

Report to: Executive Board - Tuesday 17 June 2002

**AFFORDABLE AND KEY WORKER DWELLINGS - SUPPLEMENTARY  
PLANNING GUIDANCE - DRAFT FOR CONSULTATION**

<p><b>Report of:</b> <i>Planning Policy Manager</i></p> <p><b>Report Author:</b> <i>Tony Mindham Physical Environment Tel no. 01865 252168 Email: tmindham@oxford.gov.uk</i></p> <p><b>Lead Member Responsible:</b> <i>Councillor Colin Cook</i></p> <p><b>Overview and Scrutiny Committee Responsibility:</b> <i>Environment Overview and Scrutiny Committee</i></p> <p><b>Key Decision:</b> <i>No</i></p>	<p><b>WARDS AFFECTED</b></p> <p><i>All</i></p>
<p><b>SUMMARY AND RECOMMENDATIONS</b></p> <p>The purpose of this report is for Members to agree to consult on Draft Supplementary Planning Guidance on Affordable and Key Worker Dwellings.</p> <p>The consultation on the Draft Supplementary Planning Guidance will be undertaken by the existing staff resources in the Planning Policy section.</p> <p>The guidance augments policies in the First Draft Oxford Local Plan 2001 - 2016 that seek to improve the supply of affordable and key worker dwellings (as defined in the Plan). The effective implementation of these policies will help achieve the Council's strategic aims of reducing poverty and inequality and improving the physical environment.</p> <p>Executive Board is asked to agree the Draft Supplementary Planning Guidance for the purpose of public consultation (to be undertaken in parallel with the Deposit of the First Draft Oxford Local Plan 2001 - 2016).</p>	

1. In April 2001, the City Council adopted Supplementary Planning Guidance (SPG) on Social Housing. This explained how the relevant policies of the Oxford Local Plan 1991 - 2001 (OLP) would be applied. That SPG was the subject of an unsuccessful challenge in the High Court. The objectors are now challenging the High Court's decision at the Court of Appeal.
2. The First Draft Oxford Local Plan 2001 - 2016 (FDOLP) will be placed on Deposit on 28 June 2002. Its policies in respect of non-market housing differ from those in OLP. It is therefore necessary to produce a new SPG to supplement the affordable and key worker dwelling policies in FDOLP. However, the SPG does not form part of a local plan.
3. The main policy changes over OLP can be summarised as follows:
  - an increase in the percentage of social housing (now called affordable dwellings) to be sought to a general minimum of 50%;
  - the seeking of a percentage (generally a minimum of a further 20%) of key worker dwellings;
  - the seeking of a contribution to the provision of affordable dwellings from new commercial developments over 200 m<sup>2</sup> floor area; and
  - normally, the application of the policies seeking affordable and key worker dwellings to all developments involving two or more dwellings irrespective of the site's location.
1. The Draft SPG is attached as Appendix 1. It gives guidance on the relevant policies in FDOLP and addresses procedural matters about securing affordable and key worker dwellings. The Draft SPG is consistent with national and regional planning guidance as well as the Policies set out in FDOLP (it is clearly cross-referenced to the FDOLP Policies).
2. The Draft SPG will now be the subject of consultation with the general public, businesses and other interested parties. It is proposed that the Draft will be published for consultation over the FDOLP Deposit period. The results of this consultation will be reported to the Executive Board in due course.
3. Once adopted, the new SPG should be read with the new Local Plan. The importance (or weight) given to the new SPG will depend on the weight given to the main Policy in the Plan. As the new Local Plan goes through its statutory stages, it will gain more weight as the old Plan loses weight.
4. This SPG will be reviewed from time to time.

THIS REPORT HAS BEEN SEEN AND APPROVED BY THE PLANNING POLICY MANAGER AND THE PORTFOLIO HOLDER FOR ECONOMIC DEVELOPMENT, PLANNING AND TRANSPORT (COUNCILLOR COLIN COOK).

**Appendix 1:** Consultation Draft of Supplementary Planning Guidance *Affordable and Key Worker Dwellings*.



**OXFORD CITY COUNCIL  
SUPPLEMENTARY PLANNING GUIDANCE (SPG)  
AFFORDABLE AND KEY WORKER DWELLINGS  
Draft to be approved for public consultation  
June 2002**

**INTRODUCTION**

1. The City Council wishes to achieve a balanced community in Oxford. A better balance must be struck between the delivery of market and affordable and key worker dwellings. The cost of land and buildings in Oxford makes this very difficult. The problem for households seeking to establish a place in the community is an increasing one as the market price of housing outstrips the ability of an increasing number of households to pay that price. The City Council has a role to play in seeking to overcome this problem.
2. The First Draft Oxford Local Plan, 2001 - 2016, (FDOLP) refers to Supplementary Planning Guidance (SPG) to provide detailed guidance on the application of the affordable and key worker dwellings policies. This Guidance supplements FDOLP, and explains how the City Council will apply the FDOLP policies to new buildings and conversions. It reflects current information and, where appropriate, takes account of new Government Guidance.
3. This SPG includes guidance on proportions of affordable and key worker dwellings that the City Council will seek to be secured through planning obligation agreements. The City Council will review this SPG in the light of changing circumstances.
4. Developers who are proposing residential schemes (or mixed-use schemes with a residential component) are advised, in the first instance, to contact the City Council to discuss their proposal before they submit a formal planning application. (See **Appendix 1** for a list of contacts).

**Terminology**

5. Government guidance uses the term *affordable housing*. FDOLP uses the terms *affordable dwellings* and *affordable housing* for the sake of consistency rather than *social housing* which is used in the Oxford Local Plan, 1991 - 2001, (OLP) adopted in 1997. The City Council does not consider that there is a difference between these terms.

6. Affordable dwellings may refer to a dwelling that is for rent, for shared ownership, or potentially for full ownership. However, to be 'affordable' it must comply with the definition set out in paragraph 7.1.4 of FDOLP (and in the **Glossary** to this SPG).
7. The term *key worker dwelling* is broadly defined in paragraph 7.1.4 of FDOLP (and in the **Glossary** to this SPG).

## **CONTEXT**

### **Government Advice**

8. FDOLP was prepared in the light of all Government advice. However, of particular relevance to this SPG are Circular 6/98 *Planning and Affordable Housing*, Planning Policy Guidance Note 3 *Housing* (PPG3) issued in March 2000, and Regional Planning Guidance for the South East (RPG 9) issued in March 2001.
9. Some of the key points to highlight from Government Policy are that:
  - Local Authorities should encourage mixed and balanced communities;
  - The need for affordable dwellings is a material planning consideration;
  - Local Authorities should plan, monitor and manage housing provision;
  - Registered Social Landlords (RSLs) are appropriate agencies to deliver social housing;
  - Local Authorities are not only entitled to secure affordable dwellings through the planning system, it is expected of them;
  - Government intends that the provision of affordable dwellings from planning obligations is increased and that it is secured through both commercial and residential developments; and
  - The majority of affordable housing provision will be on smaller sites within the existing urban fabric.

### **Oxford's Local Plan**

1. The review of OLP has started: FDOLP has been prepared and was placed on Deposit in June 2002. This SPG seeks only to provide additional guidance on the application of the policies within FDOLP. Guidance on the application of the OLP social housing policies is available as the SPG on Social Housing, which was adopted April 2001.

## **HOUSING NEED**

### **Housing Supply**

2. The amount of new housing to be provided in Oxford is set through the Structure Plan. At present the adopted Structure Plan envisages that Oxford should provide approximately 3,750 new dwellings between 1996 and 2011. This equates to approximately 250 dwellings per year.
3. At 1 April 2001, 3,196 dwellings had been built since 1 April 1996 and a further 1,012 had planning permission.<sup>1</sup> The City Council is therefore in the unusual position of exceeding its housing allocation within the first third of the Structure Plan period. This means that in Oxford, the main purpose in developing additional dwellings is to serve the need for affordable and key worker dwellings.

### **Housing Demand**

4. Despite the housing supply target being reached, the demand for new dwellings remains extremely strong. This can be seen from the buoyant residential market in both the sale and rental sectors, and from the results of the City Council's Housing Needs Study. In essence, housing demand in Oxford could be characterised as too many people seeking too few dwellings. While this situation is difficult for all but the most wealthy in Oxford, it inevitably is most keenly felt by those people who are least able to compete financially in the residential market.
5. The City Council's Housing Needs Study 1998 was undertaken to provide a projection of housing need. Key data has been tracked regularly to allow the projections to be monitored. The Study showed that in the period 1998 to 2001 a projected annual shortfall for social housing was 1,442 units per year. This means that for the three year period 1998 - 2001 the shortfall in social housing (4,326) exceeded the strategic target for all housing 3,750 for Oxford.
6. The current number of households registered with the City Council for housing is around 4,000 and pressure to re-house those in greatest need, the homeless, is increasing. The number of households in temporary accommodation remains at about 1,000.

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<sup>1</sup> These figures will be up-dated to April 2002 in the adopted SPG.

## PRIORITY NEED FOR AFFORDABLE DWELLINGS

7. The top priority form of affordable dwellings that should be provided at present is family housing for rent. There is also some need for smaller rented accommodation. There is identified need for shared ownership dwellings and for shared ownership dwellings.
8. The precise proportions of different types of affordable dwellings to be provided on individual sites will depend on the site's characteristics, the locality and any other material consideration. In general, however, the City Council will seek affordable dwellings for Oxford as a whole in the following way. This shall form the basis for negotiation.

% of total affordable housing	1 Bed Flat	2 Bed Flat	2 Bed House	3 Bed House	4 Bed House	5 Bed House	Total
<b>Rent</b>	10	5	10	30	10	5	70
<b>Shared Ownership</b>	15	10	5				30
<b>Total</b>	25	15	15	30	10	5	100

## FORMS OF AFFORDABLE DWELLINGS

1. There are a number of different forms of affordable dwellings that could be suitable. This SPG does not purport to discuss an exhaustive list, however, some guidance is given below on those most commonly raised with the City Council.

### Affordable Dwellings for Rent

2. This form of accommodation (which represents the majority of need) is characterised by below-market rents and (if applicable) service charges, usually paid weekly. It is important to ensure that such units are secured on a permanent basis. The level of rent and service charges levied by RSLs is generally treated as being affordable to those in greatest need. Where other means are proposed for meeting this need, developers will need to satisfy the City Council that secure arrangements are in place to ensure the proposed dwellings will meet this need on a permanent basis.

### Shared ownership

3. Shared ownership accommodation usually refers to dwellings that are partly sold and partly rented to the occupiers, and where a RSL is the landlord. It is characterised by being tailored towards a specific income group (as a result of the sale/rental split). It is important that any affordable dwellings of this nature are correctly targeted to address the specific local housing needs.

The Housing Needs Study found that overall there was a 30% need for this form of housing. The City Council may be prepared to accept a proportion of the affordable dwellings provision (generally not exceeding 30% of the total affordable provision) to be of this type, provided that it is targeted towards an income group in such a way as to be in line with the City Council's Housing Strategy. It is important that the RSL has first option on any sale so that the benefits are enjoyed beyond the first occupier.

4. The ability of occupants to 'staircase' their ownership of the property is an important aspect of this form of accommodation. At present, to ensure that the dwelling is affordable to those in need, the initial equity share should generally be no more than 25%.

### **Self Build**

5. This provides opportunities for those in housing need whose contribution to society is not reflected in cash earnings. It fosters both a healthy spirit of self-reliance and the community spirit engendered by what is usually a co-operative enterprise. It can produce interesting architecture of townscape value. The City Council will be sympathetic to such schemes whether for the whole or part of residential sites. The City Council will need, however, to be satisfied that the benefits will be secured for more than the first occupiers.

### **Low-Cost Market Housing**

6. This form of accommodation are usually dwellings for sale which are offered at a discounted price by the developer to the first occupier. One major drawback is the difficulty in ensuring that the properties are both affordable and available to those in housing need and remain so. RPG9 encourages local authorities to establish such mechanisms. At the time of writing no mechanism is available to secure that:
  - a discount that ensures affordability for the first sale can be retained to ensure affordability at subsequent sales;
  - the opportunity to purchase such a property is restricted to those in housing need for the first and subsequent sales; and
  - the dwellings are built to current Housing Corporation Scheme Development Standards (SDS).
1. At present this form of affordable dwellings offers limited scope in Oxford. However, the City Council will continue to review this situation and work with RSLs to establish an appropriate mechanism.

## **SITE THRESHOLD FOR AFFORDABLE DWELLINGS REQUIREMENT**

2. Policy HS.7 of FDOLP states that provision of affordable dwellings will be sought on the smallest reasonable site size, normally two or more dwellings, subject to certain factors. Policy HS.6 states that the City Council will seek generally a minimum of 50% of dwellings as affordable dwellings on sites, consistent with viability.

## **AFFORDABLE AND COMMERCIAL DEVELOPMENT**

3. Policy HS.21 of FDLP states that new commercial development over 200m<sup>2</sup> will be expected to contribute to the provision of affordable dwellings. In some cases, it will be possible to provide this on site. When this is not possible, the formula set out in Appendix 3 will be used as a basis for negotiating financial contributions from commercial developments.

## **KEY WORKER DWELLINGS**

4. FDOLP Policy HS.7 applies the same expectation in respect of key worker dwellings as it does for affordable dwellings (i.e. that provision will be sought on the smallest reasonable site size, normally two or more dwellings, subject to certain factors). Policy HS.10 states that all residential developments should, where suitable according to Policy HS.7, include the provision of key worker dwellings. Policy HS.11 states that the City Council will seek generally a minimum of 20% of dwellings as key worker dwellings. This is in addition to the general minimum of 50% of units as affordable dwellings required by Policy HS. 6.
5. The Council considers, at present, that shared ownership dwellings delivered through a RSL is the best way to provide this accommodation (see explanation of shared ownership in paragraphs 20 and 21). However, in order for this to succeed, there will need to be in place agreements between the relevant RSLs, key employers and the City Council to ensure that:
  - appropriate key workers are available to occupy the dwellings provided; and
  - foreseeable eventualities are accounted for that will ensure there is a balance between securing the benefit of key worker dwellings for Oxford and ensuring the employment and human rights of the key workers are maintained.
1. In the event that key worker dwellings are sought but no agreed mechanism is in place, the City Council will expect that such accommodation is made available on a shared ownership basis to people in general housing need and who are nominated by the City Council through an appropriate RSL.



## **ABNORMAL COSTS**

2. The Council will consider any legitimate abnormal development costs associated with development proposals when assessing the appropriate proportion of affordable and key worker dwellings to be included. The developer will be expected to provide evidence of those costs in a form that can be independently verified. Normally however, abnormal development costs will already be reflected in the land price paid by the developer and will thus not justify a relaxation in the amount of affordable and key worker dwellings to be provided.

## **SITING / LOCATION OF AFFORDABLE AND KEY WORKER DWELLINGS**

### **On-site provision**

3. FDOLP Policy HS.8 says that where affordable and key worker dwellings are required, they should be provided on-site. This is the City Council's preference, and failure to provide such dwellings where there is no good planning reason for doing so will justify a refusal of planning permission.

### **Off-site provision**

4. FDOLP Policy HS.8 allows, only in exceptional circumstances, the affordable and key worker dwellings to be provided on another site. This is not the City Council's preferred method. However, it may be considered appropriate if there are good planning reasons why on-site provision is not suitable. There are a number of major landowners who have significant holdings that are scattered across Oxford. There may be opportunities to consider the provision of affordable and key worker dwellings on an Oxford-wide basis as part of an agreed long-term estate management strategy.

### **Cash in lieu contributions**

5. Where the development site is not suitable for non-market dwellings and off-site provision is not possible, FDOLP Policy HS.8 also allows for the affordable and key worker dwellings requirement to be fulfilled by way of a cash in lieu payment. This is the City Council's least preferred method and will only be considered in exceptional circumstances. However, if it is considered appropriate, the applicant and the City Council should ensure that such arrangements would actually result the provision of affordable and key worker dwellings. The City Council's preferred method of calculating the payment will be based on the formula set out in **Appendix 4**. The City Council would administer the sum payable and use it as Local Authority Social Housing Grant to provide affordable dwellings on an Oxford-wide basis.

## DESIGN AND LAYOUT

6. As previously stated, the City Council's preferred method for securing affordable and key worker dwellings is on-site as part of the development proposal. The City Council will take into account the design quality and siting of the affordable and key worker dwellings in determining the application. It is the City Council's view that affordable and key worker dwellings should not be visually distinguishable from market housing in such terms as details, build quality, materials etc. It is also the City Council's view that, having had regard to management issues, the location of affordable and key worker dwellings should, as far as is practicable, be dispersed across the development (i.e. 'pepper-potted').
7. In terms of the standard of affordable and key worker dwellings, the City Council will expect that all such units are built to current Housing Corporation Scheme Development Standards (SDS).

## DELIVERY OF AFFORDABLE AND KEY WORKER DWELLINGS

### Using Registered Social Landlords

36. The City Council is no longer the direct provider of new dwellings, instead it is a facilitator of provision by other agencies. Circular 6/98 states that an *effective way of achieving control over future occupancy of affordable housing will be to involve a registered social landlord*. A developer is not obliged to provide affordable dwellings through a RSL, but this will often be the best way of ensuring appropriate provision on a secure, long-term basis.
37. These matters are efficiently and effectively covered through existing arrangements that the City Council has with a number of RSLs. Developers who wish to provide the affordable dwellings themselves (or through a non-approved third party) will need to satisfy the City Council that these matters can be adequately secured.

### The City Council's approved suppliers

38. The Council has a list of approved suppliers of affordable dwellings who are listed in **Appendix 2**. Developers are advised to contact the City Council's Neighbourhood Renewal Unit to discuss the most appropriate RSL for their particular site.

## **Funding for affordable dwellings**

39. Developers must make arrangements, before planning permission can properly be granted, for the securing of their affordable and key worker dwellings for those in need on a permanent basis. In the event that public funding cannot be secured to purchase the affordable dwellings, the City Council will expect the price of the units to be based on the funding that the RSL is likely to be able to raise on the open market using the income from the units as the repayment source.

## **PROCEDURAL MATTERS**

### **Committee reports**

40. Where planning permission for a development proposal which includes the provision of affordable and key worker dwellings is sought, officers will prepare a report to the Area Committee (or successor) which sets out the method by which the affordable and key worker dwellings are to be secured. In normal cases this will mean the developer agreeing not to commence development until such time as the construction, transfer to a RSL, nominations to, and management of the affordable and key worker dwellings is secured. The delivery of the affordable and key worker dwellings will be monitored as part of the City Council's Housing Strategy monitoring and review process.

### **Using legal agreements**

41. Where a development is proposed that also requires a Section 106 planning obligation to be signed in order to satisfy the City Council that it is acceptable, the City Council will expect that all aspects of the agreement which are material to the planning case be presented to the Area Committee when the planning application is considered. If the developer and officers are not agreed the developer should submit in writing the terms of an agreement which s/he seeks.

### **Time limits**

42. When an application has been considered by an Area Committee and the Committee has resolved to grant permission, subject to the completion of a Section 106 planning obligation, the City Council will expect the agreement to be concluded without delay. To this end, the City Council will, in normal circumstances, expect to complete the agreement within three months of the committee resolution. Officers will seek delegated authority from the Committee to refuse the planning application after three months if, in the opinion of officers, the agreement is unlikely to be satisfactorily and expeditiously concluded.

## **MONITORING AND REVIEW**

43. The Government expects Local Authorities to monitor the provision of all dwellings through the planning system. The City Council will monitor that provision and report to Members of all appropriate Committees. This SPG will also be kept under review in the light of all material information. Any significant changes required in that light will be reported to Members.

## **CONCLUSION**

44. The City Council is committed to addressing the acute housing need in Oxford and expects that this document will assist in the achievement of that aim. Developers are advised to contact the City Council's officers to discuss any proposals they have prior to submitting a residential, commercial or employment application. The contacts are given in **Appendix 1**.

## Oxford City Council Contacts 2002

Tony Mindham	<b>Planning Policy</b> Ramsay House 10 St Ebbes Street Oxford OX1 1PT	Tel: (01865) 252168 Fax: (01865) 252169 e-mail: tmindham@oxford.gov.uk
Steve Northey	<b>Neighbourhood Renewal</b> St Aldate's Chambers St Aldate's Oxford OX1 1DS	Tel: (01865) 252717 Fax: (01865) 252662 e-mail: snorthey@oxford.gov.uk
Duncan Hall (for information on Local Housing Strategy and Housing Needs Survey)	<b>Strategic Policy and Research</b> Room 3.06 Town Hall St Aldate's Oxford OX1 1BY	Tel: (01865) 252633 Fax: (01865) 252256 e-mail: drhall@oxford.gov.uk

**Oxford City Council  
Approved Housing Association List 2002**

<p><b>Bromford Housing Group</b> Mr S Swann Development Manager 9 Shaw Park Business Village Shaw Road Bushbury Wolverhampton WV10 9LE</p> <p>Tel: 01902 773618 Fax: 01902 718111</p>	<p><b>Oxford Citizens Housing Association</b> Mr H Pitt Development Manager 244 Barns Road Oxford OX4 3RW</p> <p>Tel: 01865 773000 Fax: 01865 774024</p>
<p><b>Ealing Family Housing Association Ltd.</b> Mr J McKinnon Development Manager St. James' House 105-113 Broadway West Ealing London W13 9BE</p> <p>Tel: 020 8579 7434 Fax: 020 8567 9907</p>	<p><b>Warden Housing Association Ltd.</b> Mr K Sivakmaran Malt House 281 Field End Road Eastcote Ruislip HA4 9XQ</p> <p>Tel: 020 8252 2327</p>

## Preferred Formula for Calculating Contribution from Commercial Development

**Area of commercial floorspace in proposed development (m<sup>2</sup>)**  
Divided by  
**Average amount of floorspace (m<sup>2</sup>) per employee for that type of use**  
Divided by  
**20**  
Multiplied by  
**The current 100% TCI figure as stated by the Housing Corporation**  
Shall equal  
**The sum payable**

## Preferred Formula For Calculating Cash In Lieu Payments

**Total number of dwellings proposed**  
 multiplied by  
**the affordable dwellings percentage\***  
 multiplied by  
**the relevant Total Cost Indicator (TCI)**  
 multiplied by  
**the relevant Social Housing Grant (SHG) Rate**  
 shall equal  
**the sum payable**

Notes: For larger developments, a range of affordable dwelling types/sizes would normally be required (see paragraph 17). Each dwelling has its own TCI. In this situation, the number of each dwelling type required will be multiplied by its TCI, and then all the sub-totals added to give a total figure. This would then be multiplied by the relevant SHG rate to provide the sum payable.

**The same formula will be used for calculating the total amount payable in lieu of on-site provision of key worker dwellings.**

\* Example: for a scheme where affordable dwellings would otherwise comprise 55% of the total number of dwellings, the total number of dwellings is multiplied by 0.55.



## Glossary of Terms and Abbreviations

PPG3	Planning Policy Guidance note 3 <i>Housing</i> DETR March 2000
RPG9	Regional Planning Guidance for the South East DETR March 2001
RSL	Registered Social Landlord
SDS	Scheme Development Standards Housing Corporation
SHG	Social Housing Grant
SPG	Supplementary Planning Guidance
TCI	Total Cost Indicator
Commercial Uses	Any employment generating use such as A1, A2, A3, B1, B2, B8, C1, C2, D1, D2.

**Affordable dwelling:** where a dwelling:

- has the smallest number of rooms appropriate to address the housing needs of a household in unsuitable accommodation; and
- has a price (expressed as a periodic cost) that is less than 30% of the gross household income.

For the purposes of the Local Plan and this SPG, affordable dwellings exclude key worker dwellings.

**Key worker dwelling:** where a dwelling is dedicated through an appropriate legal agreement as a key worker dwelling and made available as such by a RSL. It should be of suitable size for a household where at least one member of that household is an employee of an organisation who has entered into a key worker agreement with an RSL and the City Council, and is eligible for key worker accommodation under that agreement.

**Low-cost market dwelling:** where a dwelling is available for full purchase by the occupant at a price expressed in terms of the local average wage, and where:

- it may only be occupied by the purchaser and their household; and
- the discount is available in perpetuity.

The price must be affordable to people in housing need and agreed with the City Council in line with the City Council's published Housing Strategy.

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June 2002

Information relating to public consultation undertaken in relation to this guidance is available from the City Council at the above address.

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