via financial contributions or via onsite provision of homes. Commercial developments can generate demand for affordable housing, so these options therefore seek contributions towards addressing that.

In terms of sustainability impacts, options a and c would all help to deliver affordable housing so would score positively against **criterion 4 local housing needs** and **criterion 5 inequalities**. Whereas option b would do nothing to help achieve either of these objectives. By helping to address affordable housing needs, options a and c would also support **criterion 12 economic growth** because affordable housing is often reported by employers as a key issue affecting recruitment and retention especially in essential sectors such as health care and schools, as long as there is a viability cascade to ensure the contribution does not prevent sites coming forwards. Option b would not help to address affordable housing needs but could mean more contributions could instead be used towards other public benefits eg public transport improvements to support employment and sustainable travel to work which would deliver alternative sustainability benefits. The options do not really affect the other sustainability objectives. Overall, it is considered that the sustainability impacts from the options do not differ enough to warrant them being scoped in for detailed appraisal. Implementation may need exclusions for certain types of employment site eg hospitals and schools.

Policy options set 002e (Draft policy H6): Employer-linked affordable housing

5.10 Many jobs in Oxford still require people to attend their workplaces because they are jobs that are not possible to do remotely, such as in frontline healthcare, teaching in schools and universities, as well as those working in manufacturing and R&D labs. Many of these workers are unable to afford market housing or even private rented accommodation in the city and find themselves living outside of Oxford with expensive and time-consuming commutes into the city, or living in shared accommodation in Oxford that is too small for their needs.

5.11 Employer-linked housing is a bespoke approach that was introduced in Oxford in the LP2036, as an additional means to help increase delivery of much-needed affordable housing. The policy provides an alternative means of delivering affordable housing, to supplement the affordable homes delivered via Policy H2.

5.12 It involves housing being developed on specified sites, by specified key employers, in the city to provide a means of delivering affordable housing for their own staff. This allows those employers to help to address their own recruitment and retention issues by providing housing on their own land. A typical example is the NHS providing staff accommodation within the hospital sites. For most of the specified sites, employer-linked housing will only be one element of use on the site, for example operational hospital uses will be retained on the hospital sites, or schools will be retained alongside residential development.

Table 5.5: Policy options set 002e Employer-linked affordable housing

Option for policy approach	Potential positive consequences of the approach	Potential negative/neutral consequences of the approach
Option a On specified sites listed in the Plan, allow developments of homes that are available only for employees who work for a specific listed organisations at an affordable rent level (as agreed with the local authority).	Provides an alternative mechanism for employers to actively help address affordable housing issues for employees, which although the homes would only be for staff, the provision of homes in turn could help reduce pressure on the housing register. Could support wider objectives of the Plan such as supporting economic growth with a sufficient workforce, and decreasing need to travel. The option could help to bring forward sites which landowners would otherwise not make available for residential	Limited number of employers could benefit as they would need to own (suitable) land to build on and be able to act as a developer. It is important that this policy does not undermine delivery of Social Rent housing because the homes would only be available to employees of the organisations and not to those on the housing register (those in greatest need). Hence it should be restricted only to sites unlikely to deliver affordable general needs housing to households in housing need.

	uses (for example by being located on operational campuses, health facilities, or education sites).	
Option b Do not include an employer linked housing policy.	Less risk of undermining delivery of much-needed Social Rented housing, if the site were to be developed then the normal affordable housing tenure split would apply including provision of social rent.	Landowners may be put off bringing forward certain sites, if the development would not be solely for their own staff e.g. on sensitive sites like hospital sites where landowner may wish to only have staff living. Removing this policy could exclude an alternative potential supply of affordable housing or sterilise sites.

Initial sustainability appraisal screening of options sets
<p>Is there only one option or are there various options we could take? a or b</p> <p>High-level screening conclusion? the options should be subject to detailed appraisal.</p> <p>Screened in for detailed appraisal? - Yes</p> <p>Rationale: These options are about whether to allow certain employers on certain sites, to develop those sites as affordable housing for rent solely for their own staff. As the site would be 100% affordable housing, the normal affordable housing tenure policies would not apply but would be agreed on a site-by-site basis to reflect the requirements of the workforce of that specific employer. There is no specific policy framework for this type of provision in national policy, so the options are whether to have such a policy or not.</p> <p>In terms of sustainability impacts, option a would contribute positively towards criterion 4 local housing needs and criterion 5 inequalities, and also criterion 12 economic growth. Under option b, the normal affordable housing tenure requirements would apply which would include social rent, however landowners may not develop the site if it cannot be guaranteed for their own staff e.g. on sensitive sites like hospital sites where landowner may wish to only have staff living. Option b could therefore exclude an alternative potential supply of affordable housing or sterilise sites. Likely impacts of option b are therefore dependent on implementation, as it could mean sites developed for residential or it could mean sites not developed at all, entirely dependent on the landowner's intentions.</p>

6. Conclusions including preferred approaches for Local Plan 2042

6.1 Having a good provision of affordable housing is crucial to retaining and attracting people to the city so that the economy can continue to grow and prosper. Should there be a high level of unaffordability in the city, many residents working in key sectors are likely to be forced to move elsewhere where homes are more affordable.

6.2 Being priced out of an area can also have social implications, especially if it means moving away from family or a place that someone would consider their home. Furthermore, with the cost of accommodation being so high the number of people on the Housing Register or at risk of becoming homeless in Oxford is likely to continue to grow. For all of these reasons, and more, the city council must tackle the issue of housing affordability in Oxford.

6.3 Key sustainability issues for the Local Plan to address in relation to delivering affordable housing from developer contributions:

- The plan should aim to continue seeking to improve the quantity of housing available in the city. However, it must also ensure that enough new homes are affordable in the Oxford context.
- Onsite provision of affordable housing can bring many benefits in terms of actually getting homes built, and in delivering mixed communities. But in some types of development, including purpose-built student accommodation and older persons accommodation, financial contributions for off-site provision may be more appropriate.
- Key employers in Oxford can also make a valuable contribution in addressing affordable housing needs, either via financial contributions from new commercial developments, or through developing employer-linked affordable housing, which in turn helps to address recruitment and retention issues.

6.4 Other plan-related issues

- Balancing the needs to deliver other important council priorities (e.g. low carbon development) with the cost of delivering affordable housing.
- Ensuring that any contributions required are deliverable financially and practically.
- Shared accommodation has a significant role as an affordable option for many living in the city, and therefore this type of living should be considered and planned for too.

- Continuing to work with neighbouring authorities to secure affordable housing as part of meeting Oxford's unmet needs, is also key to delivering affordable housing to meet identified needs.

6.1. Preferred approaches for the Local Plan 2042

6.5 Section 5 identified a number of topics that the Local Plan 2042 could include policies on to address objectives about delivering affordable housing. For each of these topics, there were options for policy approaches which could be taken, and these were presented in tables to compare the impacts.

6.6 Taking into account the various impacts from the options, the preferred approach to be taken for each topic, and set out in the main Regulation 18 consultation document, is as follows:

Delivering Affordable Homes – Draft policy H2

6.7 The preferred approach for the Local Plan 2042 policy is to take forward a combination of Options A and B. So the overall target is that sites should contribute 40% of the homes in a development as affordable housing, on qualifying residential developments (of 10 or more C3 units, or equivalent number of C2 rooms). Within that 40% the draft policy also seeks to prioritise delivery of social rent homes, requiring 80% of the affordable homes to be social rent, with the remaining as intermediate tenures.

6.8 The viability evidence does not identify a particular level of affordable housing that most schemes could viably deliver but suggests that a large proportion of the types of typical residential developments expected during the plan period could deliver this level. So whilst the 40% target is ambitious, the viability evidence suggests it could be applied on a maximum reasonable proportion basis whilst also allowing sufficient scope to meet other draft policy requirements.

6.9 Setting a lower proportion of affordable housing (either in part or the whole of the City) is likely to result in a lower overall number of affordable units being delivered, as sites that could have delivered more than the revised target would no longer do so. Affordable housing delivery can therefore be maximised by adopting an ambitious target and accepting that this will not be universally achieved on all developments. Hence alongside this policy, there is also Draft policy S4 which sets out a viability cascade, to ensure that the contributions towards affordable housing do not make any developments unviable.

Affordable housing contributions from new purpose-built student accommodation – Draft policy H3

6.10 The preferred approach for the Local Plan 2042 policy is to take forward Option B, so that contributions from student developments are sought on a comparable basis to residential schemes i.e. for the equivalent of 10 self-contained dwellings. The Government Housing Delivery Test sets out a ratio of 2.5 student bed spaces to 1 dwelling. Therefore, with the threshold at 10 dwellings for residential development affordable housing contributions, the threshold for student accommodation will be 25 bed spaces (or 10 or more self-contained student units as these are counted in monitoring terms as a dwelling). The viability evidence suggests that a large proportion of the types of typical student developments expected during the plan period could deliver this level. Exemptions are specified in the policy where contributions would not be sought.

6.11 The draft policy seeks financial contributions towards affordable housing (rather than onsite provision) because in many situations, affordable housing would not be suitable to be provided on student sites, for example student accommodation is typically flats so in practice it would be difficult to provide separate entrances.

Affordable housing contributions from self-contained older-persons accommodation – Draft policy H4

6.12 The preferred approach for the Local Plan 2042 policy is to take forward Option B. This would mean that the financial contributions are sought on a comparable basis to residential development, whilst also maximising the level of contributions towards much-needed affordable housing.

Employer-linked affordable housing – Draft policy H5

6.13 The preferred approach for the Local Plan 2042 policy is to take forward Option A. To allow, on specified sites listed in the Plan, developments of homes that are available only for employees who work for a specific listed organisations at an affordable rent level (as agreed with the local authority).

6.14 The list of specified sites reflects willing landowners, plus crucially they are sites that would otherwise not be available for residential uses (for example on operational campuses, health facilities, or education sites), if they were not being developed for staff. The policy also requires legal agreements to ensure that the homes are truly affordable and are addressing identified housing needs, for example to agree an allocations policy and rent levels.

Affordable housing contributions from commercial developments – Draft policy H6

6.15 This is a new policy, which needs further testing through the Regulation 18 consultation and viability. As such there is no preferred approach identified at this stage.