

Routes to Delivery

A report into how Community-led Housing can contribute to addressing Oxford's housing need



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About the project

In March 2017, Oxford City Council received £54,000 from the Community Housing Fund to support the promotion and delivery of more community-led housing. Oxford City Council commissioned the Collaborative Housing Hub, which is a partnership between Community First Oxfordshire, Oxfordshire Community Foundation and Oxfordshire Community Land Trust, to undertake a research project to explore how community housing could be delivered sustainably within Oxford City. The methods used for this study included a combination of desk research, a needs assessment, interviews, outreach events and financial assessment.

The organisations involved in this study each plays a key role in local affordable housing solutions:

- **Oxfordshire Community Land Trust (oclt.org.uk):**
OCLT creates permanently-affordable homes in Oxfordshire and has built up considerable capacity, networks and know-how in this approach.
- **Community First Oxfordshire (communityfirstoxon.org):**
Community First helps communities to help themselves, with expertise in community and Neighbourhood Planning, affordable housing and placemaking and the creation of sustainable thriving communities.
- **Oxfordshire Community Foundation (oxfordshire.org):**
the Community Foundation connects people who want to give to local charities with causes that are making a real difference to social problems in Oxfordshire.

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Important contributions to the assessment were made by Oxford City Council, Savills, Jimm Reed (CoHo Ltd), Stephen Hill (C2O futureplanners), Gauthier Guerin (Catalyst Collective) and Professor Stephen Walker (Oxford Brookes University). Transition by Design (transitionbydesign.org) provided communication and outreach support for the project as well as the cover image of the Wolvercote Papermill Proposal (2016).

**Oxfordshire
Community
Land Trust**



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Executive summary

About this study

In March 2017, Oxford City Council commissioned Community First Oxfordshire, Oxfordshire Community Land Trust and Oxfordshire Community Foundation to undertake a research project to explore how community-led housing could be delivered sustainably within Oxford City.

This study identifies a range of feasible delivery routes for community-led housing schemes and identifies the support that is needed if community-led housing is to be a real option for Oxford residents.

What is community-led housing?

Community-led housing is about local people playing a leading and lasting role in solving local housing problems. *See section 1.2.*

Genuinely community-led schemes involve:

- a community group being engaged and involved throughout the development process;
- a community entity owning, managing or stewarding the homes; and
- legal protection for genuine and permanent affordability of the homes.

Community-led housing includes a range of approaches, including community land trusts, cohousing, housing co-operatives and collective self-build or custom-build. What these approaches have in common is that they act in the interest of a community and are not driven by the need for profit.

Community-led housing: affordable homes with multiple social benefits

Community-led housing does much more than provide homes. *See section 1.4.* Community-led approaches provide homes that are permanently and genuinely affordable, galvanise local support for new housing, engage the energy and creativity and civic engagement of residents, enhance well-being, increase neighbourhood cohesion, deliver high quality design, high standards of construction and energy efficiency, support smaller builders and suppliers and create demand for innovative building techniques. Community-led housing schemes also have access to sources of funding that are not available for typical housing development.

Community-led housing constitutes a paradigm shift. It offers an entirely different approach to development and ownership of land. Factors such as social benefit and permanent affordability are central to community-led schemes. Community-led housing groups positively value affordability, community facilities, quality and social and environmental features within community-led housing schemes rather than seeing these as costs. Community groups incorporate these elements into their financial and governance arrangements as they design and develop their scheme. When elements such as ongoing cost to residents, social value and enhanced life-chances are included, then community-led schemes become an investment in wider societal goals not just 'viable'. *See sections 2.2 and 2.3.*

Community-led housing in Oxford: part of the housing solution

Current mechanisms to deliver housing are not providing enough affordable homes for people who live and work in Oxford. There is an acute shortage of affordable homes, high levels of commuting and insecure tenure in private rented accommodation. Inevitably this has contributed to increasing levels of homelessness. *See sections 2.1 and 2.2.*

This affects most people under the age of 40 and anyone who is earning less than the Oxford median income (£32,416 in 2017) including post doctorate researchers, skilled trades such as electricians and plumbers, public sector staff, nurses, teachers and carers and bus drivers - the people who are needed in order for the city to function effectively.

Extensive outreach work was conducted for the study and feedback showed that many local people are enthusiastic about community-led approaches to housing and that it would meet their needs. This response came both from people who are currently in housing need as well as those who can afford to live in Oxford but who wish to live in a more mutually supportive and neighbourly environment. However, what was also apparent was that there was a generally low level of knowledge about community-led housing prior to engagement activity. Therefore, the full extent of local demand is unclear. *See section 5.4.*

Feasible delivery routes for community-led housing schemes

The viability assessment for this study shows that community-led housing is deliverable in Oxford under realistic assumptions. The delivery routes assessed show that community-led housing can meet the housing needs of people who are earning less than the median income.

The study team concluded (*Section 4*) that feasible delivery routes that are particularly suitable for Oxford are:

- Single home mutual housing co-operatives for groups of sharers.
- Developing multiple small sites using the same construction methods and design approach for small affordable dwellings for single people.
- Cohousing with 20-40 units on single site with private homes and communal facilities designed for greater neighbourly interaction.
- Partnership with developers, including Local Authorities and Housing Associations, for community-led housing on larger sites such as on the edge of Oxford.

The study estimates that, with enabling support, community-led approaches could deliver over 1,400 homes and accommodate over 3,300 people in the City within 10 years. *See Table 4.9.*

Enabling delivery of community-led housing

National experience shows that community-led housing schemes are deliverable. Community-led housing organisations are operating profitably at all scales in both urban and rural contexts in the UK. However, the numbers are small with the sector delivering at most 25 community-schemes per year since 1975 nationwide.¹

The Oxford experience is that groups have tried and are still trying to deliver community-led housing schemes but very few have succeeded. Oxford has several experienced and dedicated community-led housing groups who are ready to deliver as opportunities arise, but they need support. The people involved are volunteers putting in enormous effort on the margins of busy lives. Oxford's housing market is particularly challenging. The

¹ Building and Social Housing Foundation (2016)

study identifies the challenges and the enabling support that will be needed to achieve community-led schemes in the City. *See Section 3.*

Enabling activity that would particularly help Oxford groups and potential future schemes falls into three key areas that are known to facilitate community-led housing in other countries and in the UK: strategic leadership, access to land and access to finance.

Community-led housing will not happen in Oxford without assistance. Every example of community-led housing succeeding in the UK and in Europe has involved some support such as a willing landowner who values community benefits, council strategic leadership or planning policy or partnerships with housing associations or developers.

The government wishes the community-led housing building sector to grow in order to expand the options for additional affordable housing alongside mainstream delivery. The government is providing funding to achieve this through the Community Housing Fund. The Council, community groups and registered providers can all take advantage of this to provide the feasibility work, infrastructure, capital funding and enabling support that is needed.

Enabling activity is needed from a range of actors including local government, housing developers, the third sector and the community. Within Local Government, capacity is needed to meet with groups, sign post them to expertise within and outside the Council, advise councillors, make connections between services and make the links to strategic objectives. Increased capacity for officer roles in housing and planning would enable existing services to be more responsive to community groups.

Recommendations *(see section 5)*

A summary of priority actions for the Council is:

- Develop a strategy to enable genuinely affordable community-led approaches in Oxford.
- Promote community-led housing within the Oxfordshire Growth Board and Joint Statutory Spatial Plan.
- Appoint a Councillor as Oxford's community-led housing champion.
- Apply to the Community Housing Fund (grant) to provide enabling support within the council for community-led housing schemes that are currently being proposed by groups in Oxford.
- Include support for community-led housing in the Local Plan, housing and tenancy strategies.
- Help to unlock sites for community-led housing, for example:
 - require larger sites to include some community-led housing through Section 106 agreements;
 - explore small and difficult Council sites for development by community-led housing groups as exemplar schemes;
 - make local authority owned land available leasehold for long-term investment return; and
 - allow an exclusivity period on a site or sites for a community-led housing group to work up a feasible project and then purchase the land.

- Liaise with landlords of empty properties and poorly managed houses of multiple occupation to promote and facilitate opportunities for community-led housing groups to bring the properties back into occupation.
- Set up a revolving loan fund that community-led housing groups can access for cheaper finance.
- Develop practical responses to help support and encourage community-led housing including providing support and guidance for the identification of appropriate sites and working with landowners.
- Add questions related to community-led housing to the self-build register to collect data about interest in community-led housing.

The outreach for this study showed that very few people know about community-led housing. However community-led housing solutions have many benefits that strike a chord with people including genuine affordability in perpetuity, individual well-being and supportive neighbourhoods.

Recommendations to increase awareness are:

- Public events, stalls and talks to raise awareness.
- Training and workshops for professionals to learn from successful schemes, develop replicable models and share best practice.
- Training for community-led housing groups on governance, group process, development so that they can deliver housing themselves or work effectively in partnership with developers.

The third sector is also an important source of support. An advisory support function that recently has been established in Oxfordshire “Collaborative Housing”

www.collaborativehousing.org.uk is working in partnership with a range of local experts to support community-led housing groups, local authorities and developers.

**Proposal for Community
Land Trust affordable
homes at the Irving Building
(Transition by Design 2017)**



1. INTRODUCTION

1.1. Report aims and structure

Aims

This study explores how community-led housing could contribute to meeting Oxford's housing needs and identifies feasible routes to delivery. The study draws on published literature, the advice of national experts, feedback received from the public at outreach events, interviews with local people in housing need, community-led housing groups, council officers, non-council housing professionals and other experts.

Report structure

The first chapter introduces the concept of community-led housing, who it is for, the benefits, how it is delivered and the history of community-led housing in Oxford. The second chapter sets out the need and how community-led housing can help meet particular needs in Oxford.

The third chapter identifies what is needed to support and enable community-led housing. The fourth chapter sets out the results of the analysis of feasible routes to delivery and the final chapter presents conclusions.

Appendices set out case studies from Oxford community-led housing groups, details of the feasibility assessment, a summary of Oxford housing need, links to toolkits and further information, the benefits of community-led housing and a summary of planning policies that have been used in other parts of the country to support community-led housing.

1.2. What is community-led housing

The term 'community-led housing' is commonly used to describe homes that are developed and/or managed by local people or residents in not-for-profit organisational structures.² This can include residents influencing or controlling the design process, full community control of the built housing and amenities, full community ownership of the property on completion, community control over who lives in the development, rental and sales prices fixed in perpetuity by covenants in ownership contracts, and ongoing community management. Community groups actively build communities as well as housing and so create resilient mutually supportive neighbourhoods.³

The Government's Community Housing Fund, which opened on 2nd July 2018 includes the following definition to ensure that schemes supported by the Fund are truly community-led.⁴ Proposals to the fund must ensure that:

- Meaningful community engagement and consent occurs throughout the development process. The community does not necessarily have to initiate and manage the process, or build the homes themselves, though some may do;
- The local community group or organisation owns, manages or stewards the homes and in a manner of their choosing, and this may be done through a mutually supported arrangement with a Registered Provider that owns the freehold or leasehold for the property; and

² www.locality.org.uk

³ Anitra Nelson, "Small is Necessary, Shared Living on a Shared Planet" January 2018

⁴ Homes England, Community Housing Fund prospectus, July 2018

- The benefits to the local area and/or specified community must be clearly defined and legally protected in perpetuity.

Community land trusts, co-operative housing, cohousing, collective self or custom-build are typical examples of community-led housing. The study team refers to these as ‘mechanisms’ in this report.⁵ Table 1.1 provides brief descriptions of some of the main mechanisms.⁶

In practice, these community-led mechanisms are often used in combination. Some relate to land ownership, some to design, some to build methods and some to governance principles. The case studies carried out for this study provide local examples of this (see Appendix 1). Different schemes tend to look to one or other of the mechanisms as their primary motivation and each mechanism has its own set of national advisory bodies, literature and networks.

Table 1.1 Community-led housing mechanisms

Community-led mechanism	Description	Highlights
Community land trust communitylandtrusts.org.uk	Method of housing development and stewardship of land and other assets such as communal facilities. CLTs typically retain the freehold of land and act as long-term stewards of housing, ensuring that it remains genuinely affordable for every future occupier.	Affordable in perpetuity
Cohousing cohousing.org.uk	Cohousing communities are created and run by their residents. Each household has a self-contained, private home which they own or rent as well as shared community space. Residents come together to manage their community, share activities such as eating together.	Design enhances neighbourly interaction Both private and shared facilities
Housing co-operative cds.coop	The housing co-op owns the property and arranges finance such as a mortgage and loans. Tenants pay rent to the housing co-op. They do not have any ownership stake in the property. The tenants are all members of the co-op. The co-op exists to benefit its members and only does what the members decide.	Co-operative governance principles
Collective self or custom-build selfbuildportal.org.uk	Some self-build projects are a collective effort by a group of householders and so they fall into the community-led category. Residents directly organise the design and construction of their new homes or they may arrange for an architect/contractor to build their homes for them. Custom build is where a household or group works with a specialist developer and selects certain components of their homes.	Homeowners influence or control construction

⁵ National Community Land Trust network, communitylandtrusts.org.uk

⁶ See www.collaborativehousing.org for further information about each of the mechanisms.

1.3. Who is it for?

Community-led housing schemes typically retain ownership of the land, are designed for the people who will live in them and managed by residents. As a result, they have the interests of the residents at their core.

Community-led housing schemes offer a range of different tenures, depending on local needs.

Tenures include:⁷

- Social rent, which is accommodation that is affordable to people on low incomes and is distributed to people who are on the housing register according to the council's allocation scheme. Rent is set in accordance with national target rents which are approximately 40% of market levels.⁸
- Affordable rent let at between Local Housing Allowance (LHA) levels and 80% of market rent.
- Intermediate housing, including shared ownership, shared equity, discounted and resale price covenanted market sale.
- Market housing, for example to increase options for older people who are owner occupiers and who are looking to downsize their home.

The delivery routes identified in this study include all of these tenures including the required levels of social rented accommodation under the Council's affordable housing policy.

A recent report by the Co-operative Councils Innovation Network noted that this wide

⁷ "Community-led housing: A Key Role for Local Authorities" Co-operative Councils Innovation Network (CCIN), January 2018

⁸ Oxford City Council Tenancy Strategy 2018-2023, 23 July 2018 p.16 and p. 18 Oxford City Council's preferred rent option for its own housing is social

range of tenures means that community-led housing benefits a range of people including:⁹

- Households on local authority housing registers and in housing need;
- Households that cannot afford open market homeownership;
- Adult offspring of local residents who want to stay in their local area;
- Older people wanting to move nearer to support networks, downsize or live in communities that provide mutual support;
- Younger people and care leavers;
- Unemployed people who can be offered training opportunities as well as housing;
- Vulnerable people needing support or who might find it challenging to hold down a tenancy;
- People on low incomes;
- People who have assets to contribute to development costs.

1.4. The benefits of community-led housing

Community-led housing schemes vary widely because they are developed by residents for residents in response to a range of housing and other needs.¹⁰ In every scheme, the benefits of community-led housing go far beyond a roof over one's head. The multi-dimensional benefits of community-led housing include:¹¹

- Stronger neighbourhoods, shared spaces, mutual support: for example, cohousing

rent. The Council also supports intermediate rented tenure at local housing allowance rates.

⁹ *Ibid* CCIN p16

¹⁰ Stephen Hill, Jan 2018 blog post

¹¹ Homes England Community Housing Fund 2016 Sector guidance for Local Authorities

principles can help to achieve this, as households each have a self-contained home, but residents come together to manage their community and share many facilities.

- Permanent affordability and local control of assets: for example, community land trust principles offer a mechanism to provide genuinely affordable housing in perpetuity, both for rent and ownership.
- Building neighbourhoods: for example, collective self-build and custom build schemes support groups of households to work together to build or directly commission their own homes.
- Greater local accountability and control over housing management: for example, co-operative and tenant management principles empower residents to democratically control and manage their homes, often leading to improved efficiencies and financial savings as well as increased skills and confidence within the community.
- Tackling empty properties: for example, self-help housing offers people the chance to bring empty properties back into use and help to revitalise homes, streets and neighbourhoods. This can form part of a strategy to tackle homelessness.

As a result of these multi-dimensional benefits, community-led housing schemes address complex social challenges:¹²

- Supporting an ageing population including tackling loneliness and isolation, for example the Older Women's Cohousing Group in Barnet;

- Homelessness, for example Canopy Housing in Leeds;
- Skills Development - for example the Donaldson Court, Banbury Project with Sanctuary and partners which was a self-build project which enlisted and trained young people from the local community;
- Support for minority and marginalised groups - for example the Zenzele Project in Bristol, or Fusions Jameen in Lewisham;
- Community cohesion; building new communities and rebuilding old ones – for example Walters Way (Lewisham); K1 Cohousing (Cambridge); Homebaked Co-operative Bakery and community land trust and Granby4Streets community land trust (Liverpool).

Community-led housing therefore is a good fit with the Council's policy aims:

“the Council wants to promote homes – not just housing – where people can build lives, gain access to education, training, work and secure better health and well-being. By providing such homes the City Council, along with other social housing providers and partner agencies, can help to build successful, stable neighbourhoods and communities.”

[Oxford City Council Tenancy Strategy p.4](#)

However, information on demand for community-led housing is sparse. Most people do not even know what 'community-led' housing is. An Ipsos MORI poll commissioned by the National Self and Custom Build Association (NaCSBA) provides an indication of demand. The poll found that one in eight (12%) Britons expect to research or plan how to build a home for themselves in the next 12 months.¹³ A quarter of self-builders want to build collaboratively.¹⁴

¹² World Habitat – formerly Building and Social Housing Foundation (BSHF) <https://www.world-habitat.org/our-programmes/community-led-housing/>

¹³ Ipsos MORI: Survey of Self-build intentions 2016

¹⁴ Ted Stevens, SEFEA, Presentation at Community-led housing Conference Oxfordshire, 13 June 2018

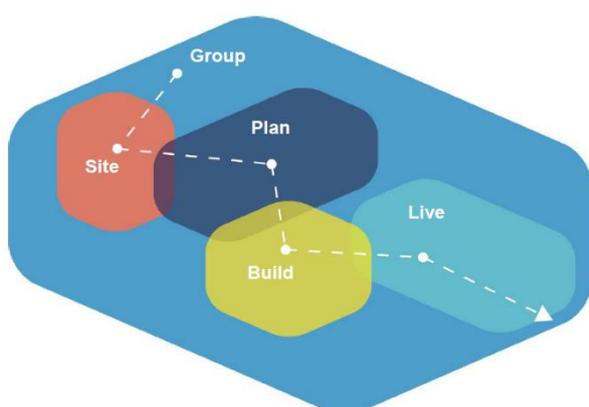
1.5. How is community-led housing delivered?

There are many different ways to achieve community-led housing but one key aspect that distinguishes community-led schemes from industry-standard housing schemes is that the delivery journey does not begin with buying a site or end when a person occupies his or her home.

Figure 1.2 illustrates the delivery journey that is typical for community-led housing schemes. Delivery involves everything from group formation to living in a community-led housing scheme, including ongoing management and governance.

There are different ways of categorizing delivery routes for community-led housing. The Government's July 2018 Community Housing Fund prospectus defines delivery routes according to who initiates the scheme which can be either group-led, an extension of community-based activity, or a developer-community partnership.¹⁵

Figure 1.2 Community-led housing journey¹⁶



In summary, community-led housing groups may go it alone, finding land, arranging finance and ongoing governance and ongoing management. The land acquisition may be

made easier by a willing landowner or through planning policy. The financing and management of the build may be done by others. A community group may simply purchase or rent completed homes and take on the repurposing and ongoing governance and management.

No matter which delivery route is used, any of the mechanisms summarised in section Table 1.1 can be adopted (collective self or custom-build, cohousing, co-operatives, community land trusts). Some delivery mechanisms are better suited for delivering large schemes and others can deliver on small constrained sites.

A key distinction is whether a community-led housing group carries out a housing scheme on its own or whether it does so in partnership with a large delivery partner or indeed simply purchases units that have been built by a developer in a 'turn key' approach. Both the level of influence over a scheme and the amount of work and skills needed by a community group are far less where a large organisation or developer partner leads a scheme.

Examples of a group-led community-led housing scheme are the Wolvercote Paper Mill bid by Oxfordshire Community Land Trust, the Irving building bid by Homes for Oxford and the Stansfeld bid by Oxford Cohousing (see case studies in Appendix 1). Other examples are Lancaster Cohousing at ForgeBank which was set up in 2013 and many long-established schemes such as Old Hall Housing Association in Suffolk and Braziers Park in South Oxfordshire.¹⁷

In these examples, the community-led housing group itself acquired land and financed the development. This approach gives the group complete control over the

¹⁵ Homes England Community Housing Fund 2018 Prospectus www.gov.uk/government/collections/community-housing-fund

¹⁶ Diagram by National Community Land Trust network www.communitylandtrusts.org.uk

¹⁷ ForgeBank (lancastercohousing.org.uk), Old Hall (oldhall.org.uk), Braziers (braziers.org.uk)

scheme - owning the land, designing the units, allocating units and ongoing management.

This approach involves a great deal of work by group members who need to have the capacity to work on a housing development scheme.

A community-led housing group may take over management and governance of existing housing through or a housing co-operative as leaseholder or buyer. There are two examples of this in Oxford: Dragonfly Housing Co-op formed in 2001 and Kindling Housing Co-op formed in 2016 (see Appendix 1). These schemes do not involve a development phase although some refurbishment is likely to be needed. The co-op members have a high degree of control and influence over their house.

Another approach is for a group to form a partnership. A Local Authority, landowner, Registered Provider or local developer may initiate this by deciding to provide housing that incorporates a community-led element. They may partner with a community-led housing group or even recruit founder members from within the community and support them to take over ownership and/or

management of the homes. In some cases, the community-led housing group may be a delivery partner in a joint venture. This enables housing to be provided at scale, with access to in-house expertise and access to finance.

The developer takes up-front risks and recoups costs from house sales. A community-led housing group may take over properties on a management basis such as Coin Street Co-operative. A group may acquire properties either at the beginning such as the St Clements Community Land Trust or at some future stage such as Cashes Green Community Land Trust. These 'turn key' delivery routes are easier for community groups in that all or most of the work that is needed to get the scheme built such as site acquisition, design, planning, finance is done before the group takes over. The downside is that the group has less control over the scheme and design of the homes.

The different roles throughout the delivery of a partnership scheme are illustrated in Figure 1.3.¹⁸

Figure 1.3 Partnership model



¹⁸ Based on Ernst Gruber, *Wohnbund: An International View – enabling and supporting collaborative housing in Vienna*

2. THE CONTEXT FOR COMMUNITY-LED HOUSING

2.1. National context

The government estimates that the UK needs to build 300,000 net additional homes a year on average by the mid-2020s.¹⁹ Even at its peak in 2007, supply was below this at just under 216,000 homes. In 2017/18 supply was just under 188,000.²⁰ Coupled with the relative affordability of debt and policy measures to bolster demand, lack of supply has resulted in land and house price inflation. UK housing costs are not only very high in absolute terms and relative to other countries but also relative to incomes.²¹

The UK housing system is considered to be exceptionally centralised. Since the industrial revolution, the UK has relied on large, professional developers to deliver large housing estates. Currently, a few very large companies build most of the homes. Almost half are built by ten companies and a quarter are built by three.²² The 2014 Lyons commission concluded that the UK could not rely on the volume house building industry alone but needed to engage with others including small builders.²³ Most housing policy of recent decades has been targeted at increasing supply through private sector developers through policies that act as mortgage subsidies such as Help to Buy and Starter Homes.

From 2010 the government's focus shifted to home ownership and 'affordable' rented housing of up to 80% of market rents. Funding programmes were less supportive of social rent tenure. However, the focus has changed and the next set of government funding programmes is expected to include homes for social rented housing supported by grants. Homes England, the Government's housing delivery agency, will use its new strategic development partnerships with Registered Providers to actively push for increased levels of social rented housing in the tenure mix.

Other national policies have the potential to support community-led housing. The Localism Act 2011 encourages local communities to influence their own future development through Neighbourhood Plans, Neighbourhood Development Orders and Community Right to Build Orders. These could be used to develop community-led housing schemes but in practice these policy tools are rarely being used in this way. There are just three examples on the Community Led Housing toolkit website.²⁴ The Self-build and Custom Housebuilding Act 2015 aims to double the size of the custom build sector by 2020, requiring local authorities to have self-build registers and to make land available for self-build where there is demand. Local authorities are responding to this requirement. The frequent turn-over of housing ministers (eight ministers between 2010 and December 2018) is considered to have contributed to delays and confusion around policy initiatives and the failure to build enough homes.²⁵

¹⁹ UK Autumn Budget 2017 p59, Chancellor Phillip Hammond's speech 22 Nov 2017

²⁰ Ministry of Housing, Communities and Local Government, Live tables on house building: new build dwellings, Table 209 www.gov.uk

²¹ Christian Hilber, UK Housing and Planning Policies: the evidence from economic research, London School of Economics and Politics, May 2015

²² *Ibid.* Alastair Parvin 2016

²³ The Lyons Housing Review, Mobilising across the nation to build the homes our children need, 2014

²⁴ Housing Association Charitable Trust, community-led housing toolkit, April 2018 clhtoolkit.org/planning/neighbourhood-planning-and-community-led-housing

²⁵ This is Money article "Merry-go-round of housing ministers means Britain hasn't built enough homes" Nov 2016

In July 2018 the government's Community Housing Fund was launched which includes funding for community-led housing groups and for local authorities to bid for infrastructure funding and enabling support for the groups in their area.²⁶

2.1.1. Local government

Community-led housing is referred to in the Oxford Housing and Homelessness Strategy and the Oxford Tenancy Strategy.²⁷ The emerging Local Plan (as at December 2018) contains references to community-led housing. The Council's Housing Company is a potential partner to manage the social rented housing on larger proposed community-led housing schemes. The Council has a housing enabling officer and the planning development team has expanded in recent years.

Community-led housing groups reported in case study interviews that they found it very difficult to arrange meetings with officers, they felt that community-led housing was not understood by council officers and there were no arrangements in place for officers to give groups support such as waiving pre-planning meeting fees.

According to national research on policies for community-led housing, the policy context in many parts of the UK is quickly moving to policies, strategies and supplementary planning documents and technical guidance that supports community-led housing.²⁸ For example, London's Local Plan references the Housing Strategy which makes small sites

available for community land trusts. In Oxford, the focus has changed with the commissioning of this report to better understand community-led housing and how this can be feasibly delivered on Oxford.

Within the planning system, section 106 agreements are a key tool to ensure that affordable housing is delivered and could be used to require community-led housing. However, in Oxford supply of affordable housing through this mechanism is insufficient to meet the identified housing needs. Oxford has a particular challenge at current market land values with no viable means to deliver social housing or community facilities on a sufficient scale through the development delivery models that are the norm.

2.2. History of community-led housing in Oxford and today

In Oxford there has been a lot of activity by community-led housing groups over the last decade, but few schemes have succeeded.²⁹ Each scheme that is delivered tends to be a "beacon" development, a one-off scheme requiring years of voluntary work and tenacity by community groups. This is not unusual in the UK where community-led approaches supply a very small proportion of housing. One estimate of demand for self-build is that it is currently 7% of housing delivery in England.³⁰ Other estimates of community-led approaches place it at less than 1% in contrast with figures of 18% in Sweden, 15% in Norway, 8% in Austria and 6% in Germany.³¹ The

²⁶ Homes England, Community Housing Fund Prospectus, 2 July 2018 (www.gov.uk)

²⁷ Oxford City Council Housing and Homelessness Strategy 2018-2021 p30, Tenancy Strategy 2018-2023 p13.

²⁸ Co-operative Councils' Innovation Network (CCIN) Housing Commission Final Report Jan 2018, Housing Association Charitable Trust, community-led housing toolkit, April 2018

²⁹ Oxfordshire has three community land trust schemes in Stonesfield, and two single-house co-

operatives in Oxford. There have been several credible attempts by community groups to buy sites but have been massively outbid by mainstream developers (Wolvercote Paper Mill, Stansfeld, Irving building on Hertford St).

³⁰ *Ibid.* Alastair Parvin 2016, p7

³¹ Estimates have been made by The Smith Institute "Local housing, community living: prospects for scaling up and scaling out community-led housing" (2016), Commission on

volumes of community-led housing delivered in other countries shows what is possible, but the sector is starting from a very low base nationally and in Oxford.

In summary, examples of community-led housing group activity that the study team has identified are:

- Successful schemes, single house co-operatives: Dragonfly Housing co-operative (founded in 2001); Kindling Housing co-operative (2016);
- Credible bids for larger development sites: Oxford Cohousing, Homes for Oxford, Oxfordshire Community Land Trust;

- Nascent or stalled projects and groups: Oxford Cohousing, Animate Cohousing, Soma housing co-operative;

In addition, community organisation-led schemes that focus on particular housing needs include Edge Housing (initiated by a local church for people moving on from homelessness) and Emmaus (providing both accommodation and work for people at risk of homelessness).

CLH group	Scheme	Tenure	Succeeded?	Affordable? ³²	Number of residents/units
Dragonfly	Single dwelling	Co-op	Yes	Yes	5 residents
Kindling	Single dwelling	Co-op	Yes	Yes	6-8 residents
Oxfordshire CLT	Wolvercote Paper Mill site	Mixed	No	Two thirds	260 units
Homes for Oxford	Irving Building, Hertford Street	Mixed	No	Half	27 units
Oxford Cohousing	Stansfeld, Headington Quarry site	Mixed	No	Two-thirds	36 units
Animate Cohousing	An existing neighbourhood	Mixed	No	Some (aspiration)	30 units (aspiration)
Edge Housing	4 dwellings	Short term rental	Yes	All (Local Housing Allowance)	15 residents
Emmaus	1 hostel	Rental	Yes	All	28 residents

Figure 2.1 Oxford community-led housing projects
Oxford group case studies set out in Appendix 1

Co-operative and Mutual Housing “Bringing Democracy Home” 2009 p5 and World Habitat (formerly BSHF)

³² At 35% of net monthly income

3. THE NEED FOR COMMUNITY-LED HOUSING

3.1. The housing crisis

Across the UK, mainstream development is not delivering the amount of housing that is needed. Many commentators emphasise that there is no single solution.³³ The problem has to be addressed across a range of provision, one form of which is community-led housing.

In Oxford, land use constraints and strong demand for housing are additional factors which drive up housing costs and make the need for affordable housing particularly acute. Young people and those of limited means are unable to afford to buy their own home. The private rental market has expanded and, due to the general shortage of homes, rents have increased.

Some estimates put the house price ratio even higher, for example for the semi-detached houses that many families need, the average price in August 2017 was £509,501 in Oxford which gives a house price ratio of 16 for a single income household earning the median income.³⁴ A national comparison by the National Housing Federation found Oxford’s house price to earnings ratio at

16.2% which places Oxford at the top of the rankings, with the “greatest affordability issue of any city in the UK”.³⁵ High house prices lead to high rental prices, which in turn impacts upon Local Housing Allowance (LHA) levels and the growing gap between income and housing costs.

Many people who work in Oxford cannot afford to live in the city. Almost half of Oxford’s workforce (45,900 people or 46%) commute into the area each day (2011 census). This may be their choice in some cases, but a large number are likely to commute because of the cost of housing.

Many factors feed the house price increase such as housing purchased as an investment, the amount of debt available through mortgage lending and the consolidation of housing development in the hands of a few very large housing developers. From discussions with national and local experts, the study team understands that the competition for land based on residual land valuations that assume the maximum revenue that is possible from Oxford’s increasing house prices is contributing to the long-term affordability problem.

Figure 3.1 Oxford house price ratio

	Avg house price Aug 2017	Median gross annual earnings in 2017	Ratio of house prices to incomes	Income required for 80% mortgage (80%@3.5x)
Oxford	£416,811	£32,416	13	£95,270

³³ For example Centre for Cities “Delivering change: building homes where we need them” Oct 2014 and New Economics Foundation “What Lies Beneath: How to Fix the Broken Land System at the Heart of Our Housing Crisis” July 2018

³⁴ UK House Price Statistics www.landregistry.data.gov.uk

³⁵ Home Truths 2017/18 The housing market in the South East, National Housing Federation, Oxford Local Plan Preferred Options p5 “Issues and Challenges”

3.2. The Oxford housing market

Oxford has major constraints on land supply, with half of the land already built on, designated Green Belt, Sites of Special Scientific Interest, Wildlife Corridors and large areas of historic importance. In Oxford the constraints on land mean that large developments are only likely to be developed beyond the city boundaries as land is allocated by other Districts to meet Oxford (and the wider Oxfordshire) unmet housing needs.

Experience in Oxford is that there is strong competitive pressure over every available site. This is reflected in government land valuations which in 2010 were £5.2m per hectare for very small sites, £5.5m for sites for flats or maisonettes and £5m per hectare for 'bulk land'. These values are far higher than prices across the south east.³⁶

In Oxford, as elsewhere in the UK, the way in which housebuilders acquire land lies at the heart of the affordability issue. Developers compete against one another to offer the highest upfront sum to the landowner, based on assumptions of how many homes they can build, how much they can sell them for, and how much they'll be expected to contribute to the community in the form of affordable housing and infrastructure. Viability is determined by calculating the residual land value from gross development value that the scheme would yield, minus the development costs of the scheme. The developer who can assume the highest possible market price and lowest costs for their finished homes can offer the best value for the site and win the bid.

The market approach yields profits of over 20% to shareholders and is very good at delivering housing. 'Normal' developers line

up an entire programme to deliver a certain number of sites per year and so maintain a programme plan and strategy over a long time-frame. The chronology and process is different for each site but many sites are similar so there are synergies. Large specialised development companies have in-house expertise, the ability to cross-subsidise from other schemes and can take on greater risk than community-led groups. They can put pressure on contractors and suppliers to lower their prices.

Shelter's report on new civic house building illustrates how the competitive pressure of the standard developer model will always out-compete a community-led approach.³⁷ Whichever firm is able to squeeze its costs the most is able to pay the most for the land. The landowner naturally awards the sale to the highest bidder, although this does not happen in every case. Left to the market, developers will typically build large executive homes as these have a far higher profit margin which means they can offer more for the land and so win competitive tenders.³⁸ There is no incentive for developers to take account of the total cost of ownership and energy efficiency other than compliance with codes or to deliver the aspects of housing that communities value such as affordable housing, build quality and amenities.³⁹

Non-profit entities, such as Local Authorities and Registered Providers, use the same approaches to valuing land. However, they put a greater priority on the cost of delivery, the long-term cash-flow and on whether their community of benefit can afford the homes in the long term. Section 106 agreements are the way that local authorities extract some of the profit from rising land values in order to provide community infrastructure.

³⁶ Homes and Communities Agency Residential Land Value Data (VOA 2010)

³⁷ Shelter New Civic House Building 2017

³⁸ Alastair Parvin "A Right to Build" 2011 p15: https://issuu.com/alastairparvin/docs/2011_07_06_arighttobuild

³⁹ The 2007 Callcutt Review (DCLG), concluded: "The hard fact is that, across most of the current market, aiming for high quality is questionable commercial strategy which often adds little to shareholder value."

The local housing market is also influenced by macro-economic drivers including interest rates and mortgage availability, market sentiment, employment opportunities and general population and economic trends. Other factors are quality of place, schools and access to jobs.

3.3. How community-led housing can help

Community-led housing has the potential to expand the options for the delivery of homes in Oxford. It will not replace large-scale mainstream delivery but can work alongside it to deliver more housing, housing which is permanently and genuinely affordable, higher quality with better services and community infrastructure and of the size, type and tenure that meets the needs of the residents.⁴⁰ These factors are the motivation behind the efforts by Oxford's community-led housing groups to try to make their housing projects a reality.

Community-led housing constitutes a paradigm shift. Factors such as social benefit and permanent affordability are so central to community-led schemes that the study team concluded that different models are needed to assess their true viability to take these into account. When elements such as ongoing cost to residents, social value and enhanced life-chances are included, then community-led schemes become an investment in wider societal goals not just 'viable'.

For community-led housing schemes, viability assessment does not end with sales of homes at market price or to the highest bidder. Viability of a community-led housing scheme also depends on the ongoing revenue stream (and ongoing maintenance costs) from housing which will derive from the people who will live in the units and what they can afford. The finance for community-led schemes is more akin to that of registered providers or public facilities such as schools

which provide ongoing returns over a very long time period.

The below sets out some of the innovations which are common in community-led housing schemes and which can enhance their viability compared to normal development schemes.

Build Density

People living in community-led schemes value mutual support and a thriving community and have confidence that their neighbours will also. Homes can therefore be grouped in a higher density format with less private space and more shared space which, when designed well, creates both a great place to live and also more value. The availability of common facilities increases the saleability of the units.

Off Site Construction

Traditional housebuilders have well-organised supply chains with established business relationships. Community led schemes can pick and choose valid technologies which suit the specific scheme under consideration. Off-site modular or prefabricated closed panel housing is driven by innovation and may be suited to community-led schemes. The homes can be built much quicker, their quality guaranteed and assembled on site in record time which saves money.

High Energy Efficiency

The slow uptake of energy efficiency initiatives since the 2008 recession has allowed developers to build to a specification which, although better than homes built in the 80's, are still below what is routinely possible in Europe and Scandinavia. Community groups can bypass the established supply chains and build energy efficient homes that can be more expensive to build but are more cost effective for residents to live in and to run, with reduced costs of energy and water use. High energy efficiency can also increase the durability of the buildings and this can be factored into the financial modelling and design of the scheme.

⁴⁰ *Ibid.* Anitra Nelson

Community Initiatives & Sweat Equity

Individual residents can often move into their homes before they are fully complete. These shell homes can be fitted out and decorated by their owners, saving them money on capital investment. This is known as sweat equity which can reduce build costs in some schemes. The community is also likely to complete their own shared landscape areas such as playgrounds, allotments, orchards and recycling initiatives.

Sustainability

The supply and strategic use of basic utilities to any development needs innovation as a starting point if long term sustainability is its goal. Community-led schemes are often very open to innovation in how energy is used, less car parking is needed as the use of cars is minimised which makes more land available for other uses, efficient water use and recycling can also be incorporated. This is largely due to the future bill-payers being part of the team that is shaping the development.

Reduced marketing costs

In many cases a large proportion of the community-led housing is built for identified owners and tenants which reduces marketing costs.

Other factors relating to the deliverability of community-led schemes are not included in standard model (and have not been included in the viability assessments for this study), but they can greatly enhance the deliverability of schemes and have a beneficial impact in the long-term. These include:

- it may be easier to get planning permission (if the Council is supportive);⁴¹
- community backing can mean that there are fewer complaints to address;

- the Net Present Value benefit of affordability in perpetuity;
- social benefit such as less isolation, mutual support, reduced car use, lower impact on public services;
- the extent to which future residents engage with the design and building of homes can also make community-led housing different to and better than other forms of delivery;
- volunteer resident leadership can reduce development costs such as project management.

One author describes community-led approaches such as Community Land Trusts as

“challeng(ing) the arrangements of a housing market used to the pleasures and pains of speculating on housing value . . . they can move from seeing housing as a commodity, valued for its exchange value, the profit it can produce, and see it rather as a necessity of life, even perhaps up to a certain configuration as a public good.”⁴²

The involvement of potential residents at the design stage in community-led housing schemes means that the housing delivered is of the tenure type and size that people need. New building is likely to be more acceptable to community through community-led approaches; develop unusual, small or difficult sites, increase density, lock in affordability, provide quality/size/tenure people want, and bring in philanthropic or grant funding.

The distinctive financial and governance arrangements of community-led housing approaches positively value affordability, community facilities, quality and social and environmental features rather than seeing these as costs.

⁴¹ Charlie Cadywould “Community Builders: Tackling the housing crisis by empowering communities in local development” Demos Dec 2015

⁴² Peter Marcuse “Community Land Trusts as Transformative Housing Reforms” Columbia University July 2014

The legal vehicles such as Community Benefit Societies that are used for community-led housing provide an entirely different approach to development and ownership of land. Asset locks and lease requirements keep the land and house prices for these sites stable into the future. Market development cannot do this.

The study team concluded that this leads to a broader idea than just maximizing profit and reducing costs and opens up the need for a different housing model for assessing and comparing different housing development schemes.

3.3.1. Oxford experience of the benefits

The study team interviewed community-led housing groups from both successful and attempted schemes in Oxford (see Appendix 1). One question was: What are the benefits of community-led housing? In the case studies, their reasons for wanting to live in community-led housing relate to the wider benefits that they perceive community-led housing provides.

Homes for Oxford's bid for the Wolvercote Paper Mill site would have delivered 37% more homes on the site, 66% affordable (compared to 50%) with configuration of homes to encourage neighbourly interaction, far fewer cars and more green space. This would have resulted in saved rents of at least £5m over 30 years, some of which would have been direct savings to the tax payer in terms of reduced Local Housing Allowance and other benefits. Different community-led housing groups were interested in taking up clusters of homes within this scheme. The bid was not successful but the analysis of it shows what community-led approaches can offer.

Table 2.3 (over page) sets out a comparison of a developer approach with what Homes for Oxford would have built.

Benefits of living in Kindling are that the residents are in control of their housing and

can decide everything about it including remodelling the house, what colour to paint the walls, where their energy comes from and what rents to charge (within financial constraints).

The housing co-operative changes the residents' relationship to their house and their place in a way which is inaccessible for anyone in private rented accommodation. Being in a housing co-operative connects them to a network of people who are doing inspiring work. They are learning new skills, improving their knowledge and understanding, increasing their confidence about managing the house including financing and loans. In the process the members are becoming more capable and gaining transferable skills that could be used for running other enterprises which could lead to employment opportunities. They are working as part of a team of fellow housemates/members.

Kindling is set up as a fully-mutual co-operative, which means that once acquired, its assets are collectivised – they belong to the co-operative movement in perpetuity, their value not subject to the rules and fluctuations of the market. Rather than being a tool to generate ever more capital, the house can serve its original purpose as a home, managed and cared for directly by its member tenants. This provides individuals doing social change and community benefit work with a secure home in Oxford where they would otherwise be priced out of the market.

Variable	Developer Model	Community-led model	Comment on community-led model
Price to landowner	Approx. £5m higher (unconditional)	Approx. £5m lower (conditional)	£5m less for landowner
Density of homes	190	260	More smaller homes (these would meet minimum space standards)
Tenure Mix (social rent/affordable rent/market sale)	40/10/50		Slightly fewer social rented but more intermediate market (this proposal was put forward to meet identified needs)
% affordable	50%	66%	Overall more affordable
% permanently affordable		66%	No Right to Buy. Mechanisms to maintain affordability.
NPV of saved rents over 30 years		£4.7M	Of direct value to residents, tax payers and local authority (reduced housing benefit bill)
Configuration	Conventional	Clusters	Promotes well-being and reduces isolation
Cars	279	230	£791,000 in value from 49 fewer cars giving environmental and social benefits through improved air quality, less congestion and lower carbon emissions.
Floating homes	No	Yes	Imaginative use of waterways that form part of the site
Shared Green Space	Some	More	
Community Involvement	Some	Fundamental	Creates stronger local networks and reduces isolation. Long term reduction in social costs.

Table 3.2 Comparing developer approach with community-led approach⁴³

In their bid for Stansfeld quarry site, Oxford Cohousing’s prospectus stated that it would deliver much needed new housing in Oxford in a form and for a purpose that is different from the market norm and will point the way to a more sustainable way of developing and living. Their prospectus sets out the benefits of cohousing:

- Cohousing is a way of living that has been established in several countries around the world for many years. Small enough that everyone can be familiar with each other, but large enough not to force them to be, cohousing communities are built around a shared desire for a sense of belonging, neighbourliness and mutual support that many people feel is missing from modern life and contemporary housing developments.

⁴³ Based on Jan Rosenow impact assessment

- By pooling resources and acting collectively, cohousing communities gain more control over their environment. In particular they can ensure that both commissioning and maintenance costs are effectively controlled to maximise economic sustainability.
- In cohousing communities everyone has their own private home, but everyone also benefits from extra shared facilities and spaces that allow – but don't require – members to do things together. Living in a cohousing community brings a few extra responsibilities, but many more benefits.
- Features of cohousing communities include: a common house – a building with a range of shared facilities for use by members of the community; common ground – shared garden spaces often used for growing food as well as for play and recreation; the exclusion of cars from the community as far as possible; and a strong ethos of environmental and social sustainability in how the community is designed, built and managed.

In addition, Oxford Cohousing is committed to delivering the following:

- A legal structure that ensures democratic governance by all the households;
- The whole space is configured to promote interaction between households;
- A high proportion of homes are genuinely affordable for young people and families, in perpetuity;
- Homes for residents from the city's housing register;
- A mixed community of varying ages and abilities;

- A low-carbon footprint including low car-usage.

Homes for Oxford's bid for the Irving building in Hertford Street would have delivered the following benefits: affordable homes for local people, ensuring that they remain genuinely and permanently affordable; reduced environmental impact to ensure the long-term future of the local and wider community, through high eco-specification construction; restricted car ownership and provision for bicycle parking; and homes and outdoor space designed for community living, mutual support and well-being.

Other benefits of this scheme were:

- There would always be people on-site due to the proposed range of uses (residential, office, café, retail, community space, events);
- Sheltered garden and pond (providing sustainable drainage) to create a community resource for residents;
- The not-for-profit housing co-operative legal structure means that any surplus income generated goes back into the community;
- Community land trust landownership means that the affordable value of the homes would be retained in perpetuity.

Interviews with housing professionals (including people with registered provider and developer experience), indicated that they think community-led housing has a role and can make a contribution. Points raised were:

- community-led housing is a way of furthering the community's aspiration.
- community-led housing is more likely to be well-received than a top-down process and is more likely to command support from within the community.

- The community-led housing group can have a good understanding of local needs and is able to influence and shape the development better, particularly when linking housing and other elements such as community facilities, business premises and live/work units.
- community-led housing can have an advantage in identifying sites through community connections. They may have links to local landowners, or a local trust that manages estate land, farmers, charitable bodies, church Dioceses and schools.
- community-led housing groups can draw on their resources, bring people together, promote the idea, identify need and sites. This is stronger in areas with social capital and skills among friends and family and more difficult in disadvantaged communities.

3.4. How community-led housing can meet particular types of need

People needing social rented or affordable housing

People in housing need, on the Oxford housing register and on housing benefit are among those who are interested in living in community-led housing and among those who are actively working on schemes in Oxford.

Oxford City Council has a strong affordable housing policy and a focus on providing social rented tenancies.⁴⁴ Social rented housing is available for some of those in housing need. However, there is a gap in provision. The Oxfordshire Strategic Housing Market Assessment 2014 estimates that around 1,029

additional affordable homes would need to be delivered each year 2016-2031 to meet the backlog and future affordable housing need. There are around 2,500 households on the Housing Register, the majority of whom may never be offered a council or Registered Provider tenancy. The Council's adopted Tenancy Strategy 2018-23 notes a severe shortage of genuinely affordable accommodation which cannot be met in the private sector because private sector rents are too high even with Local Housing Allowance.

In Oxford, the attempts to deliver community-led housing schemes such as community land trusts and cohousing typically seek to work in partnership with a social housing landlord to support the provision of social rented housing. Community-led housing groups can register as a provider of social housing but this is a fairly high hurdle for them and management of social housing is better done by a larger entity. However, by their very nature, community-led schemes are well placed to offer affordable rent (both social and intermediate) and to keep it affordable in perpetuity. Interviews with local groups also suggest that partnership is important on larger schemes for technical expertise, project management and access to finance. Partnership to deliver community-led housing as part of a large development is one of the feasible delivery routes tested in Section 4.

Oxford's community-led housing groups are concerned to provide housing for a range of people including families with young children in order to have a healthy and sustainable community with a mix of people at different stages of life. Community-led housing can provide both low cost market housing and affordable rented housing. In Oxford the aspiration of community-led schemes (see Appendix 1) is often for rental as well as ownership options and below market rate affordable rent. Community-led housing

⁴⁴ Oxford City Council, *Housing and Homelessness Strategy 2018-21*

groups have people who are on the housing register as members and young adults starting families.

The experience of Oxford community-led housing groups is that the full range of tenures is required in order to meet planning policy requirements but affordable and social housing is vital to ensure the long-term success and sustainability of a community-led scheme, to facilitate the involvement of young families and people on low incomes for a mixed and sustainable community.

50% of housing is required to be affordable on sites of 10 or more homes in Oxford according to the Local Plan, with a financial contribution towards affordable housing from sites of 4 to 9 homes. Many community-led schemes aspire to go beyond this by providing alternative types of affordable housing with a legal structure that keeps homes affordable in perpetuity.

People who work in Oxford

Oxford's strategic housing market area expands well beyond Oxford's borders. Many people commute into Oxford from outlying areas.⁴⁵ The additional housing need that cannot be met within the city boundaries is being discussed with surrounding Districts. Community-led housing across Oxford's commuter zone could contribute to the mix of solutions to meeting Oxford's housing need, which includes many of the people who run key services in the City.

The needs assessment carried out for this study shows that the accommodation that Oxford College junior research fellows or an electrician could afford is a lower quartile or median rent for a one-bedroom apartment. These are skilled people earning just below the median income for Oxford. A nurse, teacher or bus driver at the lower end of their pay scales could afford a room in an upper

quartile rent shared house. Those who are 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 who are eligible for the local housing allowance would not be able to afford even lower quartile cost shared private rented accommodation in Oxford.

Young people and families are disproportionately affected by the affordability problems in Oxford. In November 2017, 60% of the total number of households on the City Council's Housing Register were under the age of 44 and half had dependent children.⁴⁶

Similarly, young working households and low-income working households who are not eligible for benefits or social housing but are not catered for by the housing market have to seek lower quality or shared private rental accommodation or live outside the city and commute in.

Students and young professionals

The two universities reported 40,248 full-time students in December 2016 and of these 6,957 required non-University accommodation such as shared private rented accommodation.⁴⁷ The Census identified 1,825 student-only households in Oxford City which suggests that many are sharing accommodation.⁴⁸

In Oxford, most shared housing has to be licensed as a House of Multiple Occupation (HMO). In 2018, there were 3,650 registered HMOs in Oxford. Students, people moving on from homelessness and young professionals spoken to for this study reported that they find HMOs to be poorly managed, tenants feel insecure, maintenance can be poor or very slow and the tenants have no autonomy or incentive to decorate or maintain the property well and no investment in being

⁴⁵ Oxford Housing and economic land availability assessment (HELAA) October 2016

⁴⁶ *Ibid.* Oxford Housing and Homelessness Strategy 2018, housing register data from May 2017

⁴⁷ Oxford City Council. Annual Monitoring Report. Indicator 17: Students and Purpose Built Student Accommodation

⁴⁸ Census 2011

good neighbours. The Council's 2017 Annual Monitoring report notes the exceptionally high concentration of HMOs in Oxford and the fact that HMOs often provide some of the poorest quality housing in the city. However, this is improving. The City Council's HMO Licensing scheme has recently received national awards and recognition for its work providing protection for tenants against sub-standard conditions and supporting vigorous enforcement of tenants' legal rights.⁴⁹

Vulnerable people in housing need

Oxford City Council's Housing and Homelessness Strategy notes that there is a need for move-on accommodation for vulnerable people who are building settled lives, moving from hostels or living in unsuitable accommodation. Lack of move-on housing can result in access to much needed specialist accommodation being blocked from those who need it.

The study team discussed housing need with professionals working with people who are homeless or vulnerable to becoming homeless, including Homeless Link, Crisis and Edge Housing who are part of an effective network of organisations supporting homeless people in Oxford including the Council, churches, charities and social enterprises.

People interviewed for this study said that the biggest problem for people who are homeless is affordability. The housing benefit or local housing allowance is below the local level of rents that are charged. Even if the tenants have a stable job, can pay the rent and can find the deposit (for example with assistance from the Council), people on housing benefit often cannot access private rented housing. Many landlords will not rent to people on benefits due to constraints set by their mortgage or insurance company.⁵⁰

⁴⁹ *Ibid.* Oxford City Council, Annual Monitoring Report Indicator 19

⁵⁰ Guardian article "Housing benefit claimants increasingly shut out of private rental market" Jan 2017

Downsizers

Community-led housing can cater for those who can afford market housing but who wish to live in community-led housing schemes.

The financial viability of community-led housing schemes that have been tried in Oxford require some market housing for the project to be financially viable. Many of those who are interested in community-led housing in Oxford have houses and so could contribute capital to a scheme and buy their own unit at market prices. This can free up under-occupied homes for occupation by larger households.

Pent up demand

This category includes young adults still living with parents, 'boomerangs' returning home or those in overcrowded homes more generally. Between 2001-11 there was a 30% increase in households living in overcrowded homes.⁵¹

Nationally, more than a quarter of Generation Y ('millennials' born between 1980 and the end of 1994) live at home with their parents, including 10% of men aged 30-34.⁵² They represent pent up demand for housing which is not met in the current housing market unless they venture into private rented or insecure, poor quality shared housing. They are unable to afford decent local accommodation in Oxford but may not be considered as being in priority need for social housing.

Overcrowding is above average in Oxford City, with 6.2% of households classified as overcrowded using the bedroom standard. This is likely to reflect a number of factors: a younger population structure; the volume of student multi-occupancy lettings; housing

⁵¹ *Ibid.* Oxford Housing and Homelessness Strategy 2018

⁵² Guardian article, referencing ONS Labour Force Survey 2015

stock skewed towards more smaller properties; and higher housing costs.⁵³

Community-led affordable housing for rent is potentially helpful for this group. National research found that almost 60% of 20- to 39-year-olds in England will rent their homes by 2025, while just 26% will have been able to purchase a home.

In Oxford the private rented sector increased from 9,068 dwellings in 2001 to 15,634 dwellings in 2011. This is a 72% increase compared to a 57% increase across the South East region and 63% increase nationally.

Community-led housing can help to meet this need by increasing density of development where appropriate and converting existing dwellings to include extensions that would provide suitable smaller accommodation (compliant with planning requirements) so that each individual or household has their needs met with smaller personal space and more shared space.

3.5. Barriers to delivery of community-led housing in Oxford

National research

A 2009 report by the Commission on Co-operative and Mutual Housing (the most recent in-depth survey of the community-led housing sector in the UK) reported a number of factors that are barriers to community-led housing.⁵⁴ They conclude that in other countries, community-led housing is enabled by Government policy working in sympathy with the sector, an effective development, support and advice framework, and grass roots community development. The report found that these elements have never come together at the same time in the UK.

The Commission recognised that although there have been governance and other

problems in community-led schemes: “it is possible to create systems of support, checks and balances to prevent problems arising or deal with them when they do.” The Commission also concluded that: “there is an overwhelming problem with regards to the promotion of co-operative and mutual housing options”; and “little information is available for communities, local authorities, Registered Providers or others who are interested in exploring co-operative and mutual housing options, and models are hard to develop in an environment not established to support them.”

Another review of the sector found that barriers to community-led approaches include:⁵⁵

- Inexpert / inexperienced clients
- Lack of capital reserves to accommodate overruns
- Low standardisation / replicability across projects.
- High communication overheads (multiple perspectives and expectations, especially in groups)
- High per-project overhead costs (for example professionals' fees, meeting regulations, site preparation etc) in both time and money.
- High levels of risk / cost uncertainty in the development process, which then needs to be borne by a well-capitalised organisation.
- Low trust / transparency in the process.
- Low skills in local trades / communities, resulting in poor quality construction.

⁵³ Oxfordshire Strategic Housing Market Assessment (SHMA) Final report p49

⁵⁴ *Ibid.* Bringing Democracy Home 2009 p5

⁵⁵ Alastair Parvin and Andy Reeve "Scaling-up the Citizen Sector: A white paper on the role of digital innovation in tackling the UK housing crisis" 2016 p12

- Cost of labour and difficult, unreliable building methods.

Oxford experience

Interviews with community-led housing groups from both successful and attempted schemes (see Appendix 1) included the question: What are the barriers to community-led housing? The responses to this question are summarised below.

The group who set up Kindling housing co-operative in 2016 were highly skilled and committed. They included 2 architects, people with project management skills and shared political commitment to finding an alternative housing solution that would meet their needs. In the case study interview they said “creating this scheme was “harder than we could ever have conceived of”. The barriers were “just short of insurmountable”.

Before bidding for the Stansfeld site, Headington Quarry, in 2014, Oxford Cohousing had already done years of work on group formation, vision and objectives. They had also explored the legal structure they would require and had set up a company limited by guarantee. The work on the bid was largely done by two people in the group with help from paid experts.

In the case study interview they said: “The sheer amount of work is a major barrier”. It was more difficult to find a suitable partner for the social rented affordable housing than they had expected. They felt that their experience, on this and other bids in which they have been involved, demonstrates the hugely competitive nature of buying land in Oxford. They could not commit to an unconditional bid, as their bank funding would not be released until planning permission had been achieved.

Homes For Oxford benefitted from experienced Directors with over a decade of local experience in co-housing bids and setting up the Oxfordshire Community Land Trust including managing the procurement

and development of a small site at Dean Court. However, Homes For Oxford felt they lacked credibility and sufficient track record for such a large scheme. They consider that access to land is the main barrier in Oxford.

The amount of work involved was one barrier. An extraordinary effort was made by a tiny handful of volunteers with very busy lives. As well as the major work involved in preparing a bid, they had to get the balance right between moving quickly and taking decisions and community engagement and involvement with interested people. Lead people had to manage the expectations of participants about what would be possible.

Housing professionals

Community-led housing groups typically approach a range of professionals to support their schemes, either as partners or as paid contractors. In Oxford the experience reported by community-led housing groups in interviews is that very few professionals whether accountants, lawyers, architects or builders understand community-led approaches to housing or can flex their methods to support them effectively.

From interviews with local housing professionals and from schemes elsewhere in the country, it is clear that Registered Providers have the skills and experience that are required and also have staff who understand community-led approaches. For example, sheltered housing for older people built by a Registered Provider looks very like a cohousing scheme in its design, even if it is not a community-led process. In interviews conducted for this study, the study team found that rural exception site experience was also relevant for Oxford Registered Providers and some have worked with community-led housing projects on such schemes (although not in Oxford).

Housing professionals who have worked with community groups report that small, one-off sites with community groups are much harder to deliver and so tie up resources that could

be used for other things. Unit costs are higher for small sites and a small scheme may take a similar amount of time as a larger one (and sometimes considerably more) in pre-planning consultations, professional fees and surveys. The process can be complex if the developer has to negotiate with landowners, carry out stakeholder involvement and come up with a scheme that is acceptable locally within finite resources and with competing priorities. Another general difficulty identified by local professionals is that it is difficult for large businesses to work with community groups where a lack of skills and complex processes can result in barriers that can be time consuming to overcome.

4. ENABLING & DELIVERING COMMUNITY-LED HOUSING

4.1. Golden triangle for successful delivery

This section explores the actions that are needed to enable community-led housing development and to make sure that its potential in meeting housing needs is realised in Oxford.

As with all housing development, community-led housing schemes must find suitable land and obtain finance. In addition, for affordable community-led housing schemes to succeed, evidence from other countries and other parts of the UK shows that strategic leadership is needed to unlock the opportunities within which community groups can operate. Land, finance and leadership forms a golden triangle that is needed for successful delivery as illustrated in Figure 4.1.⁵⁶

All three aspects of the triangle have an important bearing on the feasibility of community-led housing.

Figure 4.1 Golden triangle for community-led housing delivery



⁵⁶ Joseph Rowntree Foundation “Rethinking planning obligations: balancing housing numbers and affordability” Sue Brownill et al, July 2015

4.2. Strategic leadership

Strategic leadership is often vital to enable community-led schemes to access land and to unblock complex challenges. There are many recent examples to illustrate the impacts of strategic leadership, particularly in London, but also in other urban centres with affordable housing issues.

The Mayor of London has set a target to identify sites for at least 1,000 community-led homes by 2021 and set up the Community-Led Housing Hub to help support the sector. The mayor is making publicly owned sites available for small builders and community land trusts in a “Small Sites, Small Builders” programme that is referenced in the London Plan and Housing Strategy.

In Waltham Forest in London, in 2018, over 600 local leaders from community organisations held the biggest local pre-election accountability assembly in London with leadership by two councillors (Conservative and Labour). The assembly discussed a range of issues including genuinely affordable homes for local people. The borough council agreed to build 600 community land trust homes with the price of the home connected to the median local income not the market price.⁵⁷

Political support was crucial for the Lewisham community land trust project in Lewisham in south east London. Lewisham’s Mayor Damien Egan said: “Lewisham has a radical housing tradition and RUSS’s self-build Community Land Trust builds on that history. Most importantly this is a development that will keep homes affordable in perpetuity.”⁵⁸

⁵⁷ Waltham Forest Echo, No 39, June 2018

⁵⁸ The Rural Urban Synthesis Society www.theruss.org

Small Sites, Small Builders (London)

This programme aims to bring forward small publicly owned sites to boost the capital's small homebuilders sector and increase the supply of new and genuinely affordable homes. As a pilot, the Mayor has instructed Transport for London to bring forward 10 of its small sites for development, with capacity for between two and 42 homes. A simple bidding process is being used to make the land accessible, with standardised legal contracts.

In February 2018, Sadiq Khan announced that he was supporting flagship community-led housing projects on two of these sites - one in Tower Hamlets and one in Lambeth. In July 2018, London Community Land Trust was chosen to deliver community land trust homes on these sites.

This scheme was the result of a campaign led by Rural Urban Synthesis Society (RUSS) members in 2015 followed by an EU tender and public procurement process leading to a Development Agreement with Lewisham Council in April 2016 for a community-led, affordable, self-build housing development in a derelict former school and industrial site. The scheme will deliver 33 self-build houses that will be sold for less than £80,000 for a 25% share of the property. Each buyer will commit to working 20 hours a week towards the project and take lessons in plumbing and plastering so they can contribute for the upkeep of the 33-home complex.

Years of community activism lead to political support to enable a community-led scheme at St Ann's hospital site in Haringey, London.⁵⁹

⁵⁹ St Ann's Redevelopment Trust (StART) www.startharingey.co.uk

Two-thirds of the site was due to be sold by the Hospital Trust for private housing development and planning permission had been given for a development with only 14% of the homes classed as "affordable". Residents and workers wanted this public sector site to be used for the good of the community and initiated St Ann's Redevelopment Trust (StART). StART proposed a large development of 800 genuinely affordable, secure, good quality homes, promoting health and wellbeing and creating a green neighbourhood. The Greater London Authority bought the site from the Mental Health NHS Trust. The Greater London Authority and StART are now working together on the project which is intended to be a beacon for future developments on public sector land.

Political intervention was crucial for the award-winning Marmalade Lane scheme in Cambridge which was completed in August 2018. Two councils supported a partnership between a developer and the K1 cohousing group after the 2008 financial crash in order to push forward development on a site owned by Cambridge City Council. This scheme has delivered 42 custom-designed and energy efficient homes with shared facilities. Members of K1 Cohousing from all ages and backgrounds have been involved from the outset. All residents are members of Cambridge Cohousing Ltd, have a stake in the common parts and contribute to the management of the community.⁶⁰

Politicians also played a crucial role in Cornwall in the early 2000s where political support led to the establishment of a revolving fund which gave community land trusts access to capital and enabled a replicable approach to housing delivery.

For community-led housing that meets Oxford's needs, strategic leadership will be important to unlock access to sites within the

⁶⁰ www.marmaladelane.co.uk, www.wearetown.co.uk/marmalade-lane/, www.cambridge-k1.blogspot.com

City, encourage effective delivery partnerships and encourage officers to steer schemes through Council services such as planning. However, it is clear that solutions will need to be sought beyond the City administrative boundaries as well. Oxfordshire's Growth Deal with the government commits to delivering 100,000 new homes across the county by 2031 and to preparing a joint statutory spatial plan. This is supported by government investment of up to £215m for infrastructure, affordable housing and local capacity.

4.3. Access to land

The biggest challenge for community-led housing schemes in Oxford is availability of land. The experience of community-led housing groups in Oxford has been that they cannot compete against mainstream developers or other large institutions with cash reserves (see Appendix 1).

Land can be obtained from individual land owners, institutions such as charities and public bodies such as the Council or National Health Trust. In some cases they have land that they are unable or unwilling to develop and are prepared to make available for community benefit. There may or may not be a philanthropic element or subsidy on the land price for the community benefits delivered.

An important factor in land sold by public bodies is the legal requirement to get best consideration which is interpreted as the highest value that is offered for land. The additional social, environmental and economic benefits that community-led approaches bring currently cannot be considered in bids for public land. However best consideration has been interpreted (and upheld in a court case) as meaning the best *long-term* value to the public body, not simply the highest price.⁶¹

Access to land is more important to community groups than the value of land. In some cases, land has been made accessible to a group through its designation as an asset of community value (such as the St Ann's hospital site in London) which means the sale of the land triggers a 6-month space in which a community group can organise a bid for the land.

Some schemes start with land being made available to a group by a landowner such as a charity, parish or district council or a community-based organisation. If the landowner decides to provide land for community-led housing, a group can then design and commission the build or work in partnership with a developer partner to provide the housing. The land usually has to be purchased, which could be with or without a subsidy, but this does not involve bidding on the open market which is a major barrier for Oxford groups (see case studies in Appendix 1).

Clear, transparent and simplified tender processes can help community groups – such as in London's small builders programme.

A local example of a land owner making land accessible for community-led housing is Stonesfield Community Land Trust in West Oxfordshire, founded in 1983. A local activist donated a quarter acre site for affordable housing for local people. Additional land was then purchased using this first donation as security. Many years later, Stonesfield Community Land Trust purchased the land at Dean Court on the outskirts of Oxford which is now being sold to the Oxfordshire Community Land Trust for a development of 8 affordable units. An example involving a charity landowner is Keswick Community Land Trust in Cumbria where land was made available through the church.

Another way in which access to land can be ensured is through planning policy, with

⁶¹ [Law Gazette Nov 2016 Holgate J in the Administrative Court on 26 August in R \(Faraday](#)

[Development Limited\) v West Berkshire Council \[2016\] EWHC 2166 \(Admin\).](#)

involvement of a community-led housing group specified in a Section 106 agreement, for example to deliver the affordable housing component of a site. The Local Plan policy or accompanying guidance which underpins this approach typically stipulates various criteria which preferred providers of affordable housing must meet and includes community land trusts.⁶²

4.4. Financing community-led housing

Money is always a problem for self-starting groups. Banks can charge twice the rate of interest for loans to social enterprises as to commercial firms, if they agree to lend at all. Access to working capital and development finance are critical to buy the land and to work the scheme up to obtain planning permission.

Revenue and capital grants are available for community-led housing schemes through the Community Housing Fund 2018. Some charitable foundations also provide grant funding and some Councils also provide a grant pot for local community groups to assist with cashflow difficulties at pre-planning stage for start-up and scheme development before bank and loan finance can be arranged, often through area committee or councillor budgets.⁶³

Since 2012, local authorities have been able to retain all surplus Right To Buy receipts if the receipts are used for “one-to-one” replacement and under a Right to Buy Agreement with the Government. Surplus receipts can be used on the local authority’s own spend, or the Council can gift land to an external body in addition to funding up to 30% of the total scheme costs from the available receipts. Examples are Leeds City Council and Hull City Council which both use

these powers to support community led housing.

A financing approach that is proving very effective is a revolving loan fund, either investing their own reserves or borrowing from Public Works Loans Board and lending out at higher interest. Revolving funds provide a means of pooling central and local funding to target priorities for affordable housing and infrastructure investment and allow for the initial outlay to be recouped over time and earn a return. They can also attract long term patient finance such as pension funds or philanthropic funds. Revolving funds would allow for a long term programme for investment which would help to create certainty for investors and developers and allow for the delivery of a pipeline of affordable housing, moving away from a short-term and very risk averse local authority culture to longer term investment in infrastructure and housing delivery. Examples of local authority revolving loan funds include the following:

- Cherwell District Council’s loan fund to provide mortgages for Graven Hill self-build homes.
- East Cambridgeshire District Council operates a small Revolving Loan Fund that provides revenue funding for pre-development work by community land trusts.
- Cornwall Council operates a £4million Revolving Loan Fund for community-led housing schemes which has supported 5 schemes since 2009 supported by an independent County-wide hub and by Cornwall Community Land Trust working in partnership with local housing associations.
- Other Councils (such as Leeds and surrounding Districts,

⁶² Arun District Council in Sussex uses this approach (see Appendix 5).

⁶³ HACT clhtoolkit.org Community-Led Housing: a resource for local authority and housing professionals clhtoolkit.org/finance

Northamptonshire, Surrey) are setting up Revolving Funds to provide funding for infrastructure and housing initiatives that will deliver savings and enhance income in the longer term, but not specifically for community-led housing.

Fundamental principles for an effective revolving fund are:⁶⁴

- The initial funding is underpinned by councils using the strength of their balance sheets, whether through prudential borrowing or use of reserves;
- There is assurance that the returns on investment can be recycled to the local area – this makes the assumption of greater risk a more viable proposition for local partners;
- Councils pool funding (local, central, pensions) to generate more revenue by earning interest and leveraging other sources of investment;
- Focus on funding a long-term economic strategy with agreed outcomes

Large-scale institutional investors, such as pension funds, are showing interest in this sector given the stability of returns twinned with the potential social impact of investments. This sort of partnership and enabling function is often found in European schemes such as in the German city of Tübingen.

Councils can use Local Authority Lending & Prudential Borrowing. For example, Hull Council has used its prudential borrowing facility to provide a development finance loan of around £3million to support a community organisation with a new build project.⁶⁵

Community-led housing schemes can access sources of finance which are not available to other forms of housing delivery and can enhance their viability. Reduced finance costs are possible through community share offers which are available to Community Benefit Societies and Co-operatives. Community shares can be purchased by people who support a specific project who form a group of dedicated investors who want the project to succeed. Local community-led housing groups have been successful in accessing different finance avenues such as philanthropic and crowd-funding. Oxford groups have managed to find pre-development funding on the scale of tens of thousands of pounds “at risk” to get to the stage of bidding for a site, although this is very challenging (see Appendix 1).

Community-led approaches also unlock different forms of affordability such as mutual approaches and affordability in perpetuity which can make the housing available at lower cost for individual buyers or renters in the long-term.

Finance from pre-sales can be a solid foundation for financing a housing scheme if some future residents have homes to sell or can commit to purchasing a unit in a community-led scheme in the knowledge that they can obtain a mortgage.

Community groups that are constituted as non-profit entities can access different sources of finance such as Kickstarter campaigns for start-up feasibility work of projects, using the collective finance of those wanting to live in the development as a ‘project bank’ against which traditional banks will lend as they can see that the risk profile of a large group with definite credentials is better than a marketing strategy which ‘anticipates promising sales’. This can reduce the amount of borrowing from the traditional development capital sources commonly used in housing. In addition, community-led

⁶⁴ *Ibid.* the Lyons Housing Review 2014 p79, and RICS (April 2014), Mechanisms to increase housing land supply in England and Wales, p15

⁶⁵ *Ibid.* CCIN Jan 2018 Hull Case Study

schemes can typically assume lower voids, higher density and require fewer car parking spaces which reduces the amount of finance that is needed.

For new groups, lack of credibility and of a track record of development is a handicap when seeking finance and partners particularly for a large scheme. One approach to ensure that this is not a barrier is for the Council, a Registered Provider or another developer to work with the community-led housing groups in Oxford who do not have a track record.

4.5. Advice and support: enabling housing hub

The main barriers faced by Oxford community-led housing groups have been at the early stages leading up to land acquisition and planning permission. The early stage barriers inevitably dominate in the case studies of Oxford groups (see Appendix 1) because few schemes have progressed as far as construction and ongoing management. Housing schemes are more complex than normal householders can deliver on their own but the necessary expertise can be commissioned. Community groups with ambitions to deliver housing tend to be small, lacking in credibility and run by volunteers on the margins of busy lives.

Developing a scheme without some enabling support is very difficult. National research concluded that this support is ideally provided by an organisation that the community feels is sympathetic to them. From case study interviews with community-led housing groups, the study team concluded that independent enabling support is needed in addition to support from informed officers in the local authority which is crucial. The technical expertise and support of a

developer partner is also invaluable for all but the smallest schemes.

Across the country, effort is being made to establish financially sustainable services to support the delivery of community-led housing. The Community Housing Fund is now available to support community-led schemes to the point at which they can be developed on a site.

Community First Oxfordshire, Oxfordshire Community Land Trust and potentially other partners who can provide such enabling services and expertise are setting up an enabling housing hub called Collaborative Housing to deliver enabling services locally. It will provide bespoke professional expertise for community-led housing groups to move each project to development stage⁶⁶.

The service aims to generate a pipeline of community-led schemes that can deliver homes more cost-effectively than stand-alone approaches which require every project to go through the same steep learning curve. The initiating organisations are in discussions about expanding the service to neighbouring counties to form a Thames Valley advisory service including local partner organisations in Berkshire and Buckinghamshire. This will make best use of the available expertise and would also strengthen the long-term financial viability of the service. Sub-regional services are being established in many parts of the country⁶⁷ to enable and increase the delivery of high quality, affordable and sustainable homes through community-led approaches.

The range of key skills and expertise that groups need includes:⁶⁸

- Explaining the different routes to achieving community-led housing;

⁶⁶ See www.collaborativehousing.org.uk

⁶⁷ Lavis and Duncan, "Delivering a Community-led housing Enabling Hub Service" Power to Change, March 2017

⁶⁸ *Ibid.* Lavis and Duncan 2017

- Facilitating the identification of the appropriate legal structure for the group;
- Supporting groups with feasibility studies, housing needs surveys and business planning;
- Providing information and advice on funding, finance, land acquisition, asset transfers, housing development and management;
- Providing training on governance, management and community organising; need robust governance to retain community control throughout the lifetime of the scheme;
- Providing access to a range of (accredited) technical support professionals;
- Acting as an intermediary between professionals/local authorities and community groups to facilitate understanding, constructive discussion and decision making.

There is often scepticism about the capacity of local organisations to take on commissioning opportunities. Community-led housing groups are no exception. Community groups and organisations need to show that they can be effective including making a compelling case for the local economic impact they bring and the extra benefits they provide and evidencing it more effectively.⁶⁹ Local community-led housing groups need to show that they can be capable and effective partners in a housing scheme. Training would support them to do so and unlock a great deal of voluntary capacity to deliver housing solutions.

⁶⁹ Powerful Communities, Strong Economies The final report of the Keep it Local for Economic Resilience Action Research Project (locality.org.uk) p6

⁷⁰ See for example Trafford Hall “Community-led housing Think Tank” February 2018, Stephen Hill

The expertise and experience available in Oxford provides a robust foundation for advising on community-led housing schemes. Oxford has several well-established community-led housing groups who between them have a great deal of experience. Several local experts are national advisors to community-led housing groups across the country. Other experts have been advising on affordable community-led housing in neighbourhood plans, setting up housing co-operatives and doing architectural design work for community-led schemes.

Community-led housing groups need to manage group processes throughout the development phase and ongoing once people are living in the homes. Groups need to form, attract members, develop good governance arrangements and robust internal processes so as to be fit for funding.⁷⁰

Communications work is needed to publicise and raise awareness of community-led housing in order to generate a pipeline of housing schemes. This will include training and workshops for major land owners (universities and the diocese), registered providers and developers, councillors, council staff and investors in order to raise awareness about the benefits of community-led housing and the delivery routes for achieving these benefits.

The study team has contributed to national efforts to develop toolkit information on how to deliver and support community-led housing. Toolkit links for all types of community-led housing are summarised in Appendix 4 and updated links are accessible on the website for local community-led housing support:

www.collaborativehousing.org.uk.

“Future Homes” conference 14 April 2018; the National CLT website; Anitra Nelson “Small is Necessary”; The Smith Institute “Local housing, community living: prospects for scaling up and scaling out community-led housing” 2016

4.6. Council: enabling support

The following sub-sections set out in greater detail potential support options for Oxford City Council, some of which are crucial and others beneficial for the viable community-led approaches identified in this study to succeed here.

The Council is not alone in having to balance competing demands for the use of scarce land in the City and on limited officer capacity. The Co-operative Councils' Innovation Network (CCIN) surveyed what local authorities are doing to support community-led housing,⁷¹ including some that are particularly relevant for Oxford (those that are urban, with high housing demand and that have their own housing stock). These provide examples of ways to support community-led housing that could be considered by Oxford City Council.

Councils are able to bid to the Community Housing Fund for funding to provide enabling support and could use this for staff posts such as housing enabling officers to provide the advice and support that groups need or for additional capacity in the areas outlined in the following sub-sections.

Strategy and leadership

Involvement of local elected members or a political champion has been key in authorities that proactively support community-led housing. The council could follow the example of others such as Birmingham and develop a strategy to enable genuinely affordable community-led approaches in Oxford. A coherent corporate approach would help to raise awareness and mainstream community-led housing.⁷²

With top level leadership, support for community organisations could become a key part of a council's political and corporate identity. The corporate strategy would then be reflected in service delivery areas from housing and planning, to economic growth and regeneration, to communities and neighbourhoods support.

A corporate approach or strategy might include supportive policy, actively seeking suitable sites, a revolving loan fund, Section 106 agreements that require partnership with community-led housing groups to deliver social rented and affordable housing, promotion of community-led housing in regeneration schemes and offering training to all councillors and officers to ensure that they know about the benefits of community-led housing and routes for delivering it. The strategy might also include a review of the Councils approach to commissioning and how it supports local community organisations.

Councils can be the catalyst for creative multi-stakeholder partnerships between civil society groups, local authorities and other urban anchor institutions. The City Council could work with Oxfordshire County Council, the Diocese, housing providers such as registered providers and the universities to consider the use of community-led approaches on large sites and educate large charitable and public-sector land owners about taking a broader view on best consideration.

The Council could hold workshops to inform members about community-led approaches. A public statement could be made by signing the Local Authority World Habitat community-led housing pledge.

⁷¹ CCIN 'Community-led housing: a Key Role for Local Authorities' Housing Commission Final Report Jan 2018 <http://www.ccinhousing.co.uk/>

⁷² Powerful Communities, Strong Economies The final report of the Keep it Local for Economic Resilience Action Research Project (locality.org.uk) p6

Planning policy

All of the community-led housing delivery models and mechanisms are affected by the strategic and policy context in which they operate.

Delivery is made easier if there are planning policies that actively support community-led housing and council officers who know about community-led housing and can make links between services. A specific policy on community-led development is a powerful tool to support community-led housing and national studies and advice provide examples (see Appendix 5).⁷³ There are very few policies in adopted Local Plans nationally (as at February 2018) that explicitly support community-led housing. This is likely to be a changing picture as more Local Plans are made in a context where emphasis is being placed on finding solutions to the housing challenges. Some emerging Local Plans explicitly support community-led housing in policy, in supporting text and in supplementary planning documents or the Housing Strategy (e.g. London).

In high demand and higher price areas such as Oxford, intervention through planning policy is considered to be more necessary (see Appendix 5). The key is to provide sufficient hooks in the Local Plan that can then be expanded through other strategies, guidance and documents.

An effective planning policy for community-led housing in Oxford might include supportive text on community-led development referring to nationally agreed definitions and criteria for genuinely affordable and community-led housing. Planning policy could make a presumption in favour of genuinely affordable community-led projects which meet certain criteria. Policies on affordable housing, development on

windfall sites and any requirements for community engagement could be phrased in ways that enable community-led housing. Community-led housing can be specified as a requirement for a scheme's affordable housing.⁷⁴ It is equally important for community-led development to be supported in more detailed strategies such as the Housing and Homelessness strategy and the Tenancy Strategy.

Neighbourhood planning

Planning officers already advise community groups. The existing expertise could be extended to include advice on the use of Neighbourhood Planning to deliver community-led housing, how to form a Neighbourhood Forum and use of Community Right to Build Orders to develop affordable community-led housing on a site with the community benefits preserved in perpetuity.

Development Management or Development Control

Planning permission

Planning officers can help groups to ensure that they develop projects that comply with planning policy. Many planning authorities waive pre-planning meeting fees for non-profit community groups. Workshops and training for officers would help them to be receptive to the aims of community-led housing groups and the benefits of community-led approaches.

Planning gain

Community-led housing schemes offer the potential to improve on conventional planning gain mechanisms by keeping ownership of assets in the local community itself. This helps to foster positive relationships between local residents, businesses and other stakeholders, while the

⁷³ Co-operative Councils' Innovation Network (CCIN) Housing Commission Final Report Jan 2018, Housing Association Charitable Trust, community-led housing toolkit, April 2018.

⁷⁴ The July 2018 revision to the NPPF does not explicitly allow this, but other local authorities have done so.

income streams that such assets generate can then support improved stewardship of the public realm, better public transport, and a wider range of community facilities.

Letchworth Garden City Heritage Foundation and Milton Keynes Parks Trust are examples of how such models can support exemplary and additional services when applied on a large scale.

Planning gain agreements (e.g. Section 106 agreements) can specify a community-led affordable component. There are examples of Section 106 provisions requiring the developer to work with a community land trust to provide the affordable housing. Commuted sums and Section 106 agreements are used to finance on- and off-site infrastructure and community benefits. Local people should be involved in decisions on these community assets and where effective community groups exist they should be invited to take on the future stewardship of the assets that are provided.

The Council's housing company (Oxford City Homes Limited)

The housing company could extend its staff roles and expertise to provide an enabling function to advise community-led schemes. Where appropriate, the housing company could form partnerships with community-led schemes providing skills and finance, with any profits from the financing being reinvested into additional affordable homes in the City.

Estates team

The estates team could help groups to identify sites for projects, especially from public land disposals. It may be beneficial to allow an exclusivity period on the sale of a council-owned site in order to give a community-led project group time to raise development funding.

The council could decide to include a community-led component on strategic sites. Simplifying tender and land sale processes can benefit community groups just by making the process accessible.

The estates team could consider greater flexibility in the release of public sector land for delivery of wider social and economic benefits to Oxford, acknowledging that 'best value' need not be equated with 'highest price'. The New Economics Foundation has called for an end to the sale of public land to the highest bidder as one of 5 key solutions to the housing crisis.⁷⁵

De-risking sites

Most community groups simply cannot afford to take a risk on purchasing a plot if it is uncertain whether they will be able to get planning permission. This is a point made in published studies and was emphasised in the responses of Oxford groups during interviews for the case studies.⁷⁶ Local groups are constrained by the lack of ability to take on risk because of their small size and lack of financial reserves. This constraint leads community groups to make their bids for sites conditional on planning permission because this is the point at which banks are willing to release finance. Making conditional bids in closed bidding processes in a highly competitive environment is preventing community-led schemes that experts have confirmed are financially viable from winning access to land.

Ways in which the Council could reduce risk for community-led housing groups are:

- Help them to find a joint venture partner that can take the risk such as the City Council's Housing Company or a registered provider;
- making serviced plots available;

⁷⁵ New Economics Foundation "What Lies Beneath: How to Fix the Broken Land System at the Heart of Our Housing Crisis" July 2018 p17

⁷⁶ For example, Parvin and Reeve, "Scaling the Citizen Sector" 2016

- addressing infrastructure needs, access and contamination;
- providing certainty about planning requirements

Community-led approaches can themselves de-risk sites in the sense that the community is engaged from the outset of a scheme so that any concerns over development can be much reduced.

Some groups might prefer to form joint ventures with developers or contractual arrangements for delivering housing.

Houses of Multiple Occupation (HMOs)

Many people need to share a house to be able to afford to live in Oxford. The Council is in contact with HMO landlords and could identify opportunities for community-led groups to renovate and lease properties that may be problematic for some reason such as frequent complaints and poor quality.

Co-operatives could lease HMOs from a willing landlord and manage them as shared houses, finding tenants, arranging repairs and decorating. Housing co-operatives are exempt from HMO licensing but are subject to Part 1 of the Housing Act 2004 (assessing housing conditions and enforcing housing standards) and housing co-operative shared homes are classed as HMOs requiring planning permission. The lease is likely to be up to 7 years to avoid any ownership interest being handed to the co-operative. Lease agreements can be renewed. The co-operative needs to be fully mutual to qualify for the exemption from HMO license which means that all tenants are members and every member is a tenant. A community land trust could provide an umbrella entity for multiple co-operative properties and lease them to fully mutual co-operatives.

Empty homes

The Council could identify opportunities for community-led groups to renovate and lease empty properties from landlords who are unable to bring their property back into use for whatever reason. This may be a temporary and short-term arrangement, giving the property back when the landlord wants to sell it for example, or the Council could take over an empty property and lease it to a community-led organisation. As with HMOs, this is most likely to be on a short-term lease of up to 7 years so that the landlord can have the property back vacant possession if needed, but the lease could be extended repeatedly.

The council could include community-led housing groups in the list of interested parties who have expressed an interest in purchasing empty dwellings. The Council can apply for Empty Dwellings Management Orders or initiate confirmation of Compulsory Purchase Orders of empty dwellings. The option to work with an external organisation such as a community-led housing scheme could be considered to ensure that the property is brought back into use.

Tenancy strategy

Registered Providers and other affordable housing landlords are required to have regard to the Council's Tenancy Strategy when setting policies and procedures in relation to the letting and management of stock. Future iterations of the Council's Tenancy Strategy could include information about community-led housing options in Oxford.

Regeneration

A community-led component could be included in regeneration schemes at master-planning stage, working with local people who will live in the dwellings to increase support for the scheme and provide the homes and neighbourhoods that people want.

Collecting data

There is insufficient information on the demand for community-led housing. This requires a more robust comprehensive data set which could be gathered alongside self-build data.

Local Authorities can use their self-build register to collect additional information on community-led housing. Cherwell District Council uses its Local Self-Build Register service to collect both the statutory data on local people who would have to be provided for (Part 1) and non-statutory data for others interested in self-build that do not legally have to be provided for (Part 2). Leeds self-build register provides another example of gathering more information about the type of project the people on the self-build register are interested in.⁷⁷ This approach could be replicated by Oxford City Council.

⁷⁷Leeds self-build register:
www.leeds.gov.uk/residents/housing/build-your-own-home

5. FEASIBLE DELIVERY ROUTES

5.1. The selection of delivery routes for testing

The study team selected four types of community-led housing scheme to test in the Oxford context. These are broad types of scheme covering a wide range of delivery routes which range in scale from tiny to large, include different degrees of partnership and respond to the needs of different groups. The selection took into account the team's assessment of local housing need, the experience of groups interviewed for the study and examples of successful community-led schemes in other parts of the country. The selection also took into account the study team's judgement as to realistic opportunities for community-led housing in Oxford including site availability.

Table 4.1 summarises the types of scheme tested. The scenarios are described more fully in the remainder of this section.

The study team's rationale for selecting each typology as a realistic option for Oxford was as follows:

- Type 1 is a shared house co-operative using a model similar to the Kindling Housing Co-operative which was set up in 2016 (see Appendix 1). The study team assessed the scenario of a housing co-operative buying a large home and converting it for sharing among 5 or more occupants following a standard fully-mutual co-operative approach. This delivery route has been proven to work at Oxford house prices and could be replicated many times.
- Type 2 is based on groups of very small units for single people located across multiple small sites in the inner city. The study team assessed a scenario with five small inner-city sites each taking five homes and total development scale of 25 small homes. The same methods and suppliers are used across all five sites creating economies of scale, with a staggered development period.

Table 5.1 Delivery routes tested

Type	Number of units	Location
Type 1 - Fully-mutual co-op	5 units in a single building on a single site	Inner city renovation
Type 2 - Tiny Modular	25 units across 5 sites	Inner city new-build
Type 3 - Medium Scale	40 units on a single site	Suburban
Type 4 - Large Scale	250 units on a single site	Large brownfield or new land release

The sites would be windfall sites, over 100 of which were identified in the land availability review carried out for this study based on the Council's land availability assessment.⁷⁸ The study team included this approach given the high levels of need identified for affordable housing for single people who are very unlikely to be allocated social rented housing. The cost of sites will be very high, but the approach assumes the use of modular, off-site construction with economies of scale through developing a number of sites using the same suppliers, design approach and build methods.

- Type 3 is a medium-scale cohousing scheme of 20-40 units. The scenario assessed is a new build scheme, with 40 dwellings using a mix of house types, single units, apartments, terraces using a co-housing layout on a total site area of just under half a hectare. The housing densities for this scheme are relatively high, because higher densities of housing are typically possible and desirable when more facilities are shared. This type of scheme is included in the study because it has been attempted several times in recent years by cohousing groups. Expert advice for each scheme was that the schemes are viable, but they have not succeeded in winning bids for the land on the open market.
- Type 4 is large-scale scheme of up to 250 homes. The scenario assessed is 250 homes as an ambitious approach in order to address the massive demand for good quality affordable housing. This is at the high end of what might be possible as part of a large site such as on the edge of

Oxford. This type of scheme is included in the study because there are many EU examples of community-led housing on this scale and one local group has attempted such a scheme in recent years but did not succeed in winning a bid for the land on the open market. Expert advice was that the scheme was viable.

These delivery routes are described in detail in Appendix 6. Section 4.2 sets out the viability assessment (with details in Appendix 2). In the assessment, revenue assumptions were linked to genuinely affordable housing costs. Section 4.3 presents the affordability results.

5.2. Viability

The study team concluded that community-led housing is viable in Oxford using each of the four types of scheme tested. The study team assessed the feasibility of the four hypothetical types of community-led housing schemes using a three-stage approach:

Firstly, the team carried out standard financial appraisals using a discounted cash-flow residual land valuation methodology. The assessment used Oxford-specific assumptions and complied with all local and national policy, including contributions to infrastructure investments. The housing mix, tenures, size of unit and other assumptions used are summarised in Appendix 2. The revenue from rents and house values that were used as inputs to the assessment were set at genuinely affordable levels linked to income (35% of net income) in perpetuity. The residual land valuation for each of the delivery routes that resulted from this analysis was compared with Valuation Office Agency land value data for Oxford as a check that the value in each scheme after development costs would be sufficient to pay for land at standard market valuation levels.

⁷⁸ URS Oxford's Housing Land Availability and Unmet Need December 2014 (www.oxford.gov.uk)

Secondly, the team refined the assessment to reflect specific innovations in community-led housing development. These included modern methods of construction, higher build density and a lower profit level requirement. These refinements were based on experience within the team and that of two well-respected valuation consultants from the community-led housing sector.

The third and final step was to extrapolate scheme costs over the long-term including beneficial financial products that are available to community-led schemes, reduced voids and cost-saving housing management arrangements.

The results indicated that the in-built cost efficiencies associated with the modular construction process (i.e. time savings, locking down costs) and the lower target rate of profit generated significant overall cost savings which result in higher land value estimates for the appraised schemes. However, the gross development value of the schemes was much lower as a result of setting rents and house prices at affordable levels. The land value estimate budgets were most competitive for the medium and large-scale schemes. In order to reach the cost-efficiencies required for the small-sites model community-led schemes would need to take a multi-site approach to development to gain deals on both land and construction negotiations.

Details on the method and assumptions are presented in Appendix 2.

The study team sought advice from several experts on what is different in appraising community-led schemes and concluded that factors such as social benefit and permanent affordability are so central to community-led schemes that different approaches are needed to take these into account. Many of these factors could not be taken into account in this assessment. Further work is needed on this.

5.3. Affordability

5.3.1. Single Earner Affordability

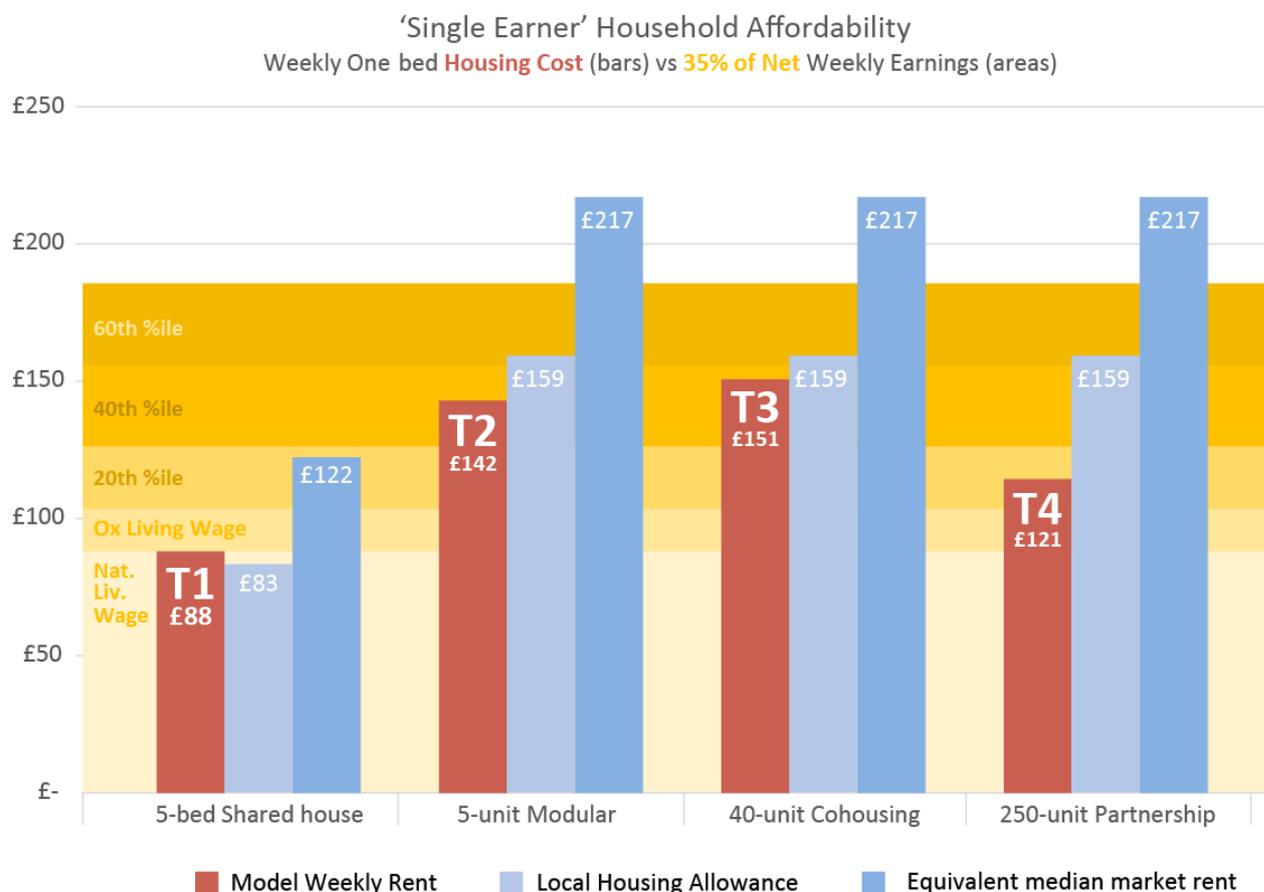
Figure 4.2 below shows the housing cost of each delivery route for single earner 'households' which is likely to be single people. This is compared with typical alternative housing costs in the vertical bars and the horizontal bands show whether it can be afforded by households with different net incomes if they pay an affordable rent which is assumed to be 35% of their net income.

The vertical bars show a comparison of costs by type of community-led housing scheme. The labels T1, T2, T3, T4, refer to the types of community-led scheme tested as set out in Table 4.1.

Each cluster of bars shows weekly housing costs for a type of delivery route (red, left hand bar) compared with Local Housing Allowance (light blue, middle bar) and median market rent (darker blue, right hand bar) for either a room in a shared house or a 1-bed flat. This shows that for each type of delivery route the weekly rent is cheaper than an equivalent unit in private rented accommodation. For all types of community-led housing except the room in a shared house, the Local Housing Allowance would cover the cost of a one-bed unit in the community-led scheme.

The yellow horizontal bands show the rents that could be afforded for one-bed units by single earner households with different net incomes. This shows that someone working full-time on the Oxford Living wage (£17,636 gross full-time) could afford to rent in the shared house delivery route (T1) at 35% of their net income. However, the Local Housing Allowance for a room in a shared house would not completely cover their housing costs. For the other delivery routes (T2, 3, 4), the Local Housing Allowance would cover a single person's housing costs.

Figure 5.2 Affordability for 'single earner' household



People earning less than the median income could afford to rent a one-bed unit in all of the community-led delivery routes. In comparison, anyone earning less than the median income would have to spend far more than 35% of their net income on the equivalent private sector market rent. The one-bed unit rental costs for T2, T3 and T4 could also be affordable for retired people with their state or work pension and, if necessary, receiving Local Housing Allowance.

The chart also demonstrates that the rent for larger schemes is likely to be cheaper. The assessment shows that rent for a viable scheme under T4 could be 20% cheaper than for T2.⁷⁹

5.3.2. Shared house affordability

Assessment of the shared house scheme (T1) differed slightly from the other schemes. For T1, the study team looked at what house prices could be affordable to people earning either National Living Wage (the new name for minimum wage, £14,251 gross full-time) and an Oxford Living Wage (£17,636 gross full-time)

Figure 4.3 shows the value of property that could be afforded by tenants sharing the cost of a single large loan under a co-operative company structure, assuming that they pay rent to the co-operative equivalent to 35% of their net income. This shows that a co-operative of tenants earning the national

⁷⁹ A different approach was used for testing the shared house scenario than for the other schemes because affordability had to be tested based on

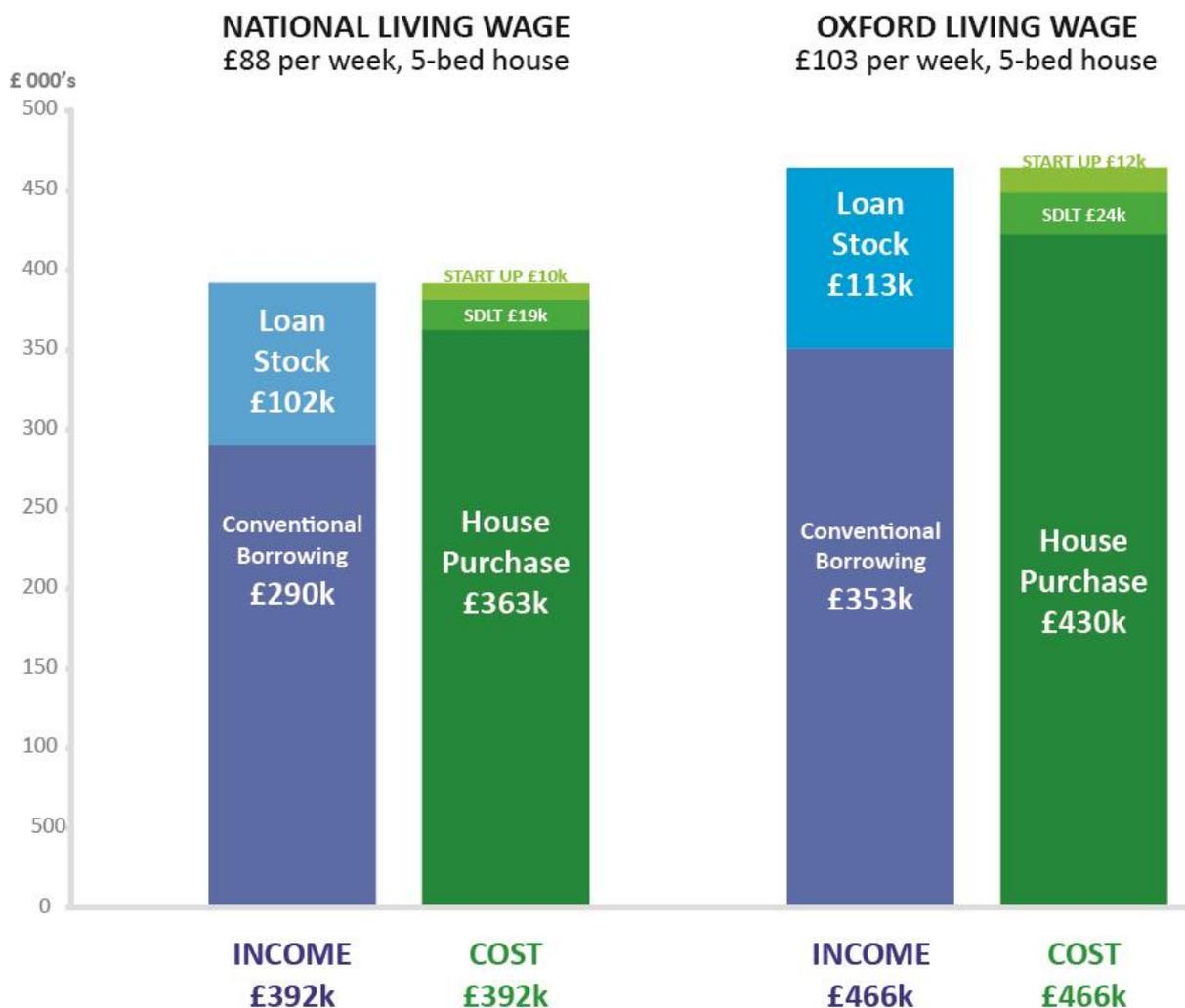
realistic market house prices in Oxford. This is explained in Appendix 2.

living wage could purchase a house worth £392,000 and with tenants earning the Oxford Living Wage up to £466,000.⁸⁰

Evidence of houses being available at this price-point are shown in Appendix 2. At the time of checking (early 2018), there were 75 homes listed as five-bedroom+ for sale in Oxford by Zoopla, 16 were under £500,000 and 6 were under £400,000.

This indicates that there are the properties that could be purchased even if the tenants earn the minimum wage. There is further potential to find 3- or 4-bed properties which have additional reception rooms, garages or space for extension which can be converted into additional bedrooms to enhance the viability of these schemes.

Figure 5.3 Shared house affordability



⁸⁰ The validity of these assumptions has been checked with Ecology Building Society.

5.3.3. Family Household Affordability

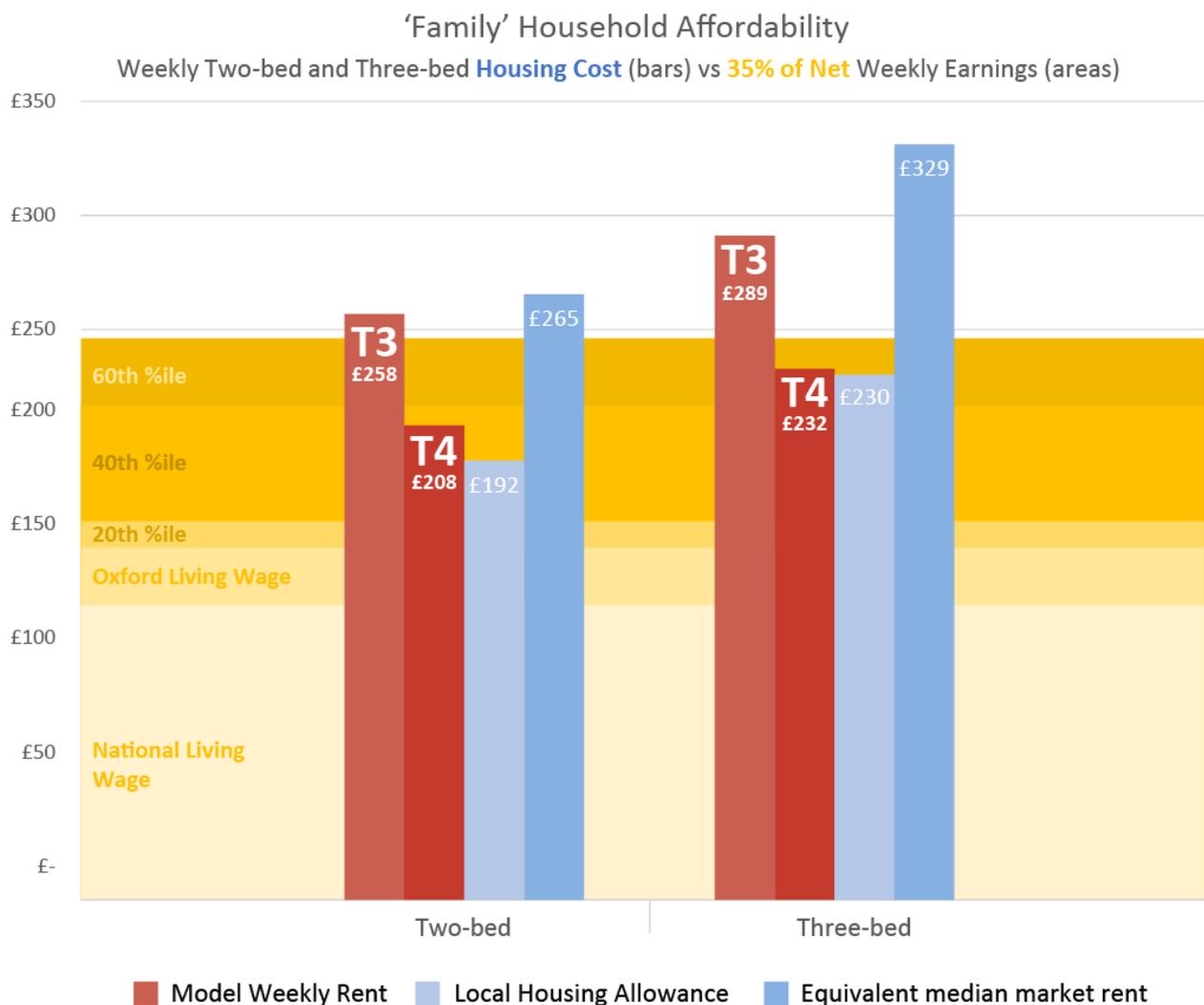
Figure 4.4 below shows the housing cost for the 'family' household for each delivery route that offers 2- and 3-bed accommodation (T3 and T4). The modelled housing costs are compared with typical alternative housing costs in the vertical bars. The horizontal bands show whether it can be afforded by households within 35% of their net income.

The assessment assumed that a 'family' was made up of one full-time earner working 35 hours a week and one part-time earner working 15 hours a week. It is assumed that the part-time earner has reduced earning hours due to caring for two children in this household.

Figure 4.4 shows the affordability of each delivery route (T3 and T4) for both two-bed and three-bed units. The modelled weekly household rents for both the 40-unit and 250-unit community-led schemes are higher than Local Housing Allowance levels but below the equivalent private sector market rents. The larger scheme housing costs are lower.

From Figure 4.4 it is clear that a 'family' household made up of a 40th percentile full-time earner and 40th percentile part-time earner could only afford a 2-bedroom house in a large scheme, requiring their young children to share a room. A 60th percentile earning household would have sufficient income for a 3-bedroom house to be affordable.

Figure 5.4 Affordability for 'family' household



5.3.4. Affordability for homeowners

Figures 4.5 and 4.6 below show the mortgage (yellow) that a household could attain based on making affordable payments that are equivalent to 35% of net income. The savings (equity) required to meet the total property value are shown in red including the value of an equivalent market property (grey) based on the collected data in Appendix 2.

A 25-year mortgage period was assumed at 4.5% interest per annum. The affordable payments tested (assuming 35% of net income) are equivalent to mortgage to earnings ratios between 3.3 to 4.0 (i.e. the mortgage amount is between 3.3 times or 4 times the household's annual income). This is below the exposure cap of 4.5 times income which has been set by the Financial Conduct Authority. A higher level of borrowing would be possible in the mortgage market, but this would impose a higher monthly cost burden

than the 35% of net income used in this assessment as the definition of affordability.

Unit costs for each type of delivery route (red) are significantly lower than the equivalent property in the market and thus require a much lower level of savings to access homeownership. Although the study team was not able to access information on household savings by income group, it is clear that potential homeowners are currently restricted by the level of borrowing they can access. This highlights that the cost of land would need to be reduced or a grant subsidy or cross-subsidy would be needed for homeownership to be affordable with a standard level of savings, while not imposing significant exposure risks.

Figure 5.5 Affordability for single earner households with a mortgage

Mortgage to Savings Requirement for Income Groups One-bed flat, single person household

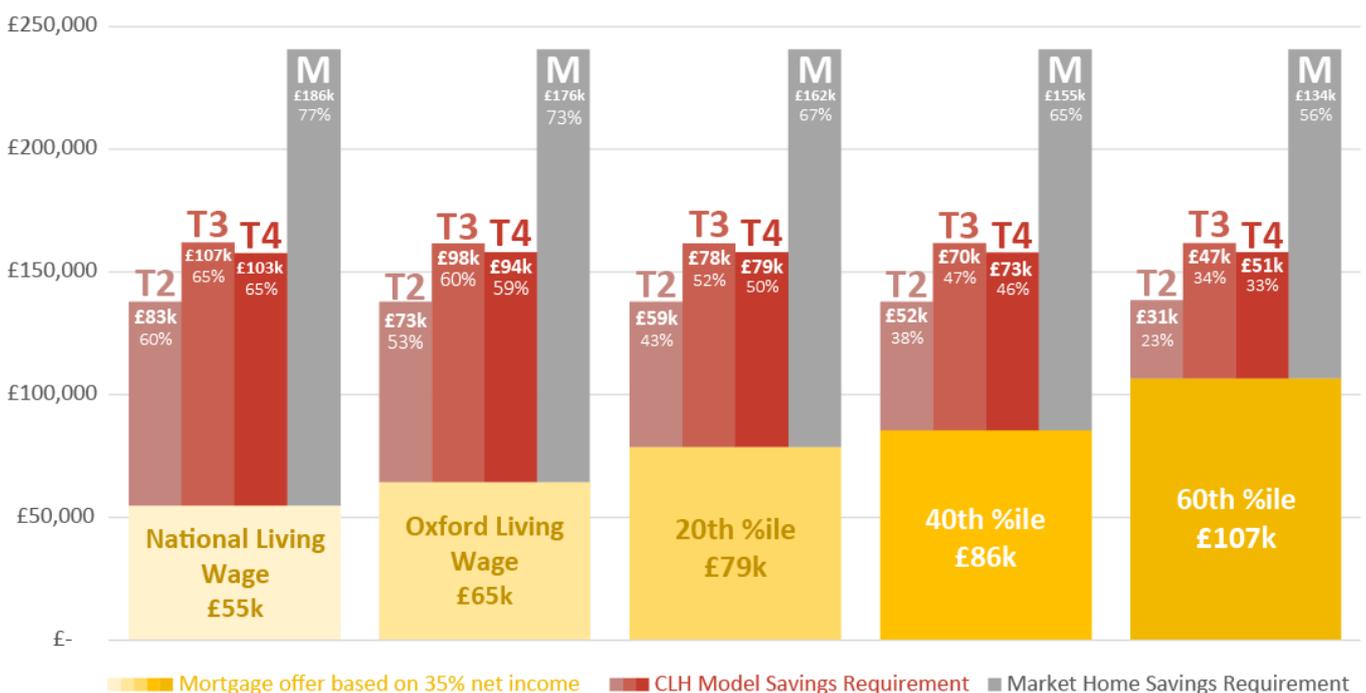
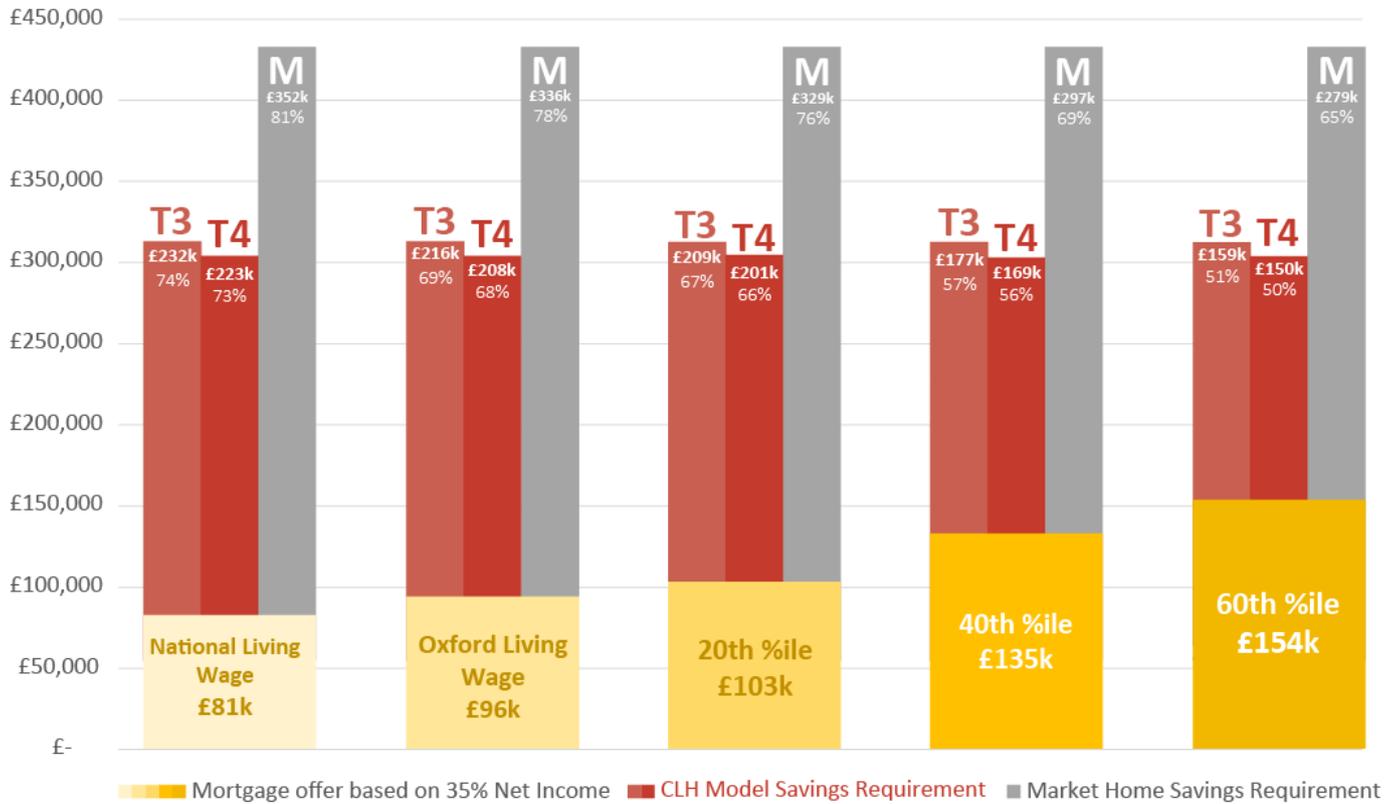


Figure 5.6 Affordability for 'family' household with a mortgage

Mortgage to Savings Requirement for Income Groups
Three-bed flat, Family household



The previous charts in this section show the midpoint of rent or mortgage that is required to recover the development costs. It is important to note that cross-subsidies are possible in mutual community-led approaches such as Lilac cohousing in Leeds.

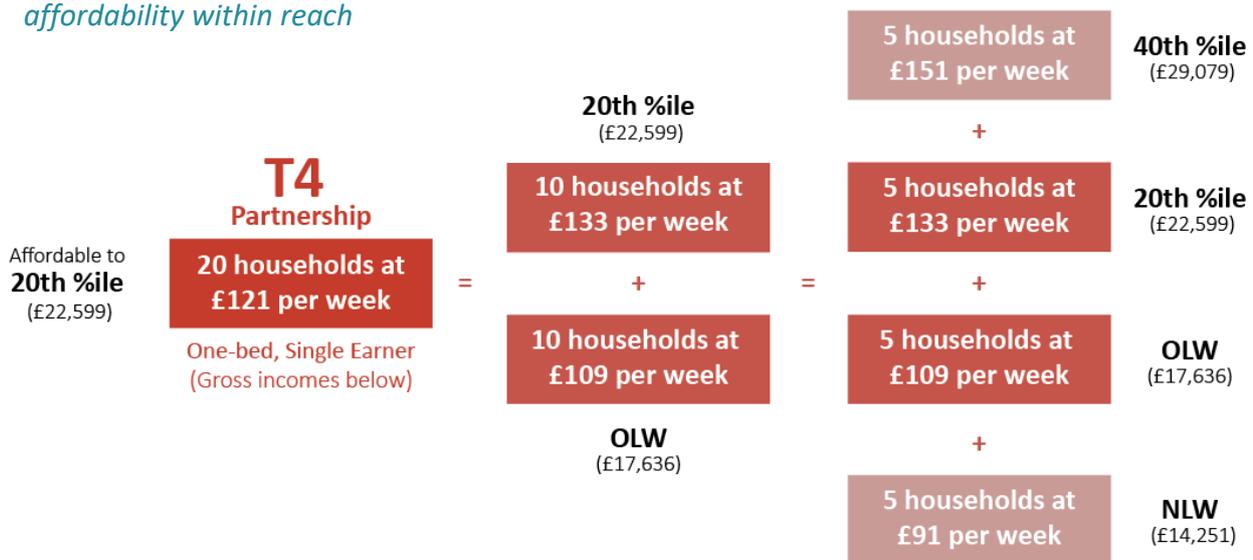
If some households are willing and able to pay more, housing costs can be brought down to levels that are affordable for lower income groups including social rent equivalent levels for the lowest 30% of earners. Figure 5.7 illustrates the potential under the larger partnership scheme T4, if mutual homes ownership approaches were used.

5.3.5. Summary of affordability

Under Oxford-specific assumptions, community-led housing has the potential for being more affordable than open market housing in Oxford and could meet housing needs of lower quartile earning households who require one-bed properties while also being more affordable to those family households who earn around or above the median income and require 2- and 3-bed properties.

For the lowest income households, the co-operative shared house is more affordable than the market private rental sector (around 25% lower weekly costs than median rent) whilst having all the benefits of additional tenure security, reduced voids and more control over the physical environment.

Figure 5.7 Mutual support brings affordability within reach



The cost of many of the delivery routes could be affordable for low income groups who require support for their housing costs without the need for large discretionary housing payments.

A subsidy would be required for some of the schemes to be affordable for some people such as the lowest income earners, which includes many part-time workers and low-income families who need larger units. This subsidy might come from philanthropic land owners or investors, lower interest rates from long term institutional investors, from policy or Section 106 requirements for affordable housing and from grants.

5.4. Delivery: numbers of additional homes

Potential

The potential for the community-led housing sector to grow is substantial. In Oxford only two community-led homes have been achieved since 2001. In Berlin, 15 per cent of housing starts are delivered by community-led housing organisations. In England, this figure is just 0.3 per cent.

The study team estimated the numbers of homes that could be delivered from each type of delivery route.

T1 Co-operative shared house

The study team assessed the scenario of a housing co-operative buying a large home and converting it for sharing among 5 or more occupants following a standard fully-mutual co-operative approach. A recent example of this in Oxford is Kindling Housing Co-operative in 2016 (see case study Appendix 1). This delivery route is well tried and tested in the UK and two housing co-operatives have been set up in Oxford. The usual method is for a group to form the housing co-operative which then gets a mortgage and other finance to buy a single house. The residents renovate or convert the house and manage it under co-operative governance principles.

The number of homes that could be purchased and run by co-operatives in Oxford is large but it is constrained by the amount of effort that is involved by the community group.

Based on the experience of Kindling Coop, we estimate that there may be demand for 4 co-ops per year housing 5 people in each, but

that realistically 2 per year could be achieved by community groups on their own due to the challenges involved. Co-ops could house at least 5 people in each accommodating 50 to 80 people within 5 years and 100 to 180 within 10 years subject to successful purchase of suitable properties.

If a parent co-op were established to operate a large number of houses and if loan finance for homes was made available through a revolving loan fund then the potential could be very much larger, say half of the suitable homes that typically come up for sale each year 8 per year each housing 40 to 60 people, which could yield permanently and genuinely affordable accommodation under housing co-operative management for 400 to 600 people within 10 years.

In November 2017 there were over 3,600 Houses of Multiple Occupation in the city occupied by sharers. Semi-detached homes which are common in Oxford and tend to be suitable for larger households were selling for on average £500,000 over the 12 months to June 2018.⁸¹ Market research for this study found 16 suitable homes with 5 or more bedrooms and selling for less than £500,000 were on the market as at July 2018.⁸² If two of these were purchased by groups of sharers in a housing co-operative structure each year then over five years 50-75 people would be housed and over years potentially 100-125 people could be housed in secure and good quality accommodation under their own control.

T2 Modular construction, daisy chained sites

The study team assessed a scenario with five small inner-city sites each taking five homes and total development scale of 25 small homes. The same methods and suppliers are

used across all five sites creating economies of scale, with a staggered development period. The sites would be windfall sites, over 100 of which were identified in the land availability review carried out for this study based on the Council's land availability assessment.⁸³ By developing several small sites at the same time, this delivery scheme effectively operates as one large development, allowing the capital savings that come from bulk purchase of services and materials along with more efficient application of labour across all the sites. Costs can also be kept down by standardisation of the design approach, larger orders when purchasing and offsite manufacturing.

The number of homes that could be developed in this way is significant – the study team estimates that 75 single units could be delivered within 5 years and a further 235 within ten years, making 310 units in total over ten years.

The study team reviewed 107 small sites in Oxford with a combined area of 6.4 hectares. The review found 6 of these sites to be particularly suitable for this delivery route with a total of 0.8ha in area. If these or similar sites were developed under this delivery route then 3 of these schemes could be delivered to provide 75 small units for single people. This could be a realistic 5 year goal.

If a further 20 small sites that the team considers potentially could be suitable were developed under this delivery route then 9 additional schemes could be delivered with a total of 235 homes. This might be a longer term 10-year aspiration.

Medium scale co-housing

The scenario assessed is a new build scheme, with 40 dwellings using a mix of house types,

⁸¹ UK House price data. landregistry.data.gov.uk

⁸² Any 'corporate body' (a firm, a trust, a partnership, or a co-operative), has to pay a one-off 15 percent rate of 'stamp duty and land tax'

(SDLT) when the residential property is valued over a certain amount.

⁸³ URS Oxford's Housing Land Availability and Unmet Need December 2014 (www.oxford.gov.uk)

single units, apartments, terraces using a co-housing layout on a total site area of just under half a hectare. The housing densities for this scheme are relatively high, because higher densities of housing are typically possible and desirable when more facilities are shared.

The number of sites that could be developed in this way in Oxford is small given the challenges involved, unless enabling support is provided. There are sites known to the study team that have become available in the past or might be possible for cohousing on this scale in Oxford. A site of half a hectare could accommodate over 100 people in 40 homes in a co-housing development. A realistic 5-year goal could be to develop the first cohousing scheme in Oxford on one site. Within 10 years, the study team estimates that three potential sites ranging in size from 0.5 to 20 hectares could be developed for over 500 cohousing homes for 1,150 people subject to the relevant permissions being granted.

Large Sites

The scenario assessed is 250 homes where community-led housing forms part of the much bigger scheme. This delivery route would be led by a developer who would acquire the land and build the development.

The sites that could be developed in this way are beyond the administrative boundaries of Oxford, but convenient for Oxford in the areas allocated by other Districts for Oxford's unmet housing need. Even part of one site could accommodate 575 people in 250 homes. This approach would have to be enabled by the Council through planning policy or a S106 agreement. In 5 years one such scheme could be a goal although this is only realistic if it is enabled through the measures in the next paragraph. Once proven, in 10 years a further scheme could be an aspiration, with over 1,000 people housed in 500 units.

Summary

In total, with enabling support, the study team estimates that feasible delivery routes for community-led housing could house over three thousand people in over one thousand units over ten years. Table 4.8 summarises the delivery potential. Table 4.9 sets out tenure of each type of delivery route, what community-led mechanism is likely to work best, who can afford the units and the level of involvement and control that they are likely to have over their housing through each delivery route.

Table 5.8 Delivery potential: number of homes

Oxford Feasible Delivery Route	Context for additionality?	Number of units (first 5 years)*	Number of people housed	Number of units (second 5 years) ⁸⁴	Number of people housed
T1: Shared house	Empty, tenure change or increased occupancy	10	50 to 75	80	400 to 600
T2: Daisy chain	Unallocated windfall sites	75	75	235	235
T3: Suburb	Higher density	40	100	500	1,150
T4: Edge of city	Higher density	250	575	250	575
Total (for first and subsequent 5-year periods)		375	825	1,065	2,560
Combined total (10-year period)				1,440	3,385

Table 5.9 Who it is for: tenures and incomes

Oxford Feasible Delivery Route	Scale	CLH Mechanism	Tenure	Who can afford it ⁸⁵	Involvement & Control
T1: Shared house	Single house	Co-operative	Rented	National living wage (min wage) £14,251	High
T2: Daisy chain	Small - 25 units	CLT	Mixed	40 th percentile wage £29,079	Low or Med
T3: Suburb	Med - 40 units	CLT &/or Cohousing	Mixed	30 th percentile wage £24,990	Med
T4: Edge of city	Large - 250 units	CLT &/or Cohousing	Mixed	20 th percentile wage £22,599	Low

⁸⁴ Number of units that could be delivered over 5 or 10 years assuming that the enabling support suggested for each type of delivery route in Section 3.3 is available

⁸⁵ Wage figures are from Annual Survey of Hours and Earnings, gross annual pay of full-time workers resident in Oxford, 2017

6. CONCLUSIONS

6.1. Need and demand for community-led housing in Oxford

Homes for a thriving city

High land values in Oxford, limited developable land and high house prices that are beyond the affordability of many people have made the provision of suitable and affordable housing in the City much more challenging. There is fierce competition for all sites in Oxford's over-heated housing market, even tiny and awkward ones. All of these factors have contributed towards the current acute shortage of affordable homes in Oxford, the spiralling housing costs, the inability of younger people to afford to buy a first home, the high levels of commuting, insecure tenure in private rented accommodation and an increase in the level of homelessness. Lack of affordable housing affects almost everyone – from a young couple trying to get onto the property ladder to a business owner trying to attract staff.⁸⁶ The 46,000 daily commuters into Oxford cause traffic congestion which has economic costs and causes air pollution. Lack of suitable affordable housing is affecting the ability of Oxford to house the people that it needs to continue to thrive into the future.

In order for the city to function well, Oxford needs a range of affordable and good quality housing solutions that work for a wide range of people.

Experience in the UK and internationally shows that community-led housing can deliver homes across all tenures using a wide variety of approaches. It can play a role as part of the mix of housing solutions. With support, community-led approaches can deliver at scale.

Community-led housing will deliver homes differently because the people who live in them are meaningfully involved throughout the development process and they own and/or manage their homes within a legal structure that protects the benefits for the local community and future residents.

Community-led approaches are unlikely to deliver many truly additional homes in Oxford where every site will be developed by profit-seeking developers no matter how small and awkward it may be. Community-led housing approaches may house larger numbers of people than standard development approaches by raising the density of schemes above the norm and using innovative approaches to design and shared open space.

Affordable homes

Local demand for affordable housing is enormous. Social housing is scarce in Oxford and only a low number of properties become available to let each year. The majority of people on the housing register are advised to seek accommodation in the private rented sector which usually means shared housing. This is reflected in the high levels of shared housing in Oxford. People earning less than the median income of £32,416 can afford market prices in Oxford within 35% of their income unless they have savings or other sources of financial support such as from family.

Most forms of community-led housing offer genuine affordability through not-for-profit structures, quality and environmental features that generate savings in ongoing household costs, innovative construction and design, in some cases self-or custom build, smaller private spaces and more shared facilities and mutual support. This study has focused on delivering homes for those below median income. The definition of affordability

⁸⁶ Oxfordshire Community Foundation
"Oxfordshire Uncovered"
oxfordshire.org/giving/oxfordshire-uncovered/

used in this study is 35% of net income which the study team has calculated should be affordable for people who are employed full-time at minimum wage levels taking into account the minimum income that is needed for non-housing items at Oxford prices.

Some forms of community-led housing offer permanent affordability which is legally defined in resale covenants, asset locks set in articles of association and through community land trusts which (as at August 2018) are exempt from right-to-buy.

Social benefits

Beyond genuine and permanent affordability, the need for and demand for community-led housing is bound up with the social benefits that it brings. As well as homes, community-led housing delivers services, mutual support, civic engagement, skills development and well-being that cannot be delivered by local government or by the market. Community-led schemes will not suit everyone, but the social benefits and enhanced well-being appeal to many people and are equally attractive for both people who earn a low income and for those who can afford market prices but wish to live in a more neighbourly and supportive environment.

Homes that people want

There was a great deal of enthusiasm for community-led housing from hundreds of local people during outreach events carried to inform this study. The case studies show that local groups are working hard towards delivering community-led housing because they can see that it would benefit them and their families to live in it.

The full extent of local demand for community-led housing is unclear. The recommendations in Section 5.4 include ways to remedy this.

6.2. Delivery routes for community-led housing in Oxford

The viability assessment for this study shows that community-led housing is deliverable in Oxford under realistic assumptions. The delivery routes assessed show that community-led housing can meet the housing needs of people who are earning below the median income for whom market housing at Oxford prices is not affordable.

The study assessed a range of schemes including co-operatives, community land trusts and cohousing.

The viable delivery routes from our assessment are:

- fully mutual housing co-operatives, accommodating groups of sharers in large houses;
- small units for single people, developed across a number of small sites;
- cohousing on a single site;
- community land trust as part of a large site.

The viable schemes range from shared houses and tiny homes to large sites of 40 units and community-led schemes as part of large developments on the edge of Oxford. The Oxford delivery routes assessed include housing across all tenures, from social rented with nominations from the housing register, to affordable rent, to shared equity including mutual home ownership, to market homes.

Community-led schemes are possible within the existing legal and planning systems, for example buying land and contracting with developers, partnering with a large organisation to buy and develop land, and both new-build and improving the existing housing stock by retrofitting community-led approaches in existing homes.

6.3. Enabling community-led housing in Oxford

Community-led housing will not happen in Oxford without assistance. Every example of community-led housing succeeding in the UK and in Europe involved some support such as a willing landowner who values community benefits, council strategic leadership on land use or partnerships with housing associations or developers.

The case studies from local groups show that delivering housing schemes is challenging, particularly for volunteers who earn their living in other fields. The sheer amount of work and skill needed is challenging. Oxford land prices and competition for sites makes the context very difficult for local groups. Oxford's housing market is considered overheated, with developers competing for every site, however small and awkward. Large developers buy options to develop any site with any potential for being allocated for housing. Most housing in the UK and in Oxford is delivered by large developers. The UK's housing market is considered by some commentators to be overly dominated by large volume house builders compared with other countries. In Oxford, the experience is that these big players can always outbid community groups for land while making healthy profits, because of cross-subsidies from other schemes, cheaper finance, control of supply chains and building large volumes of similar homes. Their success depends on building expensive larger homes and reducing costs.

Community-led housing groups, in contrast, typically aim to deliver a single scheme which they will live in. They positively value and invest in long-term quality, community facilities and environmental standards which are seen as costs in most development models as they only return benefits in the long term beyond the developer value cycle.

Their legal structures and governance can ensure permanent affordability. They deliver the homes of the size and quality that people want because people who will live in the homes influence the design. They have a strong interest in accommodating the full range of people that are required for a thriving community including people in crucial jobs such as nurses, teachers and bus drivers and families with young children as well as older people and those with capital.

Community-led approaches are not expanding easily or naturally in the fierce competition for land in Oxford. The aim is to establish self-sustaining delivery routes for community-led housing but enabling activities will be required for community-led housing solutions to succeed here.

There is now (as of July 2018) national support for community-led housing. The Community Housing Fund aims to increase the number of affordable homes delivered by the community-led sector. This makes it possible to finance pre-planning stages of housing schemes and capital funding is available for development.

Enabling activity that would particularly help Oxford groups and potential future schemes falls into three key areas that are known to facilitate community-led housing in other countries and in the UK: strategic leadership, access to land and access to finance. Enabling activity is needed from a range of actors including local government, housing developers, the third sector and the community.

Within Local Government, capacity is needed to meet with groups, sign post them to expertise within and outside the Council, advise councillors, make connections between services and make the links to strategic objectives. Increased capacity for officer roles in housing and planning would enable existing services to be more responsive to community groups.

A summary of priority actions for the council is:

- Develop a strategy to enable genuinely affordable community-led approaches in Oxford.
- Promote community-led housing within the Oxfordshire Growth Board and Joint Statutory Spatial Plan.
- Appoint a Councillor as Oxford's community-led housing champion.
- Apply to the community housing fund to provide enabling support within the council for community-led housing schemes that are currently being proposed by groups in Oxford. This could fund a dedicated officer post to enable support for community-led housing schemes and to raise awareness and understanding within the Council, with councillors and the public.
- Include support for community-led housing in the Local Plan.
- Unlock sites for community-led housing, for example:
 - require larger sites to include some community-led housing through s106 agreements;
 - explore small and difficult Council sites for development by community-led housing groups as exemplar schemes;
 - make local authority owned land available leasehold for long-term investment return; and
 - allow an exclusivity period on a site or sites for a community-led housing group to work up a feasible project and then purchase the land.
- Liaise with landlords of empty properties and poorly managed houses of multiple occupation to promote and facilitate opportunities for community-led housing groups to bring the properties back into occupation.
- Set up a revolving loan fund that community-led housing groups can access for cheaper finance.
- Develop practical responses to help support and encourage community-led housing including providing support and guidance for the identification of appropriate sites and working with landowners.
- Add questions related to community-led housing to the self-build register to collect data about interest in community-led housing.

In the private sector, awareness is needed of the benefits of community-led approaches and replicable processes for delivering these in partnership with experienced and effective community organisations. Actions for increasing awareness are summarised in section 5.4.

The third sector is also an important source of neutral support. An advisory support function that recently has been established in Oxfordshire "Collaborative Housing" is working in partnership across organisations and with a range of local experts to support community-led housing groups, local authorities and developers. Interestingly, the experience gained by Oxford community-led housing groups in trying to deliver schemes (and in many cases failing in the Oxford context), means that local people have now gained a great deal of experience in community-led housing which puts them ahead of groups in some other parts of the country leading to demand for their expertise from other areas.

The service may receive funding from the government at some point but it has to be self-sustaining. Its viability will depend on a pipeline of community-led housing schemes being delivered and repaying fees for advice received in the early stages. Local authorities may also fund this service in order to support groups in their districts.

6.4. Raising awareness of community-led housing in Oxford

The outreach for this study showed that very few people know about community-led housing. But when spoken to, many people were enthusiastic about community-led approaches for their own housing. Community-led solutions have many benefits that strike a chord with people including genuine affordability in perpetuity, individual well-being and supportive neighbourhoods.

Many housing professionals including in the Council's Housing Company, registered providers and some development companies have some awareness of community-led housing but need replicable proven models in order to engage as partners in community-led housing schemes.

Many other professionals who community-led housing groups approach such as accountants, lawyers, land agents and viability experts are unaware of community-led housing and need a general introduction to the mechanisms and examples of how they can be delivered.

Recommendations to increase awareness are:

- Add questions related to community-led housing to the self-build register to collect data about interest in community-led housing.
- Public events, stalls and talks to raise awareness.

- Training and workshops for professionals to learn from successful schemes, develop replicable models and share best practice.
- Training for community-led housing groups on governance, group process, development so that they can deliver housing themselves or work effectively in partnership with developers.
- Seminars for councillors and officers to increase their understanding of community-led housing including how it relates to corporate objectives.
- A dedicated post to enable support for community-led housing schemes and to build resilience and understanding across a range of professionals, councillors and the public.

Related to awareness raising, further work is needed on assessment methods for community-led housing. Community-led housing constitutes a paradigm shift. Factors such as social benefit and permanent affordability are so central to community-led schemes that the study team concluded that different models are needed to assess their true viability to take these into account. When elements such as ongoing cost to residents, social value and enhanced life-chances are included, then community-led schemes become an investment in wider societal goals not simply 'viable'.

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