

## Appendix 9 – Proposed changes in response to the Overview and Scrutiny Committee resolution of 16 August 2023

### Core Policy 36: Affordable Housing

3.196. Providing truly affordable housing is one of our highest priorities. ~~Cherwell has a high level of need for affordable housing.~~ Affordable housing is defined in the NPPF as comprising housing for sale or rent, for those whose needs are not met by the market, including housing that provides a subsidised route to home ownership and/or is for essential local workers.

3.197. Our Housing Strategy (2019-2024) has identified three strategic priorities, which includes the need to increase the supply and diversity of affordable housing to ensure the right types of housing are available in the right places. It highlights that home ownership is out of reach for households on low and average incomes, with social rent being the only truly affordable housing option for many local residents.

3.198. There are a number of ways that affordable homes can be delivered. 'First Homes' are a specific kind of discounted market sale housing designed for first time buyers. First Homes are the government's preferred type of discounted housing for ownership and its planning practice guidance explains that they should account for at least 25% of all affordable housing units delivered by developers through planning obligations. They must be discounted by a minimum of 30% against the market value and the discount, as a percentage of current market value, is passed on for each new occupier. Local authorities can apply a higher minimum discount of either 40% or 50% if a need can be demonstrated. The HENA analyses how first homes could be provided for and suggests that a 30% discount is reasonable, with the expectation that most First Homes will be 2-bedrooms.

3.199. The HENA analyses the need for affordable housing in terms of social/affordable rented housing and affordable home ownership. It identifies

a significant need for affordable housing in Cherwell, with a need of 660 social rented/affordable rented homes per year in Cherwell and a further 193 homes to meet affordable home ownership needs. We therefore have to provide as many affordable homes as possible to meet this need. The Council's interim Viability Assessment tested a range of requirements for affordable housing from 0 to 50% and for First Homes provided at 25%. It currently recommends an overall 30% affordable housing requirement on all sites on overall viability grounds.

3.200. We are currently therefore proposing that all future proposed developments that include 10 or more dwellings, or which would be provided on sites suitable for 10 or more dwellings, will be expected to provide at least 30% of new housing as affordable homes on site. However, with the help of this consultation and our evidence, we need to determine whether we can do more.

3.201. There were 178 net affordable housing completions during 2021/22. In recent previous years the number of affordable homes completed has been above the Council's affordable housing target of 190 dwellings per year, for example 295 in 2020/21. From the 178 affordable homes completed there were 101 were affordable rented, 7 social rented and 70 in shared ownership. There continues to be limited delivery of social rented homes. The Council's Housing Strategy explains how housing for social rent is the only truly affordable housing option for many people in Cherwell. The HENA does not recommend that there is a rigid policy for the split between social and affordable rented housing, although the analysis shows that both tenures of homes are likely to be required. The interim viability assessment tested a 70/30 split (affordable/social rent and affordable home ownership). We are proposing that 70% of affordable homes coming forward should be affordable/ social rented.

3.202. Housing proposals (for residential use type C3) will need to provide affordable housing where they meet the thresholds in the Policy. Where the number of dwellings proposed falls below the relevant threshold, or the number of dwellings is not specified, the Council will consider whether sites

reasonably have capacity to provide the number of dwellings that would trigger the requirement to provide affordable housing. The purpose of this is to ensure that the policy requirement is not being avoided through inappropriate planning such as ineffective or inefficient use of land or a mix of dwellings that does not reflect other housing policies or local needs.

3.203. We are proposing that affordable housing be met on site unless off-site provision or an appropriate financial contribution in lieu can be robustly justified and the agreed approach contributes to the objective of creating mixed and balanced communities.

3.204. We will support proposals for community self-build or custom-build affordable housing particularly where it will result in suitable empty properties being brought into residential use.

3.205. There are requirements set out in the Partial Review policies (PR2, PR6 to PR9) for affordable housing, mix, house type and size. There is a separate mechanism (part of the Councils Housing Strategy) in place for ensuring that any affordable homes will be provided as part of the Cherwell contribution to unmet need for Oxford. It is proposed that at least 50 % of any additional unmet housing for Oxford being provided within this plan will be affordable homes.