

EPSOM & EWELL
HOUSING NEEDS SURVEY
UPDATE

FINAL REPORT
December 2006



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1 INTRODUCTION

1.1 Government Guidance

1.1.1 Government Guidance in Circular 6/98 and the Good Practice Guidance for Local Housing Needs Assessment require that local authorities have robust and up to date assessments of the housing needs in their area. These are required to support the Housing Strategy and bids for resources and Local Plan policies for affordable housing provision.

1.2 The 2004 Study

1.2.1 DCA conducted a wide ranging needs assessment study in Epsom & Ewell Borough between June 2004 and December 2004. This study examined housing requirements in both market and social sectors.

1.3 The Update Study Objectives

1.3.1 The objectives of this update study were to:-

- analyse the change in the housing market locally to provide current house prices and private sector rental costs to be able to re-assess income thresholds for access to market housing;
- re-analyse the housing survey database and utilise the information into the Assessment Model recommended in the Good Practice Guidance issued in March 2000;
- re-analyse the short, medium and longer term population forecasts for the Borough;
- prepare a report to provide an affordable need forecast to 2011;
- inform on-going Housing Strategy and support Local Plan policies for affordable housing and for negotiation in accordance with Circular 6/98 and PPG3.

1.4 Definitions

1.4.1 DCA work to a definition of housing requirements that encompasses demand, need and preferences. Households that can enter the general market without intervention of any sort can be defined as demand, whereas those households unable to enter the general market without some form of intervention can be defined as having a housing need. Our methodology enables us to identify this distinction by asking for both a household's characteristics in terms of size, current property condition and income and a household's view on suitability of current housing and preferences for moving or modification.

1.4.2 Affordability in our view is defined by the relationship between local incomes and the local general housing market. Our definition of affordable housing is as follows:-

Affordable housing is that provided with subsidy, both for rent and intermediate market housing, for people who are unable to resolve their housing requirements, in the general housing market because of the relationship between local housing costs and incomes. This definition covers housing for social rent, shared ownership, equity sharing and sub-market rent.

1.4.3 The types of affordable housing which comply with our definition are as follows:-

- *Units for rent, the major requirement;*
- *shared ownership with grant (now HomeBuy);*

- *shared equity where land value is retained to provide housing for sale at below market levels and where control of the 'equity discount' can be retained as long as they are needed;*
- *discounted market rented housing.*

1.4.4 The issue of affordability is central to our approach. Within the project, a range of data is captured on actual incomes and costs of housing and the likely level of incomes and the accessible costs of housing for moving or newly forming households. Secondary data is also examined on incomes, house prices and rent levels. Thus a reliable indicator of affordability is derived that leads towards the identification of real options for meeting housing need.

1.5 Methodology

1.5.1 The study consisted of the following elements:-

- i. Up-dating of the existing base of primary data gathered in 2004 to the 2006 household population level. The 2004 survey gathered information on housing needs to 2009 and is still currently valid;
- ii. A housing market survey utilising the Land Registry and Halifax databases and a telephone survey of estate agents on the cost of access level property and on the supply and cost of private rented housing to analyse current levels and changes since the 2004 survey;
- iii. Secondary data analysis drawing upon HSSA and Housing Register data on the flow of social stock and need, 2001 Census, household and population projections and other national research.

1.5.2 As a database therefore the achieved sample of 3,120 achieved in 2004 is robust and is more than double the 1,500 minimum level identified as a normal sample in the DCLG Guidance.

2 THE EPSOM & EWELL HOUSING MARKET

2.1 Introduction

- 2.1.1 This section examines the current housing market to provide an update on house prices in the Borough. It has been conducted using the same structure as that in the 2004 Housing Needs Survey. Comparisons in prices over the period and the available data on income change have also been analysed.
- 2.1.2 Three data searches were commissioned to provide information on house price and sales volumes across the Borough:-
- from the Halifax, as the largest mortgage lender, analysing lending in the Region;
 - from the Land Registry, providing data on all sales in the area for the past year;
 - an Estate Agency survey to assess access prices in each sub-area.
- 2.1.3 The records include house price information by dwelling type, and also included in the analysis is information about the volume of sales of each type of dwelling.
- 2.1.4 These indices are not absolutely comparable. Land Registry increase levels tend to be lower because they include cash transactions but they are less reliable on a quarterly basis because they only calculate actual transactions and the figures are affected by changes in the mix of properties between the current and the previous periods. Halifax data measures a constant mix of properties by type and size which removes the changing mix factor but does not include lower price cash transactions.
- 2.1.5 This information sets the context for the key issue of the affordability of housing in the area, and in particular the analysis can be related to the problems of low income evaluated through the household postal questionnaire used in the 2004 survey.
- 2.1.6 The 2004 survey data has been re-weighted to reflect current 2006 household population and tenure balance so that the results reflect what would have been found had the survey been conducted in late 2006.

2.2 National Picture

- 2.2.1 House prices in the fourth quarter of 2006 have decreased by 1.9% according to Land Registry data, compared to the third quarter where an increase of 5.7% was reported. The overall sound UK economic background and the lowest mortgage rates since the 1950s have boosted housing demand for a sustained period but turnover has reduced substantially. Prices stabilised during 2004 and some property types reduced but have again continued a pattern of increase since January 2005.
- 2.2.2 England and Wales house price inflation for the year ending 31st December 2006 was recorded by Halifax Index at 9.9%, while the Land Registry recorded England & Wales house price inflation at 8.3% for the period.

2.3 Regional Picture

- 2.3.1 The Halifax First-Time Buyer Annual Review of 2006 indicates that the average price paid by first time buyers in the South East remained static in 2005 at £163,253. This is 203% more than in 1995.
- 2.3.2 The affordability difficulties confronting first time buyers have significantly reduced the number entering the market. The average age of a first time buyer in 1995 was 31 and has increased to 33 in 2005.
- 2.3.3 This is also reflected in the fact that there were an estimated total of 320,440 first-time buyers in 2005, the lowest annual total since 1981. The numbers of FTB's last year were 40% lower than at 2002 (532,000).

- 2.3.4 The average deposit required in the South East was £29,870, 18% of the purchase price. In 1995 the average deposit was £6,335, 12% of the purchase price. 79% of all first time buyer purchases in the Region were flats (41%) and terraced houses (38%).

Table 2-1 House Price Inflation

	Change over year to 31 st December 2006 %	Change over quarter to 31 st December 2006 %
South East ¹	+ 8.8	+ 3.1
Surrey ²	+ 11.0	- 0.5

Source: ¹ Halifax House Price Index, © Copyright HBOS plc.
² Land Registry, © Crown Copyright (Land Registry)

- 2.3.5 The annual rate of house price inflation in the Halifax Index in the South East Region at 31st December was 8,8%, slightly below the UK average of 9.9%.
- 2.3.6 House prices in the South East Region show a rise, increasing by 3.1% during the fourth quarter of 2006.
- 2.3.7 House prices in Surrey rose over the last year by 11.0% as calculated by Land Registry, however a decrease of 0.5% was recorded over the last quarter.

2.4 The Housing Market

- 2.4.1 The Regional Market is shown in Table 2-2 below, which details the prices paid for the main categories of house types for the whole of the South East Region with comparisons against a different source of house price index data.

Table 2-2 Average Region & County House Prices (£) - All Buyers 2006

Property Type	South East Region		Surrey	
	Land Registry	Halifax	Land Registry	Land Registry % of sales
Terraced	192,084	210,617	251,600	18.7
Semi-detached	232,601	256,507	295,477	28.4
Detached	400,717	453,876	576,863	28.4
Bungalows	*	276,921	*	*
Flats & maisonettes	159,695	162,656	207,934	24.5
All properties	248,003	272,115	345,447	100.0

Source: Halifax House Price Index, 4th Quarter 2006
Land Registry Residential Property Price Report, 4th Quarter 2006
* Land Registry figures do not identify bungalows separately.

- 2.4.2 The Halifax data is based on actual sales of mortgaged properties and the information is a real indication of actual prices prevailing in the purchases being made in the South East Region. The Land Registry data incorporates all sales transactions in the Region and more specifically in Epsom & Ewell Borough.
- 2.4.3 Prices vary between the different data sources and the Land Registry figures would be expected to be lower in all cases given that these figures include non-mortgaged sales.
- 2.4.4 The table below examines average house prices for the Epsom & Ewell area as recorded by the Land Registry in December 2006 against house prices for the Borough at the time of the previous Housing Needs Survey in June 2004.

Table 2-3 Average House Prices for the Borough (£) - All Buyers 2006 / 2004

Property Type	Land Registry		Change 2004 - 2006 %
	2006	2004	
Terraced	285,409	228,723	+ 24.8
Semi-detached	314,761	259,350	+ 21.4
Detached	497,661	397,672	+ 25.1
Flats & maisonettes	209,192	180,450	+ 15.9
All properties	326,445	265,869	22.8

Source: Land Registry Residential Property Price Report, 4th Quarter 2006 / 2nd Quarter 2004. © Crown Copyright (Land Registry)

- 2.4.5 The overall house price increase in the Borough is 22.8%. Over the ten quarters since the 2004 assessment, the price of terraced houses and flats, the entry level stock, have increased by 24.8% and 15.9% respectively.

Table 2-4 Average Sales Levels for the Borough – 2006 and 2004

Property Type	Land Registry % of Sales	
	2006	2004
Terraced	24.7	14.9
Semi-detached	34.9	38.4
Detached	23.4	20.9
Flats & maisonettes	17.0	25.8
All properties	100.0	100.0

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- 2.4.6 The largest volume of sales in the Borough in 2006 was for semi-detached houses (34.9%) selling at an average price of £314,761. Detached houses average £497,661 and are 23.4% of sales. Flats / maisonettes average £209,192 and are 17.0% of sales. Terraced houses sell at an average price of £285,409 and account for 24.7% of sales. Due to their average price and volume of sales, flats / maisonettes are assessed to be the main entry-level properties for first time buyers.
- 2.4.7 The sales levels of detached houses and terraced houses in 2006 are slightly higher than 2004 levels. Sales levels of semi-detached houses are lower in 2006 (34.9%) than in 2004 where they made up 38.4% of sales in the Borough and flats and maisonettes made up 25.8% of sales in 2004, decreasing to 17.0% of sales in 2006.

2.5 Sub-Area Structure

- 2.5.1 In order to further analyse house prices in the area the Borough has been divided into six sub-areas as used in the 2004 Housing Needs Survey, shown in the table below.

Table 2-5 Sub-Area Breakdown

Sub-Areas
Epsom Town
Auriol / Cuddington / Ewell Court
College / Nonsuch
Court / Stamford / Woodcote
Ewell / Stoneleigh
Ruxley / West Ewell

2.6 Entry Sales Levels in the Borough

- 2.6.1 Entry to the market is clearly dependent on availability, a factor which is particularly critical for low income households who can only enter the market in any numbers where there is an adequate supply of affordable dwellings.
- 2.6.2 First-time buyers as new entrants to the Housing Market do not purchase properties at average prices as they do not have average incomes. Although average prices are useful for comparisons in general they are not the purchase levels used in assessing the ability of households to access local markets.
- 2.6.3 In broad terms new purchasers of either flats or terraced properties buy in the lowest quartile of prices i.e. the bottom 25%. The only comparison available from Land Registry data has therefore been made which is at Borough wide level. In Epsom & Ewell this is £214,713, 28.5% lower than the all property price of £300,399 in Table 2-3.
- 2.6.4 DCA have therefore undertaken a telephone and internet survey of the local estate agents to ascertain the cost of the cheapest units available both for private rent and for sale in each of the 6 sub-areas.

- 2.6.5 In some areas either no data or low levels of data was found. This was due to the lack of property types and sizes available in the private rented sector at the time of the data search.

Table 2-6 Entry Sales Levels (£) – November 2006

Property Type	Epsom Town	Auriol / Cuddington / Ewell Court	College / Nonsuch	Court / Stamford / Woodcote
1-Bed Flat	153,780	147,450	151,520	126,483
2-Bed Flat	191,800	171,958	148,656	152,298
2-Bed Terraced	217,483	214,165	222,338	212,450
3-Bed Terraced	219,559	-nd-	225,000*	224,950*

Property Type	Ewell / Stoneleigh	Ruxley / West Ewell	Borough-wide
1-Bed Flat	144,500	154,950*	137,630
2-Bed Flat	167,700	169,970	148,630
2-Bed Terraced	222,450	196,225	205,719
3-Bed Terraced	254,975	207,983	216,509

Source: DCA House Price Survey November 2006

* Low volume of data

nd: No data

- 2.6.6 Although the average price of flats / maisonettes according to the Land Registry survey is £209,192, entry sales levels vary across the Borough with the lowest entry prices for a 1-bed property starting at around £126,483 in Court / Stamford / Woodcote, rising to £154,950 in Ruxley / West Ewell. 2-bed flats cost from £152,298 in Court / Stamford / Woodcote rising to £191,800 in Epsom Town.
- 2.6.7 Terraced properties can be purchased at prices from £184,975 in Court / Stamford / Woodcote, rising to £222,450 in Ewell / Stoneleigh for a 2 bed property. Entry levels for 3-bed terraced properties start at £196,225 in Ruxley / West Ewell; rising to £254,975 in Ruxley / West Ewell.

2.7 The Private Rented Sector

- 2.7.1 The evidence available relating to the private rented sector is largely empirical. Some of the main private renting agencies operating in the Borough were approached.
- 2.7.2 From the estate agency sources approached, the prevailing private sector rent levels were determined.
- 2.7.3 As with the sales data, either no data or low levels of data was found in some areas. due to the lack of property types and sizes available in the private rented sector at the time of the data search.

Table 2-7 Average and Entry Rent Levels in the Epsom & Ewell Borough (£/month) – November 2006

Property Type	Epsom Town		Auriol / Cuddington / Ewell Court		College / Nonsuch		Court / Stamford / Woodcote	
	Average	Entry	Average	Entry	Average	Entry	Average	Entry
1-Bed Flat	708	617	706	667	693	633*	648	600*
2-Bed Flat	931	788	898	785	836	742*	805	711
2-Bed Terraced	907	875	914	888*	903	800*	853	725*
3-Bed Terraced	933	850*	1,154	1,032	1,147	1,000*	1,142	1,042
2-Bed Semi	933	888	1,075	1,000*	-nd-	-nd-	nd	nd
3-Bed Semi	1,184	958	1,245	1,082	1,218	1,067*	1,053	938*

Property Type	Ewell / Stoneleigh		Ruxley / West Ewell		Borough-wide	
	Average	Entry	Average	Entry	Average	Entry
1-Bed Flat	677	650*	633	575*	687	623
2-Bed Flat	830	717	784	697	886	740
2-Bed Terraced	972	900*	968	938*	919	854
3-Bed Terraced	1,290	950	1,107	975*	1,130	975
2-Bed Semi	955	825*	1,100	1,000*	1,002	983
3-Bed Semi	1,234	1,133	1,169	1,032	1,193	1,031

nd: No Data * Low levels of data Source: DCA House Price Survey November 2006

- 2.7.4 Entry rental costs in the private rented sector vary by location within the Borough. The private rented sector can be accessed from £575 per month for a 1-bed flat, the smallest unit, in Ruxley / West Ewell, rising to £667 per month in Auriol / Cuddington / Ewell Court. 2-bed flat entry levels are £697 in Ruxley / West Ewell rising to £788 in Epsom Town.
- 2.7.5 In the case of 2-bed terraced houses, entry rent levels were found to be £725 p.m. in Court / Stamford / Woodcote, rising to £938 p.m. in Ruxley / West Ewell. 3-bed terraced properties cost from £850 in Epsom Town rising to £1,042 in Court / Stamford / Woodcote.
- 2.7.6 Semi-detached properties can be rented from £825 p.m. in Ewell / Stoneleigh rising to £1,000 in Ruxley / West Ewell and Auriol / Cuddington / Ewell Court for a 2 bed property. Rents for 3-bed semi detached properties range from £938 in Court / Stamford / Woodcote rising to £1,133 in Ewell / Stoneleigh.

2.8 Conclusions

- 2.8.1 The annual rate of house price inflation recorded by the Halifax Index in the South East Region at 31st December 2006 was 8.8%, slightly below the UK average of 9.9%.
- 2.8.2 The Land Registry average price for all dwellings in Epsom & Ewell Borough during the year was £326,445.
- 2.8.3 The largest volume of sales in the Borough in 2006 (4th Quarter) was for semi-detached houses (34.9%) selling at an average price of £314,761. Detached houses average £497,661 and are 23.4% of sales. Flats / maisonettes average £209,192 and are 17.0% of sales. Terraced houses sell at an average price of £285,409 and account for 24.7% of sales. Due to their average price and volume of sales, flats / maisonettes are assessed to be the main entry-level properties for first time buyers.
- 2.8.4 The increase in the price of flats / maisonettes (15.8%) is higher than the wage inflation in the period from the 2004 assessment to 2006 (4th Quarter). Incomes in Surrey County are assessed independently to have increased by 9.72% since the 2004 Survey.
- 2.8.5 House prices have increased since 2004 by 7.6% for flats / maisonettes and 16.0% for terraced properties. An income of around £40,100 is needed to buy a one bedroom flat in Court / Stamford / Woodcote, rising to £49,100 in Ruxley / West Ewell, and a two bedroom flat would require an income of £47,100 in College / Nonsuch rising to 60,700 in Epsom Town. A two bed terrace would require an income of £62,100 in Ruxley / West Ewell rising to £70,400 in College / Nonsuch and Ewell / Stoneleigh.
- 2.8.6 Similar cost variation applies in the private rented sector across the Borough. Based on rent at 25% of gross income a one bed flat in Ruxley / West Ewell requires £27,600 per annum, rising to £32,000 in Auriol / Cuddington / Ewell Court. A 2-bed flat requires an income of £33,400 in Ruxley / West Ewell rising to £37,800 in Epsom Town. To rent a 2-bed terraced house would require an annual income of £34,800 in Court / Stamford / Woodcote, rising to £45,000 in Ruxley / West Ewell.
- 2.8.7 Mortgage interest rates have been at their lowest level for over 40 years and people who cannot enter the market under these circumstances may never be able to do so, short of some collapse in the market or a significant change in their income level. Further house price increases above wage inflation in 2007 would make access to market housing more difficult to achieve and would impact on households with marginal incomes significantly.
- 2.8.8 Entry to market housing has therefore become more difficult for new households than it was in June 2004, increasing the need for subsidised housing.

3 LOCAL MARKET INCOME THRESHOLDS

3.1 Introduction

3.1.1 The ability of a household to satisfy its own housing requirement is fundamentally a factor of the relationship between local house prices and household income. This section of the report assesses the income levels required to access the cheapest units available in reasonable supply from the research detailed in Section 2.6, and the change in incomes from the previous survey in 2004 utilising national secondary data.

3.2 Purchase Income Thresholds

3.2.1 The cheapest entry level prices of the smallest units were assessed to enable threshold income levels to be calculated. These are based on 95% mortgage availability and a 3x gross income lending ratio. Table 3-1 below outlines the income ranges needed to enter the market in the main settlements in the Borough.

Table 3-1 Purchase Income Thresholds December 2006

Area	Income Thresholds (£)		
	1 Bed Flat	2 Bed Flat	2 Bed Terrace
Epsom Town	48,700	60,700	68,900
Auriol / Cuddington / Ewell Court	46,700	54,500	67,800
College / Nonsuch	48,000	47,100	70,400
Court / Stamford / Woodcote	40,100	48,200	67,300
Ewell / Stoneleigh	45,800	53,100	70,400
Ruxley / West Ewell	49,100	53,800	62,100

nd: No Data

3.2.2 The increase in average prices has a direct and significant impact on the income requirement to access owner occupation. The change in the average income requirement to access the average house price across the Borough from June 2004 to December 2006 is shown below in Table 3-2, this data is taken from Land Registry reflecting average property prices since the previous survey.

Table 3-2 Average Income Requirements 2004 – 2006 (£)

Property Type	2004	2006	Change %
Terraced	72,400	90,379	+ 24.8
Flats	57,140	66,244	+ 15.9

2004 requirements relate to Land Registry price report, 2nd Quarter 2004

2006 requirements relate to Land Registry price report, 4th Quarter 2006

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3.2.3 Table 3-2 above shows that the Borough-wide level incomes at which the Housing Market can be accessed have increased since 2004. The income needed to access terraced properties has increased to £90,379 (24.8%) and access to flats / maisonettes requires an income of £66,244 compared to £57,140 in 2004, an increase of 15.9%.

3.3 Rental Income Thresholds

- 3.3.1 The cheapest rental prices of the smallest units have been assessed in order to calculate the rental income threshold levels. These are based on rent at 25% of gross income (equivalent to 30% of net income). Table 3-3 below shows the income levels needed to enter the private rented market in the Borough.

Table 3-3 Rental Income Thresholds December 2006

Area	Income Thresholds (£)		
	1 Bed Flat	2 Bed Flat	2 Bed Terrace
Epsom Town	29,600	37,800	42,000
Auriol / Cuddington / Ewell Court	32,000	37,700	42,600
College / Nonsuch	30,400	35,600	38,400
Court / Stamford / Woodcote	28,800	34,100	34,800
Ewell / Stoneleigh	31,200	34,400	43,200
Ruxley / West Ewell	27,600	33,400	45,000

- 3.3.2 Similar cost variation applies in the private rented sector across the Epsom & Ewell Borough. Based on rent at 25% of gross income a one bed flat in Ruxley / West Ewell requires £27,600 per annum rising to £32,000 in Auriol / Cuddington / Ewell Court. A 2-bed flat requires an income of £33,400 in Ruxley / West Ewell rising to £37,800 in Epsom Town. A two bed terraced house would require an income of £34,800 in Court / Stamford / Woodcote, rising to £45,000 in Ruxley / West Ewell

3.4 Secondary Research

- 3.4.1 The Joseph Rowntree Foundation published the results of a study undertaken across the Country examining the ability of working households, both existing and newly forming, to become homeowners. The study entitled '*Can Work – Can't Buy*' conducted by Professor Steve Wilcox uses the Halifax database for House Prices of the lowest quartile prices for 4/5 room dwellings and calculates affordability ratios based on working household incomes from the New Earnings Survey. This study was updated in 2004 and, based on local prices for 2 and 3-bedroom dwellings and drawing on a range of data sources, provided a range of analyses of the difficulties of working households aged 20 to 39 in accessing home ownership in all areas at the end of 2003.
- 3.4.2 In 2005 the survey has been further updated to take account of local prices and increase in incomes, it broadly follows but refines, the earlier analyses. This study named "Affordability and the Intermediate Housing Market" was conducted for the Joseph Rowntree Foundation and provides an analysis at local authority level of the capacity of younger working households to buy in their local housing market in 2004.
- 3.4.3 The Joseph Rowntree Foundation Study shows in the 2005 Report that Epsom & Ewell Borough has the 6th highest house price-to-income ratio out of the 11 local authority areas in Surrey at 4.72 to 1.
- 3.4.4 It should be noted that in reaching these figures an income ratio higher than what usually applies has been taken into account, as the analysis assumes a maximum mortgage of 3.75 times household income for working households with one earner, and 3.25 times household income for households with two (or more) earners.

- 3.4.5 This is compared with the previous 2003 update which stated, "All ratios should be considered in relation to the ratio of mortgage advance to household gross earned income, which rarely exceeds 3.5 to 1". This ratio would only apply to professionals and it is more likely that the majority of local households would achieve mortgage ratios below 3.5 to 1 and closer to the average of the Council of Mortgage Lenders for first time buyers in 2004 of 3.03 to 1.
- 3.4.6 Table 3-4 highlights the data and house price to income ratio for Epsom & Ewell and the South East Region.

Table 3-4 Purchase Income Thresholds

Area	Working Households		
	2004 Prices for 3/5 bedroom dwellings (£)	Income £	Ratio
Epsom & Ewell	244,067	51,700	4.72
South East	188,543	41,426	4.55

Source: Joseph Rowntree Foundation 2005 Update

- 3.4.7 House prices to income ratios across the 11 Surrey authorities range from 4.39 to 1 in Elmbridge to 5.69 to 1 in Mole Valley.
- 3.4.8 CORE (COntinuous REcording) is a system developed jointly by the National Housing Federation (NHF) and the Housing Corporation. CORE is used to record information on both Registered Social Landlords (RSL) lettings and sales in England. The CORE data for Epsom & Ewell shows the combined household incomes of new tenants in the social sector in 2004. The median income was £8,788 and 75% earned below £5,928.
- 3.4.9 The updated 2005 Joseph Rowntree Foundation "Affordability and the Intermediate Housing Market" also relates to the ability of the intermediate market to assist younger working households to buy in their local housing market.

Table 3-5 Working Households Unable to Buy

Area	Working Households	
	Broad Band * (%)	Narrow Band ** (%)
Epsom & Ewell	64.1	46.2
South East	52.9	33.8

* The proportion of working households who cannot afford to buy at the lower quartile of house prices for two- and three-bedroom homes.

** The proportion of working households who can afford social housing rent without housing benefit but cannot afford to buy at the lowest decile point of house prices for two- and three-bedroom dwellings.

Source: Joseph Rowntree Foundation 2005

- 3.4.10 The data shows that for Epsom & Ewell, 64.1% of working households cannot afford to buy at the lower quartile point of house prices, and 46.2% cannot afford in the lowest decile. This is higher than the regional average for the South East (52.9% and 33.8% respectively).

3.5 Annual Survey of Hours and Earnings

- 3.5.1 Income data is always difficult to gather at local level. Most data is regionally based and the 2006 Annual Survey of Hours and Earnings (ASHE) (formerly known as the New Earnings Survey) has been used, prepared by the Office for National Statistics. This provides data at County and Borough-wide level of full time employees on adult rates who have been in the same job for more than a year.
- 3.5.2 Although the ASHE does provide useful data on personal income distribution related to area of residence, there are indications within the new ASHE of unreliable and unavailable data within certain areas. Where this applies to data that affects the Local Authority, the County wide level data has been used as a more reliable source. In this case, the Surrey County level ASHE data has been used as a more reliable source.
- 3.5.3 The ASHE 2006 shows an average income of £41,427 for the County of Surrey, an 8.64% increase on the 2004 figure of £38,132.
- 3.5.4 The 8.64% increase for Surrey County between the ASHE 2004 and ASHE 2006 equates to a quarterly income rise of 1.08%. Assuming a consistent increase over 9 quarters from Quarter 2 2004 to Quarter 3, 2006, this results in a total rise of 9.72% between the 2004 Survey and September 2006.
- 3.5.5 It is particularly important to examine the distribution of income rather than the average figure, especially in relation to the proportion of households with the capacity to access the private sector market for rent or sale.
- 3.5.6 There is a wide distribution of earnings illustrated from the ASHE. Analysis of the data for the County shows that: -
- 10% earned less than £15,179;
 - 25% earned less than £21,046;
 - 50% earned less than £30,624;
 - 75% earned less than £49,969;
- * Data used has been termed as 'acceptable' and 'reasonably precise' by ASHE.*
- 3.5.7 The ASHE data on the spread of incomes, important in any area, with diverse house prices and markets, shows that for the County at April 2006, 10% of people earned less than £15,179; 50% less than £30,624 and 75% of people earned less than £49,969.

- 3.5.8 Access to the market has been based on the updated house price information detailed in Section 2. Analysis has also been undertaken of the income levels of local households, to be able to assess the proportion of people now able enter market housing. The table below has an income inflation of 9.72% applied to determine the 2006 annual income of existing households.

Table 3-6 Incomes of Existing Households 2004 & 2006

Annual Income 2004	Annual Income 2006	%
Below £10,000	Below £10,972	11.7
£10,000 - £20,000	£10,973 - £21,944	19.4
£20,001 - £25,000	£21,945 - £27,430	8.6
£25,001 - £30,000	£27,431 - £32,916	8.4
£30,001 - £40,000	£32,917 - £43,888	12.9
£40,001 - £50,000	£43,889 - £54,860	10.9
£50,001 - £60,000	£54,861 - £65,832	9.7
£60,001 - £75,000	£65,833 - £82,290	7.1
£75,001 - £100,000	£82,291 - £109,720	6.1
Above £100,000	Above £109,720	5.2

- 3.5.9 Table 3-7 below highlights the 2004 and 2006 incomes of concealed households from the 2004 Survey. The 2004 annual income bands taken from the 2004 Assessment have an income inflation of 9.72% applied to determine the 2006 annual income level distribution.

Table 3-7 Incomes of Concealed Households 2004 & 2006

Annual Income 2004	Annual Income 2006	%
Below £10,000	Below £11,972	44.8
£10,001 - £20,000	£10,973 - £21,944	21.9
£20,001 - £30,000	£21,945 - £32,916	17.1
£30,001 - £35,000	£32,917 - £38,402	4.7
£35,001 - £40,000	£38,403 - £43,888	0.0
£40,001 - £50,000	£43,889 - £54,860	2.7
£50,001 - £60,000	£54,861 - £65,832	5.5
£60,001 - £70,000	£65,833 - £76,804	2.9
Above £70,000	Above £76,804	0.4

- 3.5.10 The incomes of recently formed households, those who managed to access the market in recent years, are compared with concealed household incomes, those about to form, in Table 3-8 below, based on the lowest and highest purchase income thresholds for 1 and 2-bed flats and 2-bed terraced properties across the Borough.

Table 3-8 *Concealed Households – Incomes Needed to Enter the Market through Owner Occupation and % Unable to Buy*

Type of Property	Area	(£) Income Required	% of Concealed Households unable to purchase
1-bed Flat	Court / Stamford / Woodcote (Cheapest)	40,100	88.5
2-bed Flat	Epsom Town (Most Expensive)	60,700	94.0
2-bed Terraced	Ruxley / West Ewell (Cheapest)	62,100	95.1
2-bed Terraced	College / Nonsuch and Ewell / Stoneleigh (Most Expensive)	70,400	97.9

- 3.5.11 Using the income requirements from Table 3-1, Table 3-8 shows that 88.5% of concealed households are unable to buy a 1-bed flat in Court / Stamford / Woodcote and 94.0% a two bed flat in Epsom Town. 95.1% of the concealed households were unable to buy a 2-bed terrace in Ruxley / West Ewell rising to 97.9% being unable to buy a 2-bed terrace property in College / Nonsuch and Ewell Stoneleigh
- 3.5.12 Table 3-9 below outlines the income required by concealed households to access the private rented accommodation based on the lowest and highest rental income thresholds across the Borough for 1 and 2-bed flats and terraced properties, as illustrated in Table 3-3.

Table 3-9 *Concealed Households – Incomes Needed to Enter the Private Rented Market and % Unable to Afford to Rent*

Type of Property	Area	(£) Income Required	% of Concealed Households unable to rent
1-bed Flat	Ruxley / West Ewell (cheapest)	27,600	75.3
2-bed Flat	Epsom Town (most expensive)	37,800	87.6
2-bed Terraced	Court / Stamford / Woodcote (cheapest)	34,800	85.2
2-bed Terraced	Ewell / Stoneleigh (most expensive)	45,000	88.0

- 3.5.13 Table 3-9 above shows that 75.3% of concealed households cannot afford to rent a 1-bed flat in the cheapest area of Ruxley / West Ewell. 87.6% are excluded from renting more expensive 2-bed flat in Epsom Town. 85.2% of concealed households are excluded from the cheapest 2-bed terraced houses in Court / Stamford / Woodcote, whilst 88.0% cannot afford to rent the more expensive 2-bed terraced house in Ewell / Stoneleigh.

3.6 Social Tenant Incomes

- 3.6.1 CORE (COntinuous REcording) is a system developed jointly by the National Housing Federation (NHF) and the Housing Corporation. CORE is used to record information on both Registered Social Landlords (RSL) lettings and sales in England. The CORE data for Epsom & Ewell shows the combined household incomes of new tenants in the social sector in 2004. The median income was £8,788 and 75% earned below £13,832.

3.7 Summary

- 3.7.1 An income of around £40,100 is needed to buy a one bedroom flat in Court / Stamford / Woodcote rising to £49,100 in Ruxley / West Ewell, and a two bedroom flat would require an income of £47,100 in College / Nonsuch rising to £60,700 in Epsom Town. A two bed terrace would require an income of £62,100 in Ruxley / West Ewell rising to £70,400 in College / Nonsuch and Ewell / Stoneleigh.
- 3.7.2 The Annual Survey of Hours and Earnings (ASHE) 2006 show an average income of £41,427 for Surrey, a 8.64% increase on the 2004 figure of £38,132. ASHE data on the spread of incomes, important in any area with diverse house prices and markets, shows that for the County at April 2006 10% of people earned less than £15,179, 50% below £30,624 and 80% of people earned below £49,969.
- 3.7.3 The Joseph Rowntree Foundation Study "Can Work – Can't Buy" shows in the 2005 Report that Epsom & Ewell has a house price-to-income ratio of 4.72 to 1. The report highlights that outside London, access to home ownership is problematic throughout the South East, where average house price to gross earned income ratios average 4.55 to 1.
- 3.7.4 The implication of incomes having risen by 9.72% since Quarter 2 2004 to Quarter 3 2006 directly impacts on concealed household's ability to access the market through owner occupation. Overall the calculation of the proportion of concealed households unable to access the private sector takes account of those who need one, two and, for some with children, three bedroom housing in the lowest quartile cost stock across the Borough.
- 3.7.5 Based on a calculation of property prices and rental costs against incomes at localised level, the data shows that 88.5% of concealed households are unable to buy a 1-bed flat in Court / Stamford / Woodcote and 94.0% a two bed flat in Epsom Town. 95.1% of the concealed households were unable to buy a 2-bed terrace in Ruxley / West Ewell rising to 97.9% being unable to buy a 2-bed terrace property in College / Nonsuch and Ewell / Stoneleigh.
- 3.7.6 A similar pattern is found when looking at concealed household's ability to access rented accommodation. 75.3% of concealed households cannot afford to rent a 1-bed flat in the cheapest area of Ruxley / West Ewell. 87.6% are excluded from renting more expensive 2-bed flat in Epsom Town. 85.2% of concealed households are excluded from the cheapest 2-bed terraced houses in Court / Stamford / Woodcote, whilst 88.0% cannot afford to rent the more expensive 2-bed terraced house in Ewell / Stoneleigh.

4 POPULATION GROWTH AND HOUSEHOLD FORMATION PROJECTIONS

4.1 Introduction

- 4.1.1 This section of the report provides a short background commentary to the demographic element in housing demand in Epsom & Ewell. The purpose is two-fold. Firstly to provide a context in which the results of the re-weighted 2004 postal questionnaire can be interpreted. Secondly to give a more specific focus on the demand for affordable housing provision, and to make projections for five and ten year periods.
- 4.1.2 Modelling housing needs is a very complex procedure and it is only very recently that attempts have been made to model local housing needs. Most of the established procedures are aimed at the provision of national level estimates of housing need, including:-
- simple estimates such as those provided by the Department for Communities and Local Government (DCLG), which measured the crude dwelling to household surplus (and concluded no additional building was necessary to meet need);
 - a second approach by the Audit Commission measured household growth minus expected private sector output;
 - Glen Bramley's work focused on local supply and demand to calculate for a particular point in time the proportion of new households unable to buy in the market (minus social sector re-lets);
 - Steve Wilcox described a 'Net Stock' approach which calculates net household increase and adds a factor for concealed households before deducting new private sector output to arrive at estimates of need in the social sector.
- 4.1.3 Kleinman and Whitehead have devised a so-called 'Gross Flows' approach which looks at gross household formation, tenure choice, demand from in-migrants and deducts these from new social output and re-lets to yield a measure of social housing requirements.
- 4.1.4 How these national models translate to the local level is not at all clear. Kleinman and Whitehead have attempted a 'Gross Flows' analysis for Cambridge but relied entirely on secondary data for their estimates. This is a problem in the model particularly for the incorporation of measures of concealed households and factors relating to affordability are not considered directly but by modelling the tenure propensities of new households.
- 4.1.5 Our method emphasises the affordability issue and gives much greater weight to the issue of concealment of households than most of the 'national' level studies.
- 4.1.6 The affordability measure is derived from primary data collected in the household's surveys and from access to the Land Registry database on house prices and the concealment issue is also addressed through the survey findings. As our study is targeted at Epsom & Ewell, there are inevitable limitations because local housing markets encompass much wider areas than a single Council area.

4.2 Demographic Analysis

4.2.1 There are four basic components to changes in the number and composition of households. The aim of this section of the report is to highlight the issues which are relevant to the evaluation of housing needs in the Borough particularly the changes in:-

- the age distribution of the population arising from births, deaths and ageing of the indigenous population;
- family units such as marriage, divorce and child bearing patterns;
- the number and composition of households arising from migration, particularly due to employment opportunities in the area;
- the probabilities that family units form a separate household, particularly in response to changes in incomes in the labour market area.

4.2.2 In local area forecasting new household formation is mainly due to responses to income and employment opportunities. New household formation is also affected by life cycle patterns. This purely demographic influence on the number of households contributes to about 40% of the growth in the number of new households at any one time (Dicks, 1988; Ermisch, 1985).

4.2.3 The general demographic forecasts in the tables in this section have been provided by Surrey County Council and are 2004-based ONS sub-national population projections. The projections are trend based which means assumptions for future levels of births, deaths and migration are based on observed levels over the previous 5 years. The projections do not take into account future policy changes that have not yet occurred.

4.2.4 The factors which combine to produce the population and household forecasts are:- population age-sex structures, headship rates, survival factors, infant mortality, fertility rates, base numbers of dwellings, vacancy rates, building/ demolition programmes and the age-sex structure of migrants. The summary of this data is provided in the following tables with the population changes disaggregate from 2004 - 2026.

4.3 Population Projections

4.3.1 The projections in Epsom & Ewell are based on the predictions provided by Surrey County Council (2004 based). These figures are based on the assumptions outlined in paragraphs 4.2.1 to 4.2.4 regarding mortality, fertility and migration etc, and are contained in population projections for the Borough for the period 2004 – 2026.

Table 4-1 Population Change in Epsom & Ewell Borough, 2004 – 2026

	2004	2006	2011	2016	2021	2026	Change
Total Population	68,000	69,000	71,000	73,100	75,500	77,700	
Change		+ 1,000	+ 2,000	+ 2,100	+ 2,400	+ 2,200	+ 9,700
% Change		+ 1.5%	+ 2.9%	+ 3.0%	+ 3.3%	+ 2.9%	+ 14.3%

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Figures have been rounded to the nearest 100

4.3.2 The table shows an increase in the population of the Borough of 9,700 people over the forecast period. Numbers rise steadily throughout the forecast period, with the largest increase occurring between 2016 and 2021 (+ 2,400; + 3.3%).

4.4 Age Structure Forecast 2004 – 2026

4.4.1 The next stage in the forecast is to disaggregate the population data into age bands because there may be changes in the population structure with significant housing implications. Table 4-2 is based on the net migration model and for this purpose best represents the position.

Table 4-2 Population Age Band Forecast, Epsom & Ewell Borough, 2004 – 2026

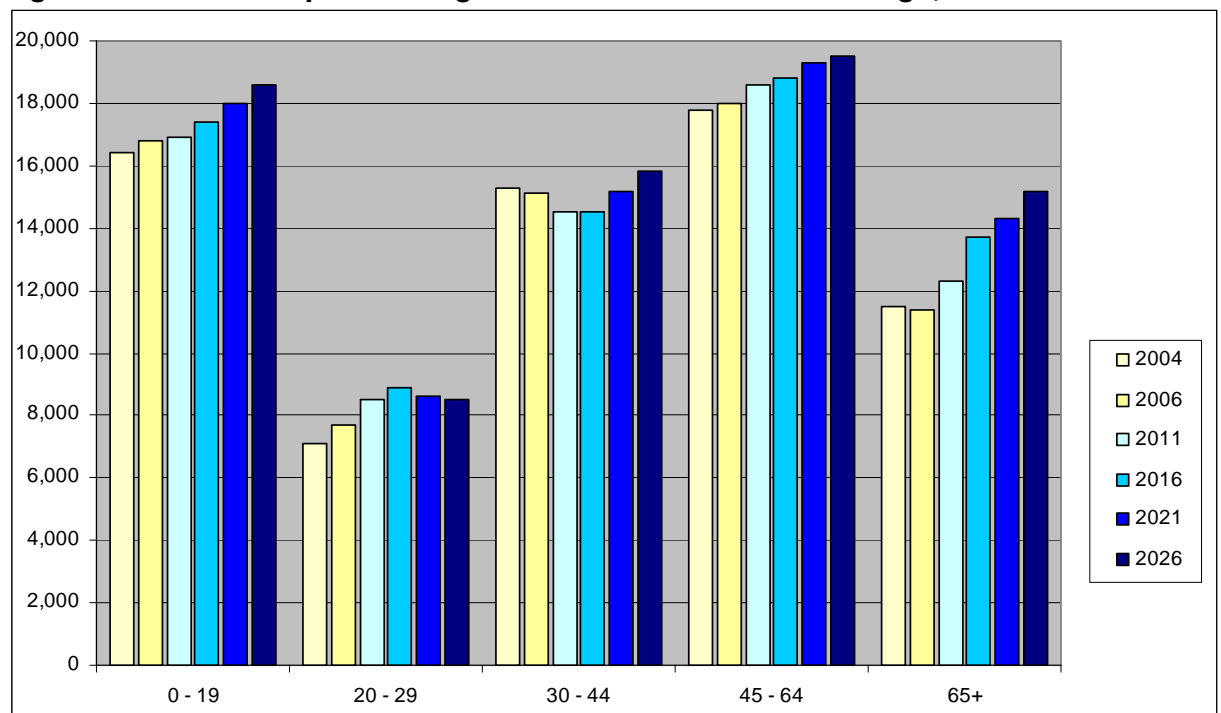
	2004	2006	2011	2016	2021	2026	Change
0 – 19	16,400	16,800	16,900	17,400	18,000	18,600	+ 2,200
20 – 29	7,100	7,700	8,500	8,900	8,600	8,500	+ 1,400
30 – 44	15,300	15,100	14,500	14,500	15,200	15,800	+ 500
45 – 64	17,800	18,000	18,600	18,800	19,300	19,500	+ 1,700
65 +	11,500	11,400	12,300	13,700	14,300	15,200	+ 3,700
Total	68,000	69,000	71,000	73,100	75,500	77,700	+ 9,700
% Change		+ 1.5%	+ 2.9%	+ 3.0%	+ 3.3%	+ 2.9%	+ 14.3%

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Figures are rounded to the nearest 100 so totals may not agree with the sum of their rounded counterparts.

4.4.2 The graph below shows changes in the population by different age bands within the Borough. Percentage change is measured between year bands, not the base population. This is a better representation of the incremental change.

Figure 4-1 Population Age Band Forecast in the Borough, 2004 - 2026



4.4.3 The population increases across the forecast period. There are projected to be around 9,700 more people in the Borough in 2026 compared to 2004, a rise of 14.3%.

- 4.4.4 The 0 – 19 age range shows a rise overall of 2,200, 13.4%. Numbers rise steadily throughout the forecast period, with the largest increase being seen between 2016 and 2021 (+600; 3.4%).
- 4.4.5 The 20 – 29 age range shows an increase (+1,400; 19.7%), the largest rise being seen between 2006 and 2011 (+800; 10.4%). The increase of individuals within this age range is significant because this group comprises new household forming and will have implications for the future of affordable housing that might be needed in both the short and longer term.
- 4.4.6 The 30 – 44 age group shows an increase overall, (+500; 3.3%). Numbers fall initially then rise over the forecast period, with the largest rise being seen between 2016 and 2021 (+ 700; 4.8%).
- 4.4.7 In the 45 – 64 age group there is a significant increase in the population. Over the forecast period, numbers rise by 1,700 individuals (9.5%). The population increases throughout the forecast period with the largest rise seen between 2006 and 2011 (+600; 3.3%).
- 4.4.8 There is a growth of the population in the over 65 age group. A rise of 3,700 individuals (+32.2%) is seen over the forecast period. This is the largest increase overall in percentage terms across the age bands, and this group will make up 19.6% of the population in 2026 compared to 16.5% in 2004. The most significant increase for this group is seen between 2011 and 2016 (+1,400; 11.4 %).
- 4.4.9 There is an increase of individuals within the 80+ age group (+ 1,100; 31.4%) up to 2026, with the largest rise occurring between 2016 and 2021 (+400; 10.3%). Given the resource demands often associated with very elderly people, these are very significant figures.

Table 4-3 Numbers of 80+ in Epsom & Ewell Borough, 2004 – 2026

	2004	2006	2011	2016	2021	2026	Total
80+	3,500	3,500	3,700	3,900	4,300	4,600	
Change		+ 0	+ 200	+ 200	+ 400	+ 300	+ 1,100
% Change		+ 0.0%	+ 5.7%	+ 5.4%	+ 10.3%	+ 7.0%	+ 31.4%

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4.5 Forecast Change in Households 2003 - 2026

- 4.5.1 Table 4-4 outlines the household formation forecasts for the Borough in the 23 year period from 2003 to 2026 and is based on the statistics provided by Surrey County Council. The sub-regional household projections are an indication of the likely increase in households, given the continuation of recent demographic trends.
- 4.5.2 The household population forecasts in Table 4-4 show an increase in household numbers. During the period the forecast change in households in the Borough is projected to increase (+7,000; +25.0%).

Table 4-4 Forecast Change in Households in the Borough, 2003 – 2026

	2003	2006	2011	2016	2021	2026	Change
Households	28,000	28,000	30,000	31,000	33,000	35,000	
Household change		+ 0	+ 2,000	+ 1,000	+ 2,000	+ 2,000	+ 7,000
% Change		+ 0.0%	+ 7.1%	+3.3%	+ 6.5%	+ 6.1%	+ 25.0%

- 4.5.3 There have been significant changes in household formation over the last decade which often results in much higher household numbers compared to population growth and average household size. There is also a large increase in single person households through elderly people living longer, separation and divorce and young people forming single person households.

5 HOUSING NEEDS ASSESSMENT

5.1 Survey Weighting

- 5.1.1 In undertaking this update the data file has been re-weighted using 2006 revised household numbers and social stock by sub-area and 2001 Census tenure and property type proportions (adjusted by five years new dwellings) to draw key data used in the Model. The social sector stock has been weighted to the actual figures in the 2006 HSSA return at sub-area level.
- 5.1.2 The tables below shows the resultant weighted tenure and type proportions in the data file, providing a very close match to the 2001 Census.

Table 5-1 Tenure of Present Households

Question 1

Tenure	2006 %	N ^{os.} implied	Local Area Census 2001 *
Owner occupier - mortgage	46.3	13,121	45.2
Owner occupier - outright	37.2	10,560	37.1
HA rented	7.3	2,085	7.9
Private rented	8.5	2,400	8.8
Other / tied to employment	0.4	124	0.5
Shared ownership	0.3	73	0.5
Total	100.0	28,363	100.0

* © Crown Copyright (Census)

Table 5-2 Property Type of Present Households

Question 2

Type	2006 %	N ^{os.} implied	Local Area Census 2001 *
Whole House or Bungalow (Detached / Semi-detached)	66.3	18,794	65.8
Whole House or Bungalow (Terraced)	13.5	3,810	13.4
Flat / maisonette / bed-sit	20.2	5,727	20.7
Caravan / Mobile Home	0.0	5	0.1
Total	100.0	28,336	100.0

* © Crown Copyright (Census)

5.2 Model Structure

- 5.2.1 The model is structured on a 'flows' basis, taking account of recent experience over the previous three years and examining projections over the next two years. It has to be assumed that this 'annualised' data will occur each year to 2011. The primary data gathering will of course be undertaken again before 2011, but unless there are major changes in the house price and income relationship it is unlikely that there will be much variation in the overall situation.

6 DCLG NEEDS ASSESSMENT MODEL

6.1 Affordable Housing Needs Assessment Model

6.1.1 The overall assessment of housing need is calculated using the DCLG Basic Needs Assessment Model, which is structured from the survey data to take account of the key demand sources, households requiring subsidised housing, homeless households not assessed in the survey, households living in unsuitable housing whose needs can only be resolved in a different dwelling and concealed household formation emanating from demographic change.

6.1.2 Although a model is provided in Guidance the data within it can come from a varying number of sources and calculations made in a number of different ways. Essentially assessment is a process which is commonly followed and the method of calculation in this update takes account of a number of changes to the format used in the original study.

6.2 Income Requirement Assumptions

6.2.1 Each category has been adjusted to ensure that proper account is taken of households who can buy the lowest quartile stock in the owner occupied market without assistance (income > £40,100 / £70,400) subject to location. The private rent sector costs are estimated at an access cost of £617 / £938 per month for the vast majority of households in this sector, requiring an annual income of at least £27,600 / £45,000 per annum, subject to location.

6.3 Basic Model Structure

6.3.1 There are a total of 18 'stages' in the needs assessment model, combined into three distinct sections assessing:-

- B - The Backlog of Existing Housing Need
- N - Newly Arising Need
- S - Supply of Affordable Units
- **(B + N) – S = Overall annual net shortfall (or surplus) of affordable housing.**

6.4 B – The Backlog of Existing Housing Need

6.4.1 The first stage of the backlog calculation identifies existing households living in accommodation unsuitable for their needs who need to move to resolve their difficulty. **Stage 1** identifies the number of households who specified one or more reasons why their accommodation was inadequate. There were a total of 9,491 reasons for inadequacy given, relating either to property size, condition, heating, affecting health, cost or insecurity of tenure.

6.4.2 Households who stated their accommodation was too small, without specifying any other reason, were tested against the DCLG 'Bedroom Standard' to determine whether they are actually overcrowded and only those households who are overcrowded are assessed to be in inadequate housing.

- 6.4.3 2,296 households gave "Too Small" as one of their reasons but 788 also have other reasons and the net group who need to be tested as to actual overcrowding is 1,508 households. 854 households are overcrowded by the Bedroom Standard but 62 of them are moving to a new home outside the Borough. This leaves a figure of 792 overcrowded households, of whom 183 have other reasons than "Too Small" and are overcrowded and are already included in the total household number.

Table 6-1 Inadequate Households Test

Households specifying unsuitability issues		3,675
MINUS Reason "Too Small" <u>only</u>	1,508	2,167
PLUS Technically 'overcrowded'	792	2,959
MINUS Duplication	183	2,776
Assessed in inadequate housing		2,776

- 6.4.4 The net figure of 2,776 is used in **Stage 1** of the model.
- 6.4.5 The second stage of the unsuitability assessment removes RSL Rented tenants and shared ownership households from the calculation of those in inadequate housing, because any move would release a unit of affordable housing, and it is therefore assumed that there would be no overall net effect on the annual flow model.
- 6.4.6 There are 408 RSL rented households living in unsuitable accommodation. Of these there are only 197 who are technically overcrowded by the 'bedroom standard'. 38 of these households contain a new household about to form which will resolve the overcrowding situation.

Table 6-2 RSL Rented Inadequacy

RSL Rented Unsuitable & Overcrowded	197
MINUS – New Forming Solution	38
MINUS – Moving & Overcrowding Resolved by Stock Flow	<u>94</u>
Net unresolved need (4 / 5 bedroom)	65

- 6.4.7 Only 2.2% of the RSL rented stock of 2,085 units are 4+ bedroom i.e. 46 units, and in the year to 2006 it is estimated that no re-lets of these units became available and therefore there is a need to develop further 4+ bedroom stock to address the needs of these households.
- 6.4.8 The second stage of the unsuitability assessment removes RSL Rented tenants and shared ownership households from the calculation of those in inadequate housing, because any move would release a unit of affordable housing, and it is therefore assumed that there would be no overall net effect on the annual flow model.
- 6.4.9 There are 343 (408 – 65) RSL rented households living in unsuitable accommodation who need to be removed from the total of households with an unsuitability, and this figure is applied in the model at **Stage 2**.
- 6.4.10 The next stage of the unsuitability assessment removes from the total those households whose unsuitability can be resolved 'in situ' (i.e. in their current accommodation). This is derived from HNS data testing the reason for inadequacy of those households who stated their accommodation was inadequate, mainly relating to repairs or improvements to the home.
- 6.4.11 We assess that households who stated their accommodation was too small, those whose rent / mortgage was too expensive, housing was affecting their health, whose tenancy was insecure or whose home was too large all require a move.

- 6.4.12 The calculation results in a total of 1,017 cases where an 'in situ' solution is most appropriate and this figure is also applied at **Stage 2**, giving a total of 1,017 households who need to be removed from the unsuitability calculation at this stage, leaving a net figure of 1,361 households who need to move to resolve their difficulty.
- 6.4.13 The final stage of the unsuitability assessment takes the sub-total calculated above (**Stage 1 MINUS Stage 2**) and applies to this total the proportion of households unable to afford to buy or rent a home of a suitable size in order to resolve their difficulty.
- 6.4.14 The 2000 Guidance states that "for existing owner occupiers in unsuitable housing it is important to take account of the existing equity owned" as this would assist a move to suitable accommodation.
- 6.4.15 The 2004 SEERA Guidance however acknowledges that this is extremely complex and the data gathered might not be very accurate and suggests that best practice is to ask the specific question asked in this survey that if the household needs to move to resolve their difficulty, could they afford a home of a suitable size within the Borough.
- 6.4.16 This question was not applied in 2004, but DCA have done so recently and the table below shows the results of a range of Boroughs not dissimilar to Epsom & Ewell, one of which is significantly cheaper. Levels of 69% to 78% have been found in these areas, reflecting that equity is only one aspect of moving to alternative accommodation and the problem affects a high proportion of households.

Table 6-3 Households Unable to Afford to Move

Local Authority	% Unable to Afford
Epsom & Ewell	77.6
Berwick-upon-Tweed	74.2
Tandridge	71.1
Tunbridge Wells	70.9
Southampton	69.9
Reigate & Banstead	69.7
Ashford	69.2
Maidstone	69.0

- 6.4.17 Although the 2004 questionnaire did not attempt to identify equity we do take account of it by totally excluding owner occupiers with no mortgage and those with a mortgage who have lived in their existing home for more than five years. Of 800 owner occupiers who need to move we have assessed only 97 as to their ability to do so. Other survey experience shows that even quite high proportions of those with no mortgage are not able to afford a home of a suitable size and our figure is almost certainly an underestimate.
- 6.4.18 Of the 1,415 households, 513 (36.3%) cannot afford to move, 466 private tenants, 36 of the RSL rented households who remain in the calculation at this stage, 4 tied to employment / other / shared ownership and 7 of the owner occupiers. This figure of 36.3% (applied at **Stage 3**) may therefore be a low estimate of the proportion unable to afford to buy or rent in the Borough, compared with our recent national experience since we began asking the SEERA Guidance question.

- 6.4.19 Homeless households are counted in the Backlog of Need although we ensure that they are not double counted from any other source. Council records at March 2006 show that 6 households are in temporary accommodation, of which only 1 household was in hostel or Bed & Breakfast accommodation. Those “homeless at home” or in other general stock would be captured in the survey. 1 is therefore the figure applied at **Stage 4**.
- 6.4.20 The total resultant calculated backlog having taken into account unsuitability, homeless and potential households is then multiplied by a 20% quota at **Stage 6** to progressively eliminate the backlog calculated over a five year period, in accordance with Government Guidance, although the Council can make a Policy decision to eliminate the backlog over a longer period (e.g. 10 years or years to the end of the Local Plan period).

6.4.21 Table 6-4 Backlog of Need – Basic Needs Assessment Model

B - BACKLOG OF NEED		
1.	Households in unsuitable housing	2,776
2.	MINUS – RSL tenants MINUS – in-situ solution most appropriate or leaving Borough	344 <u>1,017</u>
		1,361 <u>1,361</u>
	<i>Households in unsuitable housing and need to move</i>	<u>1,415</u>
3.	TIMES - Proportion unable to afford to buy or rent	36.3% 513
4.	PLUS – Backlog - homeless households	1
5.	TOTAL BACKLOG NEED	514
6.	TIMES - Quota to progressively reduce backlog *	(20%)
7.	ANNUAL NEED TO REDUCE BACKLOG	103

6.5 N – Newly Arising Need

- 6.5.1 The first calculation involved in assessing newly arising need is to establish how many new households intend to form each year, then determine how many of these households have insufficient income to buy or rent in the market and therefore fall into need.
- 6.5.2 Good Practice Guidance recommends that the total of concealed households identified in the survey is annualised at the average level of those forming in the next two years.

Table 6-5 Time of Move – New Forming Households

Time of Move	N^{os.} implied	Annual Average
Within 1 year	320	327
1 - 2 years	334	

- 6.5.3 The table shows that the annual average new household formation level is 327 households per annum.

- 6.5.4 In order to avoid double counting due to two-person household formation, duplication is removed. 31.7% of new forming households stated a couple household was to be formed, but only 42.7% of these were with a partner who lived separately elsewhere in the Borough, which would cause a double count. 13.5% (31.7% x 42.7%) is therefore the duplication level applied.

Table 6-6 Double Counting Removal

New household formation (gross p.a.)	327
MINUS – Two person formation (13.5%) x 0.5	22
Total	305

- 6.5.5 This results in an annual average formation level of 305 households per annum, used at **Stage 8** of the model.
- 6.5.6 Based on entry-level prices of 1, 2 and in some cases 3 bedroom properties in Epsom & Ewell we found that 90.2% of concealed households had insufficient income to access the owner occupied market. The income requirements for private rental are much lower than those to purchase and have therefore been used to test future new forming households ability access market housing, based on private rental of 1, 2 and 3 bedroom units suitable for their requirements.
- 6.5.7 Based on the income of newly forming households 83.8% are considered to be unable to rent in the market. This proportion is used in **Stage 9** of the Model.
- 6.5.8 No data on ex-institutional population moving into community was available and a figure of 0 is used in **Stage 10** of the Model.
- 6.5.9 The calculation of existing households falling into need is based on net new registrations on the waiting list, for households whose circumstances place them in the greatest levels of need.
- 6.5.10 The Guidance criteria include homeless households, households with insecure tenancies, those in high or severe medical priority, and those suffering harassment. Epsom & Ewell Borough Council provided an analysis of the new registrations onto their waiting list over the last year and identified 84 households with more than 40 points, all of whom have circumstances which relate to the Guidance test of priority need.
- 6.5.11 The total of 84 existing households falling into priority need each year is used in the model at **Stage 11**.
- 6.5.12 The survey data identified 67 in-migrant households in the last year who live in social rented accommodation. Additionally there was an annual average over the last three years of 69 in-migrant households living in the private rented sector, of which 49 were in receipt of housing benefit. An average annual figure of 116 households (67 + 49) unable to afford market housing is used at **Stage 12**.

Table 6-7 Newly Arising Need – Basic Needs Assessment Model

N - NEWLY ARISING NEED		
8.	New household formation	305
9.	TIMES Proportion unable to buy (90.2%) or rent (83.8%)	256
10.	PLUS - Ex-institutional population moving into community	0
11.	Existing households falling into priority need	84
12.	In-migrant households unable to afford market housing	<u>116</u>
13.	TOTAL NEWLY ARISING NEED	456

6.6 S – Supply of Affordable Units

- 6.6.1 The annual supply of affordable units over the last three years is used in the model as a prediction for future annual affordable housing supply which is likely to arise.
- 6.6.2 It is important firstly to establish the average stock re-let level and we have studied data from both the HSSA returns and CORE for the three years to 31/03/2006, which shows the following:-

Table 6-8 2004 to 2006 Affordable Housing Supply (HSSA & CORE)

RSL Re-lets	2003 / 04	2004 / 05	2005 / 06	Average
HSSA Return	8	50	60	39
CORE Data *	97	83	53	78
Average	53	67	57	59

* © CORE, Housing Corporation

- 6.6.3 The overall average figure for the three year period in the HSSA return is 39 units per annum. While an average of both HSSA and CORE data could be used, the CORE data appears to be more consistent and therefore the CORE average of 78 units per annum has been used at **Stage 14** of the needs model.
- 6.6.4 Shared ownership units are estimated at 286, based on the 2001 Census total of 140 units, plus 146 units built up to March 2006. Assuming a resale rate based at 3.7%, the same as social stock re-lets, 11 units would become available each year. This number is also incorporated at **Stage 14**.
- 6.6.5 **Stage 15** of the needs model involves assessing how increased vacancies and units taken out of management will have an effect on the annual flow of affordable housing. The calculation takes the average annual right to buy level, multiplied by the average re-let rate of the stock. The table below shows the right to buy levels for the three years to 31/03/2006.

Table 6-9 2004 to 2006 Right to Buy / Demolition Levels

	2003 / 04	2004 / 05	2005 / 06	Average
Right to Buy / Demolition	15	3	3	7

- 6.6.6 The average annual right to buy level is 7 units per annum. With an average stock re-let rate of 3.7% per annum, no units per annum are applied at **Stage 15**.
- 6.6.7 **Stage 16** of the needs model takes account of the predicted annual new affordable housing supply. The HSSA returns for the three years to 31/03/2006 show the following trends:-

Table 6-10 2004 to 2006 New Affordable Housing Supply (HSSA)

Supply	2003 / 04	2004 / 05	2005 / 06	Average
New RSL Supply	101	37	42	60
Other New Supply	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	101	37	42	60

- 6.6.8 The average annual new supply total over the last three years is 60 units per annum. However, new delivery does fluctuate and to provide direct comparability with the model used in the 2004 report, no new supply has been taken into account in the model at **Stage 16**.
- 6.6.9 Future new delivery over the next two years is expected to be 106 units in 2006 / 07 and 86 units in 2007 / 8, an annual average 96 of units, and it will be important to monitor actual delivery levels in future annual updates.

Table 6-11 Supply of Affordable Units – Basic Needs Assessment Model

S - SUPPLY OF AFFORDABLE UNITS		
14.	Supply of social re-lets (78) and Shared Ownership re-sales (11)	89
15.	MINUS Increased vacancies (if applicable) and units taken out of management. Right to Buy	0
	<i>Net social re-lets</i>	89
16.	PLUS - Committed units of new affordable supply	<u>0</u>
17.	AFFORDABLE SUPPLY	89

6.7 Affordable Housing Needs Assessment Model

B - BACKLOG OF NEED		2006 Update		2004 HNS
1.	Households in unsuitable housing		2,776	1,512
2.	MINUS – RSL tenants	344		279
	MINUS – in-situ solution most appropriate or leaving Borough	<u>1,017</u>		416
		1,361	<u>1,361</u>	<u>695</u>
	<i>Households in unsuitable housing and need to move</i>		<u>1,415</u>	<u>817</u>
3.	TIMES - Proportion unable to afford to buy or rent	36.3%	513	466
4.	PLUS – Backlog - homeless households		1	51
5.	TOTAL BACKLOG NEED		514	517
6.	TIMES - Quota to progressively reduce backlog *	20%		
7.	ANNUAL NEED TO REDUCE BACKLOG		103	103
N - NEWLY ARISING NEED				
8.	New household formation		305	302
9.	TIMES Proportion unable to buy (90.2%) or rent (83.8%)	83.8%	256	236
10.	PLUS - Ex-institutional population moving into community		0	5
11.	Existing households falling into priority need		84	164
12.	In-migrant households unable to afford market housing		<u>116</u>	<u>10</u>
13.	TOTAL NEWLY ARISING NEED		456	415
S - SUPPLY OF AFFORDABLE UNITS				
14.	Supply of social re-lets (78) and Shared Ownership re-sales (11)		89	124
15.	MINUS Increased vacancies (if applicable) and units taken out of management. Right to Buy		0	1
	<i>Net social re-lets</i>		89	123
16.	PLUS - Committed units of new affordable supply		<u>0</u>	<u>0</u>
17.	AFFORDABLE SUPPLY		89	123
	Annual need to reduce backlog (B)	103		103
	Newly arising need (N)	<u>456</u>		415
	TOTAL AFFORDABLE NEED (B + N)	559	559	518
	Affordable supply (S)		<u>89</u>	<u>123</u>
18.	OVERALL ANNUAL SHORTFALL (B + N) - S		<u>470</u>	<u>395</u>

* Elimination over a five year period is recommended in the Guidance for model purposes but the Council can make a Policy decision to do so over a longer period (e.g. 10 years or years to the anticipated end of the Local Development Framework period).

6.8 Needs Assessment

- 6.8.1 The total affordable housing need annually is for 559 units. Net re-lets and sales of the existing affordable stock, after Right to Buy (RTB) impact, average 89 units and are the major means of addressing the scale of need identified.
- 6.8.2 After allowing for existing stock net re-let supply, there will still be a total annual affordable housing shortfall of 470 units, 7,050 units in total over the fifteen years to 2022, the anticipated end date of the lifespan of the first Core Strategy. It is difficult to make finite predictions of annual need beyond five years. The assessment will under new Guidance need to be monitored annually to reflect changes in demand and achieved supply and additionally it will be necessary to undertake a full Market and Needs Assessment by 2009 and each five years to 2019.
- 6.8.3 The impact of the changing demographic profile, particularly the large growth in younger people, is likely to have a significant effect on the scale of need for affordable housing within the period to 2019, unless there are major beneficial changes in the house price to income relationship in the Borough. The monitoring process should continuously take account of these key market drivers.
- 6.8.4 Based on the average new unit supply of around 60 units over the last 3 years, the current level of annual need is nearly 8 times the number of units recently provided from new delivery and conversions resulting in growing levels of unmet need each year. New delivery is 45% of total supply and is a high level bearing in mind that existing stock turnover is normally expected to meet 90% to 95% of need.
- 6.8.5 An annual average of 96 new units is planned over the next two years to 2008 and it will be important to monitor actual delivery levels in future annual updates.
- 6.8.6 Additionally, 203 existing and 183 concealed households intend to leave the Borough over the next three years because of a lack of affordable rented housing. These are not included in the needs assessment calculation, although this could be justified.

7 PLANNING AND DELIVERY

7.1 Land and Affordable Housing Delivery

- 7.1.1 Land supply is crucial to the provision of housing. Land available free or at a substantial discount is often the key to making an affordable housing scheme viable, particularly given the limited funding available. Therefore, local authority housing and planning strategies need to ascertain the availability of sites and propose ways of bringing sites forward.
- 7.1.2 The inter-relationship of the land and subsidy issues is important in the negotiation process. It is clear from the scale of affordable need identified in the survey that the Council will need to negotiate with private landowners and developers to be able to address as much as is possible of affordable housing required.
- 7.1.3 Whilst the survey data provides identified demand levels in each strategic housing area, the Council must apply its own judgement as to the suitability of sites for affordable housing for low income families and new forming households unable to enter the private market, particularly related to the nature of the area, provision of services and other planning policy requirements.

7.2 Affordable Housing

- 7.2.1 The Council needs to define affordable housing in setting future planning policy and DCA would suggest that as simple a definition as possible be provided. The following text identifies the requirement but leaves the percentage to be achieved as an issue for negotiation on a site by site basis.
- 7.2.2 The DCA definition of affordable housing is:-
“Affordable housing is that provided with subsidy, both for social rent and intermediate housing, for people who are unable to resolve their housing requirements in the local private sector housing market because of the relationship between housing costs and incomes”.
- 7.2.3 The DCA definition of affordable housing has been used consistently since 1996 and has always been accepted by Inspectors at Local Plan Inquiries over the last 10 years. DCA believe that their definition has provided greater clarity than that in previous Guidance and this is supported by the fact that the principle of the incorporation of the word ‘subsidy’ has been followed in the Good Practice Guidance published in January 2004 by the South East Regional Assembly (SEERA):-
“housing provided with a subsidy to enable the asking price or rent to be substantially lower than the prevailing market prices or rents in the locality”.
- 7.2.4 This principle has also been followed in Policy H4 of the Draft South East Plan, which mentions “subsidy” three times in the policy text. It is important to clarify what subsidy is because it has been wrongly attributed to public sector grant only in the past. Subsidy includes not only public funding but also the provision of service land by developers either free or at a substantial discount.

7.2.5 The types of affordable housing comply with the definition and which DCA have used for over 5 years are as follows:-

Social Rent

- *RSL (or other body approved under the Housing Act 2004) units for rent; and*

Intermediate Housing

- *shared ownership (now HomeBuy);*
- *shared equity where land value is retained to provide housing for sale at below market levels and where control of the 'equity discount' can be retained as long as they are needed;*
- *discounted market housing for rent, also using land value.*

7.2.6 These definitions are also those provided in the Housing Market Assessments – Draft Practice Guidance December 2005 and are mirrored in PPS3 Annex B. The policy guidance gives the Council the power to negotiate with developers on all new permissions, subject to the ability to provide defensible data to justify need following a rigorous and up to date assessment.

7.3 Perpetuity

7.3.1 It is important that additional affordable housing units provided through acquisition, conversion or new delivery add to the available affordable stock in the long term. Many past initiatives have provided subsidy which has been of benefit to the first occupier only and perpetuity providing control of the subsidy element, whether provided by free land, grant or discount is vital if the benefit is to be passed to subsequent occupiers for as long as it is needed.

7.4 Overall Target Levels

7.4.1 The annual level of outstanding affordable need of 470 units, after allowing for current re-let supply is clearly not economically deliverable or sustainable, bearing in mind past new supply levels averaging 60 units each year.

7.4.2 Despite the evidence of the scale of need from existing and concealed households, there are wider issues to consider when setting targets for delivery of affordable housing from new developments. Primarily there is a need to build viable, sustainable developments.

7.4.3 Policy H4 of the South East Plan suggests an overall regional target of 35%, with a tenure split of 25% social rent and 10% intermediate market housing. However this is a regional target and it is the responsibility of local authorities to set targets to address local need identified in an assessment.

7.4.4 Policy LF3 from the Sub-regional Policy Framework section of the South East Plan, covering the London Fringe, which includes Epsom & Ewell, suggests that 40% of all new housing in this sub-region should be affordable housing.

7.4.5 The South East Plan allocation for Epsom & Ewell Borough is 3,620 units from 2006 to 2026 (181 a year). Not all of these will be on qualifying sites, nor does this total take account of completions or outline consents. However the total outstanding affordable need of 470 is 260% of the full annual allocation. Clearly this is unachievable and a simple mathematical calculation to determine the overall target level, the normal process, cannot be undertaken.

- 7.4.6 Surrey has the highest house prices in the South East Region and target levels of 40% already apply in other authorities both in the County and elsewhere nationally and in some cases have been subject to detailed viability assessment. Epsom & Ewell Borough has a scale of affordable need which justifies a high target level provided it is sustainable and viable.
- 7.4.7 Targets can only therefore be set by a professional judgement based on experience of what is sustainable, viable and deliverable.
- 7.4.8 The Housing Needs Assessment is not the only basis for the Council decision on target levels but it is the major element. Based on the evidence in this assessment, the Local Development Framework could consider an overall target of 40% of new units from the total of all suitable sites negotiated.
- 7.4.9 The overall target has also to consider inclusion of a tenure mix within affordable housing. From the evidence in the assessment the broad recommendations in the Draft RSS of social rent (25%) and intermediate housing (15%) appear to meet the needs of low income households, key workers and those on average incomes unable to purchase in Epsom & Ewell.
- 7.4.10 Each site will need to be assessed individually, targets being subject to wider planning, economic viability, regeneration and sustainability considerations and will require a flexible approach to specific site negotiation.
- 7.4.11 Meeting the total need for affordable housing involves a range of initiatives making best use of the existing stock, by bringing empty houses back into use, bringing social sector stock up to Decent Homes Standard, conversions of existing buildings and new delivery through the planning system.

7.5 Site Thresholds

- 7.5.1 The national indicative minimum threshold level in PPS3 is set at 15 units. In all areas across the Borough DCA believe that the significant level of need identified is unlikely to be met even at the threshold of 15 units in the new Guidance.
- 7.5.2 The annual scale of affordable need is nearly 8 times the average annual new unit delivery over the last three years and justifies an exceptional case for a lower threshold. However it is critical to test the level of increased supply which any threshold level below 15 dwellings would generate from a Strategic Land Assessment taking viability into account.
- 7.5.3 It will also be possible to consider a range of thresholds within the Borough and there is a clear need expressed in PPS3 to provide a range of options to deliver more housing in rural settlements.

7.6 Future Affordable Housing Delivery

- 7.6.1 The tenure balance of new affordable delivery over the last three years has averaged 26% social rented units and 74% intermediate market housing and a lower level of intermediate units at 47% is planned for 2006 / 07 and 2007 / 08.
- 7.6.2 The social rented stock in the Borough at 7.9% is very low relative to both the national average (19.3%) and South East regional average (14.0%) and does not provide adequate turnover to meet the scale of need identified. In determining the balance of tenure mix, the number of households who would be able to enter the market through intermediate housing but cannot afford private rent has to be taken into account.

- 7.6.3 The scale of need could justify the whole allocation as rented units but a balanced approach to meet wider housing choice is now the core of Government strategy, although the majority of units are still required for social rent.
- 7.6.4 In view of the scale of need, subsidised affordable units should be negotiated on all suitable sites. The Council should set a 'target' for each site taking into account existing supply, survey demand and other regeneration, planning, sustainability and economic factors.
- 7.6.5 The increases in house prices over the last ten years have excluded many 'first-time buyers' from the owner occupied market. DCA believe therefore that the proportion of affordable housing provided on new sites should encompass more subsidised intermediate market housing than would have been the case even five years ago when it was a more marginal element of affordable need.
- 7.6.6 PPS3 now requires the provision of tenure mix targets within affordable housing which may vary by location within the Borough to take account of demand, need and current affordable supply at local level.

7.7 Affordable Rented Accommodation

- 7.7.1 The local relationship between house prices and incomes is such that around 90.6% of new forming households are unable to purchase in their own right depending on location. The availability of rented stock through re-lets is low relative to the expectation that existing stock flows should address 90% of all need.
- 7.7.2 The largest proportion of affordable units is required as social rented properties, both for new forming households and existing families. However in both stock and availability from turnover, the social rented sector provides 7 times the scale of units (78) to those from shared ownership (11) each year.
- 7.7.3 The survey data however suggests a total demand for HA rent from both existing and new forming households of 398 units compared to 197 for intermediate housing, a ratio of 2 to 1 compared to supply of 7 to 1. There is no obvious solution other than a severe market crash or significant increases in incomes above inflation to solve access to the market for people on above-average incomes in Epsom & Ewell. Following 10 years of high house price inflation there is therefore a need to deliver more intermediate housing, especially bearing in mind that the total scale of intermediate housing preference alone is greater than the whole housing allocation.

7.8 Intermediate Market Housing

- 7.8.1 Concealed households forming express a need (32.2%) or preference (57.3%) for owner occupation but generally around 90.6% of them have incomes inadequate to be able to purchase, based on the incomes of those who recently formed their first home in the Borough. The sustained period of high house price inflation has impacted on new forming households' ability to buy and requires a supply of intermediate housing to assist those on middle incomes including key workers who previously would have purchased without assistance.
- 7.8.2 There is an expressed need for 197 shared ownership units a year, from new forming (149) and existing households (48). This is more than three times the total scale of past new affordable housing delivery, a very significant level.

7.9 Discounted Market Rent

- 7.9.1 The private rented sector is around 8.5% of the housing stock. Accommodation tied to employment is 0.4% and not generally available to all households.
- 7.9.2 Discounted market rented housing can only be delivered provided that there is an adequate cost margin between social rent and market rent. Given that average rents across the Borough range from around £630 to £950 per month for 1 and 2 bedroom stock there does appear to be the potential to deliver intermediate housing in this way, increasing access to the rental sector. This should be examined in detail as an element of future intermediate market housing delivery.
- 7.9.3 An increase in quality housing provided in this sector could also address the short term needs of key worker and other middle income households expressing interest in shared ownership, especially those at the early stages of their careers or on limited employment contracts who are looking for flexibility in their housing arrangements.

7.10 Needs Distribution by Sub-Area, Tenure Type, Size and Location

- 7.10.1 There will be variance at local level between demand and existing stock supply and the localised balancing housing markets report will be valuable in setting site targets, both to address affordable housing and in particular by house type and size.
- 7.10.2 The survey data disks contain a breakdown of the whole of the future housing needs section of the questionnaire, which can be used by officers to identify specific needs by sub-area by cross-tabulation.
- 7.10.3 The data tables provided give a localised breakdown of each question, analysed both by existing households planning to move and the newly forming "concealed" households and facilitates the preparation of localised housing type and size requirements.
- 7.10.4 Appendix I of the 2004 Housing Needs Survey contains a detailed analysis of the type and size of units required by both existing and concealed households analysed by tenure and location.

APPENDIX I

LAND REGISTRY

LAND REGISTRY HOUSE PRICE DATA ENTRY

Enter Local Authority Name: Epsom & Ewell
 Enter County Name: Surrey
 Enter Region Name: South East

Enter Quarter Start Month: Oct
 Enter Quarter Start Year: 2006

Enter Quarter End Month: Dec
 Enter Quarter End Year: 2006

House Price Inflation England & Wales

	Detached Price		Semi Detached Price		Terraced Price		Flat/Maisonette Price		Overall Price	
Oct - Dec 2005	£293,284	+ 6.8%	£174,910	+ 7.3%	£151,288	+ 8.2%	£175,413	+ 8.1%	£191,722	+ 8.3%
Oct - Dec 2006	£313,144		£187,716		£163,748		£189,693		£207,572	

Average House Prices by Property Type South East

Oct - Dec 2006

Detached		Semi Detached		Terraced		Flat/Maisonette		Overall	
Av. Price	Sales	Av. Price	Sales	Av. Price	Sales	Av. Price	Sales	Av. Price	Sales
£400,717	17,432	£232,601	18,941	£192,084	19,483	£159,695	14,505	£248,003	70,361

Average House Prices by Property Type South East

Oct - Dec 2005

Detached		Semi Detached		Terraced		Flat/Maisonette		Overall	
Av. Price	Sales	Av. Price	Sales	Av. Price	Sales	Av. Price	Sales	Av. Price	Sales
£370,024	16,802	£215,417	18,497	£180,670	19,345	£154,086	15,989	£228,795	70,633

Average House Prices by Property Type **Surrey***Oct - Dec 2006*

Detached		Semi Detached		Terraced		Flat/Maisonette		Overall	
Av. Price	Sales	Av. Price	Sales	Av. Price	Sales	Av. Price	Sales	Av. Price	Sales
£576,863	1,936	£295,477	1,945	£251,600	1,281	£207,934	1,677	£345,447	6,839

Average House Prices by Property Type **Surrey***Oct - Dec 2005*

Detached		Semi Detached		Terraced		Flat/Maisonette		Overall	
Av. Price	Sales	Av. Price	Sales	Av. Price	Sales	Av. Price	Sales	Av. Price	Sales
£525,772	1,830	£267,746	1,860	£235,212	1,331	£193,407	1,795	£311,092	6,816

Average House Prices by Property Type **Epsom & Ewell***Oct - Dec 2006*

Detached		Semi Detached		Terraced		Flat/Maisonette		Overall	
Av. Price	Sales	Av. Price	Sales	Av. Price	Sales	Av. Price	Sales	Av. Price	Sales
£497,661	107	£314,761	160	£285,409	78	£209,192	113	£326,446	458

Average House Prices by Property Type **Epsom & Ewell***Oct - Dec 2005*

Detached		Semi Detached		Terraced		Flat/Maisonette		Overall	
Av. Price	Sales	Av. Price	Sales	Av. Price	Sales	Av. Price	Sales	Av. Price	Sales
£438,110	81	£294,394	140	£273,104	111	£197,835	111	£291,143	443

APPENDIX II

GLOSSARY OF TERMS

GLOSSARY

ADP – Approved Development Programme	This is the Housing Corporation's total capital programme in any one year. It is normally broken down into rented housing, shared ownership and other home ownership initiatives. This is now called the National Affordable Housing Programme.
Affordability	<p>A measure of whether households can access and sustain the costs of private sector housing. DCA use two types of affordability: mortgage and rental.</p> <p><u>Mortgage affordability</u> measures whether households can afford a deposit and a mortgage; <u>rental affordability</u> measures whether a household can afford a private rental.</p> <p>Mortgage affordability is based on conditions set by mortgage lenders - a minimum level of household income and savings. We use a 3 times multiple of gross income. Rental affordability is defined as the rent being less than a proportion of a household's gross income. We use a 25% level of rental affordability.</p>
Affordable Housing	Affordable housing is that provided, with subsidy ¹ , for people who are unable to resolve their housing requirements, in the general housing market because of the relationship between local housing costs and incomes. This definition covers housing for social rent, shared ownership, shared equity and sub-market rent.
Bedroom Standard²	<p>The standard number of bedrooms allocated to each household in accordance with its age/sex/marital status composition and the relationship of the members to one another.</p> <p>A separate bedroom is allocated to each married couple, any person aged 21 or over, each pair of adolescents aged 10 – 20 of the same sex, and each pair of children under 10. Any unpaired person aged 10 – 20 is paired, if possible with a child under 10 of the same sex, or, if that is not possible, he or she is given a separate bedroom, as is any unpaired child under 10. This standard is then compared with the actual number of bedrooms available for the sole use of the household and the differences are tabulated.</p>
Concealed Household	A Concealed Household is someone living within a household wanting to move to their own accommodation and form a separate household (e.g. adult children living with their parents).
Cost rented housing	Housing let at rents which are set to cover development and management costs only, i.e. not for profit. Cost rents are above the Housing Corporation's rent caps but below market rents.
Data Entry Checks	Checks on errors in keying survey data into computer systems.
Data Processing and Analysis	The process by which the responses on a questionnaire are converted into numbers or categories. These are then used to produce outputs such as tables and charts.

¹ This subsidy is not always public subsidy.

² This definition is taken from the Survey of English Housing, DCLG.

DCLG	Department for Communities and Local Government. DCLG has responsibility for local and regional government, housing, planning, fire, regeneration, social exclusion and neighbourhood renewal with the ambition to create sustainable communities for all. Previously known as DETR, DTLR and ODPM.
DETR	Government body superseded by DCLG. (See DCLG)
Discounted Market Rented Housing	New Units utilising the equity from the discounted or free land from the planning process where Housing Associations could build at only development cost and provide, without grant, units which would be available at lower than private rented market cost but above Housing Corporation rent caps.
Existing Household	An existing household encompasses the household in its entirety.
Existing Household In Unsuitable Accommodation	Refers to all circumstances where households are living in housing which is in some way unsuitable, whether because of its size, type, design, location, condition, security or cost.
Focus Group	A type of qualitative research in which the views of respondents are sought and recorded in a group setting. Also known as a 'group discussion'.
Homeless Household	A household is accepted as statutorily homeless by the authority if it meets the criteria set out in the Housing Act 1996.
Household	The Census definition of a household is:- <i>"A household comprises either one person living alone or a group of people (not necessarily related) living at the same address with common housekeeping - that is, sharing at least one meal a day or sharing a living room or sitting room."</i>
Households In Unregistered Need	Households in unregistered need are those households that are in need but not registered on the Council's Waiting or Transfer List.
Housing Demand	Is the quantity and type / quality of housing which households wish to buy or rent and are able to afford. It therefore takes account of preferences and ability to pay.
Housing Need	Refers to households lacking their own housing or living in housing which is inadequate or unsuitable, who are unlikely to be able to meet their needs in the local housing market without some assistance.
Housing Register	A register of people waiting for affordable housing. It may have two components: a list for those not currently occupying affordable housing (more properly known as the Housing Register) and a Transfer List for those tenants who wish to move to another affordable home within the same District.

Inadequate Housing	Housing which is inadequate or unsuitable in meeting the needs of the household, comprising a range of criteria on house condition, size, cost and security of tenure. These criteria are used to assess whether the unsuitability can be resolved by improvements to the dwelling, or whether the household has to move to another home.
Intermediate Housing	Housing at prices or rents above those of social rented but below market prices or rents. This includes shared ownership, shared equity and sub-market renting.
Key Worker ³	A Key Worker is a key worker is someone: <ul style="list-style-type: none"> - employed by the public sector - in a frontline role delivering an essential public service - in a sector where there are serious recruitment and retention problems.
ODPM	Government body superseded by DCLG. (See DCLG)
ONS	Office for National Statistics.
Over Occupation	Over occupation occurs when, using the bedroom standard , there are insufficient bedrooms in the property based on the number of residents and their age/sex/marital status composition. Over occupation is more common in the public sector than the private sector.
Qualitative Research	A type of research designed to reveal a full range of views and circumstances of the population under study, giving an in-depth picture. Examples of this approach are depth interviews and focus groups . It differs from quantitative research in not providing statistically reliable numerical data.
Quantitative Research	Research designed to provide numerical information about a topic which is statistically reliable. If carried out using adequate methodology, quantitative data from a sample of the population can be extrapolated to assume that the results apply to the population as a whole, to greater or lesser degrees of reliability. Data is usually collected by post, telephone or by face-to face interview.
Random Sample	A sample where no member of the target population has a greater chance of being of being chosen than any other. Also known as Simple Random Sampling .
Relets	Local Authority or RSL rented accommodation that becomes vacant due to the departure of a previous tenant; therefore the accommodation can be re-let to another tenant or new applicant on the Housing Register.

³ Source: DCLG

Rent caps / Target rents	Rent limits provided by the Housing Corporation specified by Total Cost Indicators ⁴ and by floor area, for all new affordable housing schemes.
RSL – Registered Social Landlords	A Housing Association or a not-for-profit company, registered by the Housing Corporation, providing social housing.
SO – Shared Ownership	Either newly built or existing properties purchased by a housing provider, which are then sold on a part rent / part buy basis under a shared ownership lease. The shared owner buys a percentage of the property, funded by mortgage and / or savings. The remaining percentage is still owned by the housing provider who charges a rent on it.
SDS – Scheme Development Standards	A set of standards published by the Housing Corporation setting out the essential and desirable standards for SHG-funded property acquired or developed as affordable housing.
SHG – Social Housing Grant	Capital provided by the Housing Corporation, or Local Authority, to fully or partially fund RSLs when developing social housing. SHG is paid under s18 of the Housing Act 1996.
Section 106 sites (S106 of the Town and County Planning Act 1990)	A general term to describe a housing site which is large enough to require a developer to contribute affordable housing as part of a development scheme. S106 of the Act allows Planning Authorities to negotiate planning obligations as part of a development and could include, among other things, a proportion of affordable housing.
Transfer List	A list of Local Authority and RSL tenants that have applied for alternative Local Authority housing. Housing Associations may keep their own Transfer Lists.
Under Occupation	A household is under-occupying if more than one spare bedroom is available, using the bedroom standard as a test. Under-occupation is common in the private sector.

⁴ TCI are costs the Housing Corporation publish annually which show the maximum allowable costs for new development to be funded by SHG.