Opinion Research Services

Excellent research for the public, voluntary and private sectors

South Oxfordshire District and Vale of White Horse District Councils:

Joint Housing Needs Assessment 2024

Report of Findings

August 2024

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Introduction

1. Opinion Research Services (ORS) was commissioned by South Oxfordshire District Council and Vale of White Horse District Council, to prepare a Joint Housing Needs Assessment (JHNA). This considers the needs of both authorities for the period 2021-2041 to identify the size, type and tenure of homes that would be needed in the future, and the housing needs of different groups, including affordable housing. The study seeks to underwrite a new Joint Local Plan (JLP) 2021-2041 which will replace the existing local plans for both councils.[1]

2. For almost all local authorities in England the key starting point for understanding housing needs is the Standard Method for Local Housing Needs. This yields a figure of 605 dwellings per annum in South Oxfordshire and 628 dwellings per annum in Vale of White Horse, or 12,100 and 12,560 dwellings over the plan period and these figures represent the key underlying numbers used to model housing needs in South Oxfordshire and Vale of White Horse.

3. However, to model the need for affordable housing we are working with the latest demographic data from the Office for National Statistics. This uses the most up-to-date information on fertility and mortality rates and the latest migration trends. The government's Standard Method for Local Housing Needs is still underpinned by the Department of Levelling Up, Housing and Communities (DLUHC)'s 2014-baed household projections. This is because the latest ONS figures, when fed into government's standard method for assessing LHN do not yield enough homes nationally to achieve their 300,000 a year target. However, when we are identifying particular components of the housing need across the two districts (such as affordable housing), we need to work with the most up to date data; 2014 would simply be too far in the past to use. We therefore need to align our modelled housing need for specific groups with the minimum housing target derived from the standard method. Our model aligns these two figures through varying two key assumptions:

   » Household formation rates for younger households are adjusted on the basis that the Government's objective of providing more homes will enable more households to form. The analysis assumes that household formation rates for all age groups under 45 will progressively increase towards the equivalent rate that was recorded in 2001. This will mean that any households who would have had their own home in 2001 based upon headship rates at that time, but who now share housing or live with their family will be assumed to have their own dwellings; and

   » Where household formation rates for all age groups under 45 have returned to the levels recorded in 2001, the rate of net inward migration is increased to align the overall household growth with the number of dwellings identified by the LHN target. This is a very significant assumption because it is saying that even allowing for trend based household growth plus addressing all potential suppressed household formation in South Oxfordshire and Vale of White Horse will still lead to a lower need for

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[1] This section references: Background to the project and wider policy context and Joint Housing Need based on the Standard Method

dwellings than the standard method housing need figures. Instead, to reach the standard method dwelling target will require a small number of additional persons to move to the areas from elsewhere in the country.

4. We would also note that a concurrent Employment Land Needs Assessment was undertaken for both local authorities. This yielded a projected jobs growth for both of the areas which is consistent with achieving a balance between the number of workers in the areas and the number of jobs when sustainable commuting flows have been allowed for. Therefore, there is no requirement for a higher dwelling target to accommodate the projected workforce.

Establishing Current Unmet Need for Affordable Housing

5. To assess the current need for affordable housing, we initially calculated the number of households in South Oxfordshire and Vale of White Horse who are not suitably housed and who are unable to afford market housing. These include: all households that are currently homeless, those who are currently housed in temporary accommodation, concealed families living as part of another household, households overcrowded in social or private rent, and people otherwise not counted who are in a reasonable preference category on the housing register.[2]

6. Based on a detailed analysis of the past trends and current estimates of households considered to be in housing need, our analysis has concluded that an estimated 1,006 households in South Oxfordshire are currently living in unsuitable housing and are unable to afford their own housing. Of these households, 375 currently occupy affordable housing that does not meet the households' current needs, mainly due to the number of bedrooms. Providing suitable housing for these households will enable them to vacate their existing affordable housing, which can subsequently be allocated to another household in need of affordable housing. There is, therefore, a net need from 631 households in South Oxfordshire (1,006 less 375 = 631) that currently need affordable housing and do not currently occupy affordable housing (although a higher number of new homes may be needed to resolve all the identified overcrowding).

7. Meanwhile, our analysis has concluded that an estimated 906 households in Vale of White Horse are currently living in unsuitable housing and are unable to afford their own housing. Of these households, 404 currently occupy affordable housing that does not meet the households' current needs, mainly due to the number of bedrooms. There is, therefore, a net need from 502 households in Vale of White Horse that currently need affordable housing and do not currently occupy affordable housing (although a higher number of new homes may be needed to resolve all the identified overcrowding).

Future Need for Affordable Housing

8. In addition to those who cannot currently afford market housing, it is also necessary to consider those households who will arise in the future; and households that can afford market rents but aspire to home ownership. The following tables (Figure 1 and Figure 2) summarises the overall impact of[3]:

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[2] This section references: Affordable Housing Need, Figure 46 and Figure 47

[3] This section references: Projected Future Affordable Housing Need

» New households adding to housing need,

» The households no longer present reducing housing need and

» The changes in circumstances impacting existing households.

Figure 1: **Summary annual components of Household Growth in South Oxfordshire 2021-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

South Oxfordshire	All households	Households able to afford housing costs	Households unable to afford housing costs
All new households	4,284	3,494	790
All households no longer present	3,904	3,239	665
Change in existing households	-	61	-61
Future affordable housing need 2021-41 (Annual average)	**+380**	**+316**	**+63**

Figure 2: **Summary annual components of Household Growth in Vale of White Horse 2021-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

Vale of White Horse	All households	Households able to afford housing costs	Households unable to afford housing costs
All new households	4,243	3,294	949
All households no longer present	3,795	3,015	779
Change in existing households	-	62	-62
Future affordable housing need 2021-41 (Annual average)	**+448**	**+340**	**+108**

9. Overall reviewing the contribution of each element amounts to an additional 63 households needing affordable housing in South Oxfordshire and 108 households needing affordable housing in Vale of White Horse annually over the 20-year period 2021-41.

Needs of Households Aspiring to Homeownership

10. The government have placed an emphasis on households that cannot afford to own their home reflecting concerns that the proportion of owner occupiers has reduced nationally over the last twenty years. One unexpected consequence of current policy is that households in the Private Rented Sector (PRS) who aspire to home ownership and can afford affordable home ownership are designated as being in housing need of affordable home ownership. At the same time, households in the PRS who can afford private sector rent but cannot afford affordable home ownership are designated as being adequately housed. Figure 5 and Figure 6 work through the numbers to separate these two groups out of the total numbers of households aspiring to own whether they be in the PRS or not.[4]

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1. [4] This section references: Needs of Households Aspiring to Homeownership, Figure 70 and

2.

Figure 71

11. Overall, there are likely to be up to 6,920 households who cannot afford to buy their own home on the open market and aspire to homeownership in South Oxfordshire and up to 7,442 households in Vale of White Horse who cannot afford to buy their own home on the open market and aspire to home ownership over the period 2021-41. These are the upper limit figures and are adjusted as part of the assessment to take account of any households that can afford market ownership. The vast majority of this group of private renters can be assumed to be potential first-time buyers.

12. The government have recently introduced a new housing product entitled First Homes, which are properties to be sold with at least a 30% discount to first-time buyers. While the figure of up to 6,920 aspiration homeowners in South Oxfordshire and up to 7,442 aspiration homeowners in Vale of White Horse sets an upper threshold for the number who could seek to access First Homes, it would still be the case that these households would require a deposit and to be able to afford to service the cost of a mortgage.

13. Below, Figure 3 and Figure 4 bring together the information on assessing the unmet need for affordable housing in 2021 together with the future need for affordable housing and those aspiring to home ownership arising over the 20-year period 2021-41. It can be noted that this assessment has no regard for whether those aspiring can access affordable home ownership options; some may be able to afford home ownership but have not found a suitable property yet.

Figure 3:   Assessing total need for affordable housing 2021-2041 – South Oxfordshire (Source: ORS Housing Model)

South Oxfordshire	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Overall Affordable Housing Need
Current housing need in 2021	631	3,889	4,520
Future housing need 2021-41	1,269	3,031	4,300
TOTAL HOUSING NEED	**1,900**	**6,920**	**8,820**

Figure 4:   Assessing total need for affordable housing 2021-2041 –Vale of White Horse (Source: ORS Housing Model)

Vale of White Horse	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Overall Affordable Housing Need
Current housing need in 2021	502	4,173	4,675
Future housing need 2021-41	2,161	3,269	5,430
TOTAL HOUSING NEED	**2,663**	**7,442**	**10,105**

14. Neither the NPPF nor PPG identify that any affordability criteria should be applied to those households who aspire to homeownership but cannot afford to buy their own home. However, it is appropriate to consider the extent to which these households could afford homeownership products if they were provided.

15. Figure 5 and Figure 6 identify those households with income that would be insufficient to afford 50% of newbuild prices at the lower quartile for the local area, those households with savings of less than £5,000, and those households that both have sufficient income and savings to purchase an open market property but nonetheless choose to rent. We have also excluded households who require properties which have 4 or more bedrooms in South Oxfordshire because these cannot be delivered within the First Homes cap.

Figure 5:   First Homes housing mix by household affordability in South Oxfordshire 2021-2041 (Source: ORS Housing Model)

South Oxfordshire and Vale of White Horse	All households aspiring to home ownership	MINUS properties over the cap limit or where households can afford market home ownership	Households unable to afford market home ownership	MINUS households unable to afford 50% of newbuild LQ	Households able to afford 50% of newbuild LQ	MINUS households with savings of less than £5,000	Households able to afford 50% of newbuild LQ and have savings of £5,000 or more
1 bedroom	**757**	96	**661**	246	**415**	263	**152**
2 bedrooms	**2,797**	391	**2,406**	665	**1,742**	1,368	**374**
3 bedrooms	**2,598**	210	**2,388**	919	**1,469**	1,120	**348**
4+ bedrooms	**768**	768	-	-	**-**	-	**-**
TOTAL	**6,920**	**1,465**	**5,455**	**1,829**	**3,735**	**2,751**	**875**

Figure 6:   First Homes housing mix by household affordability in Vale of White Horse 2021-2041 (Source: ORS Housing Model)

Vale of White Horse	All households aspiring to home ownership	MINUS properties over the cap limit or where households can afford market home ownership	Households unable to afford market home ownership	MINUS households unable to afford 50% of newbuild LQ	Households able to afford 50% of newbuild LQ	MINUS households with savings of less than £5,000	Households able to afford 50% of newbuild LQ and have savings of £5,000 or more
1 bedroom	**936**	72	**864**	392	**472**	271	**201**
2 bedrooms	**2,661**	246	**2,414**	974	**1,440**	1,071	**369**
3 bedrooms	**2,691**	160	**2,531**	920	**1,611**	1,195	**415**
4+ bedrooms	**1,154**	0	**1,154**	614	**540**	318	**222**
TOTAL	**7,442**	**478**	**6,964**	**2,901**	**4,063**	**2,856**	**1,207**

16. On this basis, 875 dwellings are needed for First Homes for households that aspire to homeownership but cannot afford it in South Oxfordshire and applying the calculation leads to 1,207 dwellings being needed in Vale of White Horse. As previously noted, it is likely that the vast majority of these households would be first-time buyers. However, we would note that the households who have been excluded from this calculation because they do not sufficient savings or who cannot afford the mortgage on a First Home do still have a potential affordable housing need. It is just the case that they will not be able to access First Homes.

17. We consider that it is appropriate to exclude the households who can afford to buy or are in 4 or more bedroom properties where these cannot be delivered within the First Homes cap, but for those who lack income (households unable to afford 50% of newbuild LQ) or savings (households with savings less than £5,000) for a First Homes, alternative housing products may be more suitable. In South Oxfordshire, this amounts to 4,580 households (1,829+2,751=4,580) and in Vale of White Horse this amounts to 5,757 households (2,901+2,856=5,757). Instead, if a suitably priced Rent to Buy, or Shared Ownership product can be developed then they may move from a market need for private rent to an affordable housing need.

18. Whilst it will be a policy decision as to how much of the additional need for affordable homeownership from households able to afford market rent should be provided, the minimum figures of affordable housing needs are those 875 households in South Oxfordshire and 1,207 households in Vale of White Horse likely to form

an effective demand for First Homes in addition to the 1,900 households in South Oxfordshire and 2,663 households in Vale of White Horse unable to afford to rent or own market housing. These figures exclude the 4,580 households in South Oxfordshire and 5,757 in Vale of White Horse who are in private rented housing and may aspire to own but cannot afford to do so. Figure 7 and Figure 8 provide a breakdown of the overall need for affordable housing on this basis.[5]

Figure 7:   **Overall need for Affordable Housing 2021-41 in South Oxfordshire, including aspiring households able to access affordable home ownership, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

South Oxfordshire	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Affordable Housing (Households)
1 bedroom	56	152	208
2 bedrooms	649	374	1,023
3 bedrooms	926	348	1,274
4+ bedrooms	269	-	269
TOTAL HOUSING NEED	**1,900**	**875**	**2,775**

Figure 8:   **Overall need for Affordable Housing 2021-41 in Vale of White Horse, including aspiring households able to access affordable home ownership, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

Vale of White Horse	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Affordable Housing (Households)
1 bedroom	313	201	513
2 bedrooms	925	369	1,294
3 bedrooms	1,132	415	1,547
4+ bedrooms	294	222	516
TOTAL HOUSING NEED	**2,663**	**1,207**	**3,870**

19. For South Oxfordshire this study identifies an overall affordable housing need from 2,775 households over the 20-year period 2021-41 (134 per annum). The equivalent figure for Vale of White Horse is 3,870 households over the period 2021-41 (194 per annum).

Local Housing Need

20. The demographic projections for the JHNA are based on the latest official projections and cover the 20-year period 2021-2041. They are informed by the ONS mid-year estimates for 2021[6], and take account of the most up-to-date fertility and mortality rates and the latest migration trends. These figures therefore represent the best estimates for future households growth based upon past trends. However, whilst recent trends provide the starting point to understand trend household growth, the model still requires to deliver the overall LHN for the two areas.[7]

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[5] This section references: Identifying the Overall Affordable Housing Need, Figure 72 and Figure 73 for overall need for affordable housing

[6] Estimates of the population for England and Wales - Office for National Statistics (ons.gov.uk)

[7] This section references: Disaggregating the Minimum Joint Housing Need figure for 2021-2041, Figure 77, Figure 82 and Figure 83.

21. The final dwelling targets are set by the Local Plans 2021-41. The Joint Housing Need has already been identified as 605 dwellings per annum in South Oxfordshire and 628 dwellings per annum in Vale of White Horse, which translates to 12,100 dwellings and 12,560 dwellings across the twenty-year period. This leaves a difference between the housing need figures and the population projected need. This additional need is made up from two elements. The model aligns recent trend household growth with the LHN target through varying two key assumptions:

   » Household formation rates for younger households are adjusted on the basis that the Government's objective of providing more homes will enable more households to form. The analysis assumes that household formation rates for all age groups under 45 will progressively increase towards the equivalent rate that was recorded in 2001. This will mean that any households who would have had their own home in 2001 based upon headship rates at that time, but who now share housing or live with their family will be assumed to have their own dwellings; and

   » Where household formation rates for all age groups under 45 have returned to the levels recorded in 2001, the rate of net inward migration is increased to align the overall household growth with the number of dwellings identified by the LHN target. This is a very significant assumption because it is saying that even allowing for trend based household growth plus addressing all potential suppressed household formation in South Oxfordshire and Vale of White Horse will still lead to a lower need for dwellings than the standard method housing need figures. Instead, to reach the standard method dwelling target will require a small number of additional persons to move to the areas from elsewhere in the country.

Figure 9:   Additional Elements of housing need – South Oxfordshire and Vale of White Horse based on Standard Method (Source: CLG, ONS, ORS; Note: All figures presented unrounded for transparency)
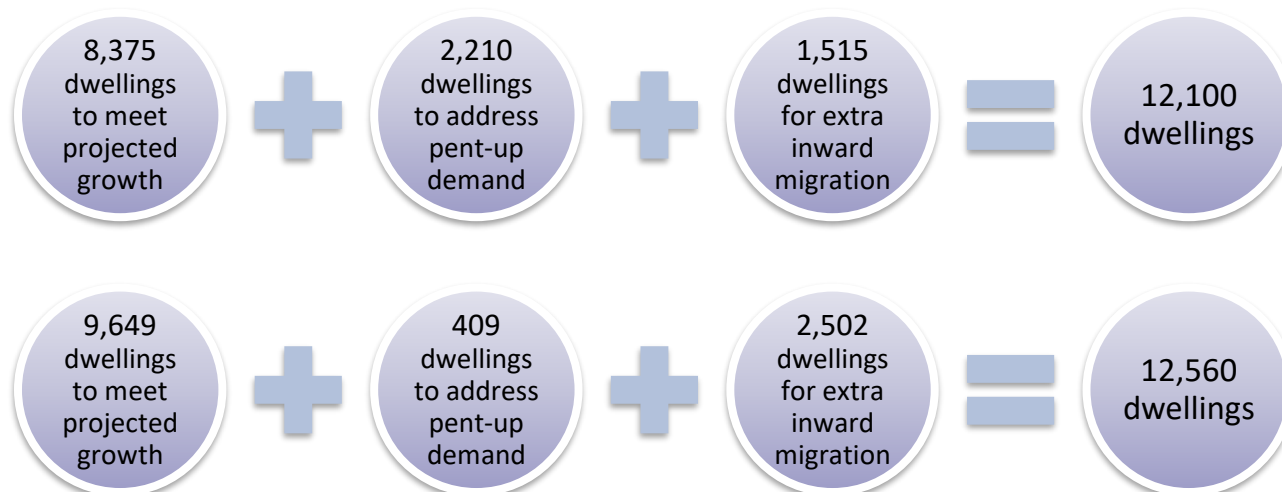
22. It is only at this point in our reporting we are referring to dwellings rather than households. Figure 10 and Figure 11 show the final result of applying a vacancy rate to all housing needs, and further disaggregating aspire to homeownership into those that can afford First Homes with a 30% discount and those that can afford First Homes with a 50% discount, but not with a 30% discount. At this point it is necessary to take account of an additional an additional element which has not been relevant in the calculations above. The dwellings needed to reconcile population and household estimate derives from the way in which institutional population is treated within the household projections. The household projections exclude population in

institutional settings and assume that the same ratio of over 75 year olds will be in institutional housing in the future as is currently the case. Therefore, not all people are assumed to be in households. However, the standard method LHN encompasses the entire population of the local authority, so it is necessary to reconcile the household projections with the total population and the number of dwellings to be provided. It is important to note that we are not assuming that the equivalent of 424 dwellings in South Oxfordshire and 388 dwellings in Vale of White Horse are delivered as Class C2 bedspaces.

Figure 10: Overall need for Market and Affordable Dwellings (including affordable home ownership products) by property size in South Oxfordshire 2021-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Unable to afford market rents	Unable to afford market ownership but able to afford First Homes with a 50% discount, but not a 30% discount	Unable to afford market ownership but able to afford First Homes with a 30% discount	Affordable Housing	Total Market Housing	Total Housing
1 bedroom	56	47	123	226	330	**556**
2 bedrooms	653	122	296	1,071	1,089	**2,161**
3 bedrooms	932	389	0	1,321	4,348	**5,669**
4+ bedrooms	271	0	0	271	3,020	**3,291**
DWELLINGS	**1,913**	**558**	**419**	**2,890**	**8,787**	**11,676**
Dwellings to Reconcile Population and Households	-	-	-	-	424	424
LHN	**1,913**	**558**	**419**	**2,890**	**9,211**	**12,100**

Figure 11: Overall need for Market and Affordable Dwellings (including affordable home ownership products) by property size in Vale of White Horse 2021-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Unable to afford market rents	Unable to afford market ownership but able to afford First Homes with a 50% discount, but not a 30% discount	Unable to afford market ownership but able to afford First Homes with a 30% discount	Affordable Housing	Total Market Housing	Total Housing
1 bedroom	315	97	114	526	100	**626**
2 bedrooms	933	139	248	1,320	183	**1,503**
3 bedrooms	1,142	188	248	1,578	4,672	**6,250**
4+ bedrooms	296	233	0	529	3,264	**3,793**
DWELLINGS	**2,686**	**657**	**610**	**3,953**	**8,219**	**12,172**
Dwellings to Reconcile Population and Households	-	-	-	-	388	388
LHN	**2,686**	**657**	**610**	**3,953**	**8,607**	**12,560**

Sensitivity Testing

23. All the figures set out above are for net changes in the housing stock. Factors which can cause the net outputs to vary from the gross need include[8]:

  » Right to buy sales which must be added to the net affordable housing needs figures on a one for one basis. However, this is an extremely small figure in both authorities;

  » Housing benefit in the private rented sector. The ORS Model assumes that the number of households in receipt of housing benefit in the private rented sector remains constant. As noted in Chapter 3, relatively recent changes to letting policies and the reality of pressures on the housing stock make it less likely that single persons aged under 35 years will be allocated to a 1 bedroom Social Rented or Affordable Rented property. In 2021 the figure for household in receipt of housing benefit was 1,768 households in South Oxfordshire and 1,512 households in Vale of White Horse. Given sufficient viability then these figures can be reduced in an area;

  » Households who can afford to rent, but who aspire to own, but who cannot access First Homes. In South Oxfordshire they amount to 5,088 (4,580+508) households for the LHN and in Vale of White Horse they amount to 5,989 (5,757 + 232) households. Therefore, with vacancy rates added, there is a potential need for 5,129 dwellings for households who aspire to own in South Oxfordshire and 6,029 dwellings in Vale of White Horse; and

  » Changes in size mix through conversions and extensions.

24. The chart below shows the impact of the assuming that all households in receipt of housing benefit have their needs meet in affordable housing. The impact is to increase the need for affordable housing from 24% to 39% in South Oxfordshire and from 31% to 43% in Vale of White Horse.

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[8] This section references: Sensitivity Testing

Figure 12: **Overall need for Market and Affordable Dwellings (including social and affordable renting) in South Oxfordshire 2021-41 for LHN with Housing Benefit in PRS added to Affordable Need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

	Unable to afford social rent without HB	Unable to afford affordable rent without HB	First Homes	Minimum Total Affordable Housing	Total Market Housing	Total Housing
LHN	1,735	177	977	2,889	9,211	**12,100**
LHN Including HB in PRS as Affordable need	3,503	177	977	4,657	7,443	**12,100**

Figure 13: **Overall need for Market and Affordable Dwellings (including social and affordable renting) in Vale of White Horse 2021-41 for LHN with Housing Benefit in PRS added to Affordable Need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

	Unable to afford social rent without HB	Unable to afford affordable rent without HB	First Homes	Minimum Total Affordable Housing	Total Market Housing	Total Housing
LHN	2,338	348	1,266	3,953	8,607	**12,560**
LHN Including HB in PRS as Affordable need	3,840	348	1,266	5,454	7,105	**12,560**

25. If we were to assume that all households who aspire to own, but cannot access First Homes could find an alternative housing product then there is a very large potential need for affordable home ownership. However, in practice, not only does First Homes not meet the needs of many of the households who aspire to own, there is not alternative product currently in South Oxfordshire and Vale of White Horse which would do so either. Therefore, many of the households are likely to remain in private rent. This however does not rule out Shared Ownership or Rent to Buy schemes from meeting the needs of some households and therefore, there is likely to be a role for these housing products in South Oxfordshire and Vale of White Horse.

26. The data shows a very large potential need for affordable housing to rent, with the vast majority of this required for households who will require support with their housing costs in the form of housing benefit. Social Rent has lower weekly rents than Affordable Rent, but for most households the cost of either will be supported by housing benefit and the delivery of Social Rent compared to Affordable Rent has adverse impacts upon viability.

27. More generally, First Homes are shown to make up a relatively high proportion of need in both authorities. However, there is no reason that First Homes should form 25% of the affordable housing need mix if additional support for affordable home ownership can be achieved through Shared Ownership and Rent to Buy schemes.

1. Introducing the Study

Background to the project and wider policy context

Introduction

1.1 Opinion Research Services (ORS) was commissioned by South Oxfordshire District Council and Vale of White Horse District Council, to prepare a Joint Housing Needs Assessment (JHNA). This considers the needs of both authorities for the period 2021-2041 to identify the size, type and tenure of homes that would be needed in the future, and the housing needs of different groups, including affordable housing.

1.2 The study seeks to underwrite a new Joint Local Plan (JLP) 2021-2041 which will replace the existing local plans for both councils.

1.3 For almost all local authorities in England the key starting point for understanding housing needs is the Standard Method for Local Housing Needs. This yields a figure of 605 dwellings per annum in South Oxfordshire and 628 dwellings per annum in Vale of White Horse, or 12,100 and 12,560 dwellings over the plan period and these figures represent the key underlying numbers used to model housing needs in South Oxfordshire and Vale of White Horse.

1.4 The current report represents a draft analysis which will be further expanded upon over the forthcoming months. Extensive stakeholder engagement will be taking place between September and December with a wider stakeholder groups covering:

» Town and parish councils;

» Registered providers;

» Developers and house builders;

» Large employers in the area;

» Universities;

» Care and residential home operators;

» Estate and land agents;

» The military / defence organisations; and

» Disability advocate groups;

1.5 The consultation with parish and town councils will coincide with the release of this current draft report and the second stage report will consider, employment needs, older persons, students, the armed forces and the need for adapted homes and specialist accommodation. The outputs from the consultation will be included in a final version of this report in spring 2024.

1.6 We would also note that a concurrent Employment Land Needs Assessment[9] was undertaken for both local authorities. This yielded a projected jobs growth of 15,344 for the two local authorities combined. This level of jobs growth is consistent with achieving a balance between the number of workers in the areas and the number of jobs when sustainable commuting flows have been allowed for when considering the full projected supply of housing in the areas from the standard method and unmet need from Oxford City. Therefore, there is no requirement for a higher dwelling target to accommodate the projected workforce.

Summary of the ORS Approach to Modelling Housing Need

1.7 As noted above, the standard method dwelling delivery target requires a total of 12,100 dwellings for the period 2021-2041 in South Oxfordshire and 12,560 dwellings in Vale of White Horse. However, while the final outputs of this study are based upon the need for these dwellings over the period 2021-41, we achieve these outputs through a series of stages.

1.8 In Chapter 4, we consider the affordable housing needs for South Oxfordshire and Vale of White Horse based on the latest official projections and cover the 20-year period 2021-2041. They are informed by the latest ONS mid-year estimates,[1] and take account of the most up-to-date fertility and mortality rates and the latest migration trends. In particular, we focus upon the 2018 based 10-year migration trends variant population and household projections. The data within these projections is then adjusted in light of the Census 2021 and mid-year population estimates 2021. The reason for choosing this set of projections is that they represent the best and most up to date information available for population and household growth trends currently published.

1.9 The figures contained within Chapter 4 therefore reflect the need for affordable housing based upon much more recent trends than the data underwriting the dwelling delivery target within the Local Plans.

1.10 However, delivering the number of dwellings required by the Local Plans will require a different population and household growth than the trend-based population and household growth. This issue is reconciled in Chapter 5. To move from the household growth in Chapter 4 to the total need for dwellings in Chapter 5 requires a series of additional elements. These include:

» The need to include the impact of vacant and second homes to uplift the household projection to become the need for dwellings. This is included because not every dwelling built will be occupied at any one time as some will be vacant and a small number may also become second or holiday homes. Therefore to meet the needs of households it is necessary to build more dwellings than the household growth figures indicate;

» The need to include an allowance for additional population such as those residing in nursing homes to ensure that persons otherwise not included in the household projections are included within the overall dwelling target;

» Government policy seeks to address housing market pressures, so the ORS model adjusts household formation rates for younger households on the basis that the Government's objective of providing more homes will enable more households to form. The reason for choosing 2001 is that this is a time period when there was not a clear shortage of housing, so households who wanted to form

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[9] South Oxfordshire and Vale of White Horse Employment Land Needs Assessment. Aecom, January 2024
[1] The ONS reissued the official estimates for mid-2012 to mid-2016 in March 2018 following methodological improvements

could do so at that time. The analysis assumes that household formation rates for all age groups under 45 will progressively increase towards the equivalent rate that was recorded in 2001; and

» Where household formation rates for all age groups under 45 have returned to the levels recorded in 2001, the rate of net inward migration is increased to align the overall household growth with the number of dwellings identified by the overall target.

1.11 When all relevant factors have been added, the outputs produced in Chapter 4 are consistent with the total dwelling target in Chapter 5. Therefore, the figures produced in Chapter 5 are the overall conclusions for housing need based upon the need for dwellings over the period 2021-41. These figures are net requirements, so we also then consider issues which impact upon the gross need, including Right to Buy sales, housing benefit receipt in the private rented sector and the impact of dwellings extensions.

2. Demographic Projections

The starting point for establishing Joint Housing Need

Official Household Projections

2.1   The first step in analysing housing needs must therefore be to identify the household projections for South Oxfordshire and Vale of White Horse, which are used as the basis for this report.

2.2   Figure 14 and Figure 15 sets out a range of the various household projections from both CLG (now DLUHC) and ONS methodologies, it includes the associated outputs using the sensitivity analysis approach.

Figure 14:   Household projections 2023-33 for South Oxfordshire (Source: CLG (now DLUHC), ONS; Note: All figures presented unrounded for transparency)

South Oxfordshire	Migration trends	Change in Households 2023-2033	
		10-year change	**Annual average**
CLG Household Projections			
2014-based projection: 2014-based population and CLG 2014-based HH formation	2009-14	+4,059	+406
ONS 2016-based Projections			
Principal projection: 2016-based population and ONS 2016-based HH formation	2011-16	+3,447	+345
Sensitivity analysis 1: 2014-based population and ONS 2016-based HH formation	2009-14	+3,952	+395
Sensitivity analysis 2: 2016-based population and CLG 2014-based HH formation	2011-16	+3,446	+345
ONS 2018-based Projections			
Principal projection: 2018-based population and ONS 2018-based HH formation	2016-18	+3,143	+314
Alternative Internal (5-year trend): 2018-based population (alternative internal) and ONS 2018-based HH formation	2013-18	+3,027	+303
10-year trend: 2018-based population (10-year trend) and ONS 2018-based HH formation	2008-18	+2,960	+296

2.3   In South Oxfordshire, there is a decreased projected household change based on more recent principal projections, and the sensitivity analysis indicates that falling population projections, not changes to headship rates introduced in the 2016 based projections, are almost entirely responsible for this decrease. In the 2018-based projections, it is notable that the 10-year household change is lower in the projections based on a longer migration trend.

Figure 15: Household projections 2023-33 for Vale of White Horse (Source: CLG (now DLUHC), ONS; Note: All figures presented unrounded for transparency)

Vale of White Horse	Migration trends	Change in Households 2023-2033	
		10-year change	Annual average
CLG Household Projections			
2014-based projection: 2014-based population and CLG 2014-based HH formation	2009-14	+4,753	+475
ONS 2016-based Projections			
Principal projection: 2016-based population and ONS 2016-based HH formation	2011-16	+4,130	+413
Sensitivity analysis 1: 2014-based population and ONS 2016-based HH formation	2009-14	+4,668	+467
Sensitivity analysis 2: 2016-based population and CLG 2014-based HH formation	2011-16	+4,160	+416
ONS 2018-based Projections			
Principal projection: 2018-based population and ONS 2018-based HH formation	2016-18	+6,648	+665
Alternative Internal (5-year trend): 2018-based population (alternative internal) and ONS 2018-based HH formation	2013-18	+5,518	+552
10-year trend: 2018-based population (10-year trend) and ONS 2018-based HH formation	2008-18	+4,194	+419

2.4 In Vale of White Horse, there is an increased projected household change based on more recent principal projections, and again the sensitivity analysis shows little evidence that the changes to the headship rates introduced in the 2016 based projections has played a major role in changing the household projections. In the 2018-based projections, the 10-year household change is again much lower than the principal projections, which his only based upon migration data from 2016-2018, a point when housing delivery in both South Oxfordshire and Vale of White Horse had increased from previous levels.

Projected Household Size

2.5   The projected household size is calculated using the population and household projections rather than being a variable used to create them. The data (Figure 16 and Figure 17) divides the population in the area by the associated household projection.

Figure 16:   Average household size estimates and projections for South Oxfordshire for the period 1991-2043 (Source: CLG 2014 based projections; ONS 2018 is 2018-based projections)
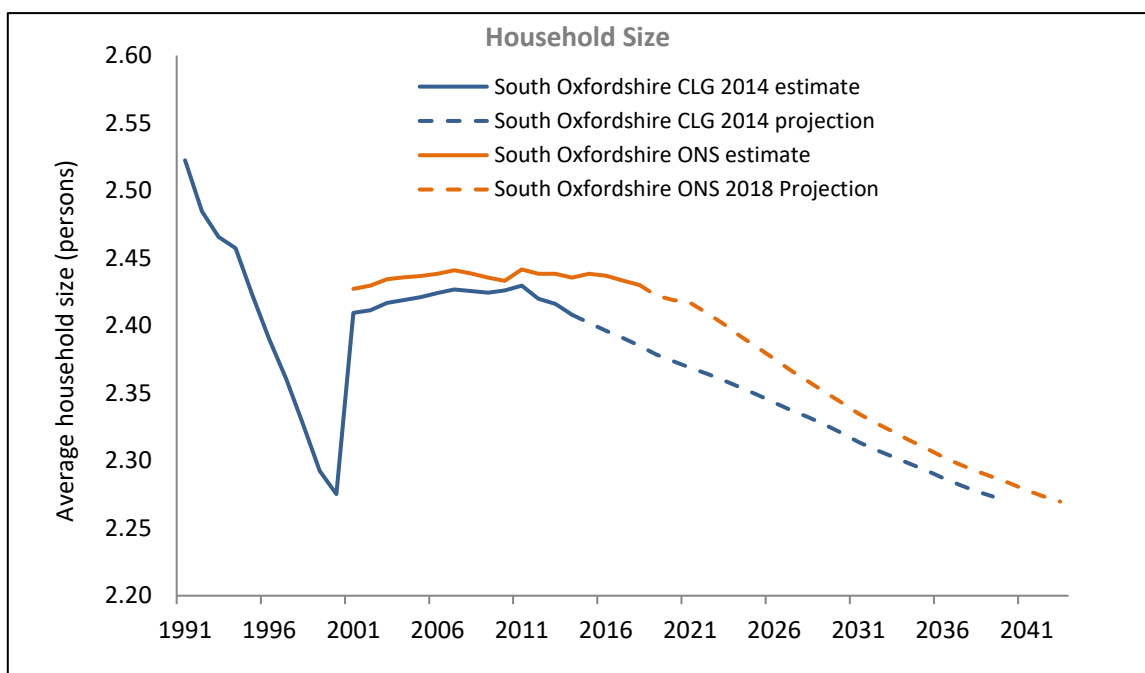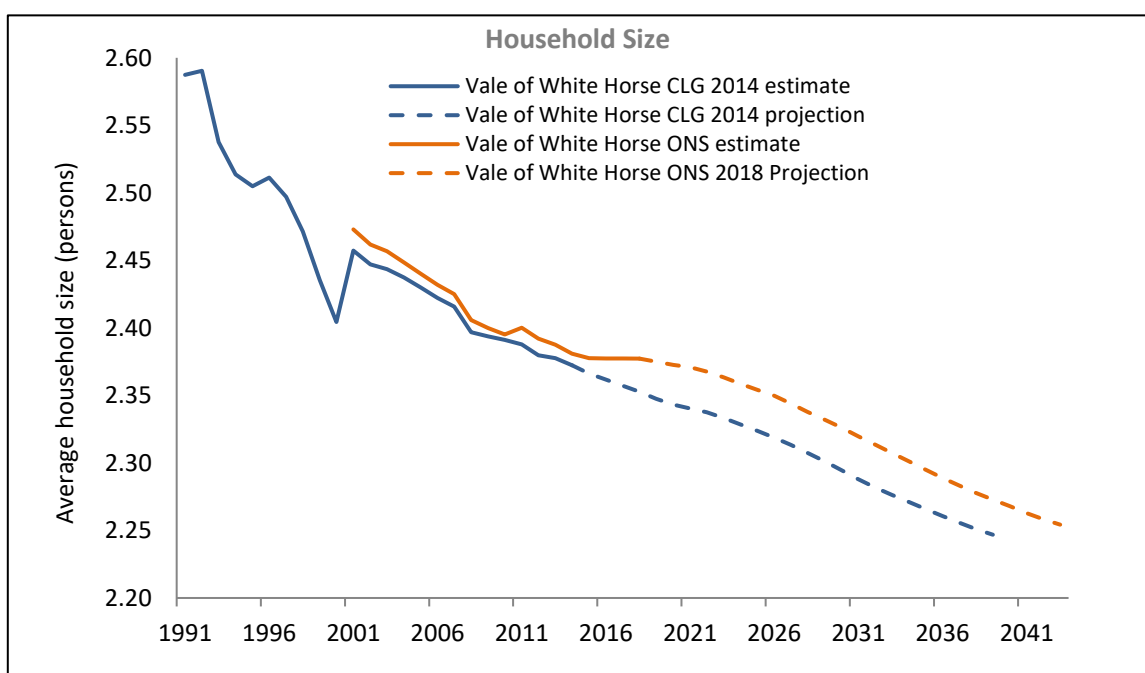

Figure 17:   Average household size estimates and projections for Vale of White Horse for the period 1991-2043 (Source: CLG 2014 based projections; ONS 2018 is 2018-based projections)

2.6   As the charts show, average household sizes have declined over time, with outliers in 2001 which relate to issues with the 2001 Census. Household sizes are also projected to steadily decline over the plan periods.

2.7   The CLG 2014 based projections indicated that household sizes in South Oxfordshire were projected to be 2.37 in 2021, falling to around 2.27 by 2039 and were around 2.34 per household in Vale of White Horse, falling to 2.25 per household in 2039. This can largely be ascribed to an ageing population, given that older persons tend to live in smaller households (typically single persons or couples without children).

2.8   In practice the 2021 Census shows that the average household size in both South Oxfordshire and Vale of White Horse was 2.42 per household. These are much more consistent with the ONS 2018 based household projections than the 2014 based CLG projections.

2.9   Frequently, a key driver for the issue of household sizes is the household representative rates (HRRs) used by CLG in producing their household projections. HRRs provide the probability of a households being a household representative and in the 2014 based CLG drew on data from as far back as the 1971 Census. Therefore, HRRs are based upon long-term data, so the drop in household sizes projected reflects data from 1971 onwards for South Oxfordshire and Vale of White Horse, not just recent data.

2.10 CLG had previously identified problems with their current approach and they had planned to improve the methodology used for the household projections. However, the Government announced in January 2017 that responsibility for these projections would be passed to ONS with immediate effect.

2.11 The ONS are now working with only data from the 2001 Census onwards. Therefore, the 2018 based projection reflect only the changes in HRRs in South Oxfordshire and Vale of White Horse since 2001 and they project a much later and lower drop in household sizes.

2.12 While a case can be made in many areas that the 2018 based HRRs contain the effects of suppressed household formation from the relatively low number of dwellings built across England in the past 20 years, we consider that the represent a much more accurate starting point for understanding household growth and any issues of suppressed household formation should be addressed separately.   It is frequently the case that using both 2014 based HRRs and then seeking to address suppressed households formation in a model risks double counting housing needs. Therefore the 2018 HRRs are used in this assessment.

Underlying Trends

2.13 Given that the demographic projections are trend-based, one of the most critical factors is the period over which those trends are based. While, the term OAN has diminished importance within the NPPF and PPG since the introduction of the standard method, much of the OAN guidance by both government and the Planning Advisory Service (PAS) still remains a helpful tool in identifying objectively assessed needs when assessing specialist housing needs. The PAS OAN technical advice note considers this issue in relation to the ONS population projections (first edition, paragraphs 5.12-5.13):

> *"To predict migration between local authorities within the UK, the ONS population projections carry forward the trends of the previous five years. This choice of base period can be critical to the projection, because for many areas migration has varied greatly over time. … The results of a demographic projection for (say) 2011-31 will be highly sensitive to the reference period that the projection carries forward."*

2.14 This issue has also been reinforced in PAS advice to Local Authorities[10], where it has been emphasised that whilst the CLG household projections provide the starting point, these official projections can be very unstable given that they are based on migration trends covering only five years:

> *"For migration the base period is only five years:*
> - *Makes the official projections very unstable*
> - *And recent projections lock in the recession"*

2.15 The second version of the PAS OAN technical advice note (July 2015)[11] has also strengthened the recommendation on the relevant period for assessing migration (second edition, paragraph 6.24):

> *"In assessing housing need it is generally advisable to test alternative scenarios based on a longer reference period, probably starting with the 2001 Census (further back in history data may be unreliable). Other things being equal, a 10-to-15 year base period should provide more stable and more robust projections than the ONS's five years. But sometimes other things will not be equal, because the early years of this long period included untypical one-off events as described earlier. If so, a shorter base period despite its disadvantages could be preferable."*

2.16 The relevant period for assessing migration trends was considered by an article by Ludi Simpson (Professor of Population Studies at the University of Manchester) and Neil MacDonald (previously Chief Executive of the National Housing and Planning Advice Unit) published in Town and Country Planning (April 2015)[12].

> *"The argument for using a five-year period rather than a longer one is that the shorter the period, the more quickly changes in trends are picked up. The counter-argument is that a shorter period is more susceptible to cyclical trends, an argument that has particular force when the five-year period in question – 2007-12 – neatly brackets the deepest and longest economic downturn for more than a generation. … A large number of local authority areas are affected by this issue. For 60% of authorities the net flow of migrants within the UK in 2007-12 was different by more than 50% from the period 2002-07. While this is comparing a boom period with a recession, it serves to indicate the impact of the choice of reference period for trend projections."*

2.17 The issue has also been referenced by Inspectors examining numerous Local Plans, for example the following comments provided by the Cornwall Inspector in the letter setting out his preliminary findings (June 2015)[13]:

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[10] "SHLAA, SHMA and OAN aka 'Pobody's Nerfect'", PAS presentation at Urban Design London (July 2015)
[11] https://www.local.gov.uk/sites/default/files/documents/objectively-assessed-need-9fb.pdf
[12] "Making sense of the new English household projections", Town and Country Planning (April 2015)
[13] https://www.cornwall.gov.uk/media/12843214/ID05-Preliminary-Findings-June-2015-2-.pdf

"3.6 Migration. The demographic model used in the SHMNA and the more recent ONS projection uses migration flows from the previous 5 years only. Given the significance of migration as a component of change for Cornwall and to even-out the likely effect of the recent recession on migration between 2008-2012 a longer period than 5 years would give a more realistic basis for projecting this component. A period of 10-12 years was suggested at the hearing and I consider that this would be reasonable, rather than the 17 year period used in ID.01.CC.3.3. I also consider that the ONS' Unattributable Population Change component should be assigned to international migration for the reasons given by Edge Analytics in ID.01.CC3.3. This approach was not disputed at the hearing."

2.18 More recently, in considering the ONS 2016-based projections, the Greater London Authority (GLA) expressed its view that 10-year migration trends are the most appropriate to use in its document "GLA 2016-based population projections: Explanatory note and results for the Wider South East" (July 2017)[14]:

"Variant Migration Scenarios

The GLA believes that for strategic longer-term planning purposes a projection which uses migration rates based on an average of ten years' past data is more realistic and robust than one based on a shorter five-year period (as is the case with the ONS SNPP).This view is consistent with the wider expert consensus and is supported by Planning Advisory Service guidance…

… For a long-term projection informing strategic planning, a migration rate which is representative of the character of migration across a full economic cycle is, more robust than one which captures only part of that cycle."

2.19 Finally, the Inspector of the Bedford Local Plan Borough Local Plan 2030 considered that 10-year projections were more suitable for use in projecting future household growth (Report on the Examination of the Bedford Borough Local Plan 2030 – December 2019, para 24).

24. Past migration into Bedford has varied significantly from year to year over the past 25 years or so with repeated periods of low/negative in-migration followed by periods of high in-migration. On this basis a ten year migration trend is likely to provide a more reliable basis for projecting future household growth in Bedford than a five year one.

2.20 On balance, we consider that:

» The ONS principal 2-year trend migration scenario is exceptionally sensitive to variation in any one year: it takes data over too short a period for robust projection forward without raising concerns about volatility.

» 5-year trend migration scenarios are also unreliable: they have the potential to roll-forward short-term trends that are unduly high or low and therefore are also unlikely to provide a robust basis for long-term planning.

» 10-year trend migration scenarios are more likely to capture both highs and lows and are not as dependent on trends that may be unlikely to be repeated. **Therefore, we favour using the 10-year migration trend variant of the 2018 ONS projections as the basis for our analysis.**

14 https://www.london.gov.uk/sites/default/files/2016-based_projections_wse_results.pdf

2.21 Within this report, all demographic reporting is based on a modified 10-year variant of the 2018-based population and household projections unless otherwise stated. The 10-year variant of the 2018-based projection has been updated by ORS to include the data from 2021 Mid-Year Estimate of Population, ensuring a robust projection including the most up-to-date evidence available.

Projected Population Age Profile

2.22 The 2018-based ONS household projections represent the most up-to-date household projections at the time of writing, however since their publication a further sets of Mid-Year Estimates (MYEs) of population have been released. By applying the 2018 household formation rates to these population estimates, a more up-to-date estimate of household numbers for 2021 can be derived. The projections presented below take account of these newly released figures by replacing the 2021 data in the household projections with these newly derived household numbers. The projection is then run based on this updated data to derive projected household change 2021-41 in South Oxfordshire and Vale of White Horse.

2.23 The below Figure 18 and Figure 19 show the projected change in South Oxfordshire and Vale of White Horse population by 5-year age band for the 20-year period 2021-41. This period has been chosen to be consistent with the proposed new local plan.

2.24 Overall for South Oxfordshire, the population growth is from 150,024 in 2021 to 158,422 in 2041 (8,400). The projected growth in the older population is larger than the total population growth. The growth in the older person (60+) population is 13,614 persons, and this is offset by a decline of younger persons (under 60) of 5,216 persons from a total growth of 8,398 persons. This includes an increase of 6,169 persons aged 80 or over.

2.25 The situation is slightly less stark in Vale of White Horse, where overall population growth is from 139,487 in 2021 to 151,655 in 2041; a total projected population growth of 12,168 containing a projected population growth of 12,563 persons aged over 60 years, so the population aged under 60 years is projected to fall marginally.

2.26 For context, the 2021 Census identified 149,085 usual residents in South Oxfordshire and 138,913 in Vale of White Horse[15].
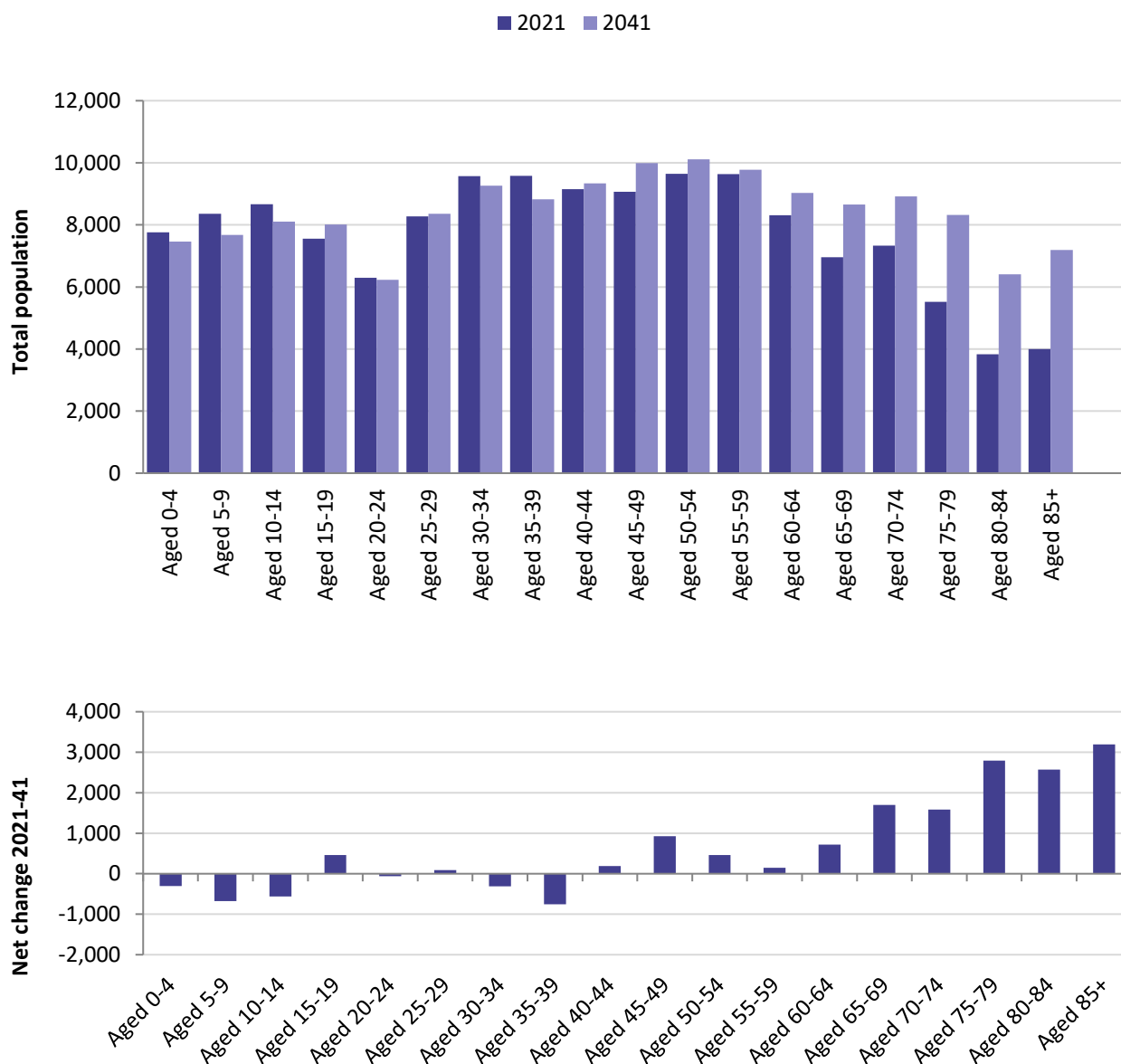
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[15] 2021 Census Profile for areas in England and Wales - Nomis (nomisweb.co.uk)

Figure 18: Population projections 2021-41 by 5-year age cohort for South Oxfordshire (Source: ONS 2018 based sub-national projections)
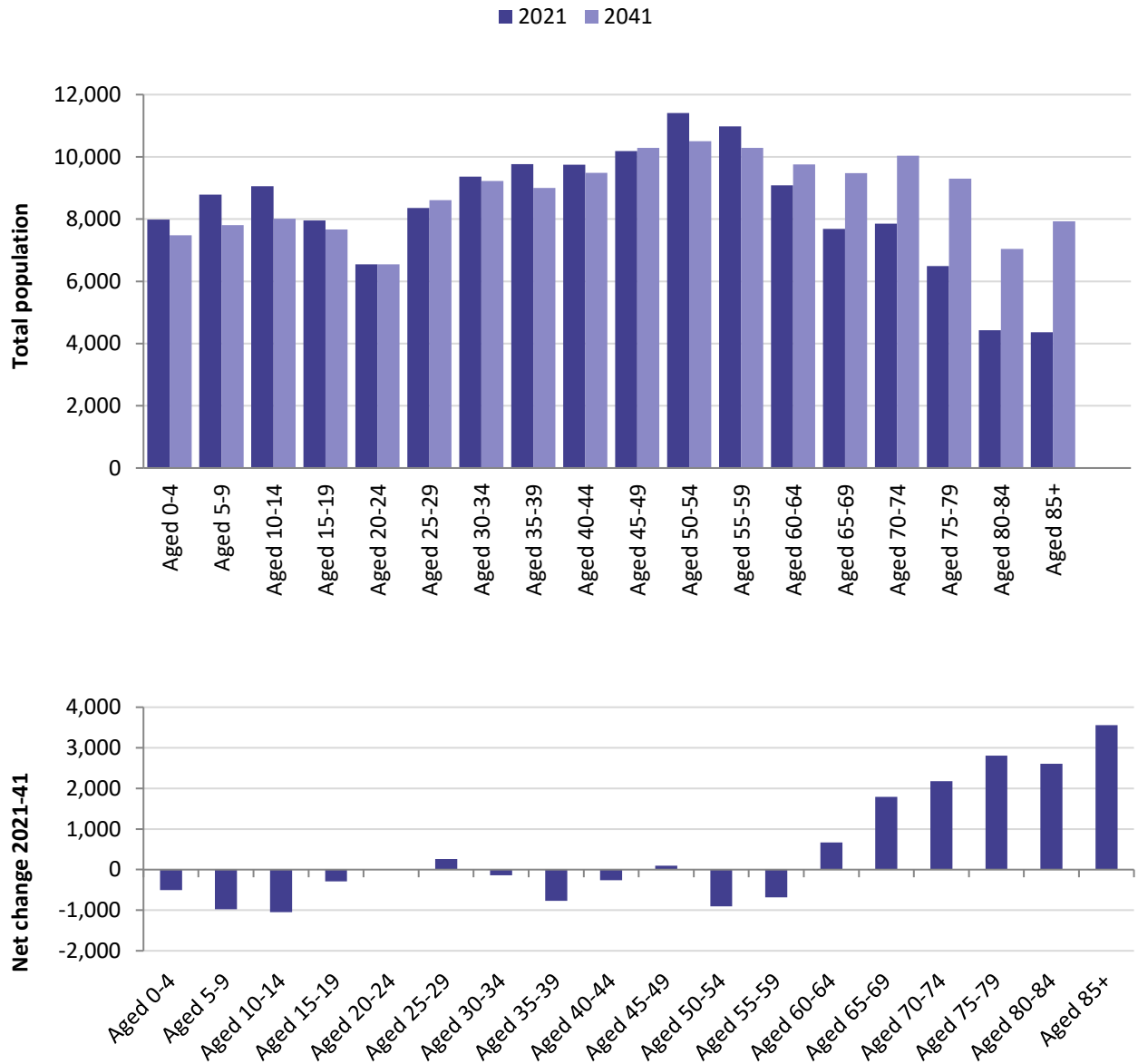
Figure 19: Population projections 2021-41 by 5-year age cohort for Vale of White Horse (Source: ONS 2018 based sub-national projections)

Projected Household Types

2.27 When considering future need for different types of housing, it is important to recognise that households of different ages are likely to have different housing needs. Similarly, households of different types (singles, couples and families) within each age group will also have different housing needs.

2.28 Figure 20 and Figure 21 show the household numbers for South Oxfordshire and Vale of White Horse for 2021 and 2041 based on the trend-based projections by household type and age; together with the net change for each group. The 2018 based projections do not consider household types, but changes in household type between the 2011 and 2021 censuses and the 2008, 2011 and 2014 based household projections can be used to identify trends in household types.

Figure 20: Total projected households for 2021 and 2041 and summary of 20-year change by household type and age of household representative for South Oxfordshire (Note: Figures may not sum due to rounding. Source: ORS Model)

Year	Household Type	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	TOTAL
2021	Single person	260	1,220	1,630	1,900	2,090	2,010	4,110	1,940	15,200
2021	Couple without children	160	1,960	1,560	3,210	7,900	5,780	2,610	880	24,100
2021	Families with child(ren)	280	2,300	6,590	7,030	1,260	50	30	30	17,600
2021	Other households	90	350	210	600	450	700	910	190	3,500
2021	**TOTAL**	**800**	**5,800**	**10,000**	**12,700**	**11,700**	**8,500**	**7,700**	**3,000**	**60,300**
2041	Single person	220	1,110	1,580	1,540	1,580	1,650	4,900	3,040	15,600
2041	Couple without children	110	1,950	1,230	1,260	7,710	7,810	4,700	2,060	26,800
2041	Families with child(ren)	380	2,430	6,640	9,070	1,920	70	80	90	20,700
2041	Other households	90	380	140	490	360	1,140	1,840	300	4,700
2041	**TOTAL**	**800**	**5,900**	**9,600**	**12,400**	**11,600**	**10,700**	**11,500**	**5,500**	**67,900**
Change	Single person	-40	-110	-50	-360	-510	-370	+780	+1,100	+500
Change	Couple without children	-50	-10	-330	-1,960	-190	+2,030	+2,090	+1,180	+2,800
Change	Families with child(ren)	+100	+130	+60	+2,040	+660	+20	+50	+60	+3,100
Change	Other households	-10	+30	-70	-110	-80	+440	+930	+110	+1,200
Change	**TOTAL**	**+0**	**+0**	**-400**	**-400**	**-100**	**+2,100**	**+3,900**	**+2,500**	**+7,600**

Figure 21: Total projected households for 2021 and 2041 and summary of 20-year change by household type and age of household representative for Vale of White Horse (Note: Figures may not sum due to rounding. Source: ORS Model)

Year	Household Type	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	TOTAL
2021	Single person	320	1,620	1,710	1,820	2,910	1,820	3,700	1,840	15,700
2021	Couple without children	200	1,710	1,400	3,320	6,280	5,750	2,010	810	21,500
2021	Families with child(ren)	380	2,950	6,970	5,710	1,100	100	60	40	17,300
2021	Other households	130	710	230	250	270	400	780	150	2,900
2021	**TOTAL**	**1,000**	**7,000**	**10,300**	**11,100**	**10,600**	**8,100**	**6,600**	**2,800**	**57,500**
2041	Single person	310	1,740	1,690	1,950	3,760	1,560	5,250	2,980	19,200
2041	Couple without children	150	1,020	970	1,830	5,390	7,760	3,430	1,820	22,400
2041	Families with child(ren)	520	3,190	7,290	8,170	1,810	160	160	110	21,400
2041	Other households	50	990	150	0	60	430	1,570	180	3,400
2041	**TOTAL**	**1,000**	**6,900**	**10,100**	**11,900**	**11,000**	**9,900**	**10,400**	**5,100**	**66,400**
Change	Single person	-10	+120	-20	+140	+850	-260	+1,550	+1,140	+3,500
Change	Couple without children	-50	-690	-430	-1,500	-880	+2,000	+1,420	+1,010	+900
Change	Families with child(ren)	+140	+240	+320	+2,460	+700	+60	+100	+70	+4,100
Change	Other households	-80	+280	-80	-250	-210	+30	+790	+30	+500
Change	**TOTAL**	**+0**	**-100**	**-200**	**+800**	**+500**	**+1,800**	**+3,900**	**+2,200**	**+9,000**

2.29 In summary:

» In South Oxfordshire, families with dependent children represent 40% of the overall household growth while they represent 45% of the household growth in Vale of White Horse. This is any family which contains a dependent child.

» Single person households represent less than 10% of the overall 2021-41 household growth in South Oxfordshire and 40% in Vale of White Horse. This includes a significant growth in those aged over 65

years in both authorities, but falling numbers of younger singles persons in South Oxfordshire in particular.

» Couples without dependent children represent over 35% of the household growth in South Oxfordshire, but only 10% in Vale of White Horse. A couple without dependent children only contains two adults. Any household with non-dependent children living at home will be included in the ''Other'' group set out below.

» The increase in "Other" households represents 15% of the growth in South Oxfordshire and 5% of the growth in Vale of White Horse. Other households include multi-generation living, student households and Houses in Multiple Occupation (HMOs). This therefore represents quite a high share of the overall growth in South Oxfordshire, but is likely to include many adults living at home with their parents.

3. Local Housing Market

Housing options and cost of housing in South Oxfordshire and Vale of White Horse

Housing Tenure Trends

3.1   When considering the local housing market, it is worth noting the changes to tenure over the past forty years.

3.2   The chart below shows how the most notable change has been the decline in the proportion of people in affordable rented properties (comprising Social Rent and other affordable rented homes), which has fallen during the period (from 21% to 12% in South Oxfordshire and 22% to 12% in Vale of White Horse). In contrast, private rent has seen a small growth. Between 1981 and 1991 there was a strong growth in owner occupiers, partly as a consequence of the introduction of Right to Buy policies. This peaked at 77% in South Oxfordshire and 74% in Vale of White Horse and is now falling slowly in both areas.

Figure 22:   Housing tenure trends for South Oxfordshire (1981 – 2021). Source: UK Census of Population
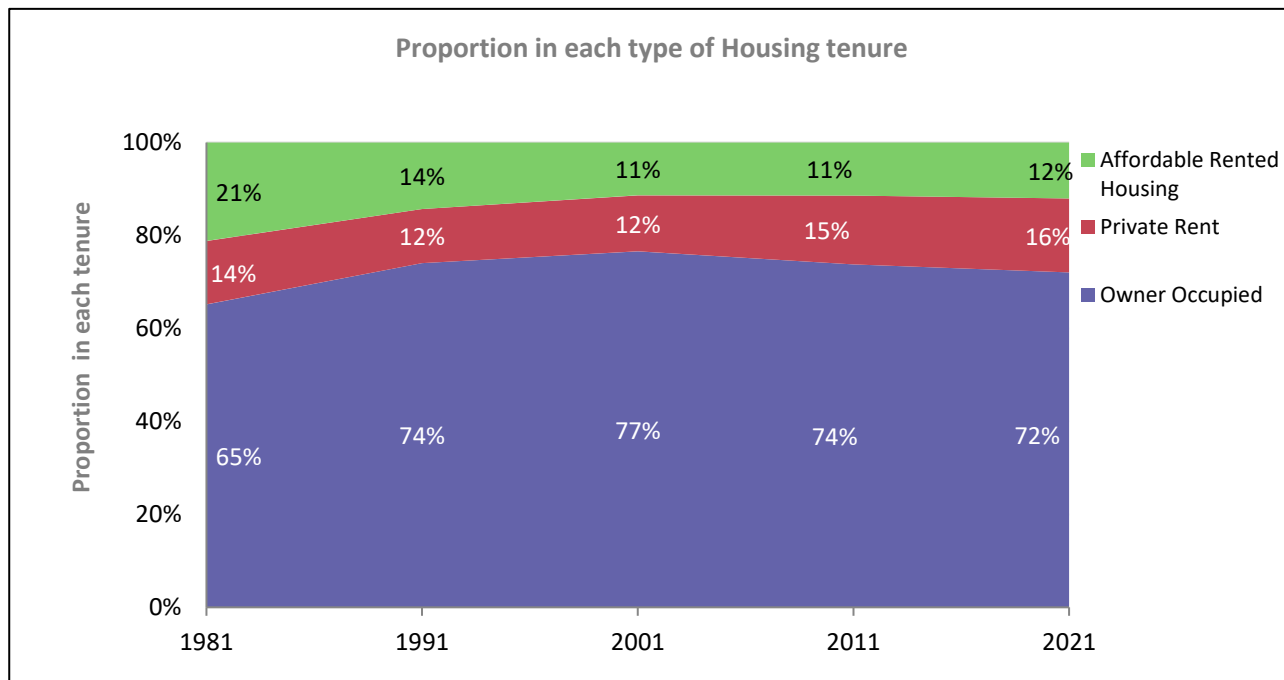
Figure 23:   Housing tenure trends for Vale of White Horse (1981 – 2021). Source: UK Census of Population
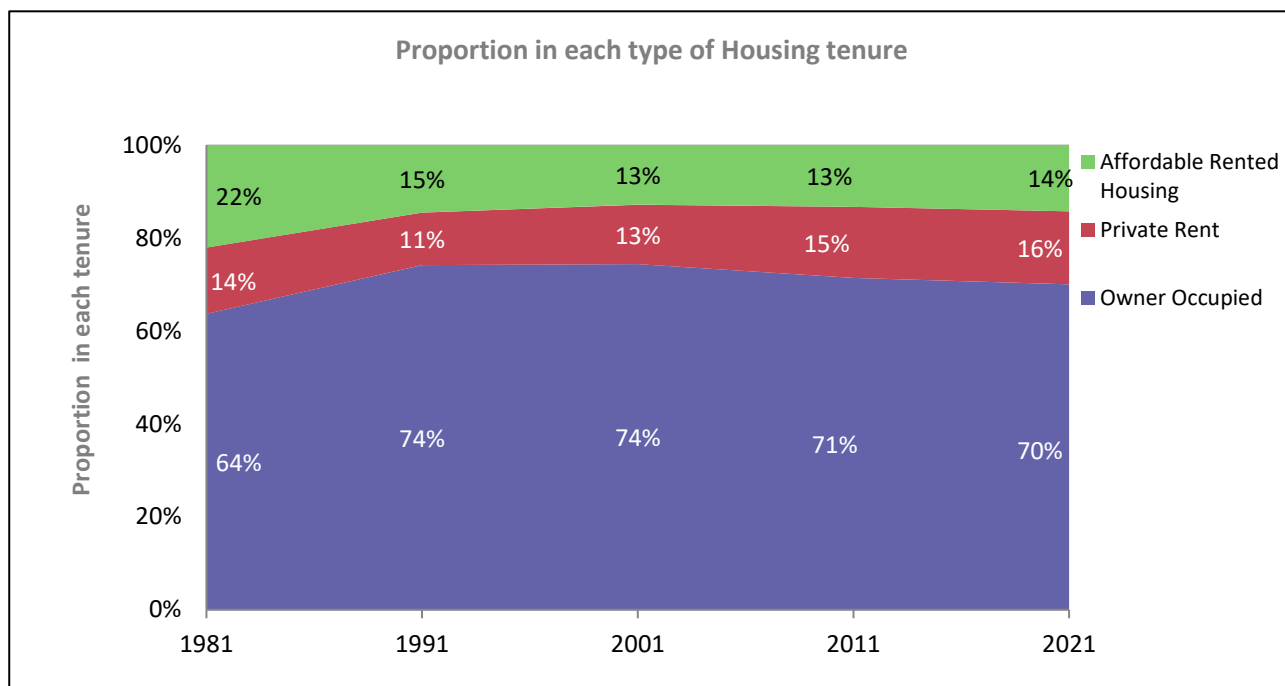
3.3   During the same period, the actual volume of housing in South Oxfordshire has risen from 39,600 to 61,500 households, while Vale of White Horse numbers have risen from 34,105 to 49,407. Importantly, the volume of households in affordable rented housing has fallen in South Oxfordshire, but did rise between 2011 and 2021.

Figure 24:   Housing tenure trends for South Oxfordshire (1981 - 2021)
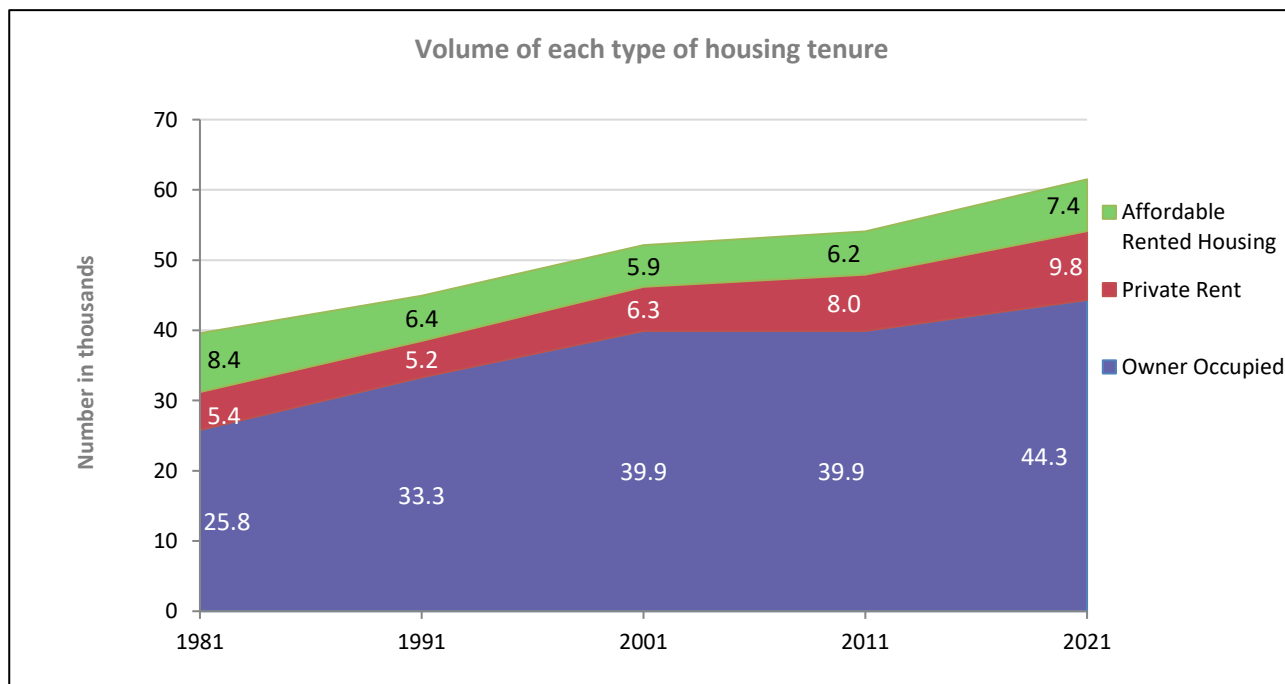
Figure 25: Housing tenure trends for Vale of White Horse (1981 - 2011)

Volume of each type of housing tenure
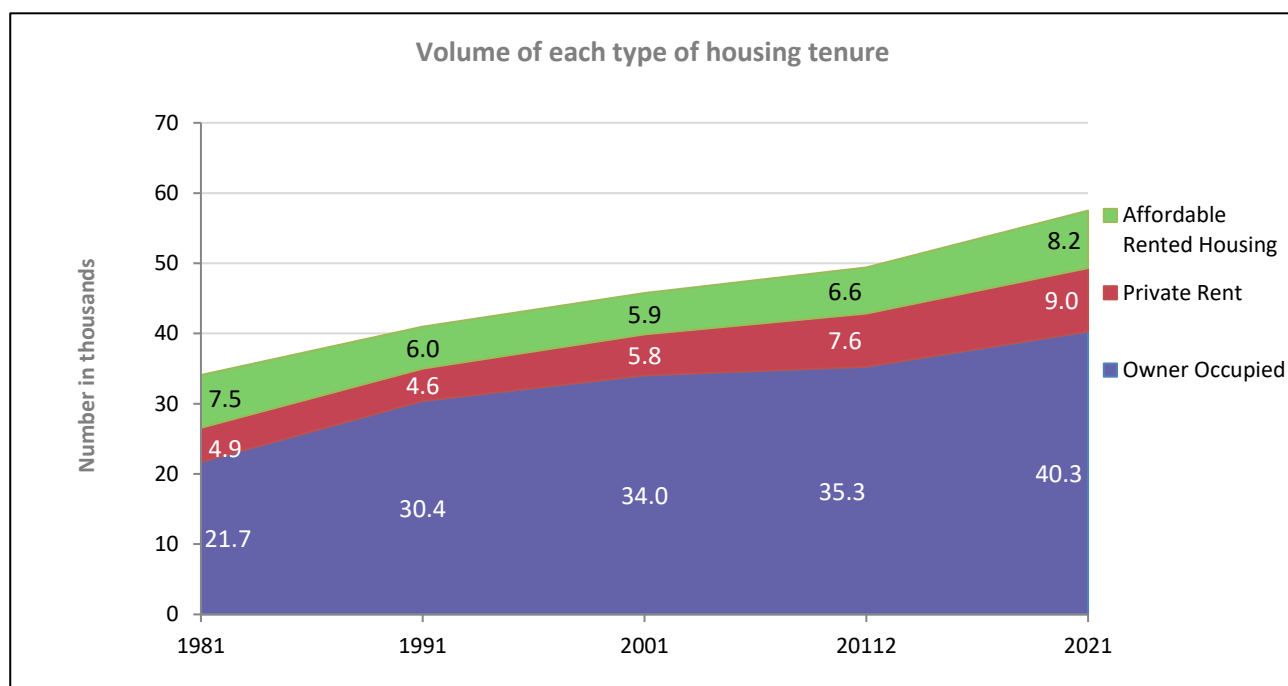
3.4   The table below provides the detailed data for the period.

Figure 26: Number of Households in South Oxfordshire by Tenure 1981-2021 (Source: UK Census of Population)

	Number of Households					Net Change			
	1981	1991	2001	2011	2021	1981-1991	1991-2001	2001-2011	2011-2021
Owner occupied	25,809	33,281	39,906	39,920	44,310	+7,472	+6,625	+14	+4,390
Private rent	5,403	5,224	6,272	8,021	9,801	-179	+1,048	+1,749	+1,780
Affordable Rented Housing	8,377	6,439	5,927	6,163	7,386	-1,938	-512	+236	+1,223
TOTAL	39,589	44,944	52,105	54,104	61,497	+5,355	+7,161	+1,999	+7,393

Figure 27: Number of Households in Vale of White Horse by Tenure 1981-2021 (Source: UK Census of Population)

	Number of Households					Net Change			
	1981	1991	2001	2011	2021	1981-1991	1991-2001	2001-2011	2011-2021
Owner occupied	21,715	30,388	34,033	35,264	40,267	+8,673	+3,645	+1,231	+5,003
Private rent	4,858	4,614	5,843	7,560	9,026	-244	+1,229	+1,717	+1,466
Affordable Rented Housing	7,532	5,973	5,883	6,583	8,205	-1,559	-90	+700	+1,622
TOTAL	34,105	40,975	45,759	49,407	57,498	+6,870	+4,784	+3,648	+8,091

3.5   The growth in the private rented sector (PRS) in South Oxfordshire and Vale of White Horse is slower than national trends. PPG recognises the importance of understanding the likely future role of the private rented sector.

> *Tenure data from the Office for National Statistics can be used to understand the future need for private rented sector housing. However, this will be based on past trends. The level of changes in rents, (known as "market signals"), may reflect the demand in the area for private rented sector housing. Evidence can also be sourced from the English Housing Survey, Office for National Statistics Private Rental Index, the Valuation Office Agency, HomeLet Rental Index and other commercial sources.*
>
> **Planning Practice Guidance, ID 67-002-20190722**

3.6   Growth in the sector seems likely to continue, driven by a combination of demand and supply factors:

  » Increasing demand from more households;

  » Recent reductions in incomes (in real terms);

  » Affordability of owner occupation reducing;

  » Changing Bank lending practices;

  » Pensions reform: pension drawdowns invested in BTL property.

3.7   The growth of the private rented sector has been acknowledged as both a growing and long-term option for meeting the nation's housing need. CLG (with the Intermediary Mortgage Lenders Association) forecast that the private rented sector will increase in size to 35% nationally by 2032.[16] On this basis, the number of households renting privately could double again over the next twenty years.

3.8   As the PRS expands and other sectors contract, it is clear that many households who would traditionally meet their housing needs in other sectors are now renting privately. This includes many households currently unable to afford their housing costs, which can be seen from the expansion of families receiving Housing Benefit in the sector, in particular since the start of the most recent recession.

3.9   The Office for Budget Responsibility analysis of the UK's public finances for Government explicitly recognises a likely growth in the share of housing benefit claimants in the private rented sector in its Economic and Fiscal Outlook (March 2014)[17]:

> *"The share of [housing benefit] spending accounted for by the private rented sector is forecast to rise from 30 per cent in 2007-08 to 40 per cent by 2018-19… We expect the share of claimants in the private rented sector to continue rising over the forecast period, but for average awards to rise more slowly than nominal GDP per capita due to policy, including on uprating." (paragraphs 4.152-154)*

3.10   The Government sees the PRS having an important and long-term role in meeting the housing need of the nation; and although the NPPF and PPG do not mention the current or future role of housing benefit, the policy to support low-income households in the private rented sector with housing benefit is long-standing and housing benefit is explicitly factored into the long-term forecasts for public spending.

3.11   Policy by both Government and Local Authorities is focused on improving Management and Maintenance in the sector (via licensing or self-regulation schemes) and expanding supply[18] (including the Build to Rent

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[16] http://news.rla.org.uk/rpi-rent-revolution/
[17] http://cdn.budgetresponsibility.org.uk/37839-OBR-Cm-8820-accessible-web-v2.pdf
[18] https://www.gov.uk/government/publications/private-rented-homes-review-of-the-barriers-to-institutional-investment

investment scheme[19]). The Government published *"Improving the Private Rented Sector and Tackling Bad Practice: A guide for local authorities"* in March 2012[20], and the Foreword by the Minister stated:

> *"The private rented sector is an important and growing part of our housing market, housing 4.4 million households in England. The quality of housing in the sector has improved dramatically over the last decade. It is now the second largest tenure and this growth is forecast to continue growing. I am proud of this growth as it shows increasing choice, improving standards whilst helping to keep rents affordable. The Government supports a bigger and better private rented sector and wants to see this growth continue."*

3.12   It is important for local authorities to recognise the role of the private rented sector at a local level. Recent changes to letting policies and the reality of pressures on the housing stock make it less likely that single persons aged under 35 years will be allocated to a 1 bedroom Social Rented or Affordable Rented property. The private rented sector makes an important contribution towards providing affordable housing options.

3.13   Currently, the nature of the PRS is changing. There is some evidence of landlords leaving the sector, with other evidence suggesting that where this is so, other landlords may move in to the local market, often larger landlords.

3.14   National Residential Landlord Association published research in November 2022 that suggested landlords are leaving the sector because of three reasons; increasing landlord costs, changes in regulation, and changes in tax[21]. In contrast, the picture in the English Private Landlord Survey 2021 (published May 2022) was mixed, reporting that similar proportions of landlords said they planned to increase their portfolio as did decrease their portfolio or sell off their portfolio[22].

3.15   The English Housing Survey 2021/22 suggests a small decrease in the size of the PRS (emphasis added)[23]:

> *The private rented sector makes up 4.6 million or 19% of households. There is no change in the proportion of private rented households from the year previous (2020-21), but **there is a small, though significant decrease compared to the high point in 2016-17** (20%).*

3.16   The Housing and Planning Act 2016 contains proposals to further the Government's policy of encouraging home ownership through promoting Starter Homes. These Starter Homes were intended to provide affordable housing for first time buyers. There are many households residing in the private rented sector in South Oxfordshire and Vale of White Horse who aspire to home ownership and if affordable home ownership properties could be provided for this group it would, potentially, reduce the size of the private rented sector.

3.17   However, Starter Homes regulations that would enable these to be built have not been published. As a result, no Starter Homes have been built, and the Government are now pursuing an alternative policy entitled First Homes[24].

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[19] https://www.gov.uk/government/publications/build-to-rent-round-2-initial-due-diligence
[20] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/412921/Improving_private_rented_sector.pdf
[21] Why are landlords exiting the PRS? | NRLA
[22] English Private Landlord Survey 2021: main report - GOV.UK (www.gov.uk)
[23] English Housing Survey 2021 to 2022: headline report - GOV.UK (www.gov.uk)
[24] https://www.gov.uk/government/consultations/first-homes

3.18 The Government first consultation on First Homes ran from February to May 2020 indicating that they will be newbuild properties built as part of wider housing developments which will be sold with a discount of at least 30%, but this could be higher. In August 2020, MHCLG (now DLUHC) confirmed that they intended to proceed with First Homes as an affordable housing product and published a consultation "Changes to the current planning system", which included proposals on the detail of changes to planning policy to deliver First Homes. Policies on First Homes were formally adopted in July 2021 and guidance on their delivery was published. First Homes will be prioritised for first-time buyers, serving members and veterans of the Armed Forces, and key workers, such as nurses, police and teachers. The reduction of at least 30% will be in perpetuity, so the buyer will not pay more than 70% of the property value. When they wish to sell their property, the home will be independently valued and sold to someone from a waiting list held by the local authority with the discount being applied, so the property always remains below local house prices. There will be restrictions on the use of First Homes so that they cannot be used as buy to let or holiday homes.

3.19 As discussed later in this report, there are many households residing in the private rented sector in South Oxfordshire and Vale of White Horse who aspire to home ownership and if affordable First Homes are provided for this group it would, potentially, reduce the size of the private rented sector. However, the funding for First Homes will be drawn from the same Section 106 funds which help to provide affordable rented homes such as Social Rent and Shared Ownership. Developers would be expected to provide a proportion all properties on larger new developments and sell these at a discount of at least 30%.

3.20 By taking part of the developer contributions funding for affordable homes into the First Homes scheme, this could reduce the supply of Social Rented or Shared Ownership homes. If this happens, then young households, for whom First Homes remain out of reach, will have few other options than to enter the private rented sector.

Property Type and Size

3.21 The 2021 Census provide detailed information on the types of properties occupied by households and also the number of bedrooms within these properties. Unfortunately, the data is directly comparable with the 2011 Census because the 2021 Census does not include a record of property type or size for any vacant property, while this information was included on previous censuses.

3.22 The tables below are therefore a best match from the 2011 and 2021 Census information and show that in both South Oxfordshire and Vale of White Horse, the largest share of new housing has been for detached and semi-detached properties with at least 3 bedrooms.

Figure 28:   Number of Households in South Oxfordshire by Property Type 2011-2021 (Source: UK Census of Population)

	Number of Households		2011-2021
	2011	2021	2011-2021
Detached	19,420	21,670	2,250
Semi-detached	17,766	20,433	2,667
Terraced	10,346	11,348	1,002
Flat or maisonette	5,696	7,116	1,420
Caravan or other	876	928	52
TOTAL	54,104	61,495	7,391

Figure 29: Number of Households in Vale of White Horse by Property Type 2011-2021 (Source: UK Census of Population)

	Number of Households		
	2011	**2021**	**2011-2021**
Detached	18,060	21,151	3,091
Semi-detached	15,060	17,558	2,498
Terraced	9,352	10,386	1,034
Flat or maisonette	6,412	7,866	1,454
Caravan or other	523	535	12
TOTAL	**49,407**	**57,496**	**8,089**

Figure 30: Number of Households by bedrooms in South Oxfordshire 2011-2021 (Source: UK Census of Population)

	Number of Households		
	2011	**2021**	**2011-2021**
1 bed	4,236	4,562	326
2 bed	12,802	14,712	1,910
3 bed	21,581	23,316	1,735
4+ beds	15,485	18,905	3,420
TOTAL	**54,104**	**61,495**	**7,391**

Figure 31: Number of Households by Bedroom in Vale of White Horse 2011-2021 (Source: UK Census of Population)

	Number of Households		
	2011	**2021**	**2011-2021**
1 bed	3,976	4,685	709
2 bed	10,425	12,557	2,132
3 bed	19,726	21,537	1,811
4 bed	15,280	18,717	3,437
TOTAL	**49,407**	**57,496**	**8,089**

Cost of Home Ownership

3.23 House price trends (2001-2022) are shown in Figure 32 based on lower quartile house prices. Lower quartile prices are used to consider the entry level price for home ownership. As the value of money has also changed during this period, the data is adjusted to take account of and remove the impact of inflation through the Consumer Price Index (CPI)[25]; therefore, the values reflect real changes in house prices since 2001. Clearly, real incomes have also risen since 2001 (although there has been very slow change since 2008 in real incomes), so households are able to afford to pay more for housing based upon higher incomes.

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[25] The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by consumers for a market basket of consumer goods and services.

3.24 It is evident that real house prices in South Oxfordshire and Vale of White Horse increased substantially in the period 2001-2008. Values reduced during the economic downturn by mid-2008 and continued to decline over the period to 2012, but then increased until 2021, but show signs of declining in real terms in 2022. For most of the time, movement in South Oxfordshire and Vale of White Horse house prices has broadly mirrored changes in England as a whole though being higher than England as a whole.

Figure 32:   Real House Price Trends: Lower Quartile Prices adjusted to 2022 values using CPI (Source: ONS; Bank of England)
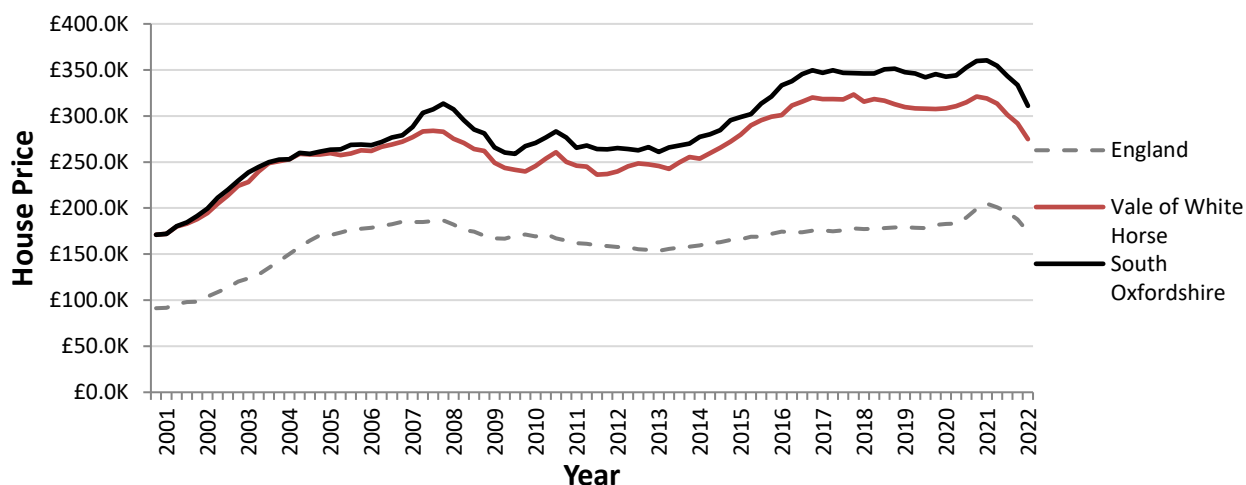
3.25 Overleaf, Figure 33 and Figure 34 show the lower quartile house prices by bedroom size for South Oxfordshire and Vale of White Horse. The lower quartile is used to show entry level house prices. The data shows both the lower quartile price for existing properties and new build dwellings, with prices taken from the Land Registry records for the sales prices of individual properties. When considering first time buyers in particular, many of the purchasers are likely to be newly forming households seeking one and two bed properties, although some will seek larger properties. The government have recently introduced a new housing products entitled First Homes which sells new homes at a 30% or more discount compared to market prices. This should make home ownership more accessible to local first-time buyers.

3.26 The degree to which new build properties in all price ranges are more expensive than existing homes varies considerably by size of dwelling. This is likely to be down to a range of factors which include the location of newbuild housing, the relative size of properties, gardens and the availability of parking, comparative quality and condition of existing stock, and other intangible factors such as character. Across much of England, new build properties are more expensive than existing dwellings, but this is only the case for 1 bed properties in South Oxfordshire and 1 and 2 bed properties in Vale of White Horse as demonstrated by the lower quartile of house prices below. Three bedroom new build in Vale of White Horse are marginally more expensive than existing properties. A key factor is this is that older 3 and 4 bedroom properties are likely to have larger rooms and also a larger garden than newbuild properties.

Figure 33:   Lower quartile prices (adjusted to 2022 values using CPI) for existing dwellings and newly built dwellings (2022-2022) by property size in South Oxfordshire (Source: ORS based on ONS House Price Statistics, Valuation Office Agency and Land Registry Price Paid Data)
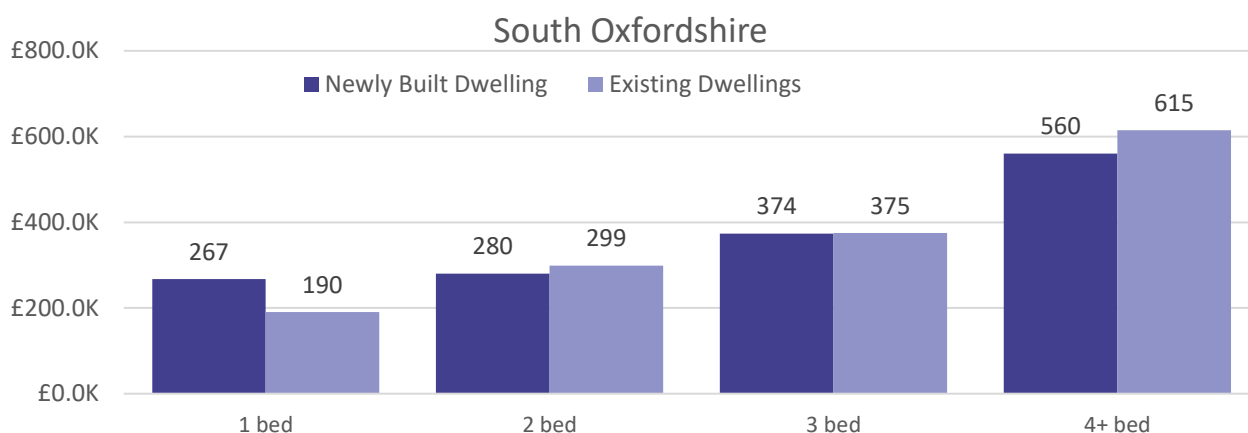
Figure 34:   Lower quartile prices (adjusted to 2022 values using CPI) for existing dwellings and newly built dwellings (2022-2022) by property size in Vale of White Horse (Source: ORS based on ONS House Price Statistics, Valuation Office Agency and Land Registry Price Paid Data)
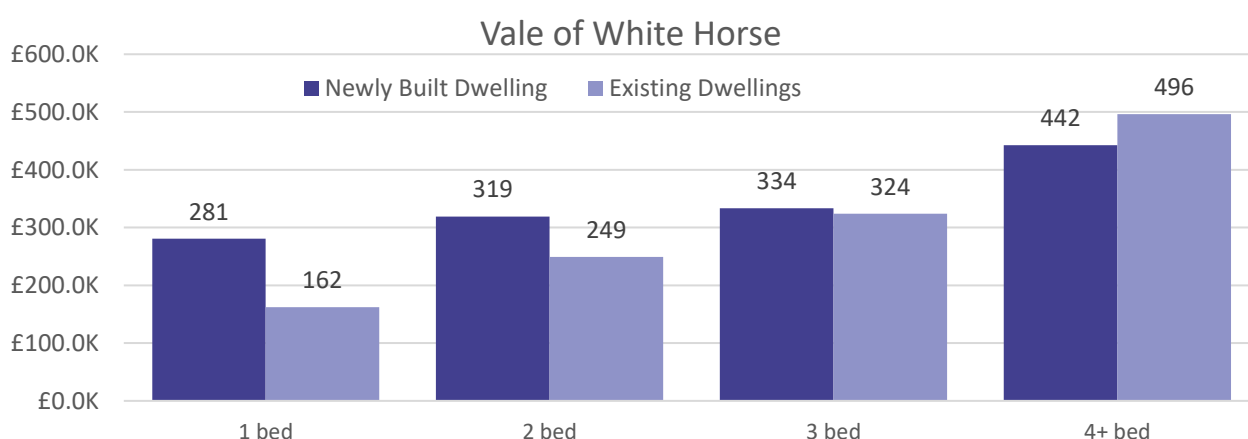
Income Needed for Home Ownership

3.27 The income needed to purchase market housing will depend on the house price together with the mortgage income multiplier and the available deposit (or percentage loan to value).

3.28 Below is an illustrative example based on South Oxfordshire prices, for an existing 1-bedroom property. As this example is purely for illustration and not used in any calculation, it does not take account of some of the complexities of the market such as any increased borrowing rates for Affordable Home Ownership:

» The lower quartile price recorded was £190,000;

» Based on a 90% loan-to-value mortgage, a deposit of £19,000 would be needed (equivalent to 10% of the overall price) with the mortgage covering the remaining £171,000;

» Using a mortgage income multiplier of 3.5x would therefore need an annual income of £48,900.

3.29 To purchase the same property with a 95% loan-to-value mortgage would reduce the deposit needed to £9,500 (equivalent to 5% of the overall price) but the income required would increase to £51,600 per

year. Borrowing at a 4.0x income multiplier would reduce the income needed; but households would still need an income of between £42,700 and £45,100 based on a 5-10% deposit. Therefore, to purchase an existing 1-bedroom property at an overall cost of £190,000 is likely to require an annual income of at least £42,700 (assuming a 10% deposit and a 4.0x multiplier); but with a lower deposit and a lower income multiplier an income of up to £51,600 per year could be needed.

3.30 Whilst some households will have higher deposits available and others will seek to extend their borrowing as far as possible, taking the initial assumptions of a 10% deposit and a 3.5x mortgage multiplier provides a reasonable indication of the income that first-time buyer households are likely to need in order to afford home ownership.

3.31 Based on these assumptions, Figure 35 shows the household income levels needed to buy 1 and 2 bedrooms properties in terms of both existing dwellings and newly built dwellings in South Oxfordshire and Vale of White Horse. When purchasing larger homes, households will typically have larger deposits available which often include equity from the sale of a smaller property. On this basis, it is relatively artificial to consider incomes in isolation. Nor do these figures take account of the variation in price across the authorities, in particular between some of the rural and urban areas in South Oxfordshire and Vale of White Horse.

Figure 35: Annual income required to afford properties based on a 10% deposit and 3.5 times income mortgage by property size (Source: ORS based on ONS House Price Statistics, Valuation Office Agency and Land Registry Price Paid Data)

Property Age	Property Size	Annual Household Income Needed to Own at Lower Quartile Prices: South Oxfordshire	Annual Household Income Needed to Own at Lower Quartile Prices: Vale of White Horse
NEWLY BUILT DWELLINGS	1 bedroom	£68,772	£72,100
EXISTING DWELLINGS	1 bedroom	£48,938	£41,700
NEWLY BUILT DWELLINGS	2 bedrooms	£72,016	£82,100
EXISTING DWELLINGS	2 bedrooms	£76,859	£64,100
NEWLY BUILT DWELLINGS	3 bedrooms	£96,074	£85,800
EXISTING DWELLINGS	3 bedrooms	£96,429	£83,300
NEWLY BUILT DWELLINGS	4+ bedrooms	£144,016	£113,800
EXISTING DWELLINGS	4+ bedrooms	£158,153	£127,600

Cost of Renting

3.32 Local Housing Allowance (LHA) is the maximum payment for private rented claimants in receipt of housing benefit based on Broad Rental Market Areas (BRMAs). The LHA was previously based on the 30th percentile private rent, however more recent increases have been based on CPI and rates were frozen in the July 2015 Budget before being increased in 2020.

3.33 BRMAs do not align with local authority boundaries, and Vale of White Horse and South Oxfordshire are covered by 4 different BRMAs.

3.34 Figure 36 sets out the maximum local housing allowance by size of property in each of the BRMA:

Figure 36: Maximum Local Housing Allowance thresholds 2023 (Source: Valuation Office Agency)

Property type	Weekly Rent £ Oxford BRMA	Weekly Rent £ Aylesbury BRMA	Weekly Rent £ Reading BRMA	Weekly Rent £ Swindon BRMA
Room only	£118.87	£78.59	£89.75	£78.59
1 bedroom	£178.36	£155.34	£182.96	£126.58
2 bedrooms	£210.00	£184.11	£218.63	£151.89
3 bedrooms	£253.15	£241.64	£264.66	£182.96
4+ bedrooms	£364.77	£322.19	£356.71	£230.14

3.35 Figure 37 sets out the weekly rents for different property sizes. This includes:

» Median and lower quartile private rent;

» Affordable rent)80% of medina market rents); and

» Social rent based on existing average rents.

Figure 37: Weekly rent thresholds in South Oxfordshire and Vale of White Horse 2022 (Source: Private Rental Market Statistics, Valuation Office Agency; Regulator of Social Housing Statistical Data Returns. Note: Private rent data excludes housing benefit funded tenancies)

Weekly Rent £	Median Private Rent	Lower Quartile Private Rent	Affordable Rent	Social Rent
South Oxfordshire				
1 bedroom	£188.12	£172.48	£142.42	£93.62
2 bedrooms	£228.83	£208.13	£173.06	£108.88
3 bedrooms	£298.97	£264.48	£213.10	£122.76
4+ bedrooms	£425.46	£344.97	£261.52	£139.75
Vale of White Horse				
1 bedroom	£178.23	£166.74	£133.04	£91.31
2 bedrooms	£218.48	£195.48	£168.00	£103.93
3 bedrooms	£264.48	£229.98	£196.37	£119.03
4+ bedrooms	£379.47	£327.72	£229.08	£132.98

3.36 It is evident that for almost all property sizes, the median private rent is the highest followed in turn by the lower quartile private rent, affordable rent and target social rent. While the LHA rates are higher than the equivalent lower quartile private rents, it is important to note that the private rent figures exclude housing benefit funded tenancies.

Income Needed to Rent Housing

3.37 The income needed to rent housing will depend on the monthly rent together with the income multiplier allowed for housing costs. The previous CLG Strategic Housing Market Assessments Practice Guidance (Version 2, August 2007)[26] stated:

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[26] https://www.gov.uk/government/publications/strategic-housing-market-assessments-practice-guidance

> *"A household can be considered able to afford market house renting in cases where the rent payable was up to 25 per cent of their **gross** household income" (page 42)*

3.38 However, this previous Guidance was rescinded in March 2014 following the publication of the Original NPPF and the launch of the then new Planning Practice Guidance (PPG). The PPG does not propose a specific multiplier for assessing housing costs; however, it notes that "*care should be taken … to include **only those households who cannot afford** to access suitable housing in the market*" [ID 2a-020-20190220] (emphasis added).

3.39 Results from the English Housing Survey (EHS) 2015-16[27] provides information about the percentage of gross household income that households currently spend on their housing costs[28]:

» For the total gross income (excluding housing benefit) of the Household Reference Person and partner, households renting privately spent on average 48% of their income on rent, whilst the average was 40% for households in social rent; and

» For the total gross income (excluding housing benefit) from all income earners in the household, irrespective of whether they contribute to the housing cost, households renting privately spent on average 41% of their income on rent, whilst the average was 37% for those in social rent.

3.40 The EHS 2021-22 Headline report updates these results for gross income, but included housing support when considering all income earners in a household making the figures difficult to compare at least until the full report is published[29].

» For the HRP and partner income only; excluding housing support, the average proportion of income spent on rent was 44% for private renters and 40% for social renters.

» Between 2011-12 and 2021-22, The proportion of household income (including housing support) that private renters spent on their rent decreased from 35% to 33%. In the same period, the proportion of household income that social renters spent remained similar (28% in 2011-12 and 27% in 2021-22).

3.41 The EHS demonstrates that many households in both private and social rented properties currently pay considerably more than 25% of gross household income on their housing costs. Whilst it is arguable that some households currently pay too much for their rent, it is unrealistic to suggest that all households paying more than 25% are unable to afford suitable housing in the market.

3.42 The proportion of household income allocated to housing costs is necessarily based on a judgement. At the lower end of the range, the previous CLG Practice Guidance sets out a percentage of 25%. However, as the EHS identifies that based on HRP and partner incomes, households renting privately currently spend 44% of their gross income <u>on average</u>, there must be many households currently spending more than 44% of their income on housing costs (which will be offset against others spending lower proportions).

3.43 On this basis, it would be reasonable to assume that the proportion of household income allocated to housing costs was at least 25% but no more than 45% of gross income. This leads to our judgement that **35% of income** provides a reasonable basis for assessing the maximum that households should

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[27] https://www.gov.uk/government/statistics/english-housing-survey-2015-to-2016-headline-report
[28] "Annex Table 1.13: Mortgage/rent as a proportion of household income (including and excluding housing benefit), by tenure, 2010-11 to 2015-16"
[29] English Housing Survey 2021 to 2022: headline report - GOV.UK (www.gov.uk)

reasonably expect to pay for their housing costs. Whilst this is notably higher than the 25% proposed by the previous guidance, it is still lower than the 44% average that households renting privately actually pay.

3.44 As an illustrative example, we can establish the income needed to rent a 1-bedroom property in South Oxfordshire based on a 35% income multiplier:

» The lower quartile weekly rent recorded was £172.48;

» Based on a 35% income multiplier, a weekly income of £492.80 would be needed which equates to a gross annual income of £25,700.

3.45 To rent the same property based on a 25% income multiplier would increase the gross income required to £36,900 per year.

3.46 Given this context, although some households will choose to pay a higher proportion of their income to rent their home (and others might be forced to do so due to the lack of any other housing options), taking the initial assumption of a 35% income multiplier provides a reasonable benchmark to establish the rental income needed. Based on this assumption, Figure 38 shows the gross household incomes needed to afford median and lower quartile private rent, affordable rent and social rent.

Figure 38: **Annual income required to afford to rent proprieties at the lower quartile and median price based on 35% income multiplier by property size in South Oxfordshire and Vale of White Horse (Source: ORS based on Valuation Office Agency data Oct 2020 to Sep 2022)**

Number of Bedrooms	Median Private Rent	Lower Quartile Private Rent	Affordable Rent	Social Rent
South Oxfordshire				
1 bedroom	£28,046	£25,714	£21,232	£13,957
2 bedrooms	£34,114	£31,029	£25,800	£16,232
3 bedrooms	£44,571	£39,429	£31,769	£18,301
4+ bedrooms	£63,429	£51,429	£38,988	£20,834
Vale of White Horse				
1 bedroom	£26,571	£24,857	£19,834	£13,613
2 bedrooms	£32,571	£29,143	£25,046	£15,494
3 bedrooms	£39,429	£34,286	£29,275	£17,745
4+ bedrooms	£56,571	£48,857	£34,152	£19,825

3.47 Although a rental income multiplier is helpful for benchmark purposes, it does not take account of the disposable income available to households after their housing costs have been paid.

3.48 Considering some examples of disposable income:

» A single person household with a gross income of £20,000 from employment would have £16,880 (£324 per week) after income tax and national insurance contributions. Therefore, housing costs at 35% of gross income would represent 41.4% of their net income, which would leave £9,880 (£189 per week) as disposable income to cover their other living expenses. The maximum amount of weekly income that a single person household can receive before their income starts to affect their housing benefit is currently £73.10 for those aged 25 or over and £57.90 for those aged 16-24; so, on this basis, this household could afford to pay at least 35% of their income on housing costs and still have sufficient disposable income;

» A couple with two children with a gross income of £20,000 from employment would have up to £19,559 (£375 per week) after income tax and national insurance contributions (assuming both earned £10,000). Therefore, housing costs at 35% of gross income would represent 35.8% of their net income, which would leave £12,559 (£241 per week) as disposable income to cover their other living expenses. The maximum amount of weekly income that a couple with two children can receive before their income starts to affect their housing benefit is currently £248.65 (if one or both are aged 18 or over); so this household could not afford to pay 35% of their income on housing costs as it would not leave them with sufficient disposable income.

3.49 When assessing affordable housing need, it is not appropriate to adopt a simplistic income multiplier as this does not take account of different household circumstances. It is better to consider housing benefit eligibility criteria set by the Department for Work and Pensions, which take full account of the different amounts of disposable income for different types of household on different incomes, based on the rents for suitable housing in terms of the number of bedrooms needed.

3.50 Eligibility for housing benefit will differ based on the type of household and the number of bedrooms needed. Figure 39 sets out the incomes for housing benefit eligibility for different types of households. We have only used the data for those who require a single room or 1 and 2 bedrooms to illustrate the way in which housing benefit changes as household sizes grow. Any new household in receipt of housing benefit cannot afford their own housing costs and will be assumed to require an affordable to rent properties.

Figure 39: Maximum annual income for households in receipt of housing benefit support by household type in South Oxfordshire and Vale of White Horse (Source: ORS based on Department for Work and Pensions data)

Property type	Household type	Maximum Annual Income for HB support
ROOM ONLY	Single person aged 16-24	£12,563
ROOM ONLY	Single person aged 25-34	£13,357
1 BEDROOM PROPERTIES	Single person aged 35+	£18,132
1 BEDROOM PROPERTIES	Couple (both aged under 18)	£18,883
1 BEDROOM PROPERTIES	Couple (one or both aged 18 or over)	£20,311
2 BEDROOM PROPERTIES	Lone parent (aged 18 or over) with 1 child	£24,163
2 BEDROOM PROPERTIES	Lone parent (aged 18 or over) with 2 children	£27,653
2 BEDROOM PROPERTIES	Couple (aged 18 or over) with 1 child	£26,341
2 BEDROOM PROPERTIES	Couple (aged 18 or over) with 2 children	£29,832

Income Needed for Other Types of Housing

3.51 Another housing option that could be made available in South Oxfordshire and Vale of White Horse, thereby increasing the variety of products available, is Build to Rent. Build to Rent is defined by the NPPF Glossary as:

Build to Rent: purpose-built housing that is typically 100% rented out.

Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control.

NPPF 2022 (Glossary)

3.52 Build to Rent housing tends to be somewhat more expensive than median rents (typically more comparable to upper quartile rents). Occupants tend to be those that can afford these higher rents, but are not currently seeking to own a property, since the income required to service such rents is typically in excess of that required to get onto the housing ladder through Low Cost Home Ownership options.

3.53 The National Planning Policy Framework states that Build to Rent is exempt from the requirement to provide affordable home ownership and by this implicitly confirms that affordable housing on build to rent schemes should be provided in the form of affordable private rent. The PPG on Build to Rent (September 2018[30]) offers a "generally suitable" benchmark that 20% of any given build to rent scheme should be provided as affordable rent (maintained in perpetuity). In terms of setting affordable rent levels, national affordable housing policy requires a rent discount of at least 20% for affordable private rent homes relative to local market rents (inclusive of service charges).

3.54 However, the affordability of these affordable Build to Rent options is highly dependent on the rent being discounted. Research by JLL[31] shows that the average Build to Rent option is 9.3% more expensive than the median rent. If it is assumed that these rent levels were to be the case in South Oxfordshire and Vale of White Horse, and a discount of 20% were to be applied to these rents (as is suggested by the NPPF) for the affordable units, then the range of rental costs available would be as Figure 40:

Figure 40: Weekly rent thresholds in South Oxfordshire and Vale of White Horse (Source: Valuation Office Agency 2020-21; SDR 2022, JLL)

Number of Bedrooms	Upper Quartile Private Rent	Build to Rent (Median + 9.3%)	Median Private Rent	Local Housing Allowance	Lower Quartile Private Rent	Affordable Build to Rent (20% discount)	Affordable Rent	Social Rent
South Oxfordshire								
1 bedroom	£206.98	£205.62	£188.12	£178.36	£172.48	£164.49	£142.42	£93.62
2 bedrooms	£264.48	£250.11	£228.83	£210.00	£208.13	£200.09	£173.06	£108.88
3 bedrooms	£337.15	£326.78	£298.97	£253.15	£264.48	£261.42	£213.10	£122.76
4+ bedrooms	£574.95	£465.03	£425.46	£364.77	£344.97	£372.02	£261.52	£139.75
Vale of White Horse								
1 bedroom	£195.48	£194.81	£178.23	£178.36	£166.74	£155.85	£133.04	£91.31
2 bedrooms	£241.48	£238.80	£218.48	£210.00	£195.48	£191.04	£168.00	£103.93
3 bedrooms	£293.22	£289.07	£264.48	£253.15	£229.98	£231.26	£196.37	£119.03
4+ bedrooms	£526.65	£414.76	£379.47	£364.77	£327.72	£331.81	£229.08	£132.98

3.55 The local housing allowance is extremely close to being sufficient to cover the costs of affordable Build to Rent units for all dwelling types. As such, the promotion of build to rent with a substantial discount, such as 20%, could be a potentially useful mechanism for bringing forward affordable housing options, particularly on smaller properties. In effect, affordable Build to Rent can produce rents close to lower quartile rents which can help lower income households who would otherwise require social or affordable rent.

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[30] Build to rent - GOV.UK (www.gov.uk)
[31] https://www.jll.co.uk/content/dam/jll-com/documents/pdf/research/emea/uk/jll-residential-insight-build-to-rent.pdf

Summary of Housing Costs

3.56 This chapter has considered in some detail the cost of housing depending on tenure type and property size. Figure 41 and Figure 42 summarise these costs for each property size using the same assumptions as throughout the report; assuming a 10% deposit for example.

Figure 41: Comparison of weekly housing costs by property size in South Oxfordshire (Source: VOA 2020-2022, Land Registry, ORS model)
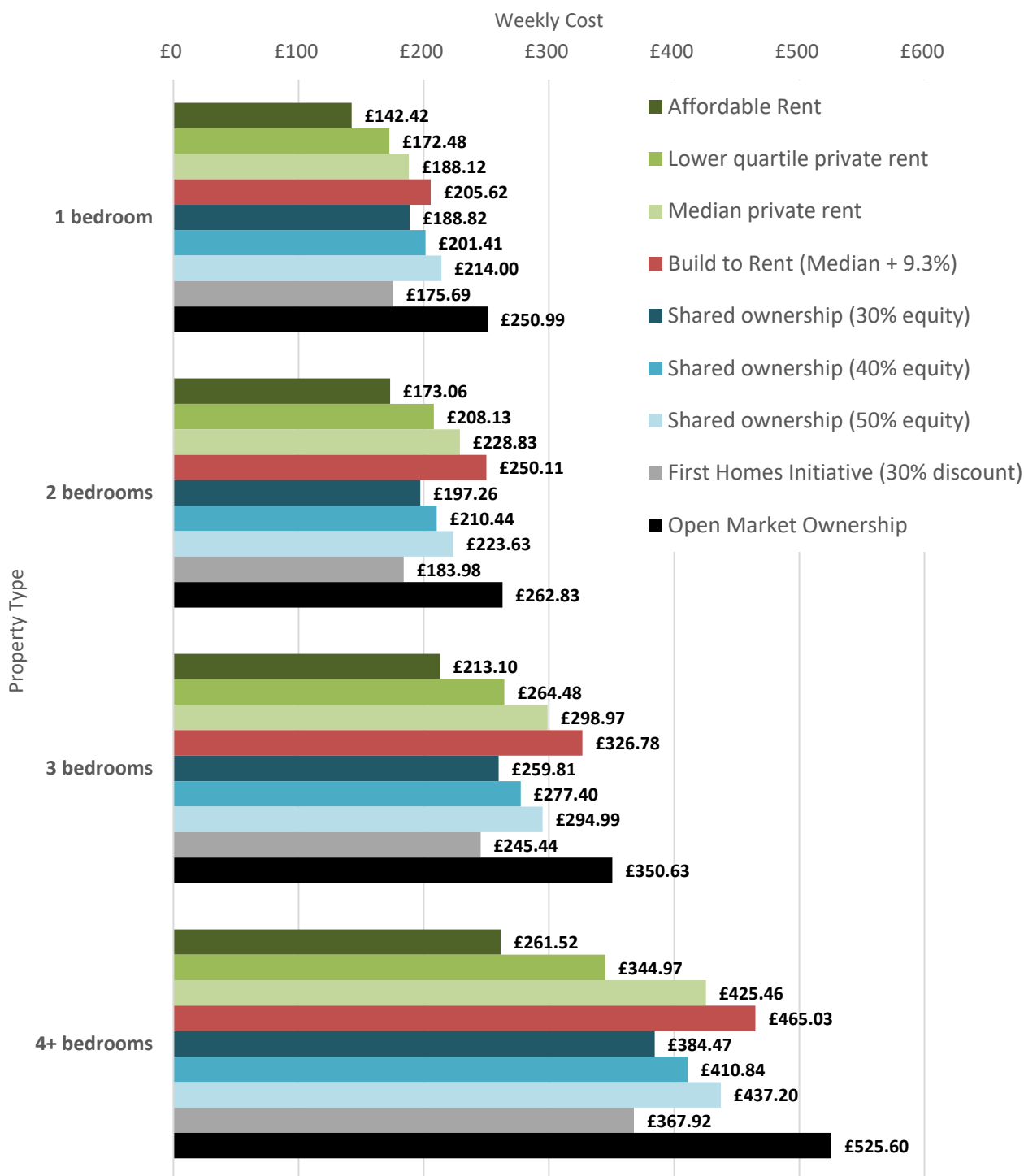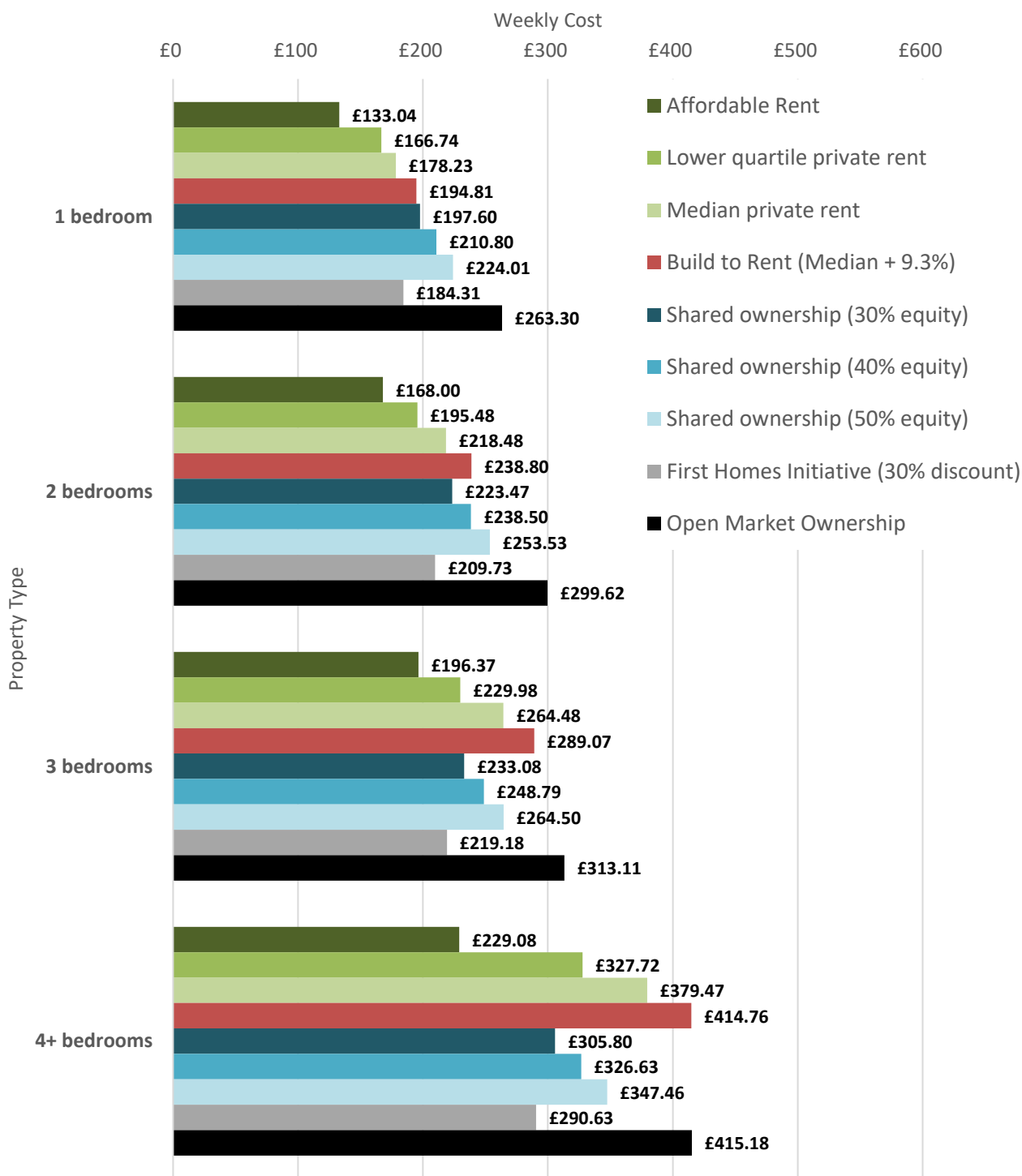
Figure 42: Comparison of weekly housing costs by property size in Vale of White Horse (Source: VOA 2020-2022, Land Registry, ORS model)

3.57 Open market ownership for each property size is the most expensive in terms of weekly costs, followed by Shared Ownership, Build to Rent then median private rent.

3.58 The cost of Shared Ownership predictably varies depending on the equity size purchased, however the fact that it is more expensive on a weekly basis than First Homes for all three equity levels illustrated is evidence of the significance of the rent payable on the equity retained and service charges on weekly costs. Nonetheless, it is also much more flexible than First Homes for reasons such as not being restricted

to first time buyers and being able to ladder up the equity share, and therefore may meet the needs of different households.

3.59 Overall, compared to rental options, the range of affordable home ownership products shown appear to be relatively accessible, however it should be noted that the chart takes no account of the initial cost of a deposit on a property, which is a barrier to many households that seek to get onto the housing ladder. Furthermore, despite the weekly costs being cheaper, the underlying income necessary to obtain a mortgage on a First Home will be meaningfully higher than the underlying income required to rent a property due to the constraint of mortgage income multipliers discussed previously.

3.60 At the time of writing, the housing market is entering a period of uncertainty as interest rates are rising. This will impact mortgaged properties first, but will also be followed quite quickly by a growing number of private rents as individual fixed terms reach renewal. Typically, as interest rates rise then house price will fall to maintain the monthly outlay facing new mortgages at the same level as they were previously. Currently, house prices are remaining approximately flat in nominal terms, but in the context of inflation running close to 10%, this means that real house prices are falling. Over the period late 2022 to the end of 2024, the Office for Budget Responsibility, who provide independent economic forecasts on behalf of the government, project a drop in house prices of 9%.[32]

3.61 For rental data, there have been recent publicity around the growth in the private rents. However, the ONS data for the whole of the UK show annual rent rises of 4.9% in the year to March 2023,[33] so this is still well below inflation and real rents are therefore falling. Tax changes for landlords introduced in 2021 to allow for only tax relief on mortgage interest, and not the whole mortgage, have seen some landlords leave the sector and there has been a sharp rise in rent in parts of London due to a lack of supply. However, this has not expanded to the whole of the UK yet.

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[32] Autumn Statement: House prices to fall by 9% over two years says OBR | This is Money
[33] Index of Private Housing Rental Prices, UK - Office for National Statistics (ons.gov.uk)

4. Affordable Housing Need

Identifying households who cannot afford market housing

Introduction

4.1   The definition of affordable housing was changed by the NPPF 2019, with a specific emphasis now placed on affordable homeownership. This was retained in the NPPF 2022 update and does not explicitly include First Homes. Annex 2 of the Revised NPPF now defines affordable housing as being:

> *Affordable housing*
>
> *Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)*
>
> **Revised NPPF 2022, Annex 2**

4.2   To reflect this change, paragraphs of PPG were updated in February 2019. These were further updated with a new set of guidance on "Housing needs of different groups" published on 22nd July 2019[34].

4.3   Further guidance to reflect the need to consider First Homes was then added on May 24th 2022. The changes between the archived PPG and the current revision are highlighted below:

> *How can the current unmet gross need for affordable housing be calculated?*
>
> *Strategic policy-making authorities can establish the unmet (gross) need for affordable housing by assessing past trends and current estimates of:*
>
> »   *the number of homeless households;*
>
> »   *the number of those in priority need who are currently housed in temporary accommodation;*
>
> »   *the number of households in over-crowded housing;*
>
> »   *the number of concealed households;*
>
> »   *the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings); and*
>
> »   *the number of households from other tenures in need and those that cannot afford their own homes, **either to rent, or to own, where that is their aspiration**.*
>
> **Planning Practice Guidance, ID: 2a-020-20190220**
> Emphasis added shows change first introduced in September 2018

4.4   On this basis, it is clear that the assessment of affordable housing need must now consider those households who would like to own but are unable to do so, in addition to those households unable to afford to own or rent which have formed the longstanding basis for assessing affordable housing needs.

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[34] https://www.gov.uk/guidance/housing-needs-of-different-groups#affordable-housing

Establishing the Need for Affordable Housing to Rent and to Own

4.5   Demographic projections provide the basis for identifying the LHN for all types of housing, including both market housing and affordable housing. There is a well-established method for assessing the needs of households who cannot afford to own or rent suitable market housing; however, when considering the needs of households who can afford to rent but would prefer to own, it is necessary to further develop the existing methods given that PPG provides no additional guidance on how this need should be assessed.

4.6   Below, Figure 43 illustrates the different groups of households that must now be considered when assessing the need for affordable housing. The needs of those households that can't afford market rent need to be added to the needs of those that can afford market rent but who want to own but can't afford to buy.

Figure 43:   Establishing the need for market and affordable housing
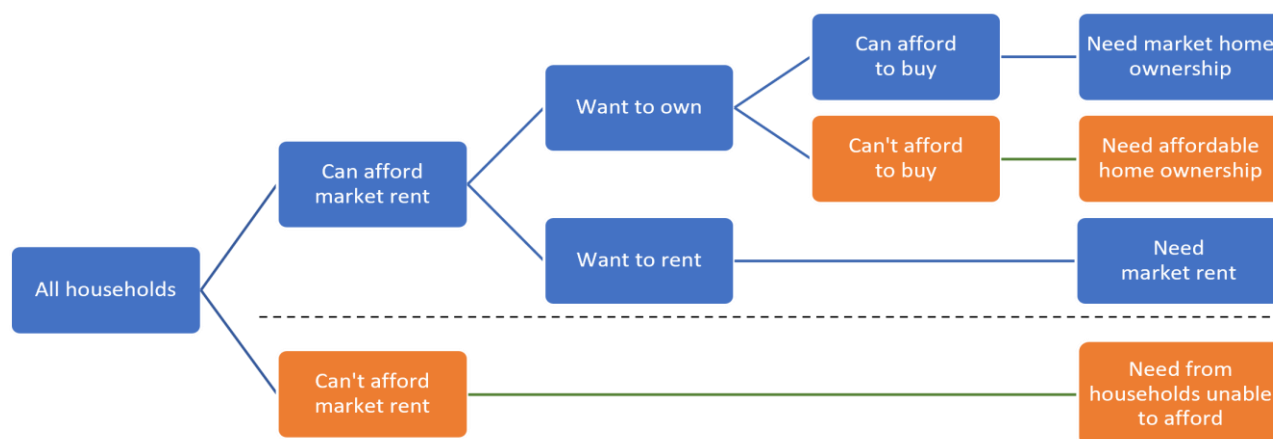
Affordable Housing Need: Households Unable to Afford

4.7   PPG notes that affordable housing need is based on households *"who lack their own housing or who cannot afford to meet their housing needs in the* market" [ID 2a-019-20190220]; though goes on to say that this should include the needs of those that can afford market rent but who want to own but can't afford to buy. Given this context, the following section firstly considers the needs of those households who cannot afford to meet their housing needs, either through buying <u>or</u> renting. The additional needs of those who can afford to rent but who want to own will be considered in the next section.

4.8   PPG sets out the framework for this calculation, considering both the current unmet housing need and the projected future housing need in the context of the existing affordable housing stock:

How is the total annual need for affordable housing calculated?

The total need for affordable housing will need to be converted into annual flows by calculating the total net need (subtract total available stock from total gross need) and then converting total net need into an annual flow based on the plan period.

Planning Practice Guidance, ID 67-008-20190722

Current Unmet Need for Affordable Housing

4.9   In terms of establishing the **current** unmet need for affordable housing, the PPG draws attention again to those types of households considered to be in housing need; whilst also emphasising the need to avoid double-counting and including only those households unable to afford their own housing.

How can the current unmet gross need for affordable housing be calculated?

Strategic policy-making authorities can establish the unmet (gross) need for affordable housing by assessing past trends and current estimates of:

»   *the number of homeless households;*

»   *the number of those in priority need who are currently housed in temporary accommodation;*

»   *the number of households in over-crowded housing;*

»   *the number of concealed households;*

»   *the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings); and*

»   *the number of households from other tenures in need and those that cannot afford their own homes, either to rent, or to own, where that is their aspiration.*

Care should be taken to avoid double-counting, which may be brought about with the same households being identified on more than one transfer list, and to include only those households who cannot afford to access suitable housing in the market.

Planning Practice Guidance, ID 2a-020-20190220

4.10   Figure 44 and Figure 45 show the housing registers for South Oxfordshire and Vale of White Horse by priority band since 2015. We have used the data for February each year for consistency. We tend to place little emphasise on the housing register for any one year because councils often ask households to reapply to confirm that they are still seeking a property. However, the data shows very little signs of growth in needs as new supply has been provided and this has helped to address newly arising need.

Figure 44: South Oxfordshire Housing register by Band 2015-2023 (Sources: Council Records)

Year	Band 1	Band 2	Band 3	Band 4	Total
2015/16	67	327	1,106	2,688	4,168
2016/17	74	240	779	1,860	2,953
2017/18	48	202	671	1,564	2,485
2018/19	52	183	613	1,548	2,396
2019/20	53	193	511	1,379	2,136
2020/21	59	253	711	1,662	2,685
2021/22	56	282	810	1,677	2,825
2022/23	57	336	884	1,694	2,971

Figure 45: Vale of White Horse Housing Register by Band 2015-2023 (Sources: Council Records)

Year	Band 1	Band 2	Band 3	Band 4	Total
2015/16	63	217	979	2707	3966
2016/17	35	159	599	1725	2518
2017/18	35	167	535	1432	2169
2018/19	35	163	511	1423	2132
2019/20	37	154	511	1310	2012
2020/21	47	196	596	1504	2343
2021/22	38	232	611	1253	2134
2022/23	47	241	623	1246	2157

Establishing Current Unmet Need for Affordable Housing for Households Unable to Afford

4.11 Households assumed to be unable to afford housing include:

» All households that are currently **homeless**;

» All those currently housed in **temporary accommodation**; and

» People in a **reasonable preference category** on the housing register, where their needs have not already been counted.

4.12 Given this context, our analysis counts the needs of all these households when establishing the need for affordable housing at a base date of March 31st 2021.

4.13 The analysis counts the needs of all households living in overcrowded rented housing when establishing the need for affordable housing, (which could marginally overstate the affordable housing need) but it does not count the needs of owner occupiers living in overcrowded housing (which can be offset against any previous over-counting). Student households are also excluded, given that their needs are assumed to be transient and do not count towards the need for affordable housing in South Oxfordshire and Vale of White Horse.

4.14 The analysis does not count people occupying insanitary housing or otherwise living in unsatisfactory housing conditions as a need for additional affordable housing. These dwellings would be unsuitable for any household; and enabling one household to move out would simply allow another to move in – so this would not reduce the overall number of households in housing need. This housing need should be resolved by improving the existing housing stock, and the Councils have a range of statutory enforcement powers to improve housing conditions. If a property cannot be remediated then this is the same as losing

the property from the stock through demolition and this requires to be added to the net need calculated on a one for one basis.

4.15 Concealed families are defined as, "family units or single adults living within other households, who may be regarded as potential separate households which may wish to form given appropriate opportunity"[35]. When considering **concealed families**, it is important to recognise that many do not want separate housing. Concealed families with older family representatives will often be living with another family, perhaps for cultural reasons or in order to receive help or support due to poor health. However, those with younger family representatives are more likely to experience affordability difficulties or other constraints (although not all will want to live independently).

4.16 Concealed families in a reasonable preference category on the housing register will be counted regardless of age, but our analysis also considers the additional growth of concealed families with family representatives aged 18-54 years (even those not registered on the housing register) and assumes that all such households are unlikely to be able to afford housing (otherwise they would have found a more suitable home). The needs of these households are counted when establishing the need for affordable housing**.**

4.17 Overleaf Figure 46 and Figure 47 set out the assessment of current affordable housing need for South Oxfordshire and Vale of White Horse. The 'increase in overall need' shows the number of households who will not be counted by the household projections because of being homeless or concealed households.

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[35] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6338/1776873.pdf

Figure 46: **Assessing current unmet gross need for affordable housing – South Oxfordshire in 2021 (Sources: DLUHC P1E returns; Census 2001 and 2011; English Housing Survey 2021; DWP Housing Benefit; DLUHC, Local Authority Housing Statistics)**

Current unmet need classification	Current status	Affordable Housing Gross Need	Affordable Housing Supply	Affordable Housing Net Need	Increase in Overall Need
Homeless households in priority need [Source: DLUHC P1E returns]	Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	5		5	5
Homeless households in priority need [Source: DLUHC P1E returns]	Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	0		0	
Homeless households in priority need [Source: DLUHC P1E returns]	Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	3	3	0	
Homeless households in priority need [Source: DLUHC P1E returns]	Households accepted as homeless but without temporary accommodation provided	0		0	0
Concealed households [Source: Census 2001 and 2011]	Growth in concealed families with family representatives aged under 55	178		178	178
Overcrowding based on the bedroom standard [Source: Census 2011 and English Housing Survey	Households living in overcrowded private rented housing	173		173	
Overcrowding based on the bedroom standard [Source: Census 2011 and English Housing Survey	Households living in overcrowded social rented housing	341	341	0	
Other households living in unsuitable housing that cannot afford their own home [Source: DLUHC LAHS]	People who need to move on medical or welfare grounds, including grounds relating to a disability	306	31	275	
Other households living in unsuitable housing that cannot afford their own home [Source: DLUHC LAHS]	People who need to move to a particular locality in the borough of the authority, where failure to meet that need would cause hardship	0	0	0	
TOTAL	**TOTAL**	**1,006**	**375**	**631**	**183**

4.18 Based on a detailed analysis of the past trends and current estimates of households considered to be in housing need, our analysis has concluded that an estimated **1,006 households in South Oxfordshire are currently living in unsuitable housing and are unable to afford their own housing**.

4.19 Of these households, 375 currently occupy affordable housing that does not meet the households' current needs, mainly due to the number of bedrooms. Providing suitable housing for these households will enable them to vacate their existing affordable housing, which can subsequently be allocated to another household in need of affordable housing. **There is, therefore, a net need from 631 households in South Oxfordshire** (1,006 less 375 = 631) **that currently need affordable housing and do not currently occupy affordable housing** (although a higher number of new homes may be needed to resolve all the identified overcrowding).

4.20 These numbers include a total of 183 households that would not be counted by the household projections because of their being homeless or concealed households.

Figure 47: **Assessing current unmet gross need for affordable housing –Vale of White Horse in 2021 (Sources: DLUHC P1E returns; Census 2001 and 2011; English Housing Survey 2021; DWP Housing Benefit; DLUHC, Local Authority Housing Statistics)**

Current unmet need classification	Current status	Affordable Housing Gross Need	Affordable Housing Supply	Affordable Housing Net Need	Increase in Overall Need
Homeless households in priority need [Source: DLUHC P1E returns]	Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	6		6	6
Homeless households in priority need [Source: DLUHC P1E returns]	Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	0		0	
Homeless households in priority need [Source: DLUHC P1E returns]	Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	6	6	0	
Homeless households in priority need [Source: DLUHC P1E returns]	Households accepted as homeless but without temporary accommodation provided	0		0	1
Concealed households [Source: Census 2001 and 2011]	Growth in concealed families with family representatives aged under 55	99		99	99
Overcrowding based on the bedroom standard [Source: Census 2011 and English Housing Survey	Households living in overcrowded private rented housing	159		159	
Overcrowding based on the bedroom standard [Source: Census 2011 and English Housing Survey	Households living in overcrowded social rented housing	368	368	0	
Other households living in unsuitable housing that cannot afford their own home [Source: DLUHC LAHS]	People who need to move on medical or welfare grounds, including grounds relating to a disability	268	30	238	
Other households living in unsuitable housing that cannot afford their own home [Source: DLUHC LAHS]	People who need to move to a particular locality in the borough of the authority, where failure to meet that need would cause hardship	0	0	0	
TOTAL	**TOTAL**	**906**	**404**	**502**	**105**

4.21 Meanwhile, our analysis has concluded that an estimated **906 households in Vale of White Horse are currently living in unsuitable housing and are unable to afford their own housing**. Of these households, 404 currently occupy affordable housing that does not meet the households' current needs, mainly due to the number of bedrooms. **There is, therefore, a net need from 502 households in Vale of White Horse that currently need affordable housing and do not currently occupy affordable housing** (although a higher number of new homes may be needed to resolve all the identified overcrowding). These numbers include a total of 105 households that would not be counted by the household projections because of their being homeless or concealed households.

Projected Future Affordable Housing Need

4.22 In terms of establishing **future** projections of affordable housing need, the PPG draws attention to new household formation (in particular the proportion of newly forming households unable to buy or rent in the market area) as well as the number of existing households falling into need.

> **How can the number of newly arising households likely to be in affordable housing need be calculated (gross annual estimate)?**
>
> *Projections of affordable housing need will have to reflect new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimate of the number of existing households falling into need. This process will need to identify the minimum household income required to access lower quartile (entry level) market housing (strategic policy-making authorities can use current costs in this process, but may wish to factor in anticipated changes in house prices and wages). It can then assess what proportion of newly forming households will be unable to access market housing.*
>
> **Planning Practice Guidance, ID 2a-021-20190220**

4.23 The ORS Housing Mix Model considers the need for market and affordable housing on a longer-term basis that is consistent with household projections and Joint Housing Need (LHN). The Model uses a range of secondary data sources to build on existing household projections and profiles how the housing stock will need to change in order to accommodate the projected future population.[36] The Model provides robust and credible evidence about the required mix of housing over the full planning period, and recognises how key housing market trends and drivers will impact on the appropriate housing mix.

4.24 Whilst PPG identifies that "Projections of affordable housing need will have to reflect new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimate of the number of existing households falling into need." [ID: 2a-021-20190220], **the Model recognises that the proportion of households unable to buy or rent in the market area will not be the same for all types of household, and that this will also differ by age.** Therefore, the appropriate proportion is determined separately for each household type and age group.

4.25 The affordability percentages in Figure 48 and Figure 49 are calculated using detailed information on existing households living in South Oxfordshire and Vale of White Horse from the 2011 and 2021 Census alongside data published by DWP about housing benefit claimants. For each type of household in each age group, the table identifies the percentage of households unable to afford their housing costs. The key data utilised is how many households are living in affordable housing now by age group and type and also the rate of housing benefit take-up among those same groups. The household types have been slightly modified from those shown in Figure 20 and Figure 21.

4.26 The defining factor here is whether a household can pay for their housing without requiring affordable housing or housing benefit. Therefore, this is the proportion of households in each age and household composition group that either occupy affordable housing <u>or</u> receive housing benefit to enable them to afford market housing. For example 62% of lone parent families headed by someone aged 35-44 years either reside in social housing or receive housing benefit.

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[36] Detailed data from CLG 2014-based household projections and sources identified in Figure 37, Figure 46 and Figure 48

Figure 48:   Assessing affordability by household type and age for South Oxfordshire (Source: Census 2011 and DWP)

Percentage unable to afford market housing in South Oxfordshire	Under 25	25-34	35-44	45-54	55-64	65+
Single person household	36%	15%	17%	19%	24%	24%
Couple family with no dependent children	10%	4%	5%	8%	6%	8%
Couple family with 1 or more dependent children	47%	22%	10%	6%	9%	9%
Lone parent family with 1 or more dependent children	79%	77%	50%	30%	24%	37%
Other household type	22%	18%	19%	21%	14%	11%

Figure 49:   Assessing affordability by household type and age for Vale of White Horse (Source: Census 2011 and DWP)

Percentage unable to afford market housing in Vale of White Horse	Under 25	25-34	35-44	45-54	55-64	65+
Single person household	33%	14%	18%	23%	23%	26%
Couple family with no dependent children	12%	5%	6%	8%	7%	11%
Couple family with 1 or more dependent children	63%	25%	12%	7%	8%	25%
Lone parent family with 1 or more dependent children	83%	74%	46%	33%	29%	21%
Other household type	23%	15%	25%	21%	20%	11%

Establishing the Future Affordable Housing Need for Households Unable to Afford

4.27 When considering the number of newly arising households likely to be in affordable housing need, the PPG recommends a *"gross annual estimate"* [ID 2a-021-20190220] suggesting that *"the total need for affordable housing should be converted into annual flows"* [ID 2a-024-20190220].

4.28 Below, Figure 50 and Figure 51 show the age structure of each of the components of household change for 2021 to 2041. This again draws on the household types set out in Figure 20 and Figure 21 while applying underlying modelled trends to the changes in household type. Note that this analysis is based on changes within each age cohort, so comparisons are based on households born in the same year and relate to their age at the end of the period. Therefore, all new households are properly counted, rather than only counting the increase in the number of households in each age group.

Figure 50:   Annual change in South Oxfordshire household numbers in each age cohort by age of Household Representative Person for 2021-2041 (Source: ORS Housing Model, ONS 2018 based sub-national projections and CLG 2014 based sub-national projections)
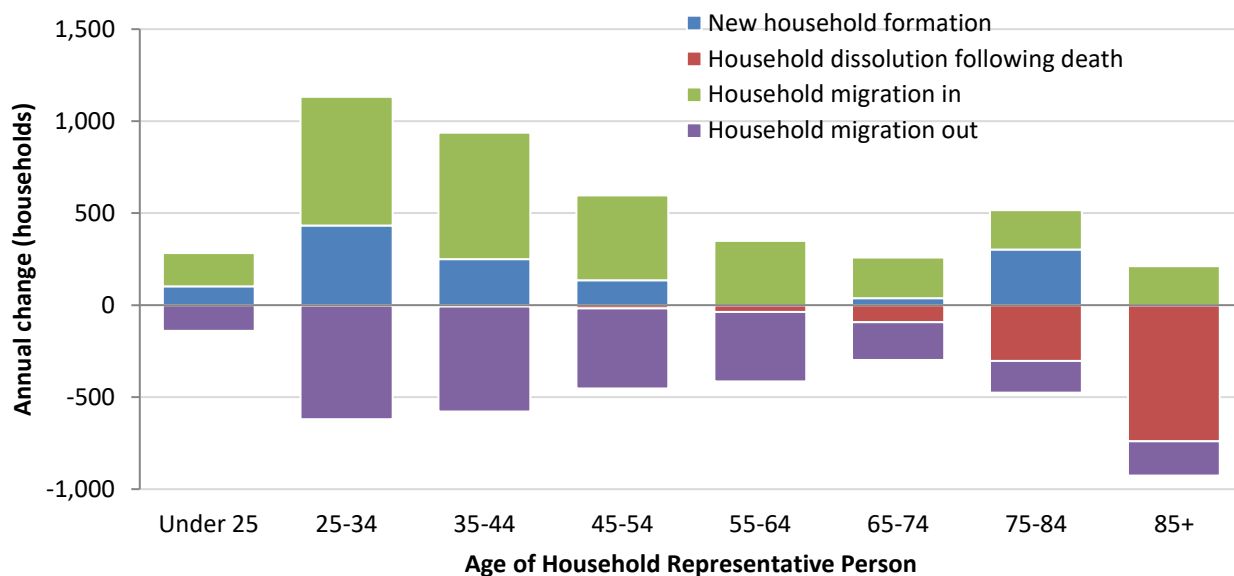
Figure 51:   Annual change in Vale of White Horse household numbers in each age cohort by age of Household Representative Person for 2021-2041 (Source: ORS Housing Model, ONS 2018 based sub-national projections and CLG 2014 based sub-national projections)
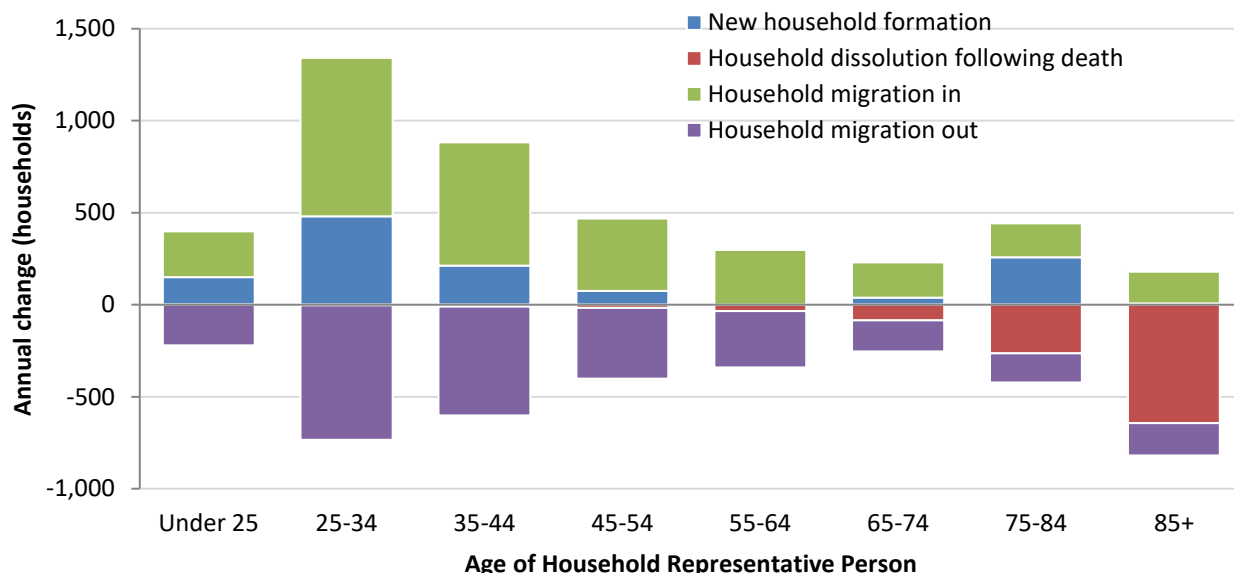
4.29   Together with information on household type, this provides a framework for the model to establish the proportion of households who are unable to afford their housing costs. As an example, we have a modelled figure for newly forming households aged under 25 years in Figure 50 and Figure 51 and figures for how many single persons aged under 25 years in Figure 20 and Figure 21 plus a model for the affordability of single person households aged under 25 years in Figure 48 and Figure 49. Bringing these together allows us to calculate the number of single persons under 25 years who cannot afford market

housing. The same calculation is then made for every household type and every age cohort and these results are aggregated into the tables below.

Figure 52: Newly forming and in-migration: Annual components of Household Growth 2021-41 in South Oxfordshire (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

South Oxfordshire	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	1,261	1,004	258	20%
Households migrating into the area	3,022	2,491	532	18%
All new households	**4,284**	**3,494**	**790**	**18%**

Figure 53: Newly forming and in-migration: Annual components of Household Growth 2021-41 in Vale of White Horse (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Vale of White Horse	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	1,220	916	304	25%
Households migrating into the area	3,023	2,377	645	21%
All new households	**4,243**	**3,294**	**949**	**22%**

4.30 The ORS Model identifies 1,262 new households projected to form in South Oxfordshire each year, of which 20% will be unable to afford their housing costs. This amounts to 258 households each year, while the figure for Vale of White Horse is 304 households per annum.

4.31 The model also considers new households migrating to the area. The projection is for 3,022 households per year, of which 18% (532 households) will be unable to afford their housing costs in South Oxfordshire and 3,023 households generating a need for 645 affordable homes in Vale of White Horse. Migrating households are less likely to be in housing need because they typically have higher incomes and equity from property elsewhere.

4.32 This results in a total of 790 <u>new</u> households in need of affordable housing per annum in South Oxfordshire. The equivalent figures for Vale of White Horse are 949 new households in need.

4.33 PPG identifies that "there will be a current supply of housing stock that can be used to accommodate households in affordable housing need" and that it is necessary to establish "the number of affordable dwellings that are going to be vacated by current occupiers that are fit for use by other households in need" (ID 2a-022).

Figure 54: Dissolution and out-migration: Annual components of Household Growth in South Oxfordshire 2021-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

South Oxfordshire	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Household dissolutions following death	1,200	998	202	17%
Households migrating <u>out</u> of the area	2,704	2,241	463	17%
All households no longer present	**3,904**	**3,239**	**665**	**17%**

Figure 55: **Dissolution and out-migration: Annual components of Household Growth in Vale of White Horse 2021-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

Vale of White Horse	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Household dissolutions following death	1,058	854	203	19%
Households migrating out of the area	2,737	2,161	576	21%
All households no longer present	**3,795**	**3,015**	**779**	**21%**

4.34 In South Oxfordshire, the model identifies 1,200 households are likely to dissolve following the death of all household members. Many of these households will own their homes outright however, 202 of these are likely to have been unable to afford market housing and will mostly be living in social rented housing. The equivalent figure is Vale of White Horse is 203 households per annum.

4.35 In addition, some households that are unable to afford housing will migrate away from the area, so their needs should be discounted to ensure consistency with the household projections. The model identifies that in South Oxfordshire 2,704 households will migrate out of the area each year, including 463 households who are unable to afford their housing costs. A proportion of these will vacate rented affordable housing (which will become available for another household) whereas others that have not yet been allocated an affordable home will reduce the number of households waiting. It should be noted that some might have chosen to stay if housing costs were cheaper or more affordable housing was available. If these households stayed if more affordable housing was available, then affordable needs would clearly rise on a one for one basis. Altogether, there are 665 households per annum who will vacate affordable dwellings or will no longer be waiting for a home in South Oxfordshire, with the equivalent figure in Vale of White Horse being 779 household per annum. This implies that more need is being generated by households moving to South Oxfordshire and Vale of White Horse than from those leaving the area, so the impact of net migration is a small increase in net affordable housing need.

4.36 PPG also identifies that it is important to estimate *"the number of existing households falling into need"* (ID 2a-021). Whilst established households that continue to live in the local authorities will not contribute to household growth, changes in household circumstances (such as separating from a partner or the birth of a child) can lead to households who were previously able to afford housing falling into need. The needs of these households are analysed on a cohort basis, using 5-year bands and periods. That means that the same households are considered at the start and the end of the period; so at the end of the period they will be 5 years older than at the start of the period. For example, the number of established households aged 30-34 unable to afford market housing at the start of the period is compared with the number aged 35-39 at the end of the period 5 years later. The analysis is undertaken based on a matrix of 15 age groups and 5 household types and repeated for 4 five-year periods. Those sub-groups where the number of established households unable to afford has increased are summed to identify the total falling into need. Those sub-groups where the number has reduced are summed to identify the total climbing out of need.

4.37 It is estimated that 136 established households in South Oxfordshire and 166 established households in Vale of White Horse will fall into need each year.

4.38 However, established households' circumstances can also improve. For example:

» When two single person households join together to form a couple, pooling their resources may enable them to jointly afford their housing costs (even if neither could afford separately).

» Households also tend to be more likely to afford housing as they get older, so young households forming in the early years of the projection may be able to afford later in the projection period.

4.39 These improved circumstances can therefore reduce the need for affordable housing over time. The model identifies that the circumstances of 197 in South Oxfordshire and 228 in Vale of White Horse will improve such that they become able to afford their housing costs having previously being unable to afford. This is again calculated by analysing flows of households moving into affordable housing and housing benefit claimants between different cohorts in the population.

4.40 Therefore, considering the changing needs of existing households overall, there is a net <u>decrease</u> of 61 existing households needing affordable housing each year in South Oxfordshire and a net decrease of 62 each year in Vale of White Horse (Figure 56 and Figure 57). Therefore, for both authorities the circumstances of slightly more households are projected to improve than become worse each year and this in turn slightly offsets the need for affordable housing. While this may appear to be counter-intuitive, it is a common result with many households forming in housing need, but then seeing their circumstances improve.

Figure 56: Existing households: Annual components of Household Growth in South Oxfordshire 2021-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

South Oxfordshire	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Existing households falling into need	-	-136	136	100%
Existing households climbing out of need	-	197	-197	0%
Change in existing households	**-**	**61**	**-61**	**-**

Figure 57: Existing households: Annual components of Household Growth in Vale of White Horse 2021-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Vale of White Horse	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Existing households falling into need	-	-166	166	100%
Existing households climbing out of need	-	228	-228	0%
Change in existing households	**-**	**62**	**-62**	**-**

4.41 The following tables (Figure 58 and Figure 59) summarises the overall impact of:

» new households adding to housing need,

» the households no longer present reducing housing need and

» the changes in circumstances impacting existing households.

Figure 58: Summary annual components of Household Growth in South Oxfordshire 2021-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

South Oxfordshire	All households	Households able to afford housing costs	Households unable to afford housing costs
All new households	4,284	3,494	790
All households no longer present	3,904	3,239	665
Change in existing households	-	61	-61
Future affordable housing need 2021-41 (Annual average)	**+380**	**+316**	**+63**

Figure 59: Summary annual components of Household Growth in Vale of White Horse 2021-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Vale of White Horse	All households	Households able to afford housing costs	Households unable to afford housing costs
All new households	4,243	3,294	949
All households no longer present	3,795	3,015	779
Change in existing households	-	62	-62
Future affordable housing need 2021-41 (Annual average)	**+448**	**+340**	**+108**

4.42 Overall reviewing the contribution of each element amounts to an additional 63 households needing affordable housing in South Oxfordshire and 108 households needing affordable housing in Vale of White Horse annually over the 20-year period 2021-41.

Overall Affordable Housing Need for Households Unable to Afford

4.43 Below, Figure 60 and Figure 61 bring together the information on assessing the unmet need for affordable housing in 2021 and the associated impact on market housing, together with the future need for market and affordable housing arising over the 20-year period 2021-41.

Figure 60: Assessing total need for market and affordable housing for South Oxfordshire (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

South Oxfordshire	Housing Need (households) Market housing	Housing Need (households) Affordable housing	Overall Housing Need
Unmet need for affordable housing in 2021			
Total unmet need for affordable housing (a)	-	1,006	1,006
Supply of housing vacated (b)	448	375	823
Current housing need (c) = (a) - (b)	**-448**	**+631**	**+183**
Projected future housing need 2021-41			
Average annual housing need (d)	+316	+63	+380
Future housing need (e) = (d) x 20	**+6,324**	**+1,269**	**+7,592**
Total need for market and affordable housing (f) = (c) + (e)	**+5,875**	**+1,900**	**+7,775**
Average annual household growth (g) = (f) / 20	+294	+95	+389
Proportion of overall need for market and affordable housing	**75.6%**	**24.4%**	**100.0%**

Figure 61: **Assessing total need for market and affordable housing for Vale of White Horse (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

Vale of White Horse	Housing Need (households) Market housing	Housing Need (households) Affordable housing	Overall Housing Need
Unmet need for affordable housing in 2021			
Total unmet need for affordable housing (a)	-	906	906
Supply of housing vacated (b)	397	404	801
Current housing need (c) = (a) - (b)	**-397**	**502**	**105**
Projected future housing need 2021-41			
Average annual housing need (d)	340	108	448
Future housing need (e) = (d) x 20	**6,804**	**2,162**	**8,965**
Total need for market and affordable housing (f) = (c) + (e)	**6,407**	**2,663**	**9,070**
Average annual household growth (g) = (f) / 20	320	133	454
Proportion of overall need for market and affordable housing	**70.6%**	**29.4%**	**100.0%**

4.44 Overall, in South Oxfordshire, there is a need to provide affordable housing for 1,900 households unable to afford to rent or buy over the Plan period 2021-41 (24.4% of the projected growth) which equates to **95 households per year.**

4.45 Overall, in Vale of White Horse, there is a need to provide affordable housing for 2,663 households unable to afford to rent or buy over the Plan period 2021-41 (29.4% of the projected growth) which equates to **133 households per year.**

4.46 These figures relate only to households who cannot afford market housing costs, with an additional need for those who can afford market costs, but who aspire to own considered in the next section. There is no overlap in households between these two sections.

Summary for Households Unable to Afford Market Housing

4.47 In South Oxfordshire the housing mix analysis identified a need to provide additional affordable housing for 1,900 households over the 20-year period 2021-41. **This is equivalent to 95 households per year.**

4.48 In Vale of White Horse the housing mix analysis identified a need to provide additional affordable housing for 2,663 households over the 20-year period 2021-41. **This is equivalent to 133 households per year.**

4.49 These figures relate only to households who cannot afford market housing costs, with an additional need for those who can afford market costs, but who aspire to own considered in the next section. There is no overlap in households between these two sections.

4.50 These levels would provide for the current unmet needs for affordable housing in addition to the projected future growth in affordable housing need, but any future losses from the current stock (such as demolition, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount.

4.51 The analysis also assumes that the level of housing benefit support provided to households living in the private rented sector remains constant. Private rented housing (with or without housing benefit) does not meet the definitions of affordable housing and is not counted as affordable housing supply; however households in receipt of housing benefit are assumed to be able to afford their housing costs, so they are

not counted towards the current need for affordable housing. Nevertheless, if housing benefit support was no longer provided (or if there wasn't sufficient private rented housing available at a price they could afford) then this would increase the need for affordable housing. This issue is explored later in this report when we calculate the impact of reducing housing benefit claimants in the private rented sector at Figure 86 and Figure 87.

Needs of Households Aspiring to Homeownership

Home Ownership Trends

4.52 The new emphasis on households that cannot afford to own their home reflects Government concerns that the proportion of owner occupiers has reduced nationally over the last twenty years. Estimates from the English Housing Survey suggest that the proportion of owner occupiers reduced from around 69% in 2006 to 65% in 2011 and to 63% by 2016 for England as a whole. Over the same period the proportion of households renting from a social landlord also reduced from 19% to 17% whilst the proportion renting privately increased from 12% to 20% across England.

4.53 The proportion of owner occupiers varies by age with younger age groups less likely to own their home than older households. The real change is in the extent to which younger age groups owning their property has fallen over recent years whilst at the upper end of the age scale (aged 65 or over) home ownership has been increasing (Figure 62).

Figure 62: Percentage of Owner Occupiers in England by Age Group 2001-2021 (Source: English Housing Survey)
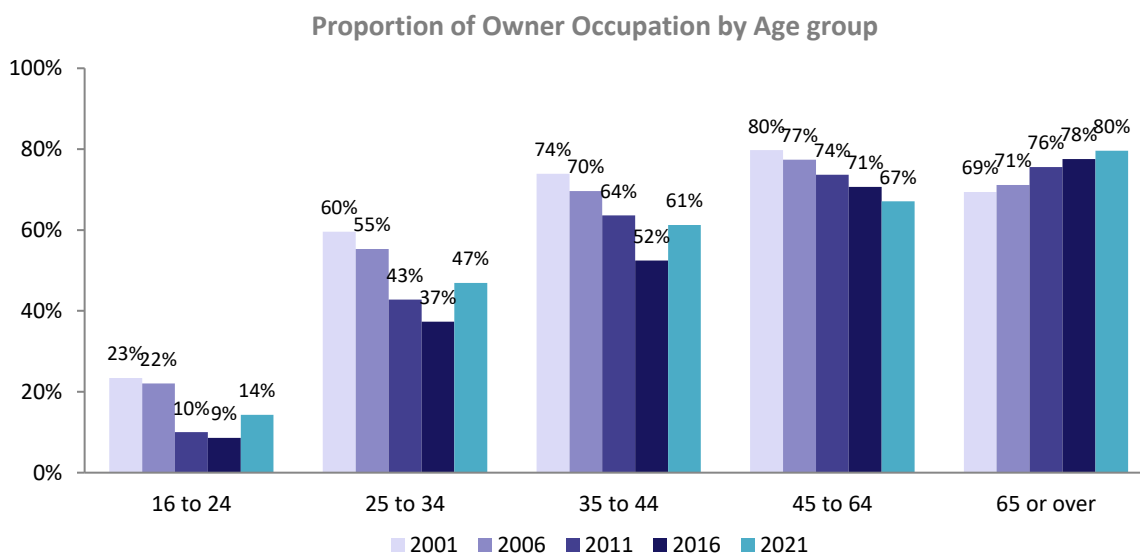
4.54 The English Housing Survey does not contain robust data on owner occupation by age group at the local level, however an indication of the comparison between owner occupation levels by age in South Oxfordshire and Vale of White Horse versus the national average can be gathered from the 2021 Census (Figure 63).

Figure 63: Proportion of Owner Occupation by age group 2021 (Source: Census 2021)

Proportion of Owner Occupation by Age group

Legend: England · South Oxfordshire · VOWH

Age group	England	South Oxfordshire	VOWH
16 to 24	14%	21%	19%
25 to 34	39%	48%	47%
35 to 44	53%	62%	61%
45 to 64	67%	75%	74%
65 or over	77%	84%	84%
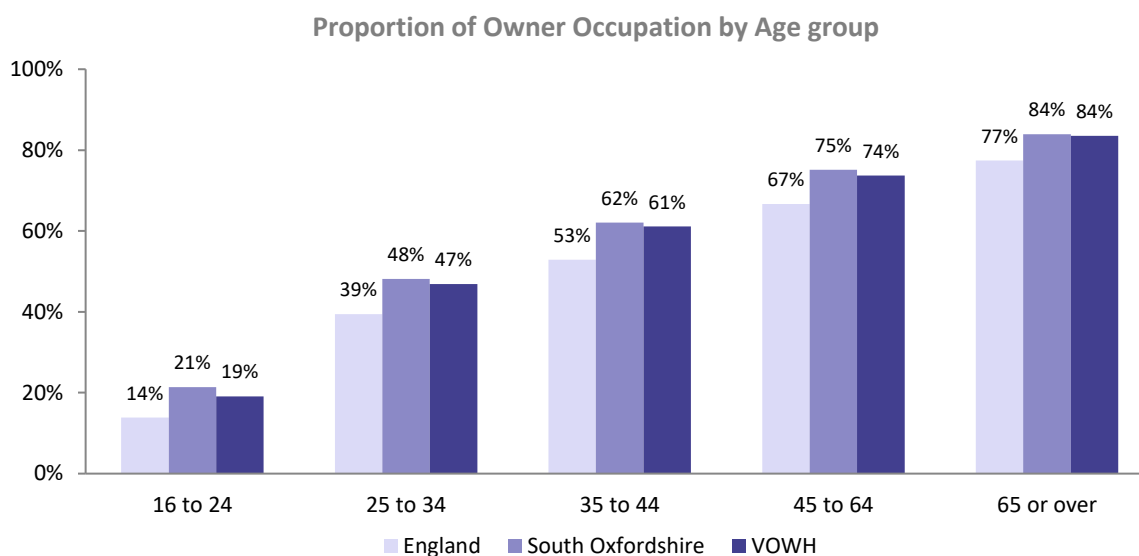
4.55 It can be seen from Figure 63 that there are higher rates of owner occupation in South Oxfordshire and Vale of White Horse than the national average in all age groups.

Establishing the number of households aspiring to home ownership

4.56 English Housing Survey data shows that, unsurprisingly, 96% of households who currently own their property wish to stay as owner occupiers in the long term. In terms of potential demand over half (54%) of households who rent privately and almost a fifth (18%) of those in social rented housing aspire to homeownership.

Figure 64: Long-term aspirations for England (Source: English Housing Survey 2013/4)

Current Tenure	Long-term Tenure Plan to be Owner Occupier	Long-term Tenure Plan for Shared Ownership	Long-term Tenure Plan to Rent from Private Landlord	Long-term Tenure Plan to Rent from Social Landlord	Long-term Tenure Plan is Other
Owner occupied	96.1%	0.4%	0.7%	1.1%	1.6%
Private rent	53.5%	2.6%	28.8%	11.4%	3.8%
Social rent	18.1%	1.8%	1.9%	77.0%	1.1%

4.57 These figures relate to aspirations only and there is no test within the data as to whether this aspiration is affordable. It is therefore worth considering the responses of those currently in private rent in more detail with a view to understanding the types of household aspiring to buy.

4.58 The following chart (Figure 65) shows long-term tenure aspirations of those in private rent by household type as well as whether they are currently in receipt of housing benefit.

4.59 Almost two in three (65%) of those who are currently renting privately and NOT receiving housing benefit wish to buy their own home in the future. The proportion is much lower for those households with a Household Representative Person (HRP) over 60 (averaging 15%) and slightly higher amongst couples under 60 (77% and 72% depending on whether or not there are dependent children in the household).

4.60 Just under three in ten (28%) of those households in the private rented sector and in receipt of housing benefit wish to buy their own home in the future. This increases to 53% of couples with dependent children.

Figure 65: Long-term Tenure Expectation for those in the Private Rented Sector with and without Housing Benefit support (Source: English Housing Survey 2013-14. Note: Own includes shared ownership)

Long-term tenure expectations of those currently in private rented sector

■ Own   ■ Private Rent   ■ Social Rent   ■ Other

In private rent with no Housing benefit

Household type	Own	Private Rent	Social Rent	Other
One person aged 60+	16%	38%	17%	29%
Couple, no dependent child(ren) aged 60+	14%	54%	18%	14%
One person under 60	57%	34%	5%	4
Couple, no dependent child(ren) under 60	77%	17%	4%	2%
Couple with dependent child(ren)	72%	20%	6%	2%
Lone parent with dependent child(ren)	60%	20%	9%	12%
Other multi-person households	67%	25%	2%	6%
TOTAL	65%	25%	6%	5%

In private rent with Housing benefit

Household type	Own	Private Rent	Social Rent	Other
One person aged 60+	5%	66%	24%	5%
Couple, no dependent child(ren) aged 60+		71%	29%	
One person under 60	14%	48%	30%	9%
Couple, no dependent child(ren) under 60	26%	59%	11%	5%
Couple with dependent child(ren)	53%	29%	16%	2%
Lone parent with dependent child(ren)	33%	32%	32%	3%
Other multi-person households	21%	45%	26%	8%
TOTAL	28%	42%	26%	4%

Additional Need for Affordable Homeownership

4.61 Through combining data on the number of households of each type in each age group living in private rented housing and paying their own rent (without housing benefit) with the aspiration data from the EHS 2013-14, Figure 66 establishes the number of existing households likely to aspire to home ownership that have not been counted in the affordable housing need. It is important to recognise that all of these households are able to meet their own housing costs in the private rented sector, when they find a dwelling that suits them, so would typically not be considered for social or Affordable Rent. The households types are the same as set out in Figure 20 and Figure 21. The data is calculated by taking the 2018 population projection and updating these in line with the 2021 Census data. The data is then

converted to households using the 2018 based household projections headship rates and separated into household types.

Figure 66: Households currently living in the Private Rented Sector in South Oxfordshire and paying their own rent that aspire to home ownership by Age of Household Representative (Note: Figures may not sum due to rounding)

Household Type	15-24	25-34	35-44	45-54	55-64	65+	TOTAL
Single person	71	337	291	99	41	20	859
Couple without children	93	838	292	161	138	54	1,575
Families with child(ren)	31	380	537	299	0	0	1,246
Other households	36	98	30	28	16	0	208
Total Volume	**231**	**1,654**	**1,149**	**587**	**194**	**74**	**3,889**
Percentage of households	*6%*	*43%*	*30%*	*15%*	*5%*	*2%*	*100%*

Figure 67: Households currently living in the Private Rented Sector in Vale of White Horse and paying their own rent that aspire to home ownership by Age of Household Representative (Note: Figures may not sum due to rounding)

Household Type	15-24	25-34	35-44	45-54	55-64	65+	TOTAL
Single person	91	454	329	81	53	20	1,028
Couple without children	106	658	239	170	95	34	1,302
Families with child(ren)	16	542	738	238	0	0	1,533
Other households	43	227	30	7	5	0	311
Total Volume	**256**	**1,881**	**1,336**	**495**	**153**	**54**	**4,173**
Percentage of households	*6%*	*45%*	*32%*	*12%*	*4%*	*1%*	*100%*

4.62 Based on this analysis, we can estimate that there is a total of around 3,889 households currently resident in South Oxfordshire and 4,173 households in Vale of White Horse who cannot afford to own their own home but would aspire to do so.

4.63 In addition to the current need, it is also important to consider new households that are projected to form over the period 2021-2041. Through combining this data with the aspiration data from the EHS, we can conclude that it is likely that there would be a further 3,031 households in South Oxfordshire and 3,269 households in Vale of White Horse that form over the 20-year period who will be able to afford to pay market rent but unable to afford to own, despite that being their aspiration. **Overall, there are likely to be up to 6,920 households who cannot afford to buy their own home on the open market and aspire to homeownership in South Oxfordshire and up to 7,442 households in Vale of White Horse who cannot afford to buy their own home on the open market and aspire to home ownership over the period 2021-41.** These are the upper limit figures and are adjusted as part of the assessment to take account of any households that can afford market ownership. The vast majority of this group of private renters can be assumed to be potential first-time buyers, as it is far more common for a renter to become a homeowner (i.e. as a first-time buyer) than the reverse (i.e. entering the rental market having previously owned a home).

4.64 As noted earlier in Chapter 4, the government have recently introduced a new housing product entitled First Homes, which are properties to be sold with at least a 30% discount to first-time buyers. While the figure of 6,920 households who aspire to homeownership in South Oxfordshire and 7,442 households who aspire to home ownership in Vale of White Horse sets an upper threshold for the number who could seek to access First Homes, it would still be the case that these households would require a deposit and to be able to afford to service the cost of a mortgage. We explore the importance of this point below.

Identifying the Overall Affordable Housing Need

4.65 Below, Figure 68 and Figure 69 bring together the information on assessing the unmet need for affordable housing in 2021 together with the future need for affordable housing and those aspiring to home ownership arising over the 20-year period 2021-41. All data relates to households and this will be converted to dwellings when we add a vacancy rate in the next chapter. It can be noted that this assessment has no regard for whether those aspiring can access affordable home ownership options; some may be able to afford home ownership but have not found a suitable property yet.

Figure 68: Assessing total need for affordable housing 2021-2041 – South Oxfordshire (Source: ORS Housing Model)

South Oxfordshire	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Overall Affordable Housing Need
Current housing need in 2021	631	3,889	4,520
Future housing need 2021-41	1,269	3,031	4,300
TOTAL HOUSING NEED	**1,900**	**6,920**	**8,820**

Figure 69: Assessing total need for affordable housing 2021-2041 –Vale of White Horse (Source: ORS Housing Model)

Vale of White Horse	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Overall Affordable Housing Need
Current housing need in 2021	502	4,173	4,675
Future housing need 2021-41	2,161	3,269	5,430
TOTAL HOUSING NEED	**2,663**	**7,442**	**10,105**

4.66 On this basis, in South Oxfordshire we can conclude that the overall need for affordable housing would comprise a total of 8,820 households over the 20-year period 2021-2041. Meanwhile, in Vale of White Horse we can conclude that the overall need for affordable housing would comprise a total of 10,105 households. These represent very high levels of need. This is due to a large proportion of this need being associated with the whole population as opposed to the projected new households, which is recognised by the PPG:

How does the housing need of particular groups relate to overall housing need calculated using the standard method?

The standard method for assessing Joint Housing Need identifies an overall minimum average annual housing need figure but does not break this down into the housing need of individual groups. This guidance sets out advice on how plan-making authorities should identify and plan for the housing needs of particular groups of people.

This need may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method. This is because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which form the baseline for the standard method. How can needs of different groups be planned for?

Strategic policy-making authorities will need to consider the extent to which the identified needs of specific groups can be addressed in the area, taking into account:

> » *the overall level of need identified using the standard method (and whether the evidence suggests that a higher level of need ought to be considered);*
>
> » *the extent to which the overall housing need can be translated into a housing requirement figure for the plan period; and*
>
> » *the anticipated deliverability of different forms of provision, having regard to viability.*
>
> **Planning Practice Guidance, ID 67-001-20190722**

4.67 The size, type and tenure of homes also needs to be calculated separately from the standard method. PPG February 2019 stated. Though this paragraph has not been taken forward into later guidance, it remains pertinent:

> ***How does the housing need of particular groups relate to overall housing need calculated using the standard method?***
>
> *The standard method for assessing housing need does not break down the overall figure into different types of housing. Therefore the need for particular sizes, types and tenures of homes as well as the housing needs of particular groups should be considered separately.*
>
> **Planning Practice Guidance, ID 2a-017-20190220**

4.68 Given that the need for affordable housing and affordable home ownership in particular is very high, it is necessary to consider how this need can be addressed within the overall need established.

4.69 It will be important to plan for the needs of **all** households unable to afford to rent or own market housing if they are going to avoid the number of housing benefit claimants living in private rent increasing.

4.70 It is important to recognise that the figures for those who aspire to home ownership are based upon those households who currently can afford market rent. However, these households would not necessarily choose new build Affordable Home Ownership if it was available, as some may prefer to secure full ownership in the less expensive second-hand housing market. Similarly, some households may not ultimately need affordable home ownership if their circumstances change to such a degree that they are eventually able to buy without financial assistance. It is also important to recognise that the identified demand could only be realised if Affordable Home Ownership products can be delivered at prices that are truly affordable in the area, in line with local house prices and incomes.

4.71 Neither the NPPF nor PPG identify that any affordability criteria should be applied to those households who aspire to homeownership but cannot afford to buy their own home. However, it is appropriate to consider the extent to which these households could plausibly afford affordable homeownership products such as First Homes if they were provided. Whilst a range of affordable homeownership products are available, each with different costs and eligibility criteria, PPG for First Homes states at paragraph 2 that:

> ***How does the housing need of particular groups relate to overall housing need calculated using the standard method?***
>
> *The First Homes criteria are the minimum requirements a housing unit must meet in order to qualify as a First Home. Affordable Housing Update Written Ministerial Statement published on 24 May 2021, the national standards for a First Home are that:*
>
> *a) a First Home must be discounted by a minimum of 30% against the market value;*

> *b) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London); and,*
>
> *c) the home is sold to a person who meets the First Homes eligibility criteria, as set out in first 2 paragraphs under First Homes eligibility criteria.*
>
> **Planning Practice Guidance, ID: 70-002-20210524**

4.72 It goes on at paragraph 4 to outline that:

> ***Can the required minimum discount be changed?***
>
> *In order to qualify as a First Home, a property must be sold at least 30% below the open market value. Therefore, the required minimum discount cannot be below 30%.*
>
> *However, the First Homes Written Ministerial Statement does give local authorities and neighbourhood planning groups the discretion to require a higher minimum discount of either 40% or 50% if they can demonstrate a need for this. As part of their plan-making process, local planning authorities should undertake a housing need assessment to take into account the need for a range of housing types and tenures, including various affordable housing tenures (such as First Homes). Specific demographic data is available on open data communities which can be used to inform this process. The assessment will enable an evidence-based planning judgement to be made about the need for a higher minimum discount level in the area, and how it can meet the needs of different demographic and social groups.*
>
> *In such circumstances, the minimum discount level should be fixed at either 40% or 50% below market value and should not be set at any other value. In each case, these percentages represent the minimum discount required for a home to qualify as a First Home. Developers who are able to offer higher discounts within their contributions should be free to do so but the local authority cannot require this. In such cases, whatever discount (as a percentage of market value) is given at the first disposal should be the same at each subsequent sale. These minimum discounts should apply to the entire local plan area (except if Neighbourhood Plans are in place in certain areas) and should not be changed on a site-by-site basis.*
>
> *If local authorities or neighbourhood planning groups choose to revise their required minimum discounts in any future alterations to their plans, this should not affect the minimum discounts required for previously sold First Homes when they come to be resold, as these will be bound by the section 106 agreements entered into at the time of their first sale.*
>
> **Planning Practice Guidance, ID: 70-004-20210524**

4.73 Previously, Figure 33 showed that the current lower quartile newbuild prices for a 4-bedroom property in South Oxfordshire is around £560,000 and Figure 34 showed a 4 bedroom property is £442,000 in Vale of White Horse, so 50% of this price would be above the cap limit in South Oxfordshire. Therefore, at lower quartile house prices, 4 bedroom properties cannot be delivered in South Oxfordshire. Three bedroom properties would also be above the cap at a 30% discount in South Oxfordshire, so it would be necessary to apply a 50% discount to bring these properties within the First Homes maximum value of £250,000 value. While 1 to 2-bedroom properties would come in below the £250,000 with a lower discount, it is still the case that a property discounted by 50% will be much more affordable than one discounted by 30%. Therefore, for the purpose of establishing the plausibility of low-cost home ownership access, we have assumed a maximum discount of 50% on open market prices for properties

which are compatible with the First Homes scheme. However, we then assess how many of these households can also afford at a 30% discount.

4.74 Given this context, Figure 70 and Figure 71 identify those households with income that would be insufficient to afford 50% of newbuild prices at the lower quartile for the local area, those households with savings of less than £5,000, and those households that both have sufficient income and savings to purchase an open market property but nonetheless choose to rent. We have also excluded households in South Oxfordshire who require properties which have 4 or more bedroom because these cannot be delivered within the First Homes cap. It should be remembered that, as set out in Figure 41 and Figure 42, First Homes are typically more affordable than shared ownership in South Oxfordshire and Vale of White Horse, but of course shared ownership does often require a lower deposit. This is based on further analysis of the EHS data which considers the income distribution and savings data for households that rent privately but aspire to homeownership. This data has been updated to reflect current income levels and scaled for each local area using indices from the ONS gross disposable household income (GDHI) tables.

4.75 In South Oxfordshire, of the 6,920 households who can afford to rent but who aspire to homeownership, there would be 1,465 that would be able to afford market home ownership but choose not to (but aspire to do so at some point in the future). There would be a further 1,829 households with insufficient income to have a realistic prospect of being able to afford at 50% of open market values. There would also be 2,751 where the household had savings of less than £5,000 and were therefore unable to afford the assumed deposit (nor the assorted up-front costs) of purchasing a First Home in the local area. We have excluded households who require properties which have 4 or more bedrooms in South Oxford because these cannot be delivered within the First Homes cap.

Figure 70: **First Homes housing mix by household affordability in South Oxfordshire 2021-2041 (Source: ORS Housing Model)**

South Oxfordshire and Vale of White Horse	All households aspiring to home ownership	MINUS properties over the cap limit or where households can afford market home ownership	Households unable to afford market home ownership	MINUS households unable to afford 50% of newbuild LQ	Households able to afford 50% of newbuild LQ	MINUS households with savings of less than £5,000	Households able to afford 50% of newbuild LQ and have savings of £5,000 or more
1 bedroom	**757**	96	**661**	246	**415**	263	**152**
2 bedrooms	**2,797**	391	**2,406**	665	**1,742**	1,368	**374**
3 bedrooms	**2,598**	210	**2,388**	919	**1,469**	1,120	**348**
4+ bedrooms	**768**	768	**-**	-	**-**	-	**-**
TOTAL	**6,920**	**1,465**	**5,455**	**1,829**	**3,735**	**2,751**	**875**

Figure 71: First Homes housing mix by household affordability in Vale of White Horse 2021-2041 (Source: ORS Housing Model)

Vale of White Horse	All households aspiring to home ownership	MINUS properties over the cap limit or where households can afford market home ownership	Households unable to afford market home ownership	MINUS households unable to afford 50% of newbuild LQ	Households able to afford 50% of newbuild LQ	MINUS households with savings of less than £5,000	Households able to afford 50% of newbuild LQ and have savings of £5,000 or more
1 bedroom	936	72	864	392	472	271	201
2 bedrooms	2,661	246	2,414	974	1,440	1,071	369
3 bedrooms	2,691	160	2,531	920	1,611	1,195	415
4+ bedrooms	1,154	0	1,154	614	540	318	222
TOTAL	7,442	478	6,964	2,901	4,063	2,856	1,207

4.76 On this basis, 875 dwellings are needed for First Homes for households that aspire to homeownership but cannot afford it in South Oxfordshire and applying the calculation leads to 1,207 dwellings being needed in Vale of White Horse. As previously noted, it is likely that the vast majority of these households would be first-time buyers. However, we would note that the households who have been excluded from this calculation because they do not have sufficient savings or who cannot afford the mortgage on a First Home do still have a potential affordable housing need. It is just the case that they will not be able to access First Homes.

4.77 We consider that it is appropriate to exclude the households who can afford to buy, but for those who lack income (households unable to afford 50% of newbuild LQ) or savings (households with savings less than £5,000) for a First Homes alternative housing products may be more suitable. In South Oxfordshire, this amounts to 4,580 households (1,829+2,751=4,580) and in Vale of White Horse this amounts to 5,757 households (2,901+2,856=5,757). Instead, if a suitably priced Rent to Buy, or Shared Ownership product can be developed then they may move from a market need for private rent to an affordable housing need. We will return to this point in Chapter 5.

4.78 One consequence of the focus upon First Homes for affordable to own housing is that a households may be unable to afford a First Home and will instead remain in private rent. However, if their income rises then they can afford a First Home and will move to Affordable Home Ownership need. This highlights the need to provide a range of different affordable housing products.

4.79 Whilst it will be a policy decision as to how much of the additional need for affordable homeownership from households able to afford market rent should be provided, the minimum figures of affordable housing needs are those 875 households in South Oxfordshire and 1,207 households in Vale of White Horse likely to form an effective demand for First Homes in addition to the 1,900 households in South Oxfordshire and 2,663 households in Vale of White Horse unable to afford to rent or own market housing. These figures exclude the 4,580 households in South Oxfordshire and 5,757 in Vale of White Horse who are in private rented housing and may aspire to own but cannot afford to do so. Figure 72 and Figure 73 provide a breakdown of the overall need for affordable housing on this basis.

Figure 72: **Overall need for Affordable Housing 2021-41 in South Oxfordshire, including aspiring households able to access affordable home ownership, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

South Oxfordshire	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Affordable Housing (Households)
1 bedroom	56	152	208
2 bedrooms	649	374	1,023
3 bedrooms	926	348	1,274
4+ bedrooms	269	-	269
TOTAL HOUSING NEED	**1,900**	**875**	**2,775**

Figure 73: **Overall need for Affordable Housing 2021-41 in Vale of White Horse, including aspiring households able to access affordable home ownership, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

Vale of White Horse	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Affordable Housing (Households)
1 bedroom	313	201	513
2 bedrooms	925	369	1,294
3 bedrooms	1,132	415	1,547
4+ bedrooms	294	222	516
TOTAL HOUSING NEED	**2,663**	**1,207**	**3,870**

4.80 For South Oxfordshire this study identifies an overall affordable housing need from 2,775 households over the 20-year period 2021-41 (134 per annum). This includes the needs from all households unable to afford to rent or own market housing and also provides for those households who aspire to homeownership but who cannot afford to buy, where there is a realistic prospect of those households being able to access a 50% First Homes property. The equivalent figure for Vale of White Horse is 3,870 households over the period 2021-41 (194 per annum).

4.81 However, it is important to recognise that there are many more households who aspire to homeownership who either do not have sufficient income or savings that would enable them to realise their aspiration. There are significant price differences across the local authorities, with some areas being much more affordable than other. It is also important to recognise that these figures assume that the number of households in receipt of housing benefit to enable them to afford market housing in the private rented sector does not change.

Policy Issues

4.82 In terms of the other policy issues relating to First Homes, we would note the following conclusions:

» Minimum discount –House prices are below the £250,000 price cap for 1 and 2-bedroom First Homes in both South Oxfordshire and Vale of White Horse with a 30% discount, it would require a 50% discount for allow for 3 bedroom properties under First Homes in South Oxfordshire. Therefore, there is a case to consider a 50% discount, but this would impact upon wider viability.

»   <u>Price caps</u> – The case for a price cap on First Homes is to ensure that the selling price represents a genuine discount on locally available housing costs. If First Homes include 3 bedroom properties then £250,000 would be a large discount in both South Oxfordshire and Vale of White Horse, therefore there is no clear case for a lower price cap.

»   <u>Eligibility criteria</u> –The need for affordable home ownership in South Oxfordshire and Vale of White Horse is insufficient to justify a 25% target within affordable housing delivery and does not reach 10% of the outstanding Local Plan delivery target if a 30% discount is applied. It is not sufficiently high that additional eligibility criteria should be considered to ensure only a particular subset of the population can benefit from First Homes. A major limiting factor on the uptake of First Homes may be the ability of households on suitable incomes to secure mortgages.

5. Overall Housing Need

Joint Housing Need based on the Standard Method

Introduction

5.1   The NPPF confirms that planning authorities should normally use the standard methodology to establish a minimum Joint Housing Need (LHN) figure. Using the process set out in Planning Practice Guidance for Housing Need Assessment [ID2a-004-20201216] the minimum annual Joint Housing Need figure for 2023 can be established as follows:

Figure 74:   Establishing the minimum LHN figure (Source: CLG, ORS; Note: Annual housing figures are rounded to the nearest whole number)

Local Authority	Step 1: Setting the Baseline	Step 2: Affordability Adjustment + Step 3: Cap				Step 4: Cities and Urban Centres Uplift		20 yr LHN (LHN x 20)
	CLG 2014-based Avg Annual HH Increase 2023-33	Afford Ratio 2022	SM Uplift	40% Cap applies?	Annual HH Increase x Uplift	35% uplift applies?	Final Annual LHN (inc 35% uplift where applicable)	
South Oxfordshire	406	11.83	1.49	No	605	No	**605**	12,100
Vale of White Horse	475	9.15	1.32	No	628	No	**628**	12,560

Establishing the Housing Target

5.2   The LHN provides the starting point for establishing the final housing requirement which will be planned for through strategic policies. This is confirmed by PPG at the outset of the section on assessing housing and economic development needs:

> *Housing need is an unconstrained assessment of the number of homes needed in an area. Assessing housing need is the first step in the process of deciding how many homes need to be planned for. It should be undertaken separately from assessing land availability, establishing a housing requirement figure and preparing policies to address this such as site allocations.*
>
> **Planning Practice Guidance, ID 2a-001-20190220**

5.3   In determining the local plan housing target, it will be necessary for the local authorities to consider whether the LHN could be met within their area, taking account of other relevant factors, such as any constraints on land availability.

> *In such cases the housing need for the defined area should at least be the sum of the Joint Housing Need for each local planning authority within the area. It will be for the relevant strategic policy-making authority to distribute the total housing requirement which is then arrived at across the plan area.*
>
> **Planning Practice Guidance, ID 2a-013-20201216**

5.4   Where local authorities are unable to meet their LHN in full, it will be necessary for them to engage with neighbouring authorities through the Duty to Co-operate discussion. This should establish if any of the identified housing need that isn't able to be delivered locally (the "unmet need") could be provided for in other areas.

Disaggregating the Minimum Joint Housing Need figure for 2021-2041

5.5   Although the LHN figures are informed by the trend-based household projections, the affordability adjustment means that the LHN figure is higher than the household projection-based estimate of housing need. This increase is designed to help respond to housing market pressures which may have suppressed past rates of household formation.

5.6   Given this context, delivering the number of homes that the minimum LHN identifies will yield a different population and household growth to that projected using past trends alone. In assessing the appropriate mix of housing, it is necessary to establish demographic projections to align with the number of homes identified by the standard method.

5.7   The demographic projections for the JHNA are based on the latest official projections and cover the 20-year period 2021-2041. They are informed by the latest ONS mid-year estimates[37], and take account of the most up-to-date fertility and mortality rates and the latest migration trends. These figures therefore represent the best estimates for future households growth based upon past trends. However, whilst recent trends provide the starting point to understand trend household growth, the model still requires to deliver the overall LHN for the two areas. The model aligns recent trend household growth with the LHN target through varying two key assumptions:

»   Household formation rates for younger households are adjusted on the basis that the Government's objective of providing more homes will enable more households to form. The analysis assumes that household formation rates for all age groups under 45 will progressively increase towards the equivalent rate that was recorded in 2001. This will mean that any households who would have had their own home in 2001 based upon headship rates at that time, but who now share housing or live with their family will be assumed to have their own dwellings; and

»   Where household formation rates for all age groups under 45 have returned to the levels recorded in 2001, the rate of net inward migration is increased to align the overall household growth with the number of dwellings identified by the LHN target. This is a very significant assumption because it is saying that even allowing for trend based household growth plus addressing all potential suppressed household formation in South Oxfordshire and Vale of White Horse will still lead to a lower need for dwellings than the standard method housing need figures. Instead, to reach the standard method

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[37] The ONS reissued the official estimates for mid-2012 to mid-2016 in March 2018 following methodological improvements

dwelling target will require a small number of additional persons to move to the areas from elsewhere in the country.

5.8   Figure 75 and Figure 76 set out the separate elements that will contribute to the LHN. These include:

» Households growth over the 20-year period calculated on trend-based projections;

» Institutional population growth over the 20-year period needing communal accommodation;

» Dwellings without a usually resident household (either vacant homes or second homes);

» Additional dwellings to respond to pent-up housing market pressure.

5.9   Institutional population growth refers to the increase in the population living in communal establishments, such as care homes, prisons, defence bases and student halls of residence. This group are not counted within the household population (those that live as household in a dwelling); but are within the total population.

5.10 The Housing Delivery Test Measurement Rule Book[38] requires that communal accommodation is included as part of delivery. The calculation used to establish the communal accommodation requirement (i.e. convert the communal population to a household equivalent) is the change in communal/institutional population divided by the average number of adults per household based on Census data.

Figure 75:   Elements of housing need – South Oxfordshire (Source: CLG, ONS, ORS; Note: All figures presented unrounded for transparency)

Projected Households
- 2021 = 60,296 households
- 2041 = 67,888 household
- Change = +7,952 households

Institutional Population
- 2021 (3,104) - 2041 (3,868) Change = +764 people Ratio to convert instit. pop. to households = 1.89
- Change = +404 households

Allowance for vacant dwellings
- Vacancy rate @ 4.5% = (7,952 + 404) / (1 - 4.5%)

Total = 8,375 dwellings

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[38] https://www.gov.uk/government/publications/housing-delivery-test-measurement-rule-book
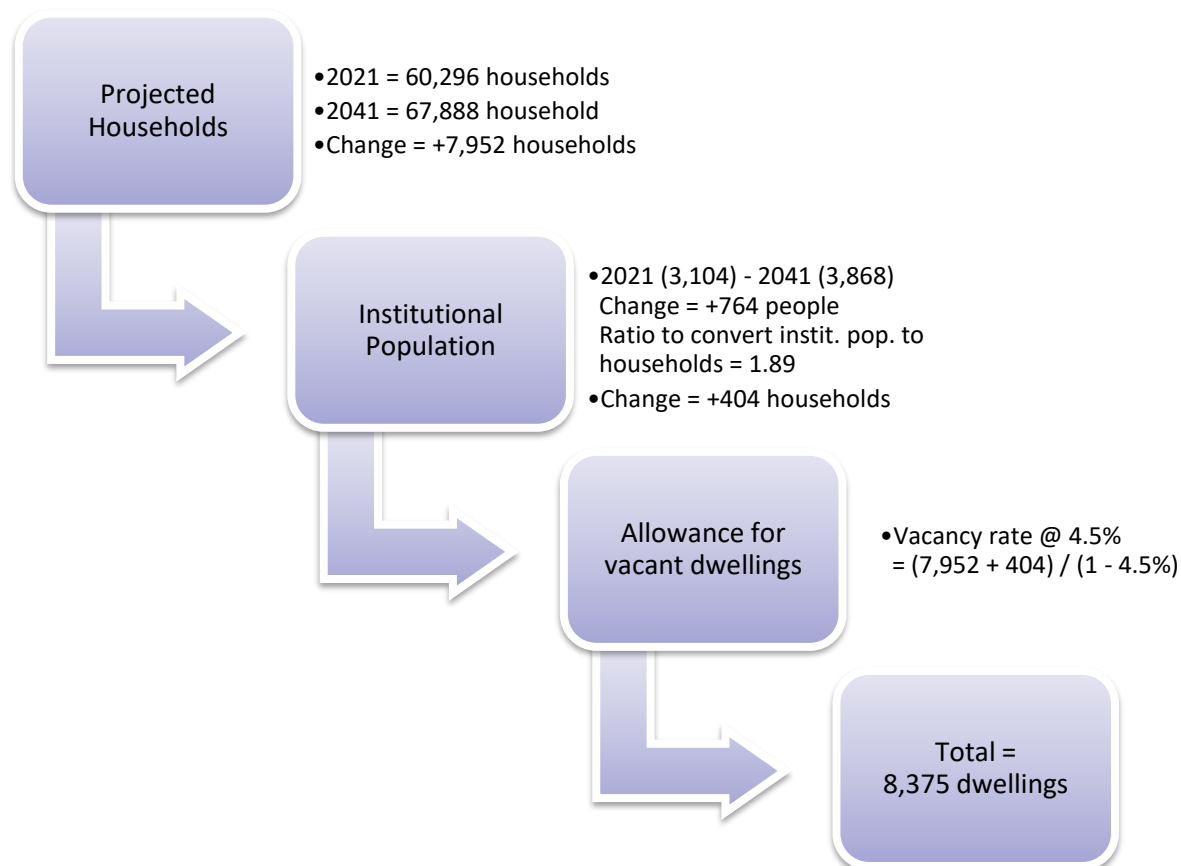
Figure 76: Elements of housing need – Vale of White Horse (Source: CLG, ONS, ORS; Note: All figures presented unrounded for transparency)

Projected Households
- 2021 = 57,452 households
- 2041 = 66,417 household
- Change = +8,965 households

Institutional Population
- 2021 (3,169) - 2041 (3,871) Change = +702 people Ratio to convert instit. pop. to households = 1.87
- Change = +376 households

Allowance for vacant dwellings
- Vacancy rate @ 3.2% = (8,965 + 376) / (1 - 3.2%)

Total = 9,649 dwellings
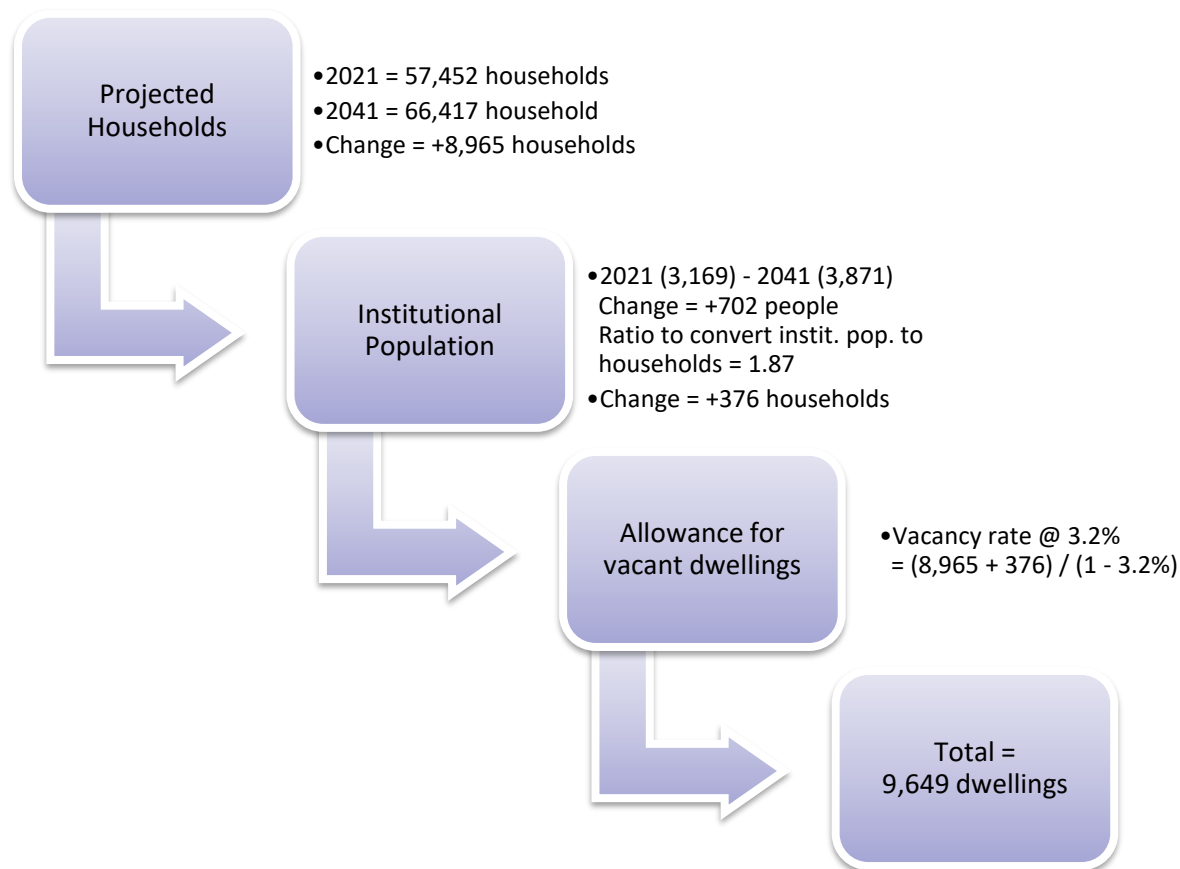
5.11 At this point in our reporting, we are referring to dwellings rather than households. A dwelling is usually occupied by a single household although in some cases two households may share a dwelling (see glossary). Importantly, we need to make an allowance for an inevitable base level of vacant properties and the word household becomes misleading.

5.12 Thus, the number of dwellings needed to deal with the projected household and institutional population growth is 7,952 in South Oxfordshire. However, if we assume that just under 4%[39] of dwellings will be unoccupied at any one time this means that a total of 8,375 dwellings are required. The number of dwellings needed in Vale of White Horse is 9,649.

5.13 The Joint Housing Need has already been identified as 605 dwellings per annum in South Oxfordshire and 628 dwellings per annum in Vale of White Horse, which translates to 12,100 dwellings and 12,560 dwellings across the twenty-year period. This leaves a difference between the housing need figures and the population projected need.

5.14 This additional need is made up from two elements:

» Enabling more households to form[40] (from the pent-up housing demand) = 2,210 dwellings in South Oxfordshire and 409 dwellings in Vale of White Horse.

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[39] Based on 2011 Census data at a local authority level
[40] Based on the assumption that household formation rates for all age groups under 45 are currently constrained and allowing them to return to the equivalent rates recorded in 2001

» Enabling more net inward migration[41] = 1,515 dwellings in South Oxfordshire and 2,502 dwellings in Vale of White Horse.

Figure 77: Additional Elements of housing need – South Oxfordshire and Vale of White Horse based on Standard Method (Source: CLG, ONS, ORS; Note: All figures presented unrounded for transparency)

8,375 dwellings to meet projected growth **+** 2,210 dwellings to address pent-up demand **+** 1,515 dwellings for extra inward migration **=** 12,100 dwellings

9,649 dwellings to meet projected growth **+** 409 dwellings to address pent-up demand **+** 2,502 dwellings for extra inward migration **=** 12,560 dwellings
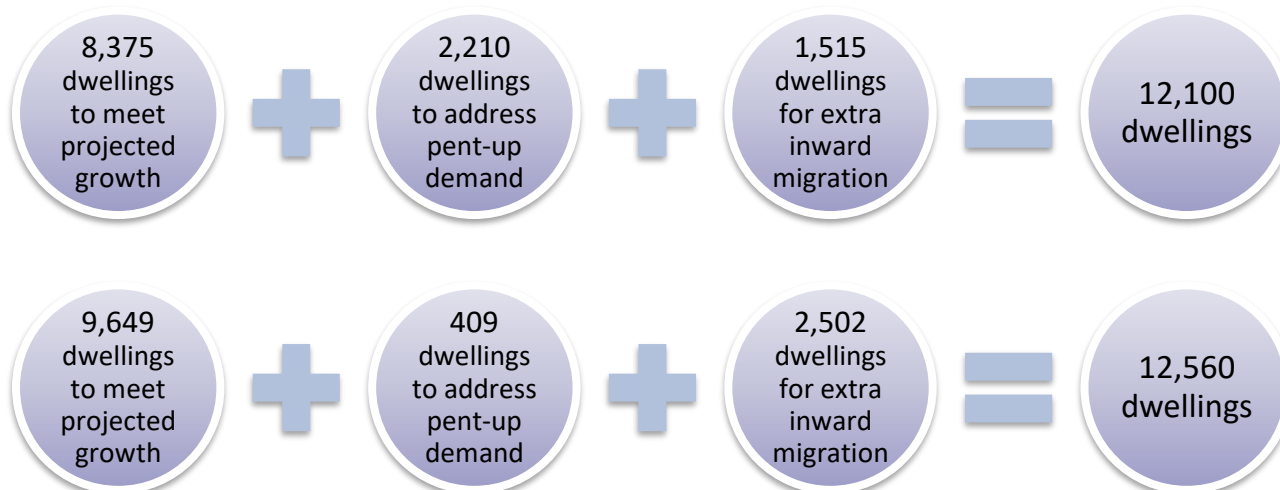
5.15 These extra dwellings can be separated into market and affordable housing. A component of affordable housing as outlined in Chapter 5 is First Homes for those that aspire to own. Some of the extra dwellings for pent-up demand and in-migration to meet the LHN beyond projected growth will inevitably be occupied by residents that aspire to home ownership, and the impact of this group on the affordable housing numbers calculated in Chapter 4 is calculated below. These same households should not add to the need for affordable housing to rent because they will have already been counted in the needs set out in Chapter 4 of this report as part of the backlog or new need. We would note the 508 household in South Oxfordshire and 232 households in Vale of White Horse who would aspire to home ownership, but who cannot access First Homes due to a lack of income or savings. We have excluded households who require properties which have 4 or more bedrooms in South Oxford because these cannot be delivered within the First Homes cap.

Figure 78: Extra households from pent-up demand and in-migration beyond projected: Affordable homeownership housing mix by household affordability 2021-2041 in South Oxfordshire (Source: ORS Housing Model)

	All households aspiring to home ownership	MINUS households able to afford market ownership	Households unable to afford market home ownership	MINUS households unable to afford 50% of newbuild LQ	Households able to afford 50% of newbuild LQ	MINUS households with savings of less than £5,000	Households able to afford and have savings of £5,000 or more
1 bedroom	**84**	11	**73**	27	**46**	29	**17**
2 bedrooms	**310**	43	**267**	74	**193**	152	**41**
3 bedrooms	**288**	23	**265**	102	**163**	124	**39**
4+ bedrooms	**85**	85	-	-	**-**	-	-
TOTAL	**682**	**162**	**605**	**203**	**402**	**305**	**97**

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[41] Once household formation rates reach the 2001 level any additional uplift is assumed to provide housing for an additional population based on increased net migration

Figure 79: Extra households from pent-up demand and in-migration beyond projected: Affordable homeownership housing mix by household affordability 2021-2041 in Vale of White Horse (Source: ORS Housing Model)

	All households aspiring to home ownership	MINUS households able to afford market ownership	Households unable to afford market home ownership	MINUS households unable to afford 50% of newbuild LQ	Households able to afford 50% of newbuild LQ	MINUS households with savings of less than £5,000	Households able to afford and have savings of £5,000 or more
1 bedroom	**38**	3	**35**	16	**19**	11	**8**
2 bedrooms	**107**	10	**97**	39	**58**	43	**15**
3 bedrooms	**108**	6	**102**	37	**65**	48	**17**
4+ bedrooms	**47**	0	**47**	25	**22**	13	**9**
TOTAL	**300**	**19**	**281**	**117**	**164**	**115**	**49**

5.16 The above Figure 78 and Figure 79 applies the same calculation to the extra residents as was presented in Figure 70 and

5.18 Figure 71 for households that formed projected growth. First Homes suitable for 97 extra households in South Oxfordshire and 49 in Vale of White Horse are needed to accommodate those that aspire to homeownership that have at least £5,000 in savings and have incomes above the relevant threshold.

5.19 The previous analysis (Figure 70) identified 875 households in South Oxfordshire that could afford a First Homes and had savings of £5,000 or more. Combining this with the 97 extra households identified, this totals 972 households that will aspire to homeownership and have the financial means to be able to afford First Homes at a 50% discount. Application of the affordable vacancy rate[42] yields 978 affordable homeownership dwellings (Figure 80). The equivalent figure for Vale of White Horse is 1,266 affordable homeownership dwellings (Figure 81).

Figure 80: Summary of households likely to be able to access affordable home ownership 2021-41 in South Oxfordshire (Source ORS Housing Model, Census)

	Households able to afford and have savings of £5,000 or more (Base Scenario)	Households able to afford and have savings of £5,000 or more (Uplift for LHN)	Households	Dwellings (including a vacancy rate)
1 bedroom	152	17	169	**170**
2 bedrooms	374	41	416	**418**
3 bedrooms	348	39	387	**389**
4+ bedrooms	-	-	-	-
TOTAL	**875**	**97**	**972**	**978**

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[42] Affordable vacancy rate data from Regulator of Social Housing - Statistical Data Return 2019

Figure 81: Summary of households likely to be able to access affordable home ownership 2021-41 in Vale of White Horse (Source ORS Housing Model, Census)

	Households able to afford and have savings of £5,000 or more (Base Scenario)	Households able to afford and have savings of £5,000 or more (Uplift for LHN)	Households	Dwellings (including a vacancy rate)
1 bedroom	201	8	209	**211**
2 bedrooms	369	15	384	**387**
3 bedrooms	415	17	432	**436**
4+ bedrooms	222	9	231	**233**
TOTAL	**1,207**	**49**	**1,255**	**1,266**

5.20 Overleaf, Figure 82 shows the result of applying a vacancy rate for affordable homes to the summary of households in Figure 72 for South Oxfordshire , and further disaggregating aspire to homeownership into those that can afford First Homes with a 30% discount and those that can afford First Homes with a 50% discount, but not with a 30% discount. This latter group will therefore require the provision of a more accessible product than 70% First Homes (e.g., a form of shared ownership, first homes with a larger discount, or similar). Figure 83 shows the equivalent figures for Vale of White Horse. The affordable need is calculated first and then subtracted from the overall dwelling need for each authority to give the market need. The category labelled unable to afford market rent includes both Social and Affordable Rent.

5.21 Note that the dwellings needed to reconcile population and household estimate derives from the way in which institutional population is treated within the household projections. The household projections exclude population in institutional settings and assume that the same ratio of over 75 year olds will be in institutional housing in the future as is currently the case. Therefore, not all people are assumed to be in households. However, the standard method LHN encompasses the entire population of the local authority, so it is necessary to reconcile the household projections with the total population and the number of dwellings to be provided. It is important to note that we are not assuming that the equivalent of 424 dwellings in South Oxfordshire and 388 dwellings in Vale of White Horse are delivered as Class C2 bedspaces. Instead, the population and household projections assume that the equivalent dwellings will be vacated by those moving to Class C2. If these moves do not occur because Class C2 bedspaces are not delivered, then more Class C3 dwellings will be required.

Figure 82: Overall need for Market and Affordable Dwellings (including affordable home ownership products) by property size in South Oxfordshire 2021-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Unable to afford market rents	Unable to afford market ownership but able to afford First Homes with a 50% discount, but not a 30% discount	Unable to afford market ownership but able to afford First Homes with a 30% discount	Affordable Housing	Total Market Housing	Total Housing
1 bedroom	56	47	123	226	330	**556**
2 bedrooms	653	122	296	1,071	1,089	**2,161**
3 bedrooms	932	389	0	1,321	4,348	**5,669**
4+ bedrooms	271	0	0	271	3,020	**3,291**
DWELLINGS	**1,913**	**558**	**419**	**2,890**	**8,787**	**11,676**
Dwellings to Reconcile Population and Households	-	-	-	-	424	424
LHN	**1,913**	**558**	**419**	**2,890**	**9,211**	**12,100**

Figure 83: Overall need for Market and Affordable Dwellings (including affordable home ownership products) by property size in Vale of White Horse 2021-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Unable to afford market rents	Unable to afford market ownership but able to afford First Homes with a 50% discount, but not a 30% discount	Unable to afford market ownership but able to afford First Homes with a 30% discount	Affordable Housing	Total Market Housing	Total Housing
1 bedroom	315	97	114	526	100	**626**
2 bedrooms	933	139	248	1,320	183	**1,503**
3 bedrooms	1,142	188	248	1,578	4,672	**6,250**
4+ bedrooms	296	233	0	529	3,264	**3,793**
DWELLINGS	**2,686**	**657**	**610**	**3,953**	**8,219**	**12,172**
Dwellings to Reconcile Population and Households	-	-	-	-	388	388
LHN	**2,686**	**657**	**610**	**3,953**	**8,607**	**12,560**

5.22 Figure 84 and Figure 85 show the components of housing need with a breakdown of affordable rented between Social Rent and Affordable Rent and shows a very high need for Social Rent in both areas. The key factors in this calculation is the household income profile of those in need and whether they receive housing benefit. If a household is unable to afford social rent without HB, then it is assumed that housing benefit will cover the cost of their rent. Similarly, if a household is able to afford social rent without HB but cannot afford affordable rent without then it is assumed that housing benefit will cover the additional cost of their affordable rent.

5.23 A further issue to consider in the area s Build to Rent. Build to Rent is not a need category, instead it is a type of property designed to predominantly meet market needs. As discussed in Chapter 3, Build To Rent properties tend to be premium market rent and would help to meet market needs in South Oxfordshire

and Vale of White Horse. However, there is also an affordable element to Build to Rent, with guidance suggesting a minimum discount of 20% on the market prices and this would set prices at or very near Local Housing Allowance rates.

Figure 84: Overall need for Market and Affordable Dwellings (including social and affordable renting) by property size in South Oxfordshire 2021-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Unable to afford social rent without HB	Unable to afford affordable rent without HB	First Homes	Minimum Total Affordable Housing	Total Market Housing	Total Housing
1 bedroom	49	7	170	226	330	**556**
2 bedrooms	653	0	418	1,071	1,089	**2,161**
3 bedrooms	786	147	389	1,321	4,348	**5,669**
4+ bedrooms	247	24	0	271	3,020	**3,291**
DWELLINGS	**1,735**	**177**	**977**	**2,890**	**8,787**	**11,676**
Dwellings to Reconcile Population and Households	-	-	-	-	424	**424**
LHN	**1,735**	**177**	**977**	**2,890**	**9,211**	**12,100**

Figure 85: Overall need for Market and Affordable Dwellings (including social and affordable renting) by property size in Vale of White Horse 2021-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Unable to afford social rent without HB	Unable to afford affordable rent without HB	First Homes	Minimum Total Affordable Housing	Total Market Housing	Total Housing
1 bedroom	306	9	211	526	100	**626**
2 bedrooms	808	125	387	1,320	183	**1,503**
3 bedrooms	957	185	436	1,578	4,672	**6,250**
4+ bedrooms	267	29	233	529	3,264	**3,793**
DWELLINGS	**2,338**	**348**	**1,266**	**3,953**	**8,219**	**12,172**
Dwellings to Reconcile Population and Households	-	-	-	-	388	**388**
LHN	**2,338**	**348**	**1,266**	**3,953**	**8,607**	**12,560**

Sensitivity Testing

5.24 As noted in the introduction, all the figures set out above are for net changes in the housing stock. Factors which can cause the net outputs to vary from the gross need include:

» Right to Buy sales which must be added to the net affordable housing needs figures on a one for one basis:

» Housing benefit in the private rented sector. As noted in Chapter 4, the ORS Model assumes that the number of households in receipt of housing benefit in the private rented sector remains constant. As noted in Chapter 3, relatively recent changes to letting policies and the reality of pressures on the housing stock make it less likely that single persons aged under 35 years will be allocated to a 1 bedroom Social Rented or Affordable Rented property. In 2021, the figure for households in receipt of housing benefit was 1,768 households in South Oxfordshire and 1,512 households in Vale of White Horse. Given sufficient viability then these figures can be reduced in an area;

» Households who can afford to rent, but who aspire to own, but who cannot access First Homes. In South Oxfordshire they amount to 5,088 (4,580+508) households for the LHN and in Vale of White Horse they amount to 5,989 (5,757 + 232) households. Therefore, with vacancy rates added, there is a potential need for 5,129 dwellings for households who aspire to own in South Oxfordshire and 6,029 dwellings in Vale of White Horse; and

» Changes in size mix through conversions and extensions. Data has been provided for recent changes for South Oxfordshire where the scale of housing extensions has become a concerned and we consider this issue below.

5.25 Both South Oxfordshire and Vale of White Horse stock transferred their affordable housing more than 20 years ago, so no household currently has Right to Buy, but a small number will have Right to Acquire or Protected Right to Buy. However, this issue generates very small numbers in each authority. Meanwhile the 6,000 households in each authority do represent a potential latent demand for affordable to own housing if it can be delivered.

5.26 The chart below shows the impact of the assuming that all households in receipt of housing benefit have their needs meet in affordable housing. The impact is to increase the need for affordable housing from 24% to 39% in South Oxfordshire and from 31% to 43% in Vale of White Horse.

Figure 86: Overall need for Market and Affordable Dwellings (including social and affordable renting) in South Oxfordshire 2021-41 for LHN with Housing Benefit in PRS added to Affordable Need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Unable to afford social rent without HB	Unable to afford affordable rent without HB	First Homes	Total Affordable Housing	Total Market Housing	Total Housing
LHN	1,735	177	977	2,889	9,211	**12,100**
LHN Including HB in PRS as Affordable need	3,503	177	977	4,657	7,443	**12,100**

Figure 87:   Overall need for Market and Affordable Dwellings (including social and affordable renting) in Vale of White Horse 2021-41 for LHN with Housing Benefit in PRS added to Affordable Need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Unable to afford social rent without HB	Unable to afford affordable rent without HB	First Homes	Total Affordable Housing	Total Market Housing	Total Housing
LHN	2,338	348	1,266	3,953	8,607	**12,560**
LHN Including HB in PRS as Affordable need	3,840	348	1,266	5,454	7,105	**12,560**

5.27 Taking the modelling a stage further again, if we consider all households who aspire to own, but cannot access First Homes then there is a very large potential need for affordable home ownership as set out in Figure 88 and Figure 89.

5.28 For clarity, this is the most extreme case scenario. In practice, not only does First Homes not meet the needs of many of the households who aspire to own, there is no alternative product currently in South Oxfordshire and Vale of White Horse which would do so either. Therefore, many of the households are likely to remain in private rent. This however does not rule out Shared Ownership or Rent to Buy schemes from meeting the needs of some households and therefore, there is likely to be a role for these housing products in South Oxfordshire and Vale of White Horse.

5.29 The figures set out in Figure 82 to Figure 89 show a very large potential need for affordable housing to rent, with the vast majority of this required for households who will require support with their housing costs in the form of housing benefit. Social Rent has lower weekly rents than Affordable Rent, but for most households the cost of either will be supported by housing benefit and the delivery of Social Rent compared to Affordable Rent has adverse impacts upon viability.

5.30 More generally, First Homes are shown to make up a relatively high proportion of need in both authorities. However, there is no reason that First Homes should form 25% of the affordable housing need mix if additional support for affordable home ownership can be achieved through Shared Ownership and Rent to Buy schemes.

Figure 88:   Overall need for Market and Affordable Dwellings (including social and affordable renting) in South Oxfordshire 2021-41 for LHN with Housing Benefit in PRS and Other Aspiring to Own Need added to Affordable Need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Unable to afford social rent without HB	Unable to afford affordable rent without HB	First Homes	Others Aspiring to Own, but unable to access First Homes	Total Affordable Housing	Total Market Housing	Total Housing
LHN	1,735	177	977	-	2,889	9,211	**12,100**
LHN Including HB in PRS as Affordable need and other aspiring to own need	3,840	177	977	5,088	10,082	2,018	**12,100**

Figure 89: **Overall need for Market and Affordable Dwellings (including social and affordable renting) in Vale of White Horse 2021-41 for LHN with Housing Benefit in PRS and Other Aspiring to Own Need added to Affordable Need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

	Unable to afford social rent without HB	Unable to afford affordable rent without HB	First Homes	Others Aspiring to Own, but unable to access First Homes	Total Affordable Housing	Total Market Housing	Total Housing
LHN	2,338	348	1,266	-	3,953	8,607	**12,560**
LHN Including HB in PRS as Affordable need and other aspiring to own need	3,840	348	1,266	6,029	11,483	1,077	**12,560**

5.31 As an additional analysis, data has also been provided to ORS on recent conversion and extensions applications granted in South Oxfordshire and Vale of White Horse. Both areas have seen many properties being extended, which effectively removes smaller dwellings from the stock and replaces them with large properties. The numbers set out in Figure 82 and Figure 91 are **net additional needs** for the stock. Therefore, if a market homes is enlarged from three to four bedrooms, this meets the need for a four bedroom property and creates a need for an additional three bedroom property.

5.32 Figure 90 and Figure 91 take the net size mix and assume current rates of conversions and extensions occur. This can be seen as an upper end scenario as many newer properties are probably not as suitable for extensions, so the rate may drop in the future. However, the impact is to dramatically reduce the need for 4+ bedroom market homes , moving much of that need to three bedrooms. We would note that the total does not sum to the number after allowing for conversions and extensions because converting one property will met the need for more than 1 smaller dwelling.

Figure 90: **Overall need for Market and Affordable Dwellings (including affordable home ownership products) by property size in South Oxfordshire 2021-41 Allowing for Conversions and Extensions (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

	Total Net Market Housing from Figure 82	Total Net Market Housing Allowing Conversions and Extensions
1 bedroom	330	410
2 bedrooms	1,089	1,759
3 bedrooms	4,348	6,036
4+ bedrooms	3,020	528
DWELLINGS	**8,787**	**8,733**

Figure 91: **Overall need for Market and Affordable Dwellings (including affordable home ownership products) by property size in Vale of White Horse 2021-41 Allowing for Conversions and Extensions (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

	Total Net Market Housing from Figure 83	Total Net Market Housing Allowing Conversions and Extensions
1 bedroom	100	-36
2 bedrooms	183	494
3 bedrooms	4,672	5,606
4+ bedrooms	3,264	1.999
DWELLINGS	**8,219**	**8,063**

6. Needs of Different Groups

Identifying the need for different types of housing

Introduction

6.1 Paragraph 62 of the Revised NPPF requires that local planning authorities consider the needs of a range of groups within the population and this chapter considers each group in turn.

> *62. Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes.*
>
> **NPPF, July 2022**

Housing for Older People

6.2 The UK population is ageing, and people can expect to live longer healthier lives than previous generations, so the older population living in England is forecast to grow significantly over the next 20 years. Given this context, PPG recognises the importance of providing housing for older people.

6.3 These national trends are also evident across local areas, and the following section considers the evidence for South Oxfordshire.

Person Population

6.4 The 2021 Census identified a total of around 30,600 persons aged 65 or over resident in South Oxfordshire at that time (Figure 92). This included around 15,100 persons aged 75 or over. Most residents were living in households, but 760 were recorded as living in communal establishments (mainly residential care or nursing care). There were a total of around 19,400 household representatives aged 65 or over, of which over two fifths (42.7%) lived as single person households.

6.5 For Vale of White Horse, the 2021 Census identified a total of around 27,500 persons aged 65 or over resident in the local authority area at that time (Figure 92). This included around 13,200 persons aged 75 or over. Most residents were living in households, but 758 were recorded as living in communal establishments (mainly residential care or nursing care). There were a total of around 17,300 household representatives aged 65 or over, of which over two fifths (42.2%) lived as single person households.

Figure 92: Resident population and living arrangements of population aged 65+ living in South Oxfordshire by age and population aged 75+ (Source: 2021 Census)

	Aged 65-74	Aged 75-84	Aged 85+	Total Aged 65+	Total Aged 75+
RESIDENT POPULATION					
Household population[43]	15,418	10,590	3,808	**29,816**	14,398
Communal Establishment population[44]	86	213	461	**760**	674
Total Resident Population	**15,504**	**10,803**	**4,269**	**30,576**	**15,072**
HOUSEHOLD POPULATION					
Living as a single person household	3,183	3,177	1,949	**8,309**	5,126
Living in a couple household	4,085	728	86	**4,899**	814
Living in other types of household[45]	8,150	6,685	1,773	**16,608**	8,458
Total Household Population	**15,418**	**10,590**	**3,808**	**29,816**	**14,398**
HOUSEHOLD REPRESENTATIVES[46]					
Single person household representative	3,183	3,177	1,949	**8,309**	5,126
Couple household representative	5,099	3,687	1,022	**9,808**	4,709
Other household representative	649	433	230	**1,312**	663
Total Household Representatives	**8,931**	**7,297**	**3,201**	**19,429**	**10,498**

Figure 93: Resident population and living arrangements of population aged 65+ living in Vale of White Horse by age and population aged 75+ (Source: 2021 Census)

	Aged 65-74	Aged 75-84	Aged 85+	Total Aged 65+	Total Aged 75+
RESIDENT POPULATION					
Household population	14,149	9,103	3,455	**26,707**	12,558
Communal Establishment population	81	207	470	**758**	677
Total Resident Population	**14,230**	**9,310**	**3,925**	**27,465**	**13,235**
HOUSEHOLD POPULATION					
Living as a single person household	2,758	2,756	1,771	**7,285**	4,527
Living in a couple household	3,682	616	87	**4,385**	703
Living in other types of household	7,709	5,731	1,597	**15,037**	7,328
Total Household Population	**14,149**	**9,103**	**3,455**	**26,707**	**12,558**
HOUSEHOLD REPRESENTATIVES					
Single person household representative	2,758	2,756	1,771	**7,285**	4,527
Couple household representative	4,804	3,179	909	**8,892**	4,088
Other household representative	534	365	196	**1,095**	561
Total Household Representatives	**8,096**	**6,300**	**2,876**	**17,272**	**9,176**

[43] The household population is comprised of anyone living in a household, as opposed to communal housing.

[44] A communal establishment is an establishment with full-time or part-time supervision providing residential accommodation, such as student halls of residence, boarding schools, armed forces bases, hospitals, care homes, and prisons. For older persons, these are typically nursing and residential care homes.

[45] Other types of households are any household not comprising a single person or just a couple, so includes multi-generation living and unrelated people living together.

[46] The household reference person is determined by the family structure of the households with priority to the oldest active person.

6.6   Whilst the proportion of residents living in communal establishments represented only 2.5% of the overall population aged 65 or over in South Oxfordshire and 2.8% in Vale of White Horse, the proportion was markedly higher for older age groups: 6.0% and 7.7% of those aged 85 to 89 and 19.4% and 19.2% of those aged 90 or over (Figure 94 and Figure 96).

6.7   The proportion of residents living as single person households was also notably higher for older age groups, with more than a third of all household residents aged 75 or over (35.6%) and over half of those aged 85 or over (51.2% and 51.3%) identified as living alone. The overall household representative rates ranged from 0.566 for those aged 65 to 69 (i.e. for every 1,000 persons in the household population, 566 represented a household) up to 0.841 for those aged 85 or over in South Oxfordshire and 0.552 to 0.832 in Vale of White Horse (Figure 95 and Figure 97).

Figure 94: Resident population living in communal establishments in South Oxfordshire by age (Source: 2021 Census)
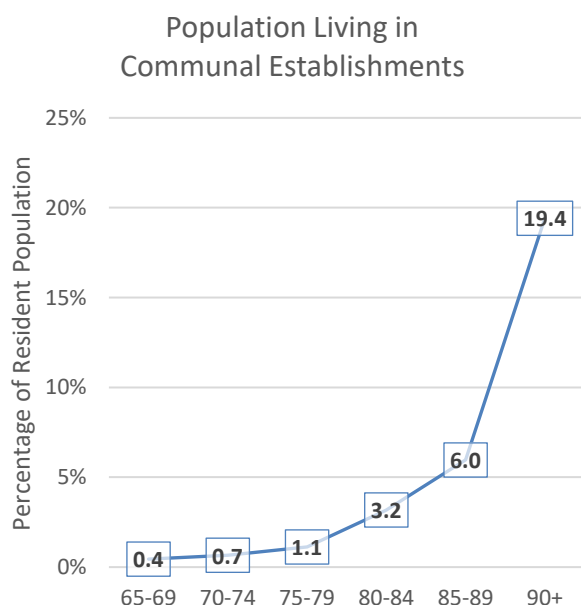
Figure 95: Household representative rates in South Oxfordshire by age and household type (Source: 2021 Census)
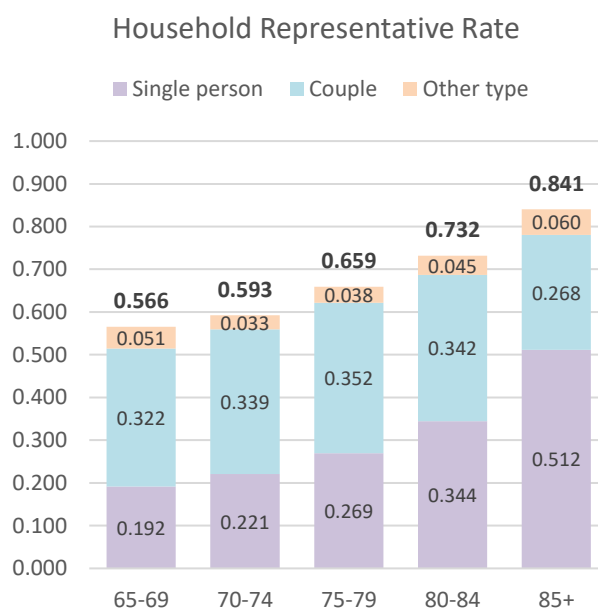
Figure 96: Resident population living in communal establishments in Vale of White Horse by age (Source: 2021 Census)
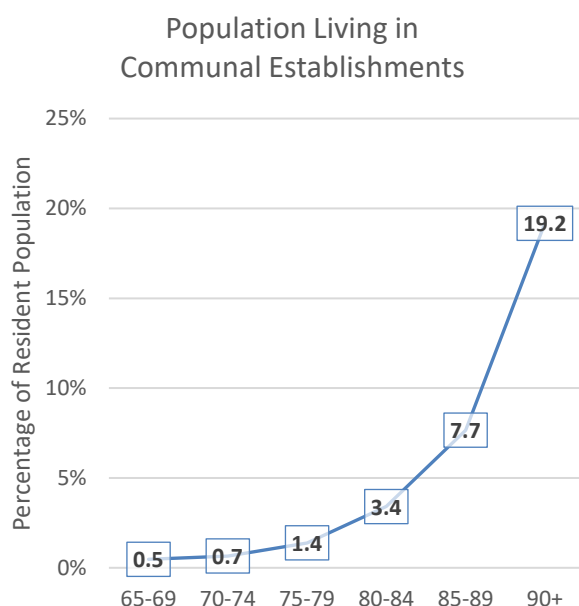
Figure 97: Household representative rates in Vale of White Horse by age and household type (Source: 2021 Census)
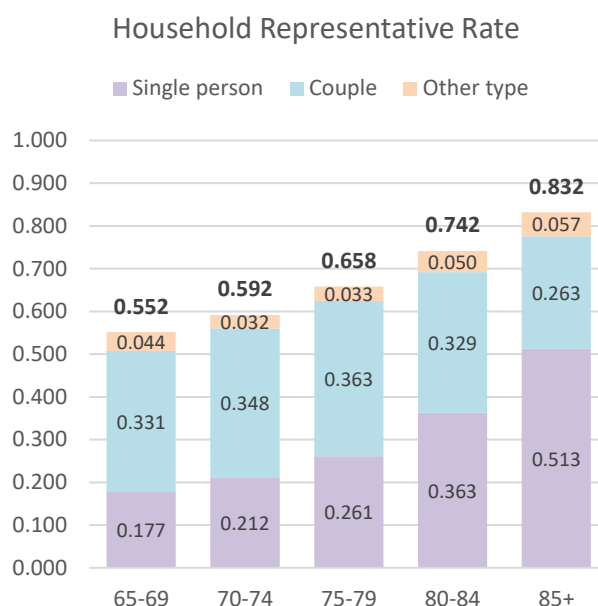
6.8 Figure 98 and Figure 99 identifies the type of dwellings occupied by households aged 75 or over based on 2021 Census data. In South Oxfordshire, around 9,000 households were owner occupiers (85.5%), 500 rented privately (5.0%) and 1,000 lived in social rented homes (9.5%). Over two fifths of owner occupiers aged 75 or over had three bedrooms (43.8%) and a further quarter having four bedrooms or more (28.8%). In contrast, very few of those in social rent had three bedrooms or more (22.6%) with two fifths living in a single bedroom property (40.8%).

6.9 In Vale of White Horse, 7,700 households were owner occupiers (84.4%), 400 rented privately (4.3%) and just over 1,000 lived in social rented homes (11.3%). Over two fifths of owner occupiers aged 75 or over had three bedrooms (43.3%) and a further third having four bedrooms or more (32.6%). Only a quarter of those in social rent had three bedrooms or more (26.7%) with two fifths living in a single bedroom property (40.5%).

6.10 The Census does not provide details about specialist older person housing, but information about this stock is maintained by the Elderly Accommodation Counsel (EAC).[47] The EAC are a body who help older people reach informed decisions about meeting their housing and care needs. One of their key functions is to collate a record of all available dedicated older persons accommodation in both the private and affordable sectors. This data is available under licence for studies such as this one. Based on estimates for South Oxfordshire, there is a stock of 920 rented units (typically managed by Registered Social Landlords) and 649 units that are owned. There are currently shared ownership older persons properties in the area and they have been counted as owned. There are no older persons market rent properties, which would have been counted as private rent. Based on estimates for Vale of White Horse, there is a stock of 584 rented units and 771 units that are owned.

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[47] http://www.housingcare.org/downloads/eac%20stats%20on%20housing%20for%20older%20people%20March%202015.pdf

The EAC data is based on the following definition: *"a group of dwellings intended for older people and served by a resident or non-resident warden/scheme manager with specific responsibility for the group"*. This includes Extra Care, assisted living, and other forms of 'housing with care' but other forms of specialist older person housing may not be included within this definition.

Figure 98: Existing dwelling stock in South Oxfordshire occupied by households aged 75+ (Source: 2021 Census; Specialist Housing Person Housing based on data published by EAC for 2023)

South Oxfordshire	Owner occupied	Private rent	Social rent	TOTAL
DWELLINGS OCCUPIED BY HOUSEHOLDS AGED 75+				
1 bedroom	298	84	407	789
2 bedrooms	2,156	215	365	2,736
3 bedrooms	3,935	171	211	4,317
4 or more bedrooms	2,587	54	15	2,656
Total Households	**8,976**	**524**	**998**	**10,498**
SPECIALIST OLDER PERSON HOUSING UNITS				
Housing with Support	596	0	730	1,326
Housing with Care	53	0	190	243
Total Specialist Older Person Housing Units	**649**	**0**	**920**	**1,569**

Figure 99: Existing dwelling stock in Vale of White Horse occupied by households aged 75+ (Source: 2021 Census; Specialist Housing Person Housing based on data published by EAC for 2023)

Vale of White Horse	Owner occupied	Private rent	Social rent	TOTAL
DWELLINGS OCCUPIED BY HOUSEHOLDS AGED 75+				
1 bedroom	358	80	420	858
2 bedrooms	1,504	139	341	1,984
3 bedrooms	3,355	140	259	3,754
4 or more bedrooms	2,523	38	18	2,579
Total Households	**7,740**	**397**	**1,038**	**9,175**
SPECIALIST OLDER PERSON HOUSING UNITS				
Housing with Support	646	0	419	1,065
Housing with Care	125	0	165	290
Total Specialist Older Person Housing Units	**771**	**0**	**584**	**1,355**

6.11 In South Oxfordshire, it is notable that the number of rented units (920 homes) is higher than the number of households aged 75 or over living in one- and two-bedroom social rented housing at the time of the Census (772 households) which suggests that a number of these homes are likely to have been occupied by households aged under 75 (assuming that the stock was not vacant at the time of the Census).

6.12 Similarly, in Vale of White Horse, the number of rented units (584 homes) is only marginally lower than the number of households aged 75 or over living in one- and two-bedroom social rented housing at the time of the Census (761 households).

6.13 The owner-occupied stock of specialist older person housing In South Oxfordshire (649 homes) represents around a quarter (24.6%) of all one- and two-bedroom dwellings occupied by owner occupiers aged 75 or over. In Vale of White Horse, the owner-occupied stock of specialist older person housing (771 homes) represents around two fifths (41.4%) of all one- and two-bedroom dwellings occupied by owner occupiers aged 75 or over.   Nevertheless, as many older owner occupiers live in properties with three bedrooms or more, the specialist older person housing stock represents only 7.2% of households in South Oxfordshire and 10% in Vale of White Horse when considering all owner occupiers aged 75 or over.

Identifying the Need for Specialist Older Person Housing

6.14 National Planning Practice Guidance for *"Housing for older and disabled people"* was published in June 2019. This states [ID 63-004-20190626]:

> *The future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector … Evidence from Joint Strategic Needs Assessments prepared by Health and Wellbeing Boards can also be useful. The assessment of need can also set out the level of need for residential care homes.*

6.15 Meanwhile, the NPPF at paragraph 63 set out the need to consider the needs of those who require retirement housing, housing with care and care homes.

> *63. Within this context of establishing need, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies. These groups should include (but are not limited to) those who require affordable housing; families with children; older people (including those who require retirement housing, housing-with-care and care homes); students; people with disabilities; service families; travellers; people who rent their homes and people wishing to commission or build their own homes .*
>
> **National Planning Policy Framework December 2023, Paragraph 63**

6.16 It is important to plan housing which is suitable for this increase in older people within the population with a key requirement being to predict the underline type of housing which will best meet their needs. Whilst most will remain living in the same area, and many will not move from their current homes; those that do move in their later years are likely to be looking for housing suitable for older people.

6.17 This housing comes in a number of different forms and the distribution between these different types needs to be explored.   In terms of formal definitions and terminology, the following list was developed by Three Dragons for a joint study undertaken with ORS:

» Age Exclusive housing: housing which is age restricted (typically to age 55 and over) and may offer access to the careline service which is available to households living in general needs housing but does not offer warden support or any communal facilities, meals or bespoke site-specific care packages.   Residents in age exclusive housing tend to be younger than residents in sheltered or extra care housing and are less likely to experience a range of frailties or disabilities;

» Sheltered housing: this is also age restricted but will normally have either an onsite or visiting scheme manager or access to a bespoke helpline. There will normally be communal facilities which may include a café or shop but there is no bespoke site-specific care package. Scheme residents are typically 75 or over, but the scheme may include some residents aged 65-74;

» Extra Care housing: this is also age restricted, will normally have an onsite scheme manager and provide a range of communal facilities. However, residents will also have access to a site-specific bespoke care package, usually including paying for a specified minimum number of hours of care a week with the option to increase usage if required.   The care provider is CQC registered with specific carers allocated to the scheme.   Scheme residents are typically 75 or

over. Extra care housing can also be known as very sheltered housing, assisted living, enhanced sheltered or as housing with care;

» Dementia housing: this type of housing is designed to offer specific support to people with midstage dementia who struggle with general needs housing but are not so frail that they need to live in a care home. Scheme layout is dementia friendly and there will normally be onsite care and support as well as a range of communal activities and a café. The care provider is CQC registered with specific carers allocated to the scheme;

» Care Homes – non independent accommodation for high care needs (residential and nursing C2) and is not directly considered in this section but was factored into the household projections;

» Accessible housing - housing which is, or can be, adapted for the use of someone with a limiting health condition or who is a wheelchair user.   This is considered below in a separate section.

6.18 The Housing Learning and Improvement Network (LIN)[48] has published a number of different online toolkits that have provided standardised rates for estimating demand for specialist older person housing products. These have been based on applying prevalence rates per 1,000 people aged 75 or over, as summarised in Figure 100. [49, 50]   The table also presents baseline rates from a model developed by Sheffield Hallam University Centre for Regional Economic and Social Research (CRESR).[51] All of the figures present below are national benchmark rates. All of the models focus upon the need for housing with support and extra-care and residential and nursing homes. Age exclusive housing for younger households would be considered in the housing with support sector, while dementia housing would sit in the residential or nursing care schemes.

6.19 These rates provide a useful framework for understanding the potential demand for different forms of older person housing, but there is limited detail about the derivation of the figures published by the Housing LIN.

6.20 The More Choice, Greater Voice toolkit recognises that the suggested framework simply:

"…represents an attempt to quantify matters with explicit numerical ratios and targets. It is contentious, but deliberately so, in challenging those who must develop local strategies to draw all the strands together in a way that quantifies their intentions." (page 44)

6.21 Similarly, the SHOP resource pack acknowledged that the framework simply provides a baseline, which extrapolates *"…crude estimates of future demand from existing data"* (page 36) and the 2016 Review acknowledged that the Housing in Later Life report had *"suggested a large increase in leasehold housing for older people which were not substantiated at the time"* (page 4).

6.22 In contrast, the baseline rates for the CRESR model were established based on:

"the level and composition of supply of age-exclusive housing, specialist housing, and care beds across the 100 English local authorities with the highest overall provision of each broad type of older person housing per 1,000 older people (aged 75 years or older)." (page 26)

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[48] Housing LIN are a research agency specialising in the needs of older persons and those with support need who have been commissioned on several occasions by central government to review older person need modelling.

[49] http://www.housinglin.org.uk/_library/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf

[50] http://www.housinglin.org.uk/_library/Resources/Housing/SHOP/SHOPResourcePack.pdf

[51] https://www.shu.ac.uk/centre-regional-economic-social-research/projects/all-projects/older-peoples-housing-care-and-support-needs-in-greater-cambridge-2017-2036

Figure 100: Benchmark Figures for Specialist Older Person Housing

Form of Provision *Demand per 1,000 persons aged 75+*	More Choice, Greater Voice Toolkit	Housing in Later Life SHOP Resource Pack	SHOP@ National Benchmark	Housing LIN Review Proposals	Sheffield Hallam CRESR Model
	2008	**2011**	**2016**	**2016**	**2017**
Housing with Support: Retirement Living or Sheltered Housing	125	180	100	100	153.2
Housing with Care: Extra Care or Enhanced Sheltered	45	65	14	35 "Proactive" rate	19.5
Sub-total	**170**	**245**	**114**	**135**	**172.7**
Residential care	65	-	43	40	110.8
Nursing care	45	-	45	45	
Sub-total	**110**	**-**	**88**	**85**	**110.8**
OVERALL TOTAL	**280**	**-**	**202**	**220**	**283.5**

6.23 The Housing LIN states that the More Choice, Greater Voice Toolkit and SHOP Resource Pack are both now out-of-date and remain published only as an 'archived' resource for public policy interest purposes. The more recent SHOP@ analysis tool is provided through the Housing LIN consultancy services, where target prevalence rates are established based on local circumstances.

6.24 The Housing LIN 2016 Review identified the following benchmarks for tenure mix based on the relative affluence or deprivation of the local authority area (Figure 101). Given that the English indices of deprivation ranked South Oxfordshire and Vale of White Horse in the upper quartile of all local authorities,[52] the relevant tenure mix benchmark would be that proposed for the "Most Affluent" areas.

Figure 101: Proposed tenure mix for 2035 influenced by the affluence/deprivation ratio from the Housing LIN 2016 Review

SHOP@ MARKET SPLIT 2035 OPTIONS - DEPRIVATION/AFFLUENCE SPLIT

	Most Deprived		Deprived		Affluent		Most Affluent	
	% Rented	% Leasehold	% Rented	% Leasehold	% Rented	% Leasehold	% Rented	% Leasehold
Sheltered, Age Exclusive	80	20	67	33	50	50	33	67
Housing with Care	75	25	50	50	33	67	25	75
Split based on quantiles of ONS deprivation index								
It can expected that the % of public sector sheltered, age exclusive accommodation will retain a higher % than housing with care as there already exists a substantial level of current service provision.								

6.25 In contrast, the CRESR Model determined the tenure mix for each type of housing based on the proportion of residents aged 75 or over living in owner occupation. Given the relative proportion for South Oxfordshire and Vale of White Horse, the "Above median" benchmark applies.

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[52] https://www.gov.uk/government/statistics/english-indices-of-deprivation-2019

Figure 102: Tenure splits for 2035 influenced by the affluence/deprivation ratio from the CRESR Model

		Proportion of 75 years and over in owner occupation	
		Above median	Below median
Age-exclusive	Rented	84	92
	Owner	16	8
Sheltered	Rented	69	84
	Owner	31	16
Enhanced sheltered	Rented	47	55
	Owner	53	45
Extra care	Rented	71	87
	Owner	29	13

6.26 Nevertheless, it is important to recognise that the CRESR Model is based on the mix of current provision, which may not reflect the most appropriate distribution when planning for additional provision.

> *"These tenure splits reflect current provision, which is significantly skewed towards social rented provision. If there is a desire to expand the provision of older people's housing beyond current levels, this is likely to require disproportionate increases in ownership forms of supply. This is in part due to demand being focused on these ownership forms, particularly in areas with high levels of existing older homeowners."*

Affordability of Specialist Older Person Housing

6.27 In terms of the costs of affordable supported housing, prices tend to be in line with those for social and affordable rents, so the costs are not excessive. Meanwhile, the average cost of residential home is around £800 per week and a nursing homes £1,078 per week.[53]

6.28 An annual report by Knight Frank[54] found that 58% of all new retirement housing will be market, with a growing trend toward market rent, but with a still high provision of properties to own.

6.29 Figure 33 and Figure 34 show the lower quartile house prices by bedroom size for newbuild and existing homes in 2022. A typical newbuild 1 bedroom property was around £281,000.

6.30 Very few newbuild retirement homes are for sale, but currently a 1 bedroom property in Henley on Thames[55] is available for an asking price of £399,000. This property would also include around £9,000 a year in service fees and would also include further fees on resale.

6.31 Retirement homes can be similarly expensive, with a two bedroom apartment selling for £560,000 and a two bedroom house on offer for £595,000 in South Oxfordshire.[56] This is a higher price than new build homes been developed in the area which meet modern adaptability standards.

6.32 Therefore, at the upper end of the market, retirement housing can be very expensive, but it represents an attractive choice for high income and equity households. However, adaptable new build homes may be a more attractive choice for those with less equity in their current homes.

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[53] Paying for permanent residential care | Paying for a care home | Age UK
[54] seniors-housing-annual-review-2023-24-10752.pdf (knightfrank.com)
[55] 1-Bed Retirement Apartment Henley-on-Thames | Property 08 | Albert Court | McCarthy Stone (mccarthyandstone.co.uk)
[56] https://www.beechcroft.co.uk/retirement-homes/oxfordshire/watlington/castle-gardens/#properties

6.33 The Home Owner Alliance (HOA) have provide a range of other costs relating to retirement housing including the depreciation when selling a property, services fees applying even if the property is vacant and ground rents[57]

6.34 Overall, the market is still expanding, but both older persons housing to own and market rent are typically expensive, so there is a limit as to how far the market can expand without finding options to provide accommodation at a lower cost.

Reviewing the Existing Stock of Specialist Older Person Housing

6.35 As previously noted, the 2021 Census identified a total of around 15,100 persons aged 75 or over resident in South Oxfordshire at that time (Figure 92) and data published by the Elderly Accommodation Counsel (EAC) identifies that there is an overall stock of around 1,69 specialist older person housing units across the area (Figure 98). On this basis, we can determine that the current provision of stock in the area equates to around 103 dwellings per 1000 persons aged 75 or over.

6.36 In Vale of White Horse, the 2021 Census identified a total of around 13,200 persons aged 75 or over resident in the Vale of White Horse at that time and there is an overall stock of nearly 1,400 specialist older person housing units across the area. On this basis, we can determine that the current provision of stock in the area equates to around 102 dwellings per 1000 persons aged 75 or over.

6.37 Figure 103 and Figure 104 compare the rates for the different types of specialist housing for sale and rent with the suggested target benchmark rates from the Housing LIN Review and the baseline rates from the CRESR Model. This suggests that for South Oxfordshire, the owned stock is currently below, and the rented stock is currently above the respective benchmark rates suggested by the Housing LIN. In contrast, baseline rates from the CRESR Model suggest that the existing owned stock is higher, whilst the existing rented stock is lower than would be expected (based on the 100 English local authorities with the highest overall provision).

6.38 For Vale of White Horse, the owned stock is currently below, and the rented stock is broadly in line with the respective benchmark rates suggested by the Housing LIN. In contrast, baseline rates from the CRESR Model suggest that the existing owned stock is marginally higher, whilst the existing rented stock is lower than would be expected.

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[57] Hidden Costs Of Retirement Properties: 8 Things To Beware Of (hoa.org.uk)

Figure 103: Existing Specialist Older Person Housing for South Oxfordshire

Form of Provision	Existing Supply			Housing LIN 2016 Review		CRESR Model	
	Number of dwellings	Percentage	Rate per 1000 persons aged 75+	Benchmark rates	Supply-Demand balance	Benchmark rates	Supply-Demand balance
Housing with Support	**1,326**	**-**	**87**	**100**	**-13**	**153**	**-66**
Owned	596	45%	39	67	-28	47	-8
Rented	730	55%	48	33	+15	106	-58
Housing with Care	**243**	**-**	**16**	**35**	**-19**	**20**	**-4**
Owned	53	22%	3	26	-23	7	-4
Rented	190	78%	13	9	+4	13	0
TOTAL	**1,569**	**-**	**103**	**135**	**-32**	**173**	**-70**
Owned	649	41%	43	93	-50	54	-11
Rented	920	59%	61	42	+19	119	-58

Figure 104: Existing Specialist Older Person Housing for Vale of White Horse

Form of Provision	Existing Supply			Housing LIN 2016 Review		CRESR Model	
	Number of dwellings	Percentage	Rate per 1000 persons aged 75+	Benchmark rates	Supply-Demand balance	Benchmark rates	Supply-Demand balance
Housing with Support	**1,065**	**-**	**81**	**100**	**-19**	**153**	**-73**
Owned	646	61%	49	67	-18	47	+2
Rented	419	39%	32	33	-1	106	-74
Housing with Care	**290**	**-**	**21**	**35**	**-14**	**20**	**+2**
Owned	125	43%	9	26	-17	7	+2
Rented	165	57%	12	9	+3	13	-1
TOTAL	**1,355**	**-**	**102**	**135**	**-33**	**173**	**-71**
Owned	771	57%	58	93	-35	54	+4
Rented	584	43%	44	42	+2	119	-75

6.39 Figure 98 and Figure 99 previously established that the existing owner-occupied stock of specialist older person housing represented only 11% and 10% of owner occupiers aged 75 or over living in the area. Nevertheless, the CRESR Model identifies that the current rates (65 per 1,000 in South Oxfordshire and 58 per 1,000 in Vale of White Horse) is higher than the average for the 100 English local authorities with most provision based on actual stock (54 per 1000). Despite this, the current rates are lower than the benchmark from the Housing LIN Review (93 per 1000) which suggests a need for 1,401 units across the South Oxfordshire and 1,231 across Vale of White Horse and yields a shortfall of 752 and 459 units respectively. On this basis, the current owner-occupied stock would need to increase by more than half in South Oxfordshire in order to meet the needs of existing residents, without taking account of any future growth in the older population.

6.40 Whilst this conclusion may seem extreme, this number of homes would still only be equivalent to around one-in-six (15.6% in South Oxfordshire and 15.9% in Vale of White Horse) of the owner occupier households aged 75 or over, so it is not an entirely implausible outcome. However, in the same way as the Housing LIN Review acknowledged that the Housing in Later Life report had suggested an increased figure that had not been substantiated, it is unclear what evidence actually supports the rates for leasehold housing that were used by the More Choice, Greater Voice Toolkit to which the 2016 Review reverted. Given this context, there may be some justification for an increase to the current rates of owner-occupied provision. However, as the rates are already amongst the highest of all local areas nationally across England, it seems unlikely that this would be as high as suggested by the Housing LIN benchmark.

6.41 With regard to specialist older person housing for rent, it was previously noted that the existing stock was higher in South Oxfordshire than the number of households aged 75 or over living in one- and two-bedroom social rented housing at the time of the Census, while the figure was only marginally lower in Vale of White Horse. Therefore, it is perhaps not surprising that the current rates (61 per 1,000 and 44 per 1,000) are higher than the Housing LIN benchmark (42 per 1000) suggesting a surplus of rented stock in both areas. Despite this, the current rate is lower than the benchmark from the CRESR Model (119 per 1000) due to many other local authority areas having much higher rates of provision.

6.42 When considering the different types of specialist older person rented housing, it is apparent that the benchmark rates of Housing with Care (9-13 per 1,000) are comparable with the existing stock (13 per 1,000 in South Oxfordshire and 12 per 1,000 in Vale of White Horse), and the differences relate primarily to Housing with Support. Although the CRESR Model suggests there could be a substantial shortfall, the Housing LIN benchmark rates suggest a surplus in this area, which on balance would seem to be more credible. If the CRESR Model benchmark were accurate, there would be a current shortfall of 875 units in South Oxfordshire and 995 units in Vale of White Horse, which would be clearly seen in the housing register and there is no evidence that this is the case.

Establishing the Future Need for Specialist Older Person Housing

6.43 The population projections underlying the Local Housing Need figure for South Oxfordshire show a substantial increase in the older population over the period 2021-2041 with an additional 10,600 persons and 7,600 households resident in the local area. In Vale of White Horse, the equivalent figures are 10,200 persons and 7,400 households resident in the local area.

Figure 105: Projected population aged 75+ in South Oxfordshire (Source: LHNA modelling, ORS)

	Total population 2021	Total population 2041	20-year change 2021-2041
RESIDENT POPULATION			
Household population	14,298	24,150	+9,852
Communal Establishment population	985	1,749	+764
Total Resident Population	**15,283**	**25,900**	**+10,617**
HOUSEHOLD POPULATION			
Living as a single person household	6,053	8,532	+2,478
Living in a couple or another type of household	8,245	15,619	+7,374
Total Household Population	**14,298**	**24,150**	**+9,852**
HOUSEHOLD REPRESENTATIVES			
Single person household representative	6,053	8,532	+2,478
Couple household representative	3,500	7,283	+3,783
Other household representative	1,151	2,456	+1,305
Total Household Representatives	**10,705**	**18,271**	**+7,566**

Figure 106: Projected population aged 75+ in Vale of White Horse (Source: LHNA modelling, ORS)

	Total population 2021	Total population 2041	20-year change 2021-2041
RESIDENT POPULATION			
Household population	12,475	22,000	+9,525
Communal Establishment population	877	1,580	+702
Total Resident Population	**13,352**	**23,579**	**+10,227**
HOUSEHOLD POPULATION			
Living as a single person household	5,545	8,916	+3,371
Living in a couple or another type of household	6,930	13,084	+6,155
Total Household Population	**12,475**	**22,000**	**+9,525**
HOUSEHOLD REPRESENTATIVES			
Single person household representative	5,545	8,916	+3,371
Couple household representative	2,826	5,692	+2,866
Other household representative	1,026	2,174	+1,148
Total Household Representatives	**9,397**	**16,781**	**+7,385**

6.44 It is important to recognise that many of these extra residents will be aged 85 or over and likely to have increasingly complex care and support needs, including dementia, but also mental health needs and frailty related needs. It will therefore be necessary to consider the associated changes in the profile of housing need. The modelled need outputs consider these changes over time and allow for the growth in the population requiring dedicated older persons accommodation, while the need for the wider use of adapted homes is considered below.

6.45 The household projections assume that the population aged 75 or over living in communal establishments will remain constant as a proportion for each 5-year age group, based on the rates identified by the 2021 Census (Figure 94). On this basis, it is projected that an additional 764 residents will need bedspaces to be provided in residential or nursing care homes in South Oxfordshire over the 20-year period 2021-2041. The equivalent figure for Vale of White Horse is 702 residents. We would note that same assumptions have been used by Savills in their recent review of care homes[58] and they found that the rate of development of new care homes is only around 30% of the required rate to meet this demand. However, it should be noted that the propensity for a person to move to a care home has fallen sharply in the past 20 years, so it may be that rates will continue falling.

6.46 Figure 107 and Figure 108 consider the need for specialist older person housing over the 20-year period 2021-2041. This uses the baseline rates previously established based on existing supply (Figure 103 and Figure 104) and considers appropriate target rates taking account of the range of different benchmarks identified by the toolkits.

 » The target rates are based on the average of (i) the baseline rate for the local authority, and (ii) the mid-point of the benchmark range; except for Affordable Housing with Support (which excludes the CRESR Model rate from the benchmark range, as it appears too high) and Affordable Housing with Care (which excludes the Housing LIN rate from the benchmark range, as it appears too low) as neither of these benchmarks seem appropriate for the local area. The CRESR Model for housing with support has not been included because it shows a very high need driven by authorities which have historically had much larger affordable housing stocks. The Housing LIN housing with care rate appears to be low against any measurable benchmark and so has also been excluded.

 » Based on the identified target rates, the projected number of residents aged 75 or over at the end of the 20-year period in 2041 (Figure 105) is used to establish the overall gross need.

 » The existing supply is then offset to identify the housing need for the 20-year period 2021-2041.

6.47 On this basis, there would be a need to provide an additional 1,114 specialist older person housing units in South Oxfordshire (equivalent to an average of 56 dwellings per year) of which 32% would need to be provided as affordable housing, which will typically be rented, but could be any property which meet the definitions set out in Annex 2 of the NPPF. The need for specialist older person housing represents 11% of the overall housing need identified for South Oxfordshire.

6.48 In the Vale of White Horse, there would be a need to provide an additional 1,287 specialist older person housing units in Vale of White Horse (equivalent to an average of 64 dwellings per year) of which 39% would need to be provided as affordable housing. The need for specialist older person housing represents 10% of the overall housing need identified for Vale of White Horse.

6.49 As a rate per 1,000 persons aged 75+ years, the rate is 112 in both South Oxfordshire and Vale of White Horse, compared to the benchmark rates of 103 and 102. There is a significant need to increase the market housing stock and the key driver predicting the need for affordable older persons need is the scale of the total affordable housing stock in an area. The existing wider affordable housing stocks in South Oxfordshire and Vale of White Horse are a smaller percentage of the total stock than is the English average, so future needs are likely to grow at a lower rate.

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[58] Savills UK | Spotlight: UK Care Home Development 2023

Figure 107: Modelled Need for Specialist Older Person Housing in South Oxfordshire 2021-2041

Form of Provision	Existing supply	Baseline rate per 1000 persons aged 75+	Benchmark range per 1000 persons aged 75+	Target rate per 1000 persons aged 75+	Gross need in 2041	Housing need 2021-2041
Market Housing	**649**	**43**	-	**58**	**1,403**	**754**
Housing with Care	53	3	7-26	10	241	188
Housing with Support	596	39	47-67	48	1,162	566
Affordable Housing	**920**	**61**	-	**54**	**1,280**	**360**
Housing with Care	190	13	13	13	302	112
Housing with Support	730	48	33	41	978	248
TOTAL	**1,569**	**103**	**-**	**112**	**2,683**	**1,114**
Housing with Care	*243*	*16*	*-*	*23*	*543*	*300*
Housing with Support	*1,326*	*87*	*-*	*89*	*2,140*	*814*

Figure 108: Modelled Need for Specialist Older Person Housing in Vale of White Horse 2021-2041

Form of Provision	Existing supply	Baseline rate per 1000 persons aged 75+	Benchmark range per 1000 persons aged 75+	Target rate per 1000 persons aged 75+	Gross need in 2041	Housing need 2021-2041
Market Housing	**771**	**58**	-	**66**	**1,557**	**786**
Housing with Care	125	9	7-26	13	307	182
Housing with Support	646	49	47-67	53	1,250	604
Affordable Housing	**584**	**44**	-	**46**	**1,085**	**501**
Housing with Care	165	12	13	13	307	142
Housing with Support	419	32	33	33	778	359
TOTAL	**1,355**	**102**	**-**	**112**	**2,642**	**1,287**
Housing with Care	*290*	*21*	*-*	*26*	*614*	*324*
Housing with Support	*1,065*	*81*	*-*	*86*	*2,028*	*963*

Adapted Housing

6.50　This analysis assumes a continuation of current types of housing although it is unclear if older people will aspire to these types of specialist housing in the future. Therefore, it makes no consideration of national or local policies or how the aspirations and attitudes of households may be changing.

6.51　However, both national and local polices are seeking to expand the stock of adapted properties through new build regulations and the adaptation of second hand properties. This issue is considered below. This is likely to see the stock on adapted and adaptable dwellings rise sharply in coming years, which in turn will allow more households to remain in their own homes for longer. This will not completely eliminate the need for new older person housing schemes, particular those for extra-care, but it offers the potential for the need for dedicated older person housing to fall over time.

6.52　Previous household surveys undertaken by ORS have shown around 25% of people would consider older person housing, but not all will act on this and we are also aware that DLUHC have commissioned further

research on this issue which will be published in the near future. In particular, the main choice of accommodation found in ORS's surveys has been for bungalows and ground floor accommodation. Bungalows are rarely developed under the current planning system and many older households appear to meet their needs through park home sites which are age restricted.

6.53   Some types of specialist housing are already experiencing lower demand with fewer people moving to nursing homes, and other newer types of provision may appear to meet changing aspirations in the future. However, as set out above the more expensive market retirement housing products may have limited ability to expand further.

6.54   New older persons schemes will still be required and the delivery of specific schemes for specialist older person housing need should be considered in partnership with other agencies, in particular those responsible for older person support needs. It will be important to consider other factors and constraints in the market:

» **Demographics:** the changing health, longevity and aspirations of Older People mean people will live increasingly healthy longer lives and their future housing needs may be different from current need;

» **New supply:** development viability of schemes, and the availability of revenue funding for care and support services, need to be carefully considered before commissioning any new scheme. It will also be important for the Council and its partners to determine the most appropriate types of specialist older person housing to be provided in the area;

» **Existing supply:** this may be either inappropriate for future households or may already be approaching the end of its life. Other forms of specialist older person housing may be more appropriate than conventional sheltered housing to rent when considering future needs; and

» **Other agencies:** any procurement of existing supply needs to be undertaken with other agencies who also plan for the future needs of Older People, particularly local authority Supporting People Teams and the Health Service.

Housing for People with Disabilities

6.55 The Government's reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. This was reflected in the changes to building regulations relating to adaptations and wheelchair accessible homes that were published in the Building Regulations 2010 Approved Document Part M: Access to and use of buildings (2015 edition incorporating 2016 amendments – for use in England).[59]

6.56 Three standards are covered:

> » M4(1) Category 1: Visitable dwellings – Mandatory, broadly about accessibility to ALL properties;

> » M4(2) Category 2: Accessible and adaptable dwellings – Optional, similar to Lifetime Homes;

> » M4(3) Category 3: Wheelchair user dwellings – Optional, equivalent to wheelchair accessible.

6.57 In terms of new developments, Part M states that: *"Where no condition is imposed, dwellings only need to meet requirements M4(1)"* (Paragraph 0.3). Local authorities should identify the proportion of dwellings in new developments that should comply with the requirements for M4(2) Category 2 and M4(3) Category 3 as part of the Local Plan, based on the likely future need for housing for older and disabled people (including wheelchair user dwellings) and taking account of the overall impact on viability.

6.58 PPG for Housing: Optional Technical Standards explains that local authorities are expected to plan for households with specific needs and therefore need to be able to quantify the volume of demand. It provides a summary of the data sources which should be used to inform any calculations, and this forms the basis of the approach used in this report:

> *Based on their housing needs assessment and other available datasets it will be for local planning authorities to set out how they intend to approach demonstrating the need for Requirement M4(2) (accessible and adaptable dwellings), and / or M4(3) (wheelchair user dwellings), of the Building Regulations.*
>
> *To assist local planning authorities in appraising this data the Government has produced a summary data sheet. This sets out in one place useful data and sources of further information which planning authorities can draw from to inform their assessments. It will reduce the time needed for undertaking the assessment and thereby avoid replicating some elements of the work.*
>
> **Planning Practice Guidance, ID 56-007-20150327**

6.59 The PPG states:

> *Multiple sources of information may need to be considered in relation to disabled people who require adaptations in the home, either now or in the future. The Census provides information on the number of people with a long-term limiting illness and plan-makers can access information from the Department for Work and Pensions on the numbers of Personal Independence Payment[60] (replacing*

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[59] https://www.gov.uk/government/publications/access-to-and-use-of-buildings-approved-document-m

[60] Personal Independence Payments (PIPs) started to replace the Disability Living Allowance from April 2013. They are awarded to people aged under 65 years who incur extra costs due to disability (although there is no upper age limit once awarded, providing that applicants continue to satisfy either the care or mobility conditions).

Disability Living Allowance) / Attendance Allowance[61] benefit claimants. Whilst these data sources can provide an indication of the number of disabled people, not all of the people included within these counts will require adaptations in the home. Applications for Disabled Facilities Grant[62] (DFG) will provide an indication of levels of expressed need, although this will underestimate total need, as there may be a large number of people who would want or need an adaptation but would not have applied to the DFG.

Engagement at all levels can help plan-makers identify the housing needs of people with disabilities. This could include with occupational therapists and specialist access or inclusive design officers. Discussions with disabled people and disabled people's groups can also provide insights into the types of impairments and number of people likely to require accessible homes in the future.

Planning Practice Guidance, ID 63-005-20190626

6.60 For this section we have considered existing propensity rates for people who have their housing needs affected by health problems to consider the need for adapted homes.

Assessing need for M4(2) Category 2: Accessible and adaptable dwellings

6.61 In establishing the need for M4(2) Category 2 housing it is important to consider the population projections and health demographics of the area.

6.62 Building Regulations for M4(2) Category 2: Accessible and adaptable dwellings states that reasonable provision should be made for people to gain access to and use the facilities of the dwelling and that:

"The provision made must be sufficient to-

(a) meet the needs of occupants with differing needs, including some older or disabled people, and;

(b) to allow adaptation of the dwelling to meet the changing needs of occupants over time."

Access to and use of buildings: Approved Document M v1, Page 10

6.63 The English Housing Survey explores the number of households which contain someone with a limiting long-term illness (LLTI) or disability which impacts their housing need. This identifies that most (71%) of households have no limiting long-term illness (LLTI) or disability and a further fifth (20%) where illness or disability does not affect their housing need.

6.64 Overall, 8.8% of households (around 1 in every 12) have one or more persons with a health problem which requires adaptations to their home. This proportion is markedly higher in affordable housing than in market housing (19.8% and 6.5% respectively - Figure 109).

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[61] Attendance Allowance contributes to the cost of personal care for people who are physically or mentally disabled and who are aged 65 or over.

[62] Disabled Facilities Grants (DFG) are normally provided by Councils and housing associations to adapt properties for individuals with health and/or mobility needs who are owner occupiers, or renting from a private landlord, housing association or council. Grants cover a range of works, ranging from major building works, major adaptations to the property and minor adaptations. It should be noted that DFGs typically relate to adaptations to the existing housing stock rather than new housing provision.

Figure 109: Households with a long-term illness or disability that affects their housing needs (Source: English Housing Survey)

	Market housing	Affordable housing	TOTAL
Households without limiting long-term illness or disability	75.2%	50.2%	70.9%
Households with one or more persons with a limiting long-term illness or disability			
Does not affect their housing need	18.3%	29.9%	20.3%
Current home suitable for needs	5.4%	16.2%	7.3%
Current home requires adaptation	0.6%	1.6%	0.8%
Need to move to a more suitable home	0.5%	2.0%	0.7%
Total households where a limiting long-term illness or disability affects their housing need:	**6.5%**	**19.8%**	**8.8%**

6.65 Within this group, the substantial majority of households live in a home that is suitable for their needs (either having already moved or adapted their existing home). This leaves 1.5% of households either requiring adaptations or needing to move to a more suitable home.

6.66 The ORS model uses the national English Housing Survey together with data about relative levels of limiting long-term illness and disability to estimate the number of households likely to require adaptations or needing to move to a more suitable home.

Figure 110: Households with a long-term illness or disability in South Oxfordshire in 2021 by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

SOUTH OXFORDSHIRE	TOTAL
Households with one or more persons with a limiting long-term illness or disability	14,956
Does not affect their housing need	10,082
Current home suitable for needs	4,097
Current home requires adaptation	396
Need to move to a more suitable home	381
Total households where a limiting long-term illness or disability affects their housing need:	**4,874**

Figure 111: Households with a long-term illness or disability in Vale of White Horse in 2021 by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

VALE OF WHITE HORSE	TOTAL
Households with one or more persons with a limiting long-term illness or disability	14,319
Does not affect their housing need	9,670
Current home suitable for needs	3,906
Current home requires adaptation	374
Need to move to a more suitable home	368
Total households where a limiting long-term illness or disability affects their housing need:	**4,649**

6.67 The model (Figure 110 and Figure 111) identifies that there were 14,956 households living in South Oxfordshire and 14,319 households in Vale of White Horse in 2021 with one or more persons with a limiting long-term illness or disability. In 10,082 of these households in South Oxfordshire and 9,670 in Vale of White Horse, this does not affect their housing need, but in 4,874 households in South Oxfordshire and 4,649 households in Vale of White Horse an illness or disability does impact on housing need.

6.68 Amongst those households where it does affect housing needs, 4,097 households in South Oxfordshire and 3,906 households in Vale of White Horse are already living in a suitable home (having moved or made adaptations). This leaves 396 households in South Oxfordshire and 374 households in Vale of White Horse needing adaptations to their current home and 381 households in South Oxfordshire and 368 households in Vale of White Horse needing to move to a more suitable home. These households needing to move represent an existing **unmet need** for M4(2) housing and some may actually be wheelchair users needing M4(3) housing.

6.69 The identified need at the start of the period is based on households' current needs. Even without any growth in the number of households, the proportion with one or more persons with a limiting long-term illness or disability can be expected to increase as the population ages.

6.70 Based on household projections and the overall dwelling-led housing need, we can establish the future need for adapted housing (M4[2] and M4[3]) based on the projected household growth and the changing demographics of the area. Figure 112 and Figure 113 show our calculation that there will be an additional 6,848 households I South Oxfordshire and 6,800 households in Vale of White Horse either needing adaptations to their existing housing or suitable new housing to be provided by the end of the period in question.

Figure 112: Households with a long-term illness or disability in South Oxfordshire 2021-2041 affecting their housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

SOUTH OXFORDSHIRE	TOTAL
Existing households in 2021 likely to develop health problems that affect their housing need within 10 years	2,273
Additional households in 2041 projected to experience problems or likely to develop problems within 10 years	4,575
Additional households in 2041 where illness or disability affects their housing need or will develop within 10 years	**6,848**
Unmet Need in 2021 for an adapted home (from Figure 110)	**381**
Total need for adapted housing	**7,229**

Figure 113: Households with a long-term illness or disability in Vale of White Horse 2021-2041 affecting their housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

VALE OF WHITE HORSE	TOTAL
Existing households in 2021 likely to develop health problems that affect their housing need within 10 years	2,212
Additional households in 2041 projected to experience problems or likely to develop problems within 10 years	4,588
Additional households in 2041 where illness or disability affects their housing need or will develop within 10 years	**6,800**
Unmet Need in 2021 for an adapted home (from Figure 111)	**368**
Total need for adapted housing	**7,168**

6.71 To provide M4(2) housing for all of the identified need would require housing for up to 7,229 households in South Oxfordshire and 7,168 in Vale of White Horse to be provided. However, not all households will want to move to new housing – some will adapt their current homes and others will move to another dwelling in the existing stock.

6.72 Although some households would prefer not to move, the EHS identifies that many existing homes are not suitable for adaptation to meet the M4(1) Category 1 standard and others would require major works. Still fewer dwellings would be adaptable to the M4(2) Category 2 standard given the additional requirements. Based on the housing mix in South Oxfordshire and Vale of White Horse in combination with this EHS data, a robust estimate of the number of dwellings that could be converted to meet the M4(1) standard can be derived.

6.73 Whilst the proportion that could be converted to meet the M4(2) standard would be lower, this provides a reasonable upper estimate of the number of households likely to be able to adapt existing homes rather than move to new housing. On this basis, we can calculate the need for adapted housing that could not be met by adaptation of existing homes; these households should be added to the households identified as needing to move at the start of the period (Figure 114 and Figure 115). This figure clearly has a significant overlap with the need for older persons dwellings set out in the preceding section of this report. Therefore, there is a need for a high number of homes which can be used to accommodate people as their health deteriorates.

Figure 114: Households with a long-term illness or disability in South Oxfordshire by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

SOUTH OXFORDSHIRE	Affordable	% of Total Affordable (Figure 50)	Market	% of Total Market (Figure 50)	TOTAL	% of Total LHN (Figure 50)
Existing need in 2021						
Households where an existing illness or disability affects their housing need and need to move in 2020	155	-	226	-	381	-
Projected future need 2021-41						
Additional households in 2041 where illness or disability affects their housing need or will develop within 10 years	1,567	-	5,281	-	6,848	-
Maximum need for adapted housing 2021-41 (households)	**1,721**	**60%**	**5,507**	**60%**	**7,229**	**60%**
Less households living in dwellings adaptable to M4(1) standard	1,005	-	3,389	-	4,394	-
Minimum need for adapted housing 2021-41 (households)	**716**	**25%**	**2,119**	**23%**	**2,835**	**23%**

Figure 115: Households with a long-term illness or disability in Vale of White Horse by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

VALE OF WHITE HORSE	Affordable	% of Total Affordable (Figure 50)	Market	% of Total Market (Figure 50)	TOTAL	% of Total LHN (Figure 50)
Existing need in 2021						
Households where an existing illness or disability affects their housing need and need to move in 2021	162	-	206	-	368	-
Projected future need 2021-41						
Additional households in 2041 where illness or disability affects their housing need or will develop within 10 years	1,813	-	4,987	-	6,800	-
Maximum need for adapted housing 2021-41 (households)	**1,975**	**50%**	**5,193**	**60%**	**7,168**	**57%**
Less households living in dwellings adaptable to M4(1) standard	1,155	-	3,176	-	4,331	-
Minimum need for adapted housing 2021-41 (households)	**820**	**21%**	**2,017**	**23%**	**2,837**	**23%**

6.74 Therefore the need for adapted housing 2021-41 can be expressed as a range between 2.835 and 7,229 dwellings in South Oxfordshire (between 142 and 372 dwellings per annum) and a range between 2,837 and 7,168 dwellings in Vale of White Horse (between 142 and 358 dwellings per annum). There is inevitably uncertainty about how many households will be able to meet their housing needs without moving and how many will move to existing homes rather than new housing.

6.75 Given the number of households likely to need to move due to a limiting long-term illness or disability affecting housing need (a significant proportion when compared to the LHN, see Figure 114 and Figure 115), the evidence supports consideration of a high proportion of affordable homes being built to at least M4(2) standards. This is further impacted by the rates of limiting long-term illness or disability affecting housing need being much higher in affordable tenures (see Figure 109). The data indicates that there is a clear need for a similar proportion of market homes to be built to M4(2) standards also (Figure 114 and Figure 115).

6.76 It is important to recognise that the range presented in Figure 114 and Figure 115 represents the combined need for both M4(2) Category 2 and M4(3) Category 3 housing; for households with a wheelchair user would be included within those households counted as having a health problem or disability that affects their housing need.

6.77 It should be noted that the Government have stated in their response to the September 2020 consultation on raising accessibility standards of new homes: "Raising accessibility standards for new homes: summary of consultation responses and government response"[63] that their intent is to change the building regulations so that M4(2) is the default minimum standard for new homes. M4(1) will apply by exception only:

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[63] Raising accessibility standards for new homes: summary of consultation responses and government response – updated July 2022: https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes/outcome/raising-accessibility-standards-for-new-homes-summary-of-consultation-responses-and-government-response#government-response

> *73. Government proposes that the most appropriate way forward is to mandate the current M4(2) (Category 2: Accessible and adaptable dwellings) requirement in Building Regulations as a minimum standard for all new homes – option 2 in the consultation. M4(1) will apply by exception only, where M4(2) is impractical and unachievable (as detailed below). Subject to a further consultation on the draft technical details, we will implement this change in due course with a change to building regulations.*
>
> **Raising accessibility standards for new homes: summary of consultation responses and government response**

6.78 The timescale for this proposed change has not yet been released, however the Council may choose to implement a policy to make M4(2) the default minimum standard (i.e. 100% M4(2) with appropriate exceptions, as stated above) to anticipate this change to the regulations. This would ensure that the future need for M4(2) Category 2 housing would be met in full.

Housing for Wheelchair Users

6.79 Building Regulations for M4(3) Category 3: Wheelchair user dwellings state that reasonable provision should be made for people to gain access to and use the facilities of the dwelling and that:

> *"The provision made must be sufficient to-*
>
> *(a) allow simple adaptation of the dwelling to meet the needs of occupants who use wheelchairs, or;*
>
> *(b) to meet the needs of occupants who use wheelchairs." (Page 23)*

6.80 In establishing the need for M4(3) Category 3 housing it is again important to consider the population projections and health demographics of the area, but with specific reference to households with wheelchair users.

6.81 The CLG guide to available disability data[64] referenced by PPG[65] [ID 56-007-20150327] shows that around one in thirty households in England (3.3%) currently has at least one wheelchair user, although the rate is notably higher for households living in affordable housing (7.1%). The rates are also higher for older households. Figure 116 identifies the proportion of households in England with a wheelchair user currently living in market housing and affordable housing by age of household representative. The data relates to 2013/14 when the issue was last explored in the English Housing Survey.

Figure 116: Percentage of households with a wheelchair user by type of housing and age of household representative (Source: English Housing Survey 2013-14)

Housing Type	Age of Household Representative							
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+
Housing type								
Market housing	< 0.1%	0.4%	1.0%	1.6%	3.0%	4.0%	6.1%	9.3%
Affordable housing	0.3%	2.0%	2.9%	6.0%	6.0%	10.3%	12.7%	19.9%

6.82 To get a better understanding of the local South Oxfordshire and Vale of White Horse data, Figure 117 compares the proportion of disability benefit claimants in receipt of mobility award (the majority of

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[64] https://www.gov.uk/government/publications/building-regulations-guide-to-available-disability-data
[65] Housing: optional technical standards - GOV.UK (www.gov.uk)

whom will be wheelchair users) for South Oxfordshire and Vale of White Horse against the figures for England.

Figure 117: Disability benefit claimants in receipt of mobility award by age (Source: DWP, Aug 2022)
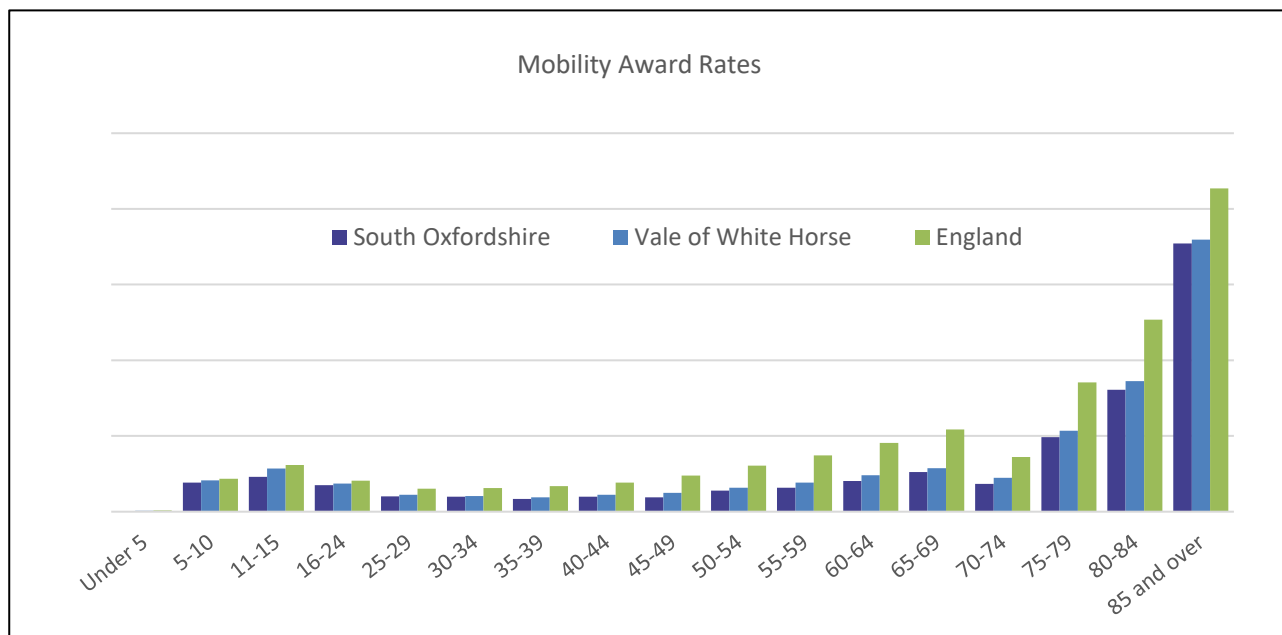
6.83 Through combining the information on local rates with the national data, we can establish the proportion of households in South Oxfordshire and Vale of White Horse likely to have a wheelchair user by the age of the household representative in market housing and affordable housing (Figure 118).

Figure 118: Percentage of households with a wheelchair user by type of housing and age of household representative

Housing Type	Age of Household Representative							
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+
South Oxfordshire								
Market housing	< 0.1%	0.4%	0.9%	1.5%	2.7%	3.7%	5.3%	8.0%
Affordable housing	0.3%	2.0%	2.8%	5.7%	5.6%	9.6%	11.3%	17.5%
Vale of White Horse								
Market housing	< 0.1%	0.4%	0.9%	1.5%	2.8%	3.7%	5.4%	8.1%
Affordable housing	0.3%	2.0%	2.8%	5.7%	5.7%	9.7%	11.5%	17.6%

6.84 If we apply these proportions to the population and household data for the area then we can identify the net change in the number of households with a wheelchair user over the period 2021 to 2041. (Figure 119). Using this approach we calculate the number of households likely to need wheelchair adapted housing in South Oxfordshire is likely to increase by 680 over the 20-year period, with a growth of 750 households in Vale of White Horse.

Figure 119: Households needing Wheelchair Adapted Housing Using Standard Method Housing Need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Modelled Need for Wheelchair Adapted Housing	2021	2041	Net change 2021-41
South Oxfordshire			
Market housing	1,370	1,780	+400
Affordable housing	550	830	+280
Total	**1,920**	**2,610**	**+680**
Vale of White Horse			
Market housing	1,230	1,630	+400
Affordable housing	590	940	+360
Total	**1,820**	**2,580**	**+750**

6.85 Importantly, as the model has included household age, it is possible to identify that a significant proportion of this growth (75%) comes from households which are aged over 75 years given the sharp projected growth in the population in this age group. This can be seen in Figure 120 and Figure 121.

Figure 120: Households needing Wheelchair Adapted Housing by age (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Modelled Need for Wheelchair Adapted Housing	Households aged under 75			Households aged 75+		
	2021	2041	Net change 2021-41	2021	2041	Net change 2021-41
South Oxfordshire						
Market housing	820	890	+70	550	890	+330
Affordable housing	340	410	+70	210	420	+210
Total	**1,160**	**1,300**	**+140**	**770**	**1,310**	**+540**
Vale of White Horse						
Market housing	750	840	+90	480	790	+310
Affordable housing	370	470	+100	220	470	+250
Total	**1,120**	**1,310**	**+190**	**700**	**1,260**	**+560**

Figure 121: Households needing Wheelchair Adapted Housing by age (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Modelled Need for Wheelchair Adapted Housing	Households aged under 75			Households aged 75+		
	2021	2041	Net change 2021-41	2021	2041	Net change 2021-41
South Oxfordshire						
Market housing	820	980	+160	550	950	+390
Affordable housing	340	410	+70	210	430	+210
Total	**1,160**	**1,390**	**+230**	**770**	**1,370**	**+610**
Vale of White Horse						
Market housing	750	930	+170	480	840	+360
Affordable housing	370	470	+100	220	480	+260
Total	**1,120**	**1,400**	**+280**	**700**	**1,320**	**+620**

6.86 The growth in need for wheelchair adapted housing for those aged over 75 years is 610 and 620 dwellings, while the identified need for older persons housing for those aged 75 year or more in South Oxfordshire is 1,114 dwellings and for Vale of White Horse is 1,287 dwellings.

6.87 This means that there are likely to be some people who are identified in both categories – wheelchair adapted housing and specialist older person housing. Whilst not all over 75 households needing wheelchair adapted housing will live in specialist older person housing, it is likely that many of those living in specialist older housing will need wheelchair adapted homes. It is also likely that some older households will progress to using a wheelchair whilst living in specialist housing due to a deterioration in their health. On that basis, seeking to deliver as much of the identified older person housing need, particularly the extra care need, as possible in the form of M4(3) dwellings will help to meet the needs of the ageing population. However, there will still be a need for M4(3) dwellings in the general housing stock as well.

Second Homes, Holiday Lets and Buy to Leave

6.88 In recent years, an increasing share of the housing stock of the country has been moved to provide holiday lets through websites such as Airbnb, Booking.com and Tripadvisor, while other property has been held either as second homes or as property which is held as a potential investment opportunities. In April 2023, a total of 706 properties were listed across a range of booking sites in South Oxfordshire and 532 in Vale of White Horse , which represents around 1.1% of the housing stock in South Oxfordshire and 0.9% of the housing stock in Vale of White Horse. In total, 512 properties are listed on Airbnb in South Oxfordshire and 412 in Vale of White Horse.

6.89 Data from the Census shows a strong overlap between vacant properties and areas with high second and holiday homes numbers, with many holiday homes being empty at the time of the pandemic in 2021. Data from the Census shows that the vacancy rate for South Oxfordshire rose from 4.5% to 4.6% and for Vale of White Horse rose from 3.2% to 4. 9% between 2011 and 2021. Across England as a whole, the vacancy rate rose from 4.1% to 6.1% between 2011 and 2021. Therefore, short-term lets and second homes do have some impact in South Oxfordshire and Vale of White Horse, but do not appear to be excessively impacting upon the area.

Student Housing

6.90 PPG includes specific reference to identifying the needs of students:

> *Strategic policy-making authorities need to plan for sufficient student accommodation whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus … Local Planning Authorities will also need to engage with universities and other higher educational establishments to ensure they understand their student accommodation requirements*
>
> **Planning Practice Guidance, ID 67-004-20190722**

6.91 There are no major higher education bodies based in South Oxfordshire and Vale of White Horse, but there are campuses associated with the Oxford universities. Previous censuses contained detailed information on student only households, but the 2021 Census has merged this information for now with a wider group of HMO type households. Therefore, the Census does not currently provide any information on students outside of halls of residence. As part of the stakeholder engagement process, we will engage with the universities to establish what (if any) housing need students may comprise as part of the LHN, however the publicly available evidence indicates that there will be no meaningful impact.

Service Families

6.92 Ministry of Defence (MoD) annual location statistics[66] show that there have been a fall in the number of MoD personnel stationed in South Oxfordshire and Vale of White Horse. Unless any further significant changes are planned, the needs of service personnel will not impact the identified LHN.

Figure 122: MoD personnel in South Oxfordshire 2012-2022 (Source: MoD Annual location statistics 2022)

South Oxfordshire		Apr 2012	Apr 2013	Apr 2014	Apr 2015	Apr 2016	Apr 2017	Apr 2018	Apr 2019	Apr 2020	Apr 2021	Apr 2022
Military	Officers	340	300	280	280	240	230	240	240	250	260	240
	Other Ranks	1,810	1,660	1,680	1,630	1,520	1,400	1,310	1,260	1,270	1,260	1,220
	Total	2,150	1,960	1,960	1,900	1,760	1,630	1,550	1,510	1,520	1,520	1,460
Civilians	Non Industrial	70	70	60	60	60	50	60	60	60	60	50
	Industrial	60	60	60	60	50	40	30	30	30	30	30
	Trading Funds	0	0	0	0	0	0	0	0	0	0	0
	Total	140	130	110	110	110	90	90	90	80	80	80
Grand Total		2,290	2,090	2,070	2,020	1,870	1,720	1,640	1,590	1,610	1,600	1,540

Figure 123: MoD personnel in Vale of White Horse 2012-2022 (Source: MoD Annual location statistics 2022)

Vale of White Horse		Apr 2012	Apr 2013	Apr 2014	Apr 2015	Apr 2016	Apr 2017	Apr 2018	Apr 2019	Apr 2020	Apr 2021	Apr 2022
Military	Officers	990	950	950	950	1,020	1,010	1,000	940	860	940	870
	Other Ranks	1,580	1,590	1,130	1,050	970	970	990	990	980	980	990
	Total	2,580	2,540	2,080	2,000	1,990	1,980	1,990	1,920	1,840	1,920	1,860
Civilians	Non Industrial	230	250	280	300	320	310	330	310	330	340	370
	Industrial	20	20	[c]	[c]	[c]	10	10	10	10	10	10
	Trading Funds	[c]	0	[c]	0	0	0	0	0	0	0	0
	Total	250	270	280	300	320	320	340	310	340	350	380
Grand Total		2,820	2,800	2,360	2,300	2,310	2,300	2,330	2,240	2,180	2,270	2,240

6.93 As part of the stakeholder engagement process, we will engage with the MoD to establish what (if any) housing need future personnel may comprise as part of the LHN, however the publicly available evidence indicates that there will be no meaningful impact.

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[66] https://www.gov.uk/government/statistics/location-of-uk-regular-service-and-civilian-personnel-annual-statistics-2020

People Wishing to Build their Own Homes

6.94 Planning practice guidance requires that people wishing to build their own homes are considered and states:

> **How can self-build and custom housebuilding needs be assessed?**
>
> *Most local planning authorities (including all district councils and National Park Authorities) are now required to keep a register of individuals and associations of individuals who are seeking to acquire serviced plots of land in their area in order to build their own home. The Self-build and Custom Housebuilding (Register) Regulations 2016 set out these requirements. For further details, see guidance on self-build and custom housebuilding registers.*
>
> *To obtain a robust assessment of demand for this type of housing in their area, local planning authorities should assess and review the data held on registers. This assessment can be supplemented with the use of existing secondary data sources such as building plot search websites, 'Need-a-Plot' information available from the Self Build Portal and enquiries for building plots from local estate agents.*
>
> **Planning Practice Guidance, ID: 67-003-20190722**

6.95 Over half of the population (53%) say that they would consider building their own home[67] (either directly or using the services of architects and contractors); but it's likely that this figure conflates aspiration with effective market demand. Self-build currently represents only around 7-10% of housing completions in the UK[68], compared with rates of around 40% in France and 70 to 80% elsewhere in Europe.

6.96 In the Budget 2014, the Government announced an intention to consult on creating a new 'Right to Build', giving 'Custom Builders' a right to a plot from councils.

6.97 The 2015 Act was amended by the Housing and Planning Act 2016[69] which placed a duty on local planning authorities to provide sufficient serviced plots which have planning permission to match entries on the register:

> *An authority to which this section applies must give suitable development permission in respect of enough serviced plots of land to meet the demand for self-build and custom housebuilding in the authority's area arising in each base period.*
>
> **Housing and Planning Act 2016 Section 2(a)(2)**

April 2022 Self and Custom Build Action Plan

6.98 In April 2022, MHCLG produce a new action plan to further support the development of the self-build and custom housebuilding sector.[70] This focused upon four key areas:

» **Mortgage finance:** – a multi-year funding for 'Help to Build' was announced at the 2020 Spending Review. In April the government confirmed an initial £150 million over 4 years to support the scheme

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[67] Building Societies Association Survey of 2,051 UK consumers 2011

[68] Self-build and custom build housing (England) House of Commons Brief Paper March 2017

[69] http://services.parliament.uk/bills/2015-16/housingandplanning.html

[70] Self and custom build action plan - GOV.UK (www.gov.uk)

to deliver low deposit mortgages and improve affordability of home ownership for self and custom builders similar to Help to Buy.

» **Developer finance:** The Home Building Fund, offers £2.5 billion in short term loan finance targeted at small and medium sized builders, innovation and custom build. Funding is available to custom build developers bringing forward serviced plots on sites of 5 units or more.

» **Access to land**: As part of the 2020 Spending Review, the government announced additional funding for local authorities to release their surplus brownfield land through the Brownfield Land Release Fund (BLRF). The £75 million BLRF will allocate up to £25 million to local authorities to enable them to bring forward serviced plots for self and custom build on public sector land. The 'Planning for the Future' White Paper also included specific proposals that allow local authorities to identify sites for self-build and custom housebuilding and community-led housing in their local plan, including ensuring sufficient provision to meet requirements identified in their self-build register, and proposals to explore how publicly owned land disposal can support SMEs and the self-build sector.

» **Expertise/knowledge gap**: The National Custom and Self Build Association's (NaCSBA) Right to Build Task Force was established to help local authorities, community groups and other organisations help deliver self and custom build housing projects across the UK. Since 2020 it has been funded by government to provide expertise and support to local authorities on the implementation of the Right to Build and how to secure self and custom build delivery.

Review into Scaling Up Self and Custom Housebuilding

6.99 As part of the April 2022 Action Plan, the government commissioned an independent review into the scaling up of self and custom housebuilding. This report was published in August 2022[71] and the government responded to this review in June 2022[72].

6.100 The review focuses primarily on supply side factors limiting the delivery of self and custom housebuilding and produced 6 key recommendations which were broadly supported by the government:

» Greater role for Homes England;

» Raise awareness of the Right to Build;

» Support community-led Housing, diversity of supply and Levelling Up;

» Promote greener homes and more use of advanced manufacturing;

» Support custom and self-build housebuilding through the planning reforms**; and**

» Iron out issues around tax which act as disincentives to build.

Evidence for South Oxfordshire and Vale of White Horse

6.101 South Oxfordshire and Vale of White Horse have put arrangements in place to comply with the Self-Build and Custom Housebuilding Act, including providing a self-build and custom housebuilding register. The Councils operate a joint register but record demand for each authority separately. Although supported by the PPG (ID: 57-019-20210208), the Councils have not applied a local connection or financial solvency test to those wishing to enter the register, all entries are entered on Part 1. Additionally there

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[71] Independent review into scaling up self-build and custom housebuilding: report - GOV.UK (www.gov.uk)

[72] Government response to the independent review into scaling up self-build and custom housebuilding - GOV.UK (www.gov.uk)

is no fee charged for entry on to or to remain on the register. Entry on to the register is unconstrained as such it is less likely to reflect a genuine ability of those entered on the register to deliver these projects or reflect a local demand for this form of housing.

6.102   Figure 124 and Figure 125 shows that as of October 2022, South Oxfordshire and Vale of White Horse has not provided enough self and custom housebuilding plots to meet the needs identified on the register. The delivery of plots is calculated from CIL exemptions. For a property to qualify for a CIL exemption, the final occupier must use the property as their principle residence for a period of not less than three years. Therefore, this is a quite restrictive definition of self and custom housebuilding which rules out many properties which have some customisation attached to them, but where the developer cannot guarantee that the final occupier will remain in situ for at least 3 years. The Housing and Planning Act 2016 states that to be self or custom built the, "*initial occupier must have primary input into the final design and layout of the property*". Therefore, many more properties may be self or custom built, but CIL exemption cannot be claimed because the occupier cannot be guaranteed to stay in place for 3 years.

Figure 124: Self-build and Custom Housebuilding Register and Plot Provision for South Oxfordshire (Source: Local Authority Data[73]. Note: * is not recorded)

Self-build and Custom Housebuilding Register and Plot Provision	Up to October 2016	Oct 2016-Oct 2017	Oct 2017-Oct 2018	Oct 2018-Oct 2019	Oct 2019-Oct 2020	Oct 2020-Oct 2021	Oct 2021-Oct 2022
New applicants on the register	121	135	107	117	101	102	85
Total number on register – registrations	121	247	407	466	593	693	778
Planning permissions for serviced plots granted	*	111	73	38	33	54	43

Figure 125: Self-build and Custom Housebuilding Register and Plot Provision for Vale of White Horse (Source: Local Authority Data. Note: * is not recorded)

Self-build and Custom Housebuilding Register and Plot Provision	Up to October 2016	Oct 2016-Oct 2017	Oct 2017-Oct 2018	Oct 2018-Oct 2019	Oct 2019-Oct 2020	Oct 2020-Oct 2021	Oct 2021-Oct 2021
New applicants on the register	22	119	83	97	89	98	77
Total number on register – registrations	22	194	277	352	442	540	617
Planning permissions for serviced plots granted	*	0	34	18	26	23	28

Future Need for Self-build and Custom Housebuilding

6.103   South Oxfordshire, Policy H12 of the Local Plan sets a requirement on strategic sites that 3% of plots will be reserved for people who wish to build their own home. In Vale of White Horse, Development Policy 1 encourages self and custom housebuilding, but sets no policy target or requirement. These are much lower figures than many other local authorities who seek up to 10% of large sites to be self and custom built, with 5% being a more typical lower end requirement.

6.104   We would note that PPG recommends that alternative sources of data beyond the register, such as Need a Plot, can be considered to highlight the need for self and custom housebuilding plots. However,

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[73] Self-build and custom housebuilding data: 2016 to 2020-21 - GOV.UK (www.gov.uk)

this now reverts back to council registers, so the only recorded information on the demand for self and custom housebuilding is the housing register and the actual up take of plots.

6.105   The first priority of the Councils should be to ensure that they are complying with national policy and meet the demand from the self and custom housebuilding register. The evidence from countries like Germany indicate that the demand for self and custom housebuilding can be close to the total housing supply and that delivery is more supply constrained, with small and medium size builders delivering many of the custom housebuilding plots. It is these supply constraints that much of government policy is now focused towards addressing.

6.106   We would note that our experience across the country has been that the self-build and custom housebuilding sector works relatively well for households who are seeking to build bespoke properties on single plot sites and as part of multi-plot sites. However, this does tend to focus upon relatively affluent households who can afford to build to their own design. There is less evidence that those with lower budgets are having their needs met because the price of plots remains high. This in turn can be taken as a reflection that the market for self and custom housebuilding is supply constrained and that suitable plots attract a premium which is offsetting a reductions from CIL exemptions where in place. Within this group there are likely to be some households who are seeking to help design their own house, often from customising the interior of a set exterior. Meanwhile, other households will be seeking affordable homeownership dwellings where they can be heavily involved in the building of their final property. The government's new Help to Build scheme may help to make self and custom housebuilding more accessible and affordable.

6.107   It is for these two groups that South Oxfordshire and Vale of White Horse could seek to work more proactively. There is potential for builders to deliver market homes which can either be customised at the outset, or which could be built as exteriors with the interior to be completed by the final occupant. Both of these approaches can be considered to fit within the definition of custom-built housing; and could both be encouraged with the provision of small and larger sites.

6.108   Meanwhile, South Oxfordshire and Vale of White Horse could also seek to work with developers and Registered Providers to assess the potential demand for affordable to own self-build and custom housebuilding. This would be in lieu of providing completed affordable housing; but would allow households to help deliver their own affordable home ownership properties. This element could range from providing serviced plots at cost or partially completed dwellings which are sold to Registered Providers at cost.

6.109   Two provisions in the Levelling Up and Regeneration Bill, which became an Act on 26 October 2023, should be noted.

» The Act imposes a new duty on councils to include pre-existing unmet demand for self-build and custom build housing when calculating their current level of demand.

» The demand for self-build and custom housebuilding in any "12-month base period should be treated as including any demand from an earlier 12-month base period which has not been met within the time period allowed for complying with the duty to meet that demand".

Appendix A

Table of Figures

Appendix B

Glossary of Terms

Definitions

Affordability is a measure of whether housing may be afforded by certain groups of households.

Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. For the purpose of this report we have used the definition in the Revised NPPF, which specifies the main categories of affordable housing to be: affordable housing for rent; starter homes; discounted market sales housing (sold at a discount of at least 20% below market value); shared ownership, relevant equity loans, other low cost homes for sale and rent to buy.

Affordable Rent is provided by social landlords and rented for less than would be paid if renting privately. It must be at least 20% cheaper than the equivalent private rent in the area and must also be below the value of the Local Housing Allowance in the area.

Build to Rent is purpose-built housing that is typically 100% rented out. Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control.

Category 2 and 3 are classifications of wheelchair accessible housing. They refer to building regulations Approved Document M (2015) which introduced three categories of accessible dwellings. Category 1 (visitable dwellings) relates to accessibility of all properties and, being mandatory, is not assessed in the HNA. Category 2 (accessible and adaptable dwellings) is optional and similar to Lifetime Homes. Category 3 (wheelchair user dwellings) is optional and equivalent to wheelchair accessible and adaptable standard.

Census Output Area is the smallest area for which UK Census of Population statistics are produced. Each Census Output Area had a population of around 250 people with around 100 dwellings at the time of the 2011 Census.

Concealed families are defined as; *"family units or single adults living within other households, who may be regarded as potential separate households which may wish to form given appropriate opportunity"*[74].

ECO underpins the Green Deal and places obligations on energy companies to facilitate installation of energy efficiency measures in homes. ECO fits within the Green Deal framework where Green Deal finance alone is not enough.

Equity is the difference between the selling price of a house and the value of the outstanding mortgage.

First Homes are discounted market sale units which must be sold with either a 30%, 40% or 50% discount in perpetuity to a person or persons meeting the First Homes eligibility criteria.

Green Deal is a market led framework that will allow individuals and businesses to make energy efficiency improvements to their buildings at no upfront cost. Finance needed for the improvements is repaid, in instalments, attached to an electricity bill.

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[74] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6338/1776873.pdf

Headship rates are defined by CLG as: *"the proportion of people in each age group and household type who are the 'head' of a household"*[75]

A household is one person living alone, or two or more people living together at the same address who share at least one meal a day together or who share a living room.

Household formation refers to the process whereby individuals in the population form separate households. 'Gross' or 'new' household formation refers to households that form over a period of time, conventionally one year. This is equal to the number of households existing at the end of the year that did not exist as separate households at the beginning of the year (not counting 'successor' households, when the former head of household dies or departs). 'Net' household formation is the net growth in households resulting from new households forming less the number of existing households dissolving (e.g. through death or joining up with other households).

A Housing Association or **Registered Provider** is an independent not-for-profit body that primarily provides low-cost "social or affordable housing" for people in housing need.

Housing demand is the quantity of housing that households are willing and able to buy or rent.

Household income includes all salaries, benefits and pensions, before deductions such as tax and National Insurance.

House in Multiple Occupation are currently defined by the Housing Act 2004 as:

> » an entire house or flat which is let to three or more tenants who form two or more households and who share a kitchen, bathroom or toilet;

> » a house which has been converted entirely into bedsits or other non-self-contained accommodation and which is let to three or more tenants who form two or more households and who share kitchen, bathroom or toilet facilities;

> » a converted house which contains one or more flats which are not wholly self-contained (i.e. the flat does not contain within it a kitchen, bathroom and toilet) and which is occupied by three or more tenants who form two or more households; and

> » a building which is converted entirely into self-contained flats if the conversion did not meet the standards of the 1991 Building Regulations and more than one-third of the flats are let on short-term tenancies.

Housing market areas are geographical areas in which a substantial majority of the employed population both live and work and where those moving house without changing employment choose to stay.

Housing need is the quantity of housing required for households who are unable to access suitable housing without financial assistance.

Housing requirements encompasses both housing demand and housing need, and is therefore the quantity of housing necessary for all households to have access to suitable housing, irrespective of their ability to pay.

Housing type refers to the type of dwelling, for example, flat, house, specialist accommodation.

Intermediate affordable housing is housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria for affordable housing set out above. These include shared equity products (e.g. HomeBuy), other low cost home ownership products and intermediate rent.

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[75] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/182417/MethodologyFinalDraft.pdf

Lending multiplier is the number of times a household's gross annual income a mortgage lender will normally be willing to lend. The most common multipliers quoted are 3.5 times income for a one-income household and 2.9 times total income for dual income households.

Low cost home ownership or **Shared ownership** is intermediate affordable housing designed to help people who wish to buy their own home, but cannot afford to buy outright (with a mortgage). Through this type of scheme you buy a share in the property with a Housing Association or other organisation.

Lower quartile means the value below which one quarter of the cases falls. In relation to house prices, it means the price of the house that is one-quarter of the way up the ranking from the cheapest to the most expensive.

Lower Super Output Area is a group of around 5-6 Census Output Areas and is the smallest geography for many Government statistics. Each Lower Super Output Area had a population of around 1,250 people with around 500 dwellings at the time of the 2001 Census.

Market housing is private housing for rent or for sale, where the price is set in the open market.

Market signals are indicators that supply and demand are not in balance for a local housing market. Possible market signals are listed in PPG and the following are the most pertinent; house prices, private sector rents, affordability, rate of development and overcrowding.

Migration is the movement of people between geographical areas. In this context it could be either local authority districts, or wider housing market areas. The rate of migration is usually measured as an annual number of individuals, living in the defined area at a point in time, who were not resident there one year earlier. Gross migration refers to the number of individuals moving into or out of the authority. Net migration is the difference between gross in-migration and gross out-migration.

Pent up demand is unfulfilled demand or need for housing from households within the existing population, such as hidden households.

Private Rented Sector includes all properties which are rented privately. This could be as second hand home rented by a single landlord, a property rented from a buy to let investor, a property which was built to be let out as Build to Rent, or a scheme such as Co-living.

A projection of housing needs or requirements is a calculation of numbers expected in some future year or years based on the extrapolation of existing conditions and assumptions. For example, household projections calculate the number and composition of households expected at some future date(s) given the projected number of residents, broken down by age, sex and marital status, and an extrapolation of recent trends in the propensity of different groups to form separate households.

Registered Social Landlord/Registered Provider see Housing Association.

Secondary data is existing information that someone else has collected. Data from administrative systems and some research projects are made available for others to summarise and analyse for their own purposes (e.g. Census, national surveys).

Shared ownership see Low Cost Home Ownership.

Social rented housing is provided by social landlords and rented for less than would be paid if renting privately. It typically has lower rents than Affordable Rent.

Specialised housing refers to specially designed housing (such as mobility or wheelchair accommodation, hostels or group homes) or housing specifically designated for particular groups (such as retirement housing).

Acronyms and Initials

BRMA   Broad Rental Market Area

CLG   Department for Communities and Local Government (now MHCLG)

CLG   Consumer Price Inflation

DWP   Department of Work and Pensions

LA   Local Authority

LHA   Local Housing Allowance

LHN   Joint Housing Need

JHNA   Joint Housing Needs Assessment

MHCLG   Ministry for Housing, Communities and Local Government

NPPF   National Planning Policy Framework

ONS   Office for National Statistics

ORS   Opinion Research Services

PPG   Planning Practice Guidance

RSL   Registered Social Landlord

SHMA   Strategic Housing Market Assessment