

Appendix 3: Needs Assessment

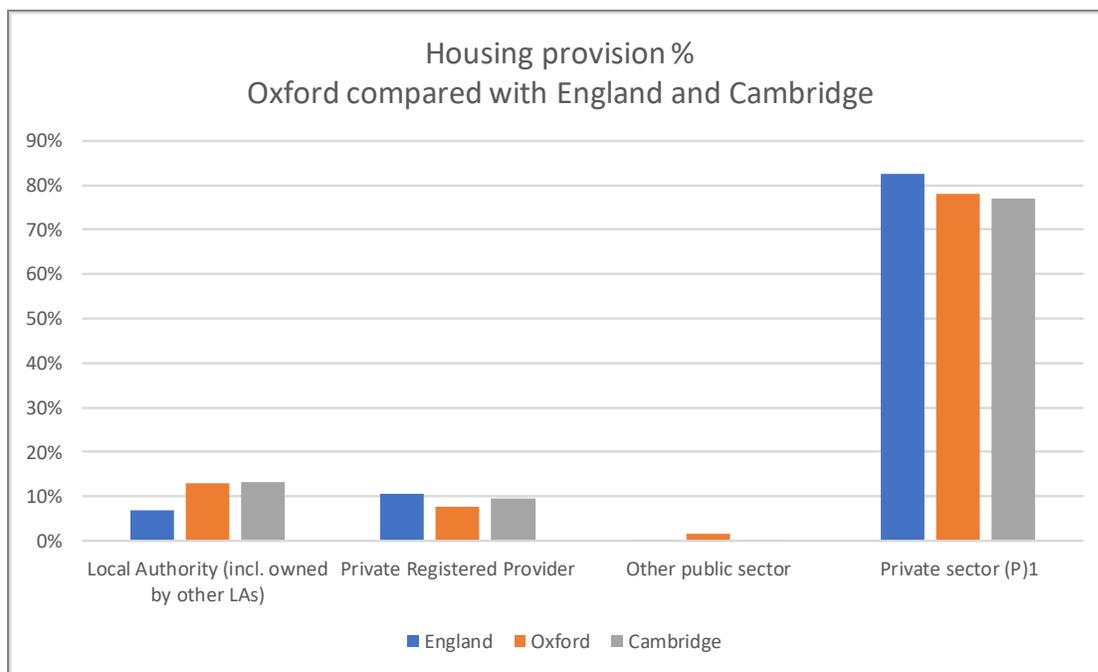
Overview

This section compiles the available information on the need for community-led housing in Oxford, focusing on the needs of local people. It is based on a range of published data sources and local information from case studies and surveys.

This Appendix documents Oxford's housing based on available information which gives an estimate of the unmet need in terms of affordability, size, tenure, security of tenure and quality of homes. This is then related to profiles of real people in Oxford such as teachers and post-doctoral researchers whose housing needs are not being met.

More homes needed

Oxford is the 11th fastest growing city in the UK. The population of Oxford is approximately 160,000 (June 2016) and is set to rise to around 180,000 by 2036. Oxford had 58,400 dwellings in 2016, mostly provided by the private sector. Oxford has more council owned homes than the average for England (similar to Cambridge) and a smaller proportion of homes provided by registered providers.



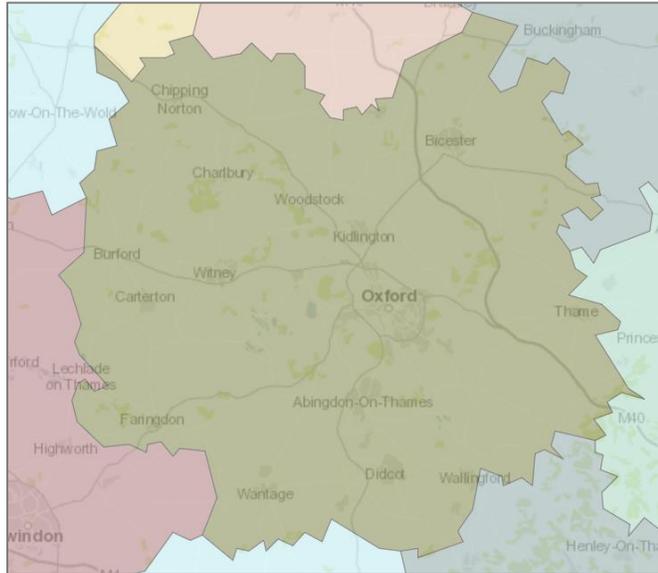
This study uses the available data on local housing need which is documented in the Strategic Housing Market Assessment (SHMA) 2014 which is the most recent detailed assessment and the council's evidence for the emerging Local Plan.

The SHMA concludes that across Oxfordshire there is an identified need for provision of between 4,678 – 5,328 homes a year over the 2011-31 period which is around 100,000 over the 20-year period in order

to support economic growth, delivery of affordable housing and an improvement in the affordability of housing over time. (SHMA p181 para 9.52).

Oxford's Strategic Housing Land Availability Assessment (SHLAA) and the Housing and Homelessness Strategy have also generated a wealth of data on housing need and development plans in Oxford. Oxford's travel to work area extends into other Oxfordshire districts and many homes for Oxford workers will be provided outside the city boundaries.

Oxford Travel to Work Area, 2011¹



The estimated housing need in Oxford alone is for 1,200 to 1,600 new homes per year with a mid-point of 1,400, which is approximately 28,000 homes over the period 2011 to 2031. This is a housing growth rate of 2.0% per annum to 2031 which is at the higher end of the range of growth rates achieved nationally over the past 15 years. (SHMA p182 para 9.59).

Oxford does not have enough sites to meet its housing needs in full. The Council's Housing Economic Land Availability Assessment 2016 identified potential capacity in Oxford to accommodate around 7,511 additional homes for the period 2016-2036.²

This means there is a significant shortfall of sites to meet the identified housing need in Oxford. Oxfordshire local authorities are working together to make provision in Local Plans that include Oxford's unmet housing need. A joint spatial strategy is being prepared as part of the Growth Deal agreed with the Government.

Affordable housing needed

Oxford faces specific challenges in regard to both affordability pressures and need for affordable housing which the SHMA concluded justified a substantial upwards adjustment to the assessed need for

¹ Office of National Statistics www.ons.gov.uk

² Oxford Housing and Economic Land Availability Assessment (HELAA)

housing in Oxford.³ The average house price is 16.2 times average earnings. This makes Oxford the most unaffordable place to live in the country.⁴ Lower quartile house prices are on average over 10 times higher than annual lower quartile incomes (national average 6.6). Home ownership is far beyond the means of many and rent is increasingly unaffordable even for those in work.

Affordable housing is defined in the National Planning Policy Framework as housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers.⁵ Types of affordable housing in the NPPF are: affordable housing for rent; starter homes; discounted market sales housing and other affordable routes to home ownership including shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent).

In Oxford only a small number of affordable housing for rent properties become available to let each year. Only households in high housing need are likely to receive an offer of housing and they may have to wait many years before they receive an offer. This can make it very difficult for local people who are deemed to be in relatively low need to secure a home. For example, young adults who are living at home with their parents will often be assessed as low priority. The Council advises people in lower categories of need on the Housing Register to look for private rented accommodation.

People living in private rented accommodation are vulnerable to high prices, low quality housing and insecurity of tenure. Houses of Multiple Occupation (HMOs) are a feature of the Oxford private rented market as sharing homes can make it more affordable. Oxford has the 14th highest number of Houses of Multiple Occupation (HMOs) in England and Wales. An estimated 1 in 5 people live in an HMO which is over 30,000 people. In 2005 a Council survey found that HMOs provided the poorest homes in the city and that 70% were unsafe to live in. HMOs also generate around 2,000 service requests/complaints a year associated with issues that affect the neighbourhood such as rubbish and anti-social behaviour. The high percentage of HMOs affects quality of housing, health, well-being and security of tenure for many renters.

Homelessness is a national problem and government safety nets in the form of benefits do not cover the gap. Across England in 2016 there were over 5.5million 'renters at risk' whose rent would not be covered by housing benefit if they became ill and were unable to work or lost their job.⁶ The high demand for housing and the cost of housing in Oxford is a significant factor increasing the risk of homelessness. In 2017 the council helped more than 1,100 families who were on the verge of becoming homeless.

The Council provides a total of 167 beds for rough sleepers with a connection to Oxford and a further 10 spaces in sit up services, as well as winter provision. However up to 61 people were sleeping rough on the streets each night in 2017, up from 30 in 2016.⁷ In 2017 the Council provided up to 215 supported

³ SHMA 0180 para 9.49

⁴ Oxford emerging Local Plan 2036 Sustainability Appraisal p4

⁵ National Planning Policy Framework, Secretary of State for Ministry of Housing, Communities and Local Government, July 2018 p64.

⁶ Joseph Rowntree Foundation 'Homelessness after Cathy: better prevention, effective solutions' November 2016

⁷ Homeless Link Rough Sleeping Statistics 2017

accommodation beds for Oxford rough sleepers and also made extra emergency beds available during severe winter weather. Local community-led housing schemes can be part of the solution as demonstrated by Edge housing, Emmaus and Stepping Stones.

The SHMA estimates the likely proportion of households who are unable to meet their needs in the private sector without support. The assessment uses a 35% threshold of income for affordability justified by an analysis of the cost of entry-level housing and likely residual incomes for households to spend on non-housing costs.

The SHMA estimates that the backlog of affordable housing need not met by the supply of affordable housing through development is 1,281 and newly arising need each year which cannot be met through relets is 988 per year (net affordable housing need Table 55 p117 main report). The estimate takes into account the estimated number of households in unsuitable housing and newly forming households. The annual affordable housing requirement in Oxford that was unmet within the planned development pipeline as at 2014 was between 1,059 dwellings per annum (assuming that the backlog is cleared over an 18-year period) and 1244 (if the backlog were to be cleared in just 5 years).

An important role is played by the private rented sector, which contributes a supply of around 1,400 properties to meeting the needs of households who require financial support across the housing market area (not just in Oxford). However, the SHMA notes that the private rented sector does not necessarily provide a solution which is affordable with secure tenure for households in housing need.⁸

More affordable housing clearly is needed. According to the estimates cited over 1,000 additional affordable homes are needed in Oxford each year assuming that spending 35% of gross income is affordable.

Because of this longstanding shortfall in supply of affordable homes, Oxford has overcrowded homes and over 3,000 households on the housing register waiting for a council house.

The SHMA also estimates the mix of types of affordable housing needed:

Net Need within different affordable categories	% of households needing AH
Equity-based Intermediate	5.3%
More than social rents but not shared equity	44.4%
Social rents	50.2%

SHMA Table 65

The SHMA also estimates what households can afford according to the actual income distribution in Oxford. The estimates show that almost 50% of households can only afford to rent at social rent (40% of market) or below. Nearly 50% of households in Oxford earn at or below £30,000. Every household earning at or below the Oxford median household income of £30,429 needs a subsidy on their housing in the form of social rented or affordable rented. In addition to this, a further 38% of households can afford more than social rents but cannot afford full market rents.

Levels of rent that households can afford	% of households
Can afford 80%+ Market Rents	12.0%
Can afford between Social and 80% Market Rents	38.1%

⁸ SHMA p179 para 9.45

Can only afford at Social Rent or Below	49.9%
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SHMA p123

What can Oxford households afford?

The SHMA concluded that house purchase at 3.5 times household income or rent at 35% of gross household income is affordable in the Oxfordshire housing market (25% is the figure used nationally in SHMA guidance). This equates to an assumption that a household with an income below £31,700 is unable to afford market housing (compared with £21,800 nationally).

Income band	Household Income Distribution	What they can afford.
Under £10k	4.0%	
£10k to £20k	26.8%	£15,800 can afford to rent lower quartile social rented
£20k to £30k	18.5%	£29,500 can afford to rent affordable rented
£30k to £40k	13.9%	£36,900 can afford to rent lower quartile private (average £925 pm)
£40k to £50k	10.9%	
£50k to £60k	7.3%	
£60k to £80k	7.5%	£61,700 can buy lower quartile
£80k to £100k	4.3%	
Over £100k	6.9%	

SHMA Table 43 and 45. Income distribution derived from ASHE, Experian, SHE, CACI and ONS data. What they can afford derived from Online Estate and Letting Agents Survey (June 2013) and CORE

For comparison with more recent data, the Annual Survey of Hours and Earnings (ASHE) gross annual pay of full-time workers resident in Oxford 2017 is set out in the table below. (Note that this data is for individual workers not households). The median income for a full-time worker was £32,416 in 2017, which is still not enough for a single person to afford market housing prices in Oxford.

	Full time	All workers (incl part time)
10 percentile	19,065	8,849
20 percentile	22,599	15,531
30 percentile	24,990	21,086
40 percentile	29,079	24,315
Median	32,416	28,799
60 percentile	35,582	32,604
70 percentile	38,982	36,404
Over 70th	*	*

*Higher percentiles suppressed as not statistically reliable

A single person working full time and earning the median income for Oxford of £32,416 can only afford to rent in the lower quartile rented accommodation (35% of gross salary is £945 per month).

A household with two full-time working adults both earning the national minimum wage would currently earn £30,000 so could afford even less. (35% of gross salary is £875 per month).

Recent job advertisements show that key workers such as nurses, bus drivers, teachers, car plant workers and junior research fellows are all below the median income.

Staff Nurse Oxford University Hospitals NHS Foundation Trust

Role: Orthopaedics, Nuffield Orthopaedic Centre

Staff Group: Nursing & Midwifery Registered

Salary: £22,128 - £28,746 per annum (Pay Band: 5)

Job Type: Permanent

Hours: 37.5 Hours per week

Driver, Oxford Bus Company

Job Purpose: Deliver excellent customer care by providing a reliable bus service that transfers passengers safely and professionally. Carry out driving duties for Oxford Bus Company in an efficient, effective and legal manner. Skilled driving in busy town. Sale and promotion of the full range of travel cards and tickets available.

Hours: 40 hours per week - worked flexibly in order to sustain operational efficiency (these may be subject to alteration)

Rate of pay

- Trainee – £10.88 ph which is equivalent to £18,278pa (42 weeks of 40 hours = 1680 hours) to £20,454pa (47 weeks of 40 hours = 1880 hours) depending on hours worked.
- PCV holder and trained to Oxford Bus Company standards – £13.58 ph or £22,814pa to £25,530 pa
- PCV Coach Driver £14.68 or £24,662 to £27,598pa

Electrician, Queens College, Oxford University

Work Hours: 39 hours per week

Contract type: Permanent

Salary: £27,000 - £29,000 p.a. depending on skills and experience

Teacher, Oxfordshire pay agreement

Newly qualified teacher (has Qualified Teacher Status but have not yet completed the statutory twelve-month induction programme)

Tracey spent six years after her school and degree working in a bank before qualifying to be a teacher via a Schools Direct programme completed this year. You have appointed her as an NQT for the start of the next academic year.

Salary: £26,716pa (for M3 salary point) range is from 22,917 (M1) to £33,824 (M6)

Service Advisor Unipart Group - Cowley

Job Type: Full-time

Responsibility:

- Manage customer enquiries by phone, email & face to face.
- Provide quotations, Schedule work to meet customers needs & available workshop capacity, Order parts as required. Invoice completed work.
- Handling customer enquiries. KIS (workshop management system) job estimates, job cards, invoicing. Parts ordering, parts database management, workshop diary management. Allocation of work to workshop team
- Cashing up/reconciliation.
- Return vehicle inspections. Pool car/loan car - Enquiries, booking, allocation, inspection, maintain service records, invoicing
- Driving duties as required.
- Maintain retail display area - maintain stock levels & merchandise (price & replenish) Updating Fleetwave database with vehicle maintenance, repairs, servicing events.

Qualifications and Skills: Proven ability to work in a small team, Customer facing experience. Competent computer user (role will involve extensive use of KIS workshop management system, Word & Excel). Mechanical knowledge & aptitude. Full driving licence.

Research fellow (The MG Brock Junior Research Fellowship) Corpus Christi College, Oxford

Contract length: three years

The appointee will engage in internationally recognised research at the postdoctoral level. S/he will have an opportunity to present a public lecture and will play an active role in the teaching and administration of history in the college. In making this appointment, the college's decision will be based primarily on the quality of each candidate's research and on his/her potential for an academic career. Applicants will normally be expected to have submitted for a higher research degree before taking up a Junior Research Fellowship.

Salary: £30,688 p.a. plus piece rates for teaching over four hours per week. The fellow will also be entitled to full lunching and dining rights and will receive other allowances.

Research Fellow (Sir John Elliott Junior Research Fellowship) Oriel College, Oxford

Junior Research Fellowship in History 1500-1800 with a specialism within the period in the areas of continental European History, including art history, or Europe and the Wider World, tenable for a period of three years from 1 September 2018. Applicants should hold, or be very close to completing (within the next two months), a doctorate in a relevant field of European History or History of Art 1500 - 1800. The purpose of the fellowship is to advance the scholarship of the holder through a programme of original research. The fellow would be permitted to teach Early Modern History within the college up to a maximum of four hours a week during term-time, and may be asked to assist with other administrative tasks such as undergraduate admissions. The main purpose of the fellowship is to pursue research.

Salary in the range of £20,150 - £21,150 p.a.

- A research allocation of £1,680 p.a. (under review)
- Meals at the Common Table and a housing allowance of £8,412 (or free single accommodation in college may be possible)
- Payment for any teaching undertaken will be at capitation rates

Based on the case studies above, the affordable monthly rent that these individuals could pay would be:

Occupation	Salary range		Monthly salary range (gross income)		Affordable monthly rent range (@35% of gross)	
Nurse	£22,128	28,746	£1,844	£2,396	£645	£838
Teacher	£22,917	£33,824	£1,910	£2,819	£668	£987
Bus driver	£20,454	£27,598	£1,705	£2,300	£597	£805
Electrician (Oxford College)	£27,000	£29,000	£2,250	£2,417	£788	£846
Research fellow (Oxford college)	£30,000	£33,000	£2,500	£2,750	£875	£963

The cost of housing has increased since the SHMA was done in 2013. It is not clear what rental data was used for the SHMA is not clear but rental prices have increased⁹ by up to 30% since October 2013.

% change Oct 2013 to Sept 2017	Mean	Lower quartile	Median	Upper quartile
Room	12%	18%	7%	8%
Studio	4%	2%	-3%	7%
One bedroom	13%	13%	15%	14%
Two bedroom	10%	17%	18%	9%
Three bedroom	11%	14%	14%	12%
Four or more bedrooms	12%	20%	17%	9%
All	24%	18%	25%	30%

Source: Valuation Office Agency: private rental market statistics. Note studio rental numbers are too small to be statistically reliable.

⁹ Valuation Office Agency: Private Rental Market Statistics, 'Room' monthly rents for the South East

1 October 2016 to 30 September 2017	Mean	Lower quartile	Median	Upper quartile
Room	536	500	510	568
Studio	749	623	700	858
One bedroom	975	860	975	1050
Two bedroom	1178	1050	1175	1295
Three bedroom	1466	1250	1425	1625
Four or more bedrooms	2203	1750	2100	2500
All	1457	1025	1295	1750

Houses of Multiple Occupation in Cowley with 5 bedrooms are currently advertising rooms for £440pcm (just over £100 per week).

The accommodation that the Oxford College junior research fellows or the electrician in the job adverts above could afford earning just below the median income is a lower quartile or median one-bedroom apartment. A nurse, teacher or bus driver at the lower end of their pay scales could afford an upper quartile room in a shared house or a lower quartile studio – although there are very few studios for rent in Oxford.

Anyone in these sectors who is not working full time (around 20% of Oxford’s population) would struggle to pay the rent even for a room in a shared house.

People eligible for the local housing allowance would not be able to afford lower quartile private rented accommodation at Oxford LHA rates. Even low-quality shared HMO accommodation is beyond their reach.

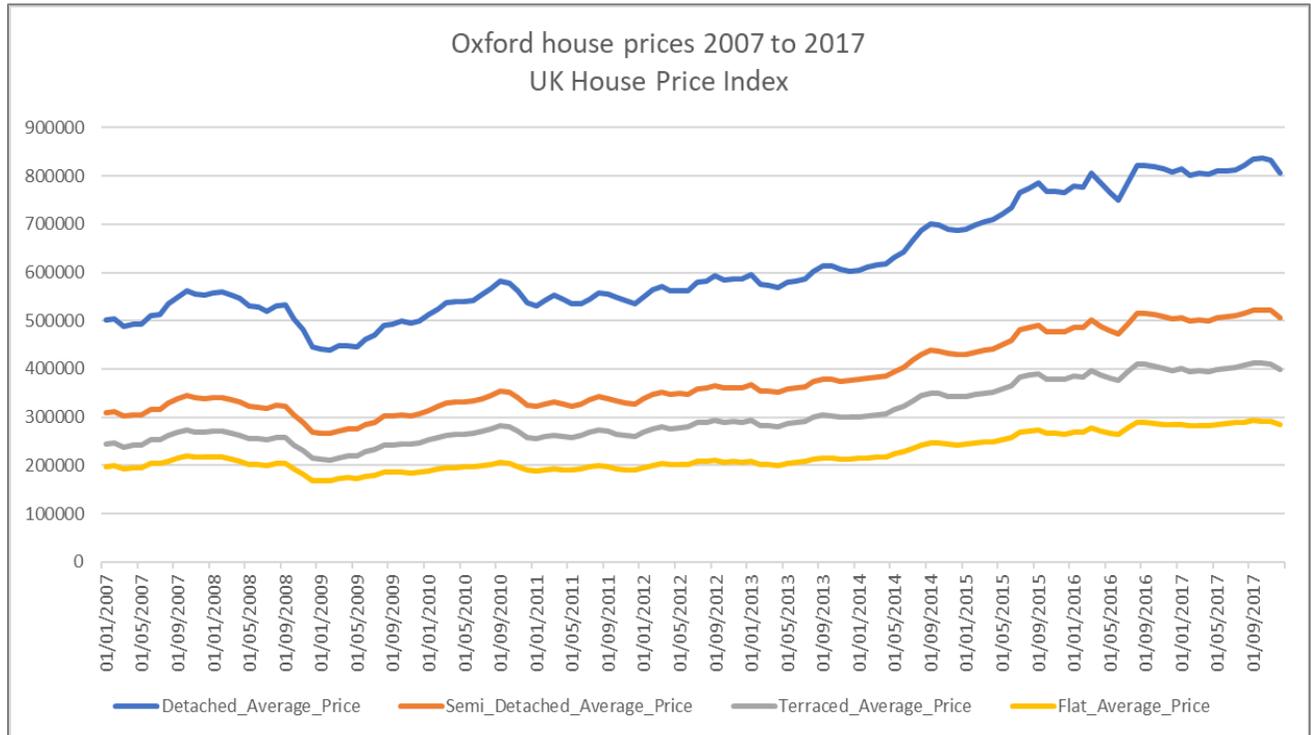
February 2018	LHA
Room	349
Studio	na
One bedroom	689
Two bedroom	834
Three bedroom	997
Four bedrooms	1296

Source: HM Revenue and Customs. Monthly LHA rate for February 2018. DirectGov

The Tenancy Strategy concludes that “...the unaffordable cost of housing could potentially lead to lower wage earners (such as service industry staff) who have essential or key skills to support Oxford’s local community and economy, moving to more affordable areas outside of the City.”

House prices in Oxford

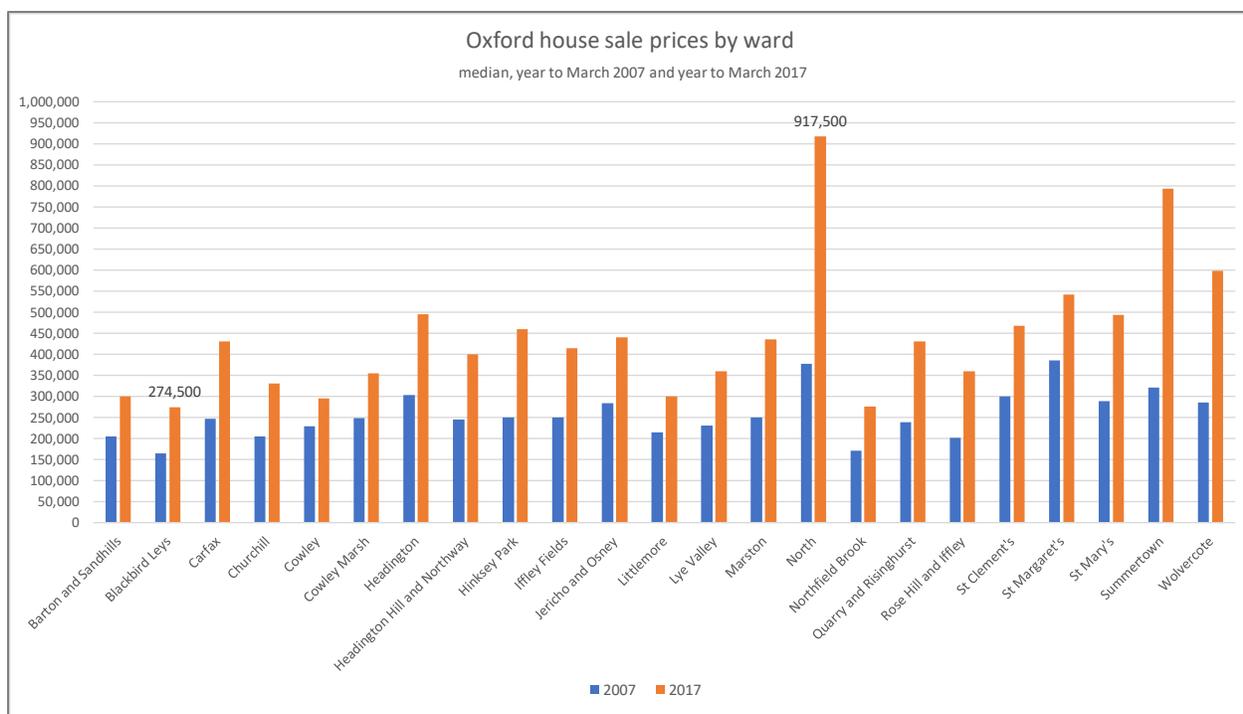
Sales price data shows how the cost of buying a home has risen in Oxford over the last 10 years.



Source: UK Housing Price Index

Across all housing types, house prices (terraced, semi and detached) have increased by over 60% since January 2007 - before the financial crisis – and sale prices for flats have increased by over 40%.

House prices are very different in different areas of Oxford as shown in the figure below. Median house prices in North ward have increased by 148% since 2007 and have reached £917,000. The lowest cost homes are in Blackbird Leys ward and even these have increased by 66% over the last 10 years. Other relatively low-cost wards are Cowley, Littlemore, Northfield Brook and the more deprived part of Rosehill and Iffley.



In accordance with Oxford City Council’s Local Plan Affordable Housing Policies, the Council expects that of the total proportion of affordable housing being provided on new developments ie 50% of the total housing. At least 80% of the affordable element would be provided and let as social rent properties with affordable rent forming the remaining 20% intermediate tenure housing. However, affordable rent at 80% of market rent is not considered to be affordable for the many households receiving low/median level incomes in Oxford.¹⁰

If rent costs are calculated at 35% of net household income, paying 80% of the median market rent in Oxford would require a net annual household income of between £14,532 for a room only and £60,336 for a 4 bedroom home. The median gross earnings for employees in Oxford are around £31,675 (approximately £24,818 net per annum) and therefore a single person would need to earn a higher than median annual net salary, or be able to share the costs with a partner, to be able to afford the cost of renting anything larger than ‘room only’ accommodation.¹¹

One cause of these price increases is lack of supply.

The amount of new development in Oxford is very low. Housing supply data shows additions adding between 0.1% and 0.6% to the housing stock over 5 years to March 2016.

Year	New build	Plus Net conversions	Plus Net Change of use	Less Demolitions	Net Additions	As % of total stock
2012	157	51	15	10	213	0.4%
2013	54	25	7	16	70	0.1%
2014	117	25	140	10	272	0.5%

¹⁰ Oxford City Council TenancyStrategy2018-2023

¹¹ *Ibid* Tenancy Strategy

2015	279	47	58	12	372	0.6%
2016	211	81	43	15	320	0.5%

Table 123 Housing supply; net additional dwellings, component flows of, by local authority district, England, 2016-17

Recent data by National Housing Federation summarises delivery of new housing in Oxford.

	Average (mean) house prices in 2016/171	Mean monthly private sector rents in 2016/172	Mean annual earnings in 2017	Ratio of house prices to incomes	Income required for 80% mortgage (80% at 3.5x)	Five-year shortfall 2012-2016	Longterm empty homes	Second homes	Total housing association affordable homes 2017
Oxford	£491,405	£1,392	£30,243	16.2	£112,321	1,453	263	1,004	4,984

Home Truths 2017/18 The housing market in the South East