

# Affordable Housing for Oxford

How Could Oxford Innovate?

**Summary of the findings from a seminar on Affordable Housing in Oxford**

Oxford Brookes University,  
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March 2015

# 1. Introduction

This report outlines findings from the second in a new series of workshops on future growth in central Oxfordshire. It follows up some of the issues raised by Oxford Futures in bringing together a wide range of people across professional, sectoral and age divides. It was organised by Oxford Brookes University with URBED, and was sponsored by the Joseph Rowntree Foundation.

The report summarises presentations by Dr. Nicholas Falk, Founder Director of URBED who chaired the event, Dr Sue Brownill, Reader in Urban Planning and Governance at OBU, and Councillor Bob Price, Leader of Oxford City Council. This was followed by a panel discussion with Richard Peacock Chief Executive of Soha Housing (the South Oxfordshire Housing Association), Pete Halsall Chief Executive The Good Homes Alliance, and Edward Skeates Director of Development, Strategic Land, Grosvenor. The event concluded with three workshops on providing new homes for those in need, enabling community-led initiatives, and maximising the use of the existing stock.

Appendices provide more information on lessons from Dutch housing and a list of attendees.

Dr Nicholas Falk, URBED



## 2. Presentations

### 2a. Dr Nicholas Falk: Founding Director URBED

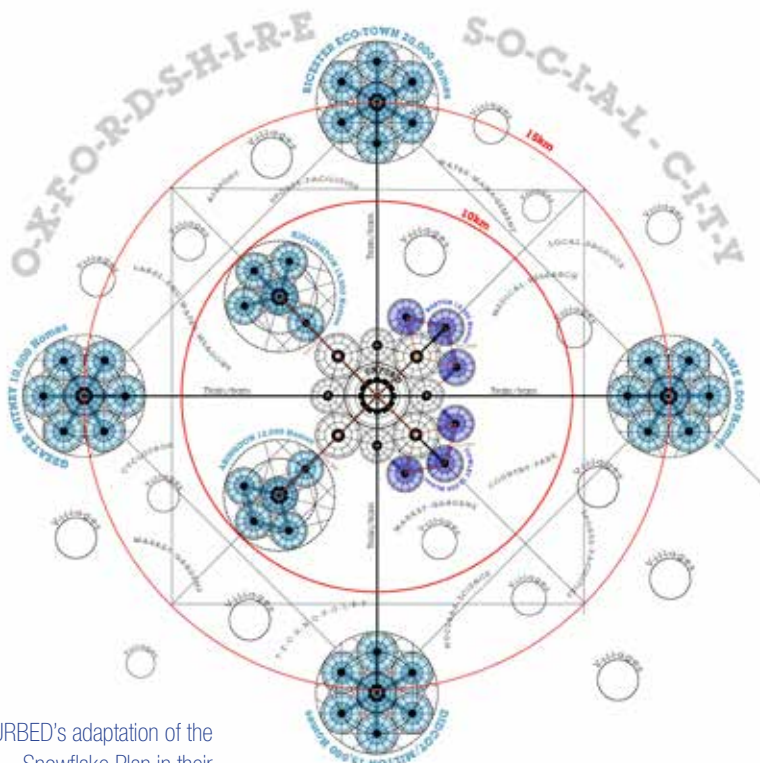
Nicholas opened the event by saying that as well as building more homes, Oxford needed to make access easier for those on lower incomes. Not only were house prices as high as in London, some 12-15 times average incomes, but there was real polarisation between the different parts. Unless solutions were found, Oxford's position as one of the world's leading universities was threatened. Furthermore the location at a crossroads in the centre of the country made pressures for growth inescapable.

The submission that won the 2014 Wolfson Economics Prize showed how the principles of a Garden or Social City could be applied by concentrating development rather than dispersing it. New housing needed to meet the needs of very different segments, as Richard Webber had argued using research by Experian Mosaic. It also needed to counter the demographic



imbalances and create stronger and healthier communities, for example by providing housing that would attract older people living in under-occupied large houses to move into somewhere more manageable.

Inspiration could be drawn from new settlements in the Netherlands, such as the one in Vathorst on the edge of the historic city of Amersfoort that a group from Oxford visited a few years ago while planning Barton Park<sup>1</sup>. Assembling land in a location on the edge of two motorways and funding advance infrastructure through a long-term bond has enabled sites to be developed by a much wider variety of builders. 30% of the new homes are for people with limited incomes, of which a third are for owner occupiers under a scheme where a proportion of the increased value is returned to the local authority when they are sold.



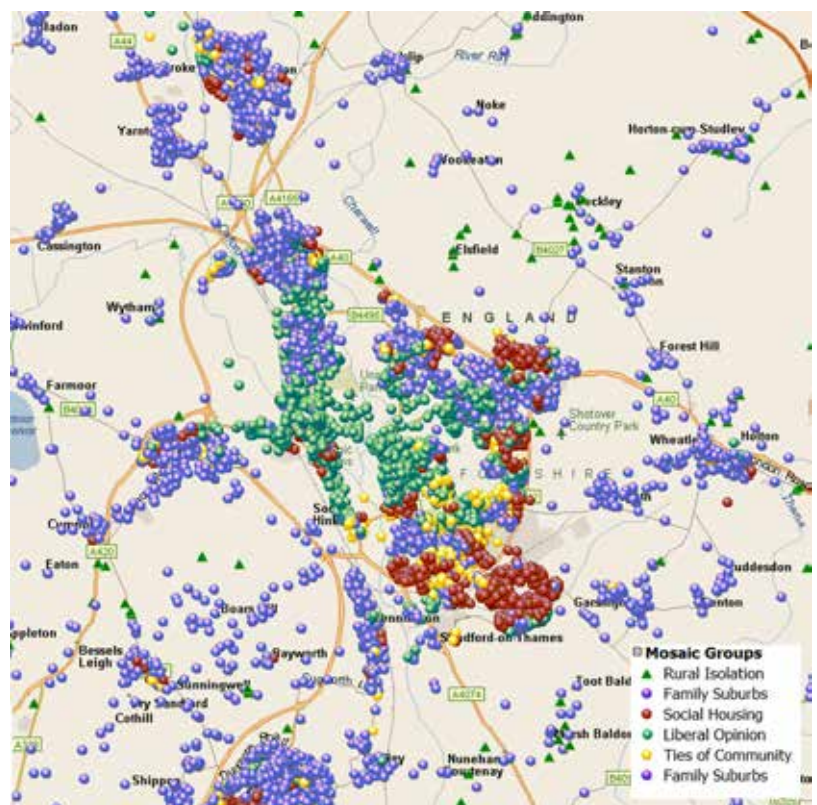
URBED's adaptation of the Snowflake Plan in their Wolfson submission to the situation in Oxfordshire





This is possible because only a fifth of the sales value is spent on land, compared with over half in the UK. Housing associations have built half the new homes in Holland, and residents pay according to their incomes. His example was countered by the Dutch chair of the CPRE in Oxfordshire, who said that only 7,000 of the promised 10,000 homes had been built, so that land was being returned to agriculture, and that residents were not as happy as had been suggested, with municipalities ending up in debt. (See Appendix for a further discussion and some relevant research).

<sup>1</sup> A report of the study tour is available on request, and also forms a case study in a report for the Joseph Rowntree Foundation. [www.urbed.coop/projects/sustainable-urban-neighbourhood-network-sunn](http://www.urbed.coop/projects/sustainable-urban-neighbourhood-network-sunn)





## 2. Presentations

### 2b. Sue Brownill OBu

Sue started by saying that given the housing crisis in Oxford is well recognised the point is what can be done about it. She drew from a still to be published research report for the Joseph Rowntree Foundation to suggest some ideas for how this could be done. The report has surveyed the use being made of Section 106 (or planning obligations) to supply affordable homes, and a range of case studies of innovative projects.

Affordability is a flexible term, and there is a need to determine more clearly what we mean by it in a city such as Oxford. Government definitions of anything discounted from market prices do not address issues of who housing is affordable to. Instead affordability should reflect what people on average or lower incomes can afford. For example, L.B.Tower Hamlets has set a policy that relates rent levels to a third of disposal income. What measures of affordability should apply in Oxford?

There is no simple answer to meeting the need for affordable homes, and a range of solutions are called for. Success depends on the 'golden triangle' of land assembly and planning, finance, and above all on local strategic leadership. In Oxfordshire, 86% of affordable homes were delivered through S106, the highest proportion in the country. S106 brings together land and finance but is only feasible when the housing market is strong. While s106 has delivered 250 homes per year at its peak and zero at its trough; 700 affordable houses a year are needed in Oxford alone. Nevertheless the Barton agreement of 350 social rented units shows what can be achieved. However changes to planning including the stress on viability and relaxations on S106 have put s106 under threat.

<b>Finance</b> <ul style="list-style-type: none"> <li>Greater public sector investment through increased government grant and greater freedoms for local authorities</li> <li>Non-grant funding</li> <li>Housing banks or revolving funds</li> </ul>	<b>Planning and Land Assembly</b> <ul style="list-style-type: none"> <li>Planning obligations</li> <li>Allocating more land through the planning system.</li> <li>Designating Housing Zones or Garden Cities</li> <li>Alternative land value capture mechanisms</li> <li>Incentives or measure to bring land forward for development e.g. CPOs</li> <li>Green belt swaps/release</li> <li>Drawing on examples from abroad e.g. Vinex</li> </ul>
<b>Localism</b> <ul style="list-style-type: none"> <li>Neighbourhood Development Plans and Community Land Trusts</li> <li>City Deals and LEPs</li> <li>Greater powers and resources to local areas for strategically led housing and planning programmes</li> </ul>	<b>Governance and delivery</b> <ul style="list-style-type: none"> <li>New partnerships and SPVs including partnerships between the public and private sectors and social enterprises</li> <li>Alternative delivery models within the housebuilding industry</li> <li>Skills upgrade and culture change</li> <li>Strategic leadership and co-operation</li> </ul>

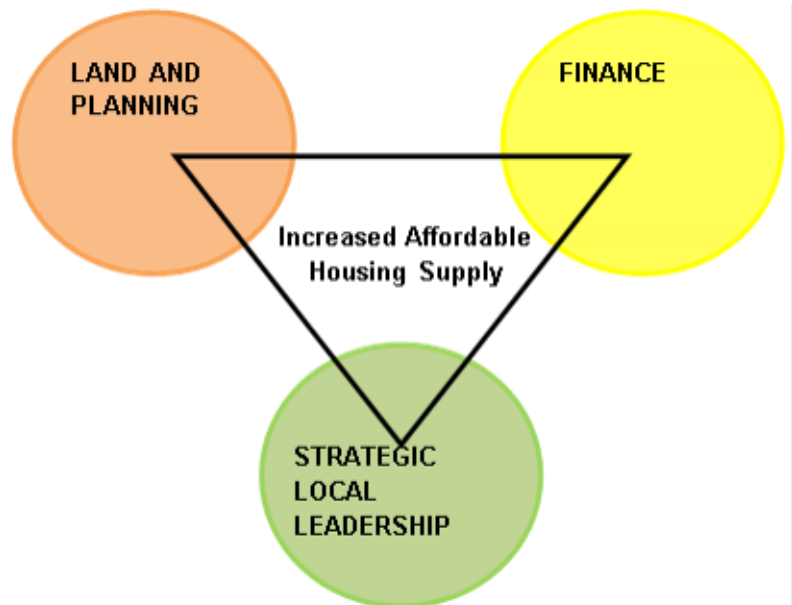
Delivering Affordable Homes; No Silver Bullet - A range of measures needed

To make up this shortfall innovative approaches to strengthening S106 include assessing viability in terms of existing use value not market values as L.B. Islington is doing which enables more value-uptake to be extracted through S106.

In addition innovative ways of bringing together land, finance and leadership exist including:

- New settlements in Cambridgeshire, which show we do not need to look only to Europe to see how, with strategic leadership, support from the HCA for infrastructure and S106s delivering 40% affordable units new settlements can be achieved
- Setting up special purpose vehicles such as the, eg Birmingham Municipal Housing Trust which brings together public land with borrowing at low rates of interest and making full use of the Housing Revenue threshold.
- Giving greater devolved powers to regional bodies. The GLA for example is promoting Housing Zones backed by a London Housing Bank. Is there a case for Devo-Ox?
- Supporting community-led initiatives such as:
  - ▶ Setting up Community Land Trusts as Oxford Community Land Trust is doing on its first scheme at Cumnor. Other CLTs are limiting house prices in relation to incomes, as the St Clements Land Trust has done in East London for the 20% of affordable homes in the scheme
  - ▶ Enabling group self-build and custom build as proposed for Bicester
  - ▶ Including locally specific policies Neighbourhood Plans as in Headington, Summertown and Wolvercote, and possibly combining a Community Land Trust with the Community Right to Build as is happening in West Ferring in Sussex.

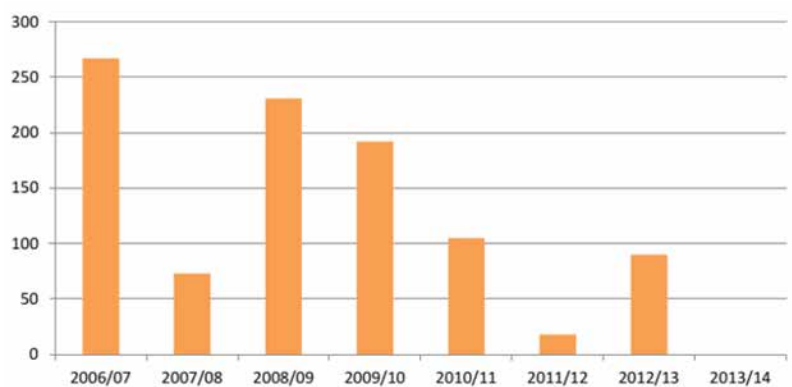
While there are some promising examples of what can be done in the UK, there is an urgent need to strengthen Section 106 (not reduce requirements as is currently proposed), along with devising practical forms of betterment taxation and subsidy and empowering local agencies to deliver through locally driven strategies for affordable housing provision.



Delivering Affordable Homes: The Golden Triangle



East London St Clements Hospital Site, East London



Oxford's Strategic Housing Market Assessment (SHMA) identifies need for 700 affordable houses per year.

## 2. Presentations

### 2c. Bob Price Oxford City Council

Bob started by saying that housing has become a key political issue, and communities may be breaking down in Oxford as those on lower incomes have to travel ever further to work. He distributed copies of Oxford Profile 2015, which summarises key facts about the city's economy and population profile. Oxford is the eighth fastest growing English city, and the least affordable for house purchase. (Between 1997 and 2008 median house prices trebled while incomes only rose by a third; hence the relative cost of home ownership in relation to incomes doubled). Oxford also suffers severe traffic congestion as over 40,000 commuters come into the city to work each day.

At present even though housing is a long-term asset (like infrastructure) Councils Housing Revenue Accounts are very restricted in the amount of borrowing that is permitted. Oxford City Council owns very little undeveloped land within the city boundary, and the boundary is tightly drawn around the current built up area. The NPPF does not provide an effective mechanism for securing effective collaboration across District Council boundaries, and, divided ownership and infrastructure demands make it difficult to secure enough affordable housing from private developer led schemes..

Local Plans emerge at different times, and as they focus on the District area, do not seek to meet the needs of the functional economic area as a whole. The duty to cooperate has proved weak in that respect. The recently established Oxfordshire Growth Board is trying to secure collaboration across the County. The Labour Party, following up the Lyons Review recommendations, is proposing that local authorities should be able to assemble land in key growth areas, using the powers of development corporations. A 'new generation' of garden cities and suburbs are also proposed, along with a move from 'Benefits to Bricks'; (currently government spends annually £25 billion on benefits of which £9 billion goes to private landlords, while only £4 billion is invested in new housing).

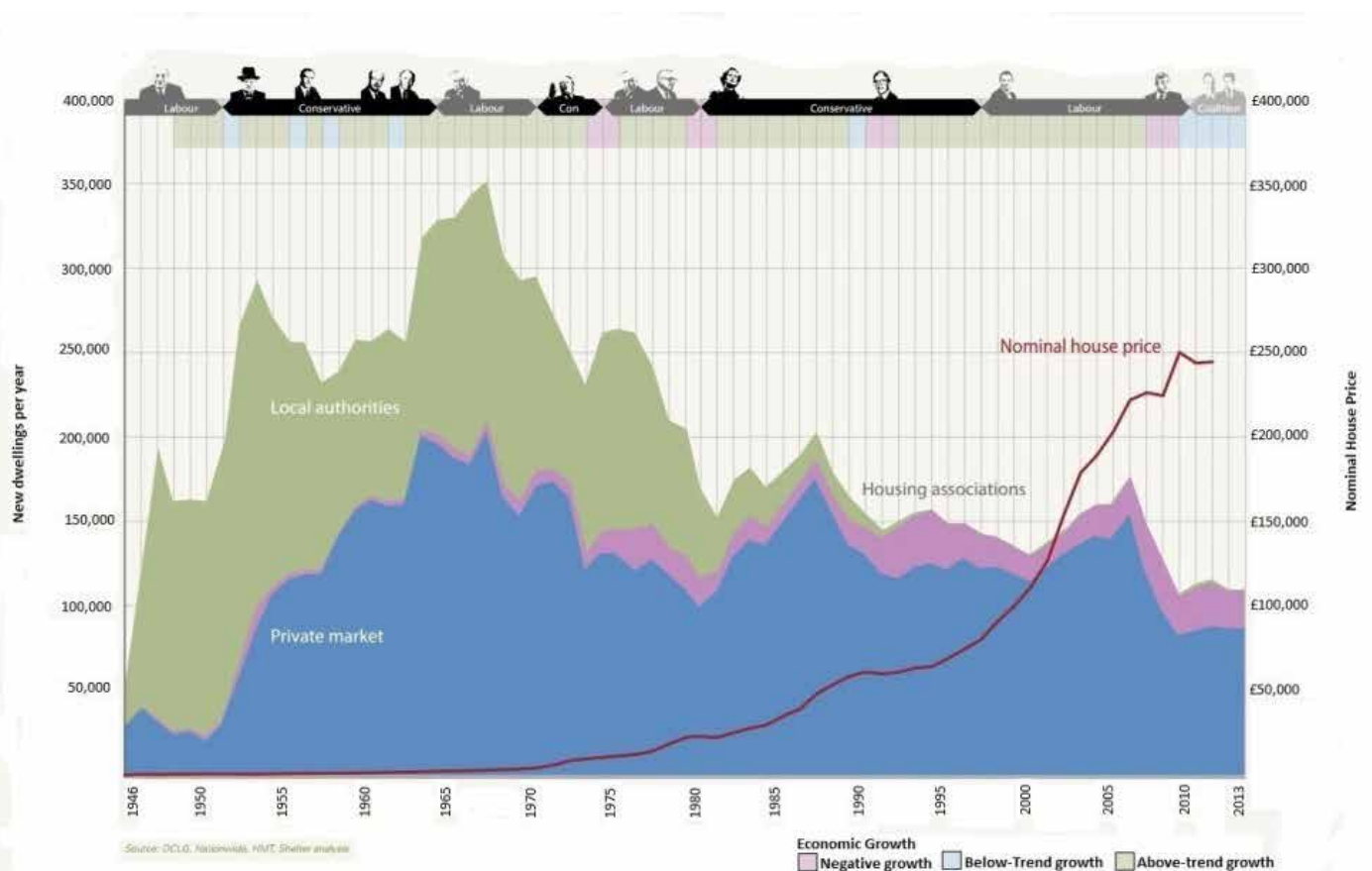


# 3. Panel Discussion

## Richard Peacock:

Soha Housing

SOHA took over the Councils' estates in South Oxfordshire, and manage over 6,000 homes. He explained how housing associations can now build more because they have lower borrowing costs (a percentage point less). Grant subsidy of new affordable homes is also cheaper than revenue subsidy. Housing investment has been approx. £4bn over the last five years compared with an annual costs of the revenue subsidy in Housing Benefit of £25bn this year. A striking diagram from Shelter shows how until the 1980s local authorities played a major role, and that housing associations have not been able to fill the gap, while private house builders continue to build about the same amount. The inevitable result has been excessive house price inflation. So state intervention is essential.



## 3. Panel Discussion

### **Pete Halsall:**

Good Homes Alliance

Pete stressed the need for quality and not just quantity which includes enabling more people to 'do their own thing'. The Self Build and Custom Housing Bill could make a difference, for example with regard to building low impact homes. However unless house (and land) prices are brought down, most young people will never accumulate the equity needed for them to become home owners. Small builders simply cannot compete for sites with the volume house builders.

### **Ed Skeates:**

Grovesnor Estates

For 300 years the Grosvenor Estates had played the role of 'master developer', acquiring and planning land, and then commissioning homes from a variety of builders. He had worked on their mixed use 40 acre scheme, Liverpool ONE and was building 1200 homes as part of the 4,000 homes being developed on Cambridge's Southern Fringe. He is leading on the joint venture to build 880 new homes at Barton Park, 40% of which will be affordable housing owned and let by the City Council, who provided the land for the development. He argued for the role of the 'benevolent landlord' and the potential for Private Residential Schemes (PRS) to create a better and more sustainable balance than simply selling every new home off.

The following discussion raised ideas such as:

► **Breaking up the power of the large landowners and the consequent polarisation of wealth, for example by reserving 20% of large sites for small builders**

► **Dealing with 'rolled up equity' and the reluctance of older home owners to diminish what they pass on**

► **Developing neglected sites, such as building over open car parks**

► **Facing up to the need to build on some green field sites**

► **Providing incentives by taxing under-used property or land-banks**

► **Registering private landlords and offering tenants greater security and freedom.**

# 4. Workshop Conclusion

**Delegates divided up into three workshops with convenors to probe into the issues in more depth.**

## 1. Andy Edwards

reported on building affordable new homes with proposals for:

- ▶ Returning to the original definition of ‘affordability’ (relating housing costs to incomes).
- ▶ Talking about housing as a public need (like infrastructure) and not just a market asset.
- ▶ Focussing first on empty and under-occupied houses.
- ▶ Dealing with land ownership and excessive inequalities.
- ▶ Ensuring Oxford is a front-runner and model for change.
- ▶ Using capital, not revenue, subsidies to get building to scale.
- ▶ Freezing land values in areas selected for development (as in Germany)
- ▶ Using Modern Methods of Construction to cut building costs and times.
- ▶ Providing for international students.

## 2. Chris Church

reported on community led initiatives with proposals for:

- ▶ Using cooperative housing as a major alternative to the Private Rent Sector.
- ▶ Adopting innovative delivery methods, such as cohousing and self-build to bring variety and choice to the housing sector.
- ▶ Setting up revolving community funds (There are ongoing discussions for an Oxford Land Fund which looks to mirror the successes of Cornwall Council, which has a £5 million recycling loan facility with preferential rates).
- ▶ Mobilising private wealth plus social conscience in what would be seen as a relatively safe investment given local housing demand.
- ▶ Funding capacity building and technical support as has been seen recently in community energy.
- ▶ Challenging existing land banks to put their assets into use and promoting positive land warehousing at a local and national level e.g. Community Land Trusts.
- ▶ Using redundant or vacant space eg over shops or car parks.
- ▶ Working out how to sell the benefits of community-led development to people of all political persuasions.

## 3. Adam Dawson

reported on utilising the existing stock, with proposals for:

- ▶ Providing better alternatives to encourage older people to downsize (eg well-located apartments with private balconies and low running costs).
- ▶ Releasing homes in need of improvement for growing families.
- ▶ Extending existing communities and real neighbourhoods.
- ▶ Tapping the skills of older people and avoiding the ‘time bomb’ of having no carers living nearby.
- ▶ Promoting better relations between landlords and tenants through a ‘registration’ scheme that included short leases.
- ▶ Mobilising spare capital through a well-thought out strategy.
- ▶ Using Oxford to pioneer new approaches to land taxation or charges that would provide better outcomes for all.



# Conclusions

The workshops succeeded in bringing together people from diverse backgrounds and ages in a surprisingly well-tempered discussion. The importance of the three main themes can be seen from the number of practical proposals that were reported. But there is an underlying sense of anger which should drive radical changes. Professor Danny Dorling, author of *All that is Gold* commented at the end that Oxford has gone through huge growth periods in the past, for example before 1929. But this time it needs expansion without cars (which calls for a very different approach to planning and development).





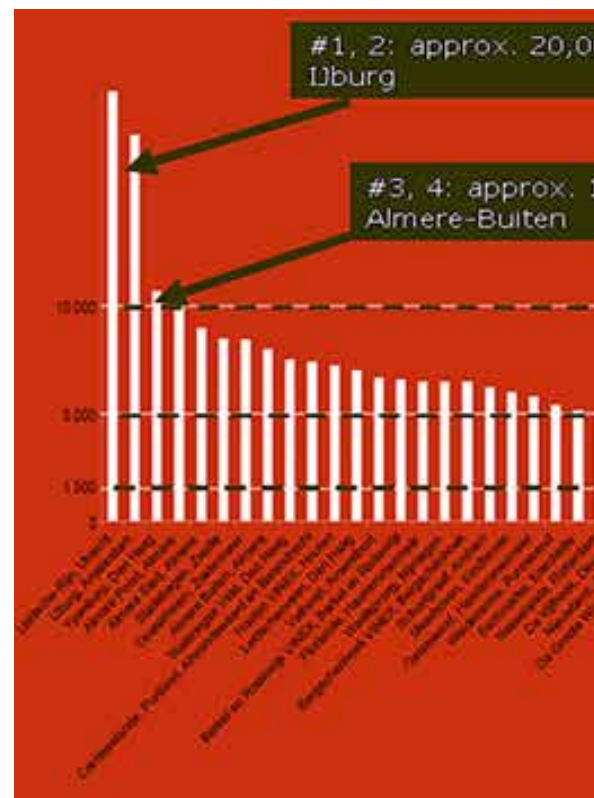
Where further innovation is particularly needed is in relating housing costs to income, and Oxford should be leading the way. Two immediate actions could be to clarify what is ‘affordable’ in the context of the range of incomes in Oxford and to follow examples such as in Tower Hamlets of using planning powers and CLTs to link the costs of housing to incomes. There is also a need to secure the right balance between the certainty of land use plans that involve contracts between all the stakeholders on the number, type and mix of new homes, and the flexibility to respond to changing conditions over the life time of a strategic development. For example housing might be rented

out initially, and then sold to occupants. There is also scope for learning from other countries and elsewhere in the UK on controlling the costs of land, financing local infrastructure, and managing high density neighbourhoods, all of which would make housing much more affordable. Finally we should not forget that new building is a small part of the total housing stock and further discussions are needed both on imaginative ways of linking new provision to freeing up the existing stock (for example through housing for the elderly or ‘empty-nesters’) and on ensuring this stock is affordable.

# Appendix:

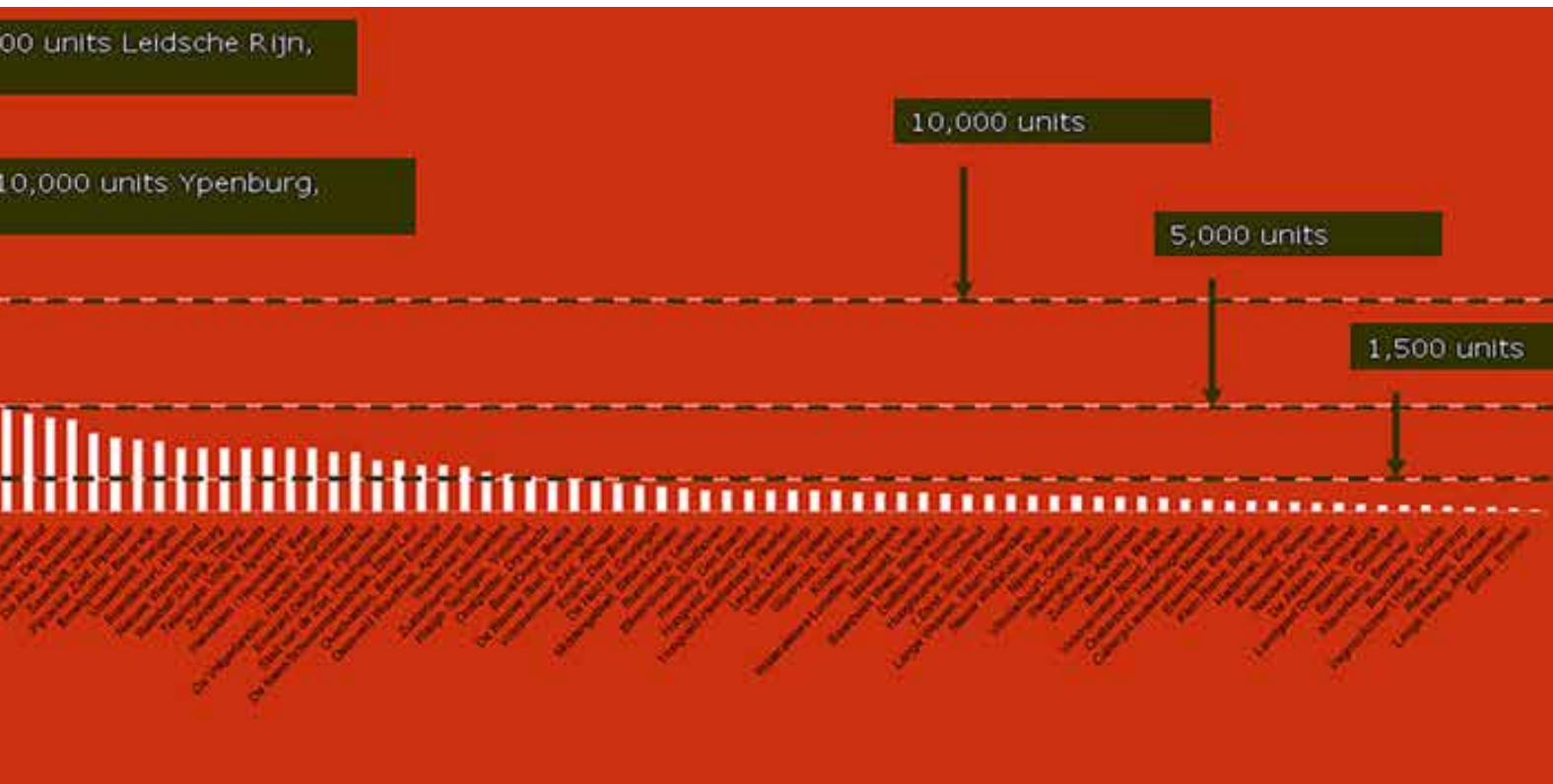
## Dutch Lessons

In looking for better models for urban growth, many British experts have looked to Europe and particularly the Netherlands. Thus Sir Peter Hall devoted a whole chapter to Building Sustainable Suburbs in the Netherlands in his final book, which was based on study tours he and Nicholas Falk had led to a variety of new settlements <sup>2</sup>. The new suburbs responded to the national VINEX Plan which encouraged growth in cities of over 100,000 population that were well-connected by public transport and incorporated 30% social housing. The Plan succeeded in increasing the housing stock by 7.6% over ten years, largely in urban extensions twenty two of which were over 5,000 homes, but half of which were of under 1,500 homes. (see chart below) The scale and extent of achievement contrasts hugely with the UK, which tried to do something similar through the Sustainable Communities Plan, but failed. Some of the more successful schemes according to a Dutch expert on the VINEX programme Han Lorzing are IJburg (Amsterdam with its canals), Nesselande (Rotterdam, with its beach), Haverleij (Den Bosch, with its residential castles), Brandevoort (Helmond, traditional architecture) and De Vijfhoek (Deventer, country-style housing).



When a group from Oxford involved in planning the development of Barton Park visited a number of settlements in Amersfoort, Houten and Almere they were impressed not only by the variety and quality of the new neighbourhoods, but also by how infrastructure was provided in advance. Councillor Van Coulter reported separately on how the new homes were much more affordable than in Oxford. He concluded the reasons were the more proactive role played by local authorities, the availability of low cost long term loans from the state investment bank BNG, and a planning culture that supports collaboration between all the stakeholders <sup>3</sup>. This is helped by the greater weight given to the land use plan, and the tradition of local authorities investing in infrastructure to tackle flooding. However there are debates within the Netherlands on whether the process always works well, with some arguing that it would





The VINEX programme increased the Dutch housing stock (Source Han Lorzing Netherlands Institute for Spatial Research)

be better if the regulating and facilitating roles were separated<sup>4</sup>. A recent book on property development argues for the Netherlands and the UK learning from each other's approaches, and warns of the dangers of ill-thought out borrowings in an unpredictable world<sup>5</sup>.

The loans taken out for land assembly and infrastructure have resulted in local authorities becoming more indebted. Some housing associations have floundered due to ill-considered investments, the most notorious being one in Rotterdam. The government has swung to the right, and there is a general move now to consolidate the cities rather than extend them. But the Dutch business model for development continues to impress, along with the idea of setting up joint ventures or development corporations to undertake complex schemes.

A study tour for the Joseph Rowntree Foundation and URBED's Sustainable Urban Neighbourhoods network in 2011 drew a number of conclusions for how the lessons could be transferred to the UK, of which possibly the most relevant is to build balanced communities<sup>6</sup>. Amersfoort led the way in using new housing to rebalance the demographic mix in a new community to reflect the wider area. It is true that car use has been higher than anticipated. But until the financial crash in 2008 when mortgages became hard to obtain the new developments proved very popular with ordinary people, (though not some Dutch architects who preferred high density urban apartments). Indeed the new town of Houten, which is also near Utrecht, has been rated one of the best places to live in the Netherlands in surveys undertaken for a popular housing magazine.

<sup>2</sup> Peter Hall with Nicholas Falk, *Good Cities Better Lives: how Europe discovered the lost art of urbanism*, Routledge 2014.

<sup>3</sup> Nicholas Falk, *Funding Housing and Local Infrastructure: how a British investment bank can help*, Smith Institute 2014.

<sup>4</sup> Roel of Verhage, *The Role of the Public Sector in Urban Development*, *Planning Theory and Practice*, vol 4 no 1, 2003.

<sup>5</sup> Graham Squires and Erwin Heurkens, *International Approaches to Real Estate Development*, Routledge 2015.

<sup>6</sup> SUNN Dutch study tour report, URBED/JR 2011, [www.urbed.coop](http://www.urbed.coop).

# Appendix:

# Dutch Lessons

## Community.

1. Build balanced communities in terms of income and age
2. Support community development through the arts and schools
3. Offer more interior space to live (for example through people building their own homes)
4. Anticipate high levels of renting
5. Maintain the public realm well

## Connectivity

1. Locate new developments on good transport nodes
2. Put pedestrians and cyclists first
3. Design for different patterns of movement  
e.g. separate bus and cycleways, home zones
4. Create pleasant uncluttered surfaces
5. Provide enough parking but keep the car in its place

## Character

1. Design for greater variety and choice
2. Dare to be different
3. Build strong edges e.g. embankments and commercial uses that act as noise barriers
4. Secure quality construction
5. Use the natural landscape to create value

## Climate proofing

1. Make the most of natural inheritance, such as trees and farm tracks
2. Design for walking or cycling
3. Treat water as your friend, but manage it
4. Focus on cutting energy use through higher levels of insulation
5. Invest in advanced common systems e.g. energy, waste

## Collaboration

1. Install up front infrastructure through low cost finance
2. Get the financial foundations right
3. Exercise local leadership
4. Keep learning
5. Expect some failures



Almere



Vathorst



Houten

## Overview of respective property prices: Oxford and Amersfoort, 2012 (£0.80 = 1Euro)

Property Type	Oxford (£) <sup>a</sup>	Property type	Amersfoort (£) <sup>b</sup>	Floor area*
		For discounted sale- 2 bed social apartment	109,000	60-65 m <sup>2</sup>
Flat or apartment	232,570	2 bed apartment	119,200	58 m <sup>2</sup>
		3 bed apartment	138,400	60 m <sup>2</sup>
Terrace house	317,605	2 bed terrace house	143,600	85 m <sup>2</sup>
		4 bed courtyard house	157,520	90 m <sup>2</sup>
Semi- detached house	413,725	4 bed canal side terrace house	174,800	111m <sup>2</sup>
		5 bed town house	280,000	149 m <sup>2</sup>
Detached House	545,875	5 bed detached house	531,200	230 m <sup>2</sup>

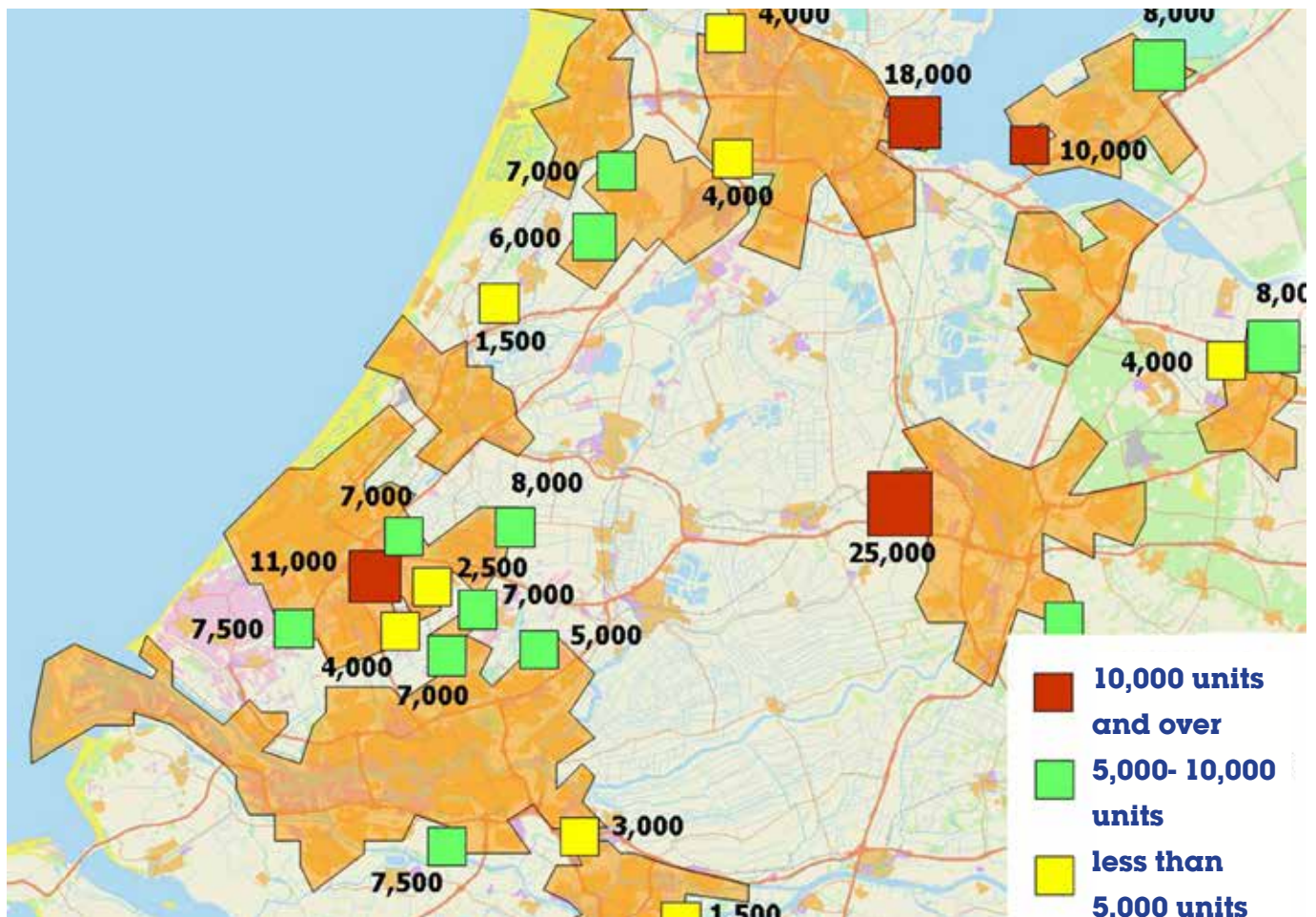
\* Source: Councillor Van Coulter

\* Available for Dutch properties only and listed for illustration.

\* Available for qualifying residents as a social home at a discount of twenty-five percent - £109,000 includes discount.

<sup>a</sup> Historic average sales price by property type as reported by Land Registry for the 371 Oxford properties sold on and between 1 January and 31 March 2012.

<sup>b</sup> Asking price for new properties by type in Amersfoort, July 2012 - for conversion assumed £0.80 = 1 Euro.



The Size of Vinex Suburbs in the Randstad



## List of Attendees

Augustine, Anne	Hughes, Lisa
Barrett, Kathryn	Hughes, Peter
Beveridge, Lyndsey	Jones, Tim
Bishop, Claire	Joyce, Tony
Blake, Charlotte	Kilroy, Joseph
Boeles, Sietske	Kuziara, Richard
Brownill, Sue	Lee, Victoria
Church, Chris	Lewicki, John
Colenutt, Bob	MacEwan, Ffyona
Cruse, Laurence	Marshall, Helen
Dawe, Steve	Musgrave, Diana
Dawson, Adam	Nealon, John
Dorling, Danny	Parfett, James
Edwards, David	Reason, Liz
Edwards, Andy	Ryan, Fran
Falk, Nicholas	Scharf, Daniel
Fisher, Charlie	Shaw, Miranda
Glasson, John	Smith, Graham
Harborne, Katharine	Snow, Thomas
Harborne, Katharine	Song, Yang
Hernandez, Vicky	Thompson, Peter
Holland, Chris	Toplis, Howard
Hollick, Sam	Towler, Alex
Holmes, Nigel	Vickers, Marie
Horley, Rebecca	Young, Charles