

DOCUMENT	<b>Provision for Affordable Housing</b>	REVIEWED BY: Colin Thompson & Angela Busch
Date	5 <sup>th</sup> November 2015	
LOCATION	<a href="https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/470864/Sept_2015_HPI.pdf">https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/470864/Sept_2015_HPI.pdf</a>	
BROAD DESCRIPTION	To establish the means to provide affordable housing in response to the resident's consultation	
WHAT DOES THE POLICY SAY THAT HAS DIRECT RELEVANCE TO THE PARISH?	BROADBAND	Nothing
	DESIGN	Establishes new build property sizes
	EDUCATION	Nothing
	ENVIRONMENT	Smaller scale properties minimises land development
	HEALTH	Provision of decent affordable housing for low income families
	HOUSING	Major impact on housing policies within the Neighbourhood Development Plan
	TRANSPORT	May improve viability of existing public transport
	RENEWABLES	Nothing
	ROADS/RoW	The relatively low numbers of houses likely to be developed will not have a major impact
	WORK	Would increase need for additional local employment
IMPACT ON POLICY	Impact on Housing Policies	
OTHER COMMENTS		

## Supporting Evidence

### Residents Consultation Response

There are 491 houses in the Parishes with 1151 residents

The returned questionnaires represented 648 persons of the 1151 total population = **56%** Response

#### 1 Response to question; type of homes that would be most appropriate for the Parish

Small Starter homes (1-2 bedrooms)	40%	
Small homes for retirement	27%	(combining small & retirement = <b>67%</b> )
Medium Homes for families (3-4 bedrooms)	29%	
Large Homes (5+ bedrooms)	1%	
No new Homes at all.	3%	

**The overwhelming (67%) type of new houses wanted by the residents is for small houses for young people and small homes for retirement**

**2 What proportion of new homes built in the Parish should be Affordable Homes**

All new homes	35.54%
About half of them	47.04%
None of them	17.42%

**The overwhelming proportion of homes wanted by the residents is for affordable houses**

**3 In what form would you prefer to see new housing**

Single homes on small areas of land	35.96%
Small Groups of 1 to 4 houses	54.86%
Developments of 5 to 10 homes	9.18%

**The overwhelming size of developments of new houses wanted by residents is for small developments of 1 to 4 homes**

**4 Where would affordable houses best be situated**

Moreton	27.17%
Bobbingworth	21.98%
Magdalen Laver	17.79%
High Laver	16.11%
Little Laver	16.95%

**The overall desire is for the new houses to be distributed evenly over all Parishes**

**5 Current Type of houses in the Parish, derived from the 2011 census**

One bedroom house	8%
Two bedroom house	13%
Three bedroom house	33%
Four bedroom house	30%
Five + bedroom house	16%

**21% of houses are 1 or 2 bedroom**

**79% of houses are larger**

**The average occupancy per house is 2.5**

Many of the older small rural cottages in the district have either been significantly extended or two cottages converted into one house, thus reducing the available smaller, cheaper properties in the Parish.

Within the high proportion of large houses many are occupied by 1-2 elderly people living in their family homes, who would like to downsize to good quality smaller retirement homes within the parish, which would release their larger houses for families. The lack of quality smaller homes in the parish precludes this.

## 6 Evidence of local housing values

Analysing the house sales within our parish over the past 5 years shows the average sales price to be:-

Year's 2013 to 2015 average sales price of houses	£673,031	(See Appendix 1)
Year's 2010 to 2012 average sales price of houses	£521,200	
Average house Price - England and Wales to Sept 2015 -	£186,553	(Source Land Registry)
Average house Price - Essex to Sept 2015 -	£223,493	
Average house Price - London to Sept 2015 -	£499,997	

Average house prices in the Parish are greater than:-

The average price for	England & Wales	- by	361%
The average price for	Essex	- by	300%
The average price for	London	- by	35%

House Prices in our Parish area (average £673,031 over the years 2013 to 2015) is comparable to, or higher than, most Inner London Boroughs (except Kensington & Chelsea/ City of Westminster/ Hammersmith & Fulham, Camden).

(Source: Land Registry - Sept 2015 - House prices and Sold Data)

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/470864/Sept\\_2015\\_HPI.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/470864/Sept_2015_HPI.pdf)

## 7 Ability to buy a house

### Mortgage requirements

Under current mortgage conditions, an applicant cannot borrow more than four and half times their salary. The cost of a small house in the Parish £330,000 and a single person would need to earn in excess of £73,000 pa to obtain a mortgage, which is far in excess of average earnings. A couple would need to earn £36,500 each annually to obtain such a mortgage.

### Average Earnings

The following table was derived from the Office of National Statistics based on July 2015 figures for weekly earnings

Sector	£
Private	496
Public	497
Services	481
Financial	637
Manufacturing	576
Construction	587
Wholesale	335
Whole	496 so an average of 496 per week = £25,792 annually

On average earnings, a couple could only achieve a total income of £51,584 - multiplied by 4.5 giving them a potential mortgage of £232,128. This would make even a small house in our parish unaffordable - as there would be a mortgage shortfall of £97,872.

## 8 Conclusion

The only way young couples wanting to live in the Parish can do so, is by some form of social housing. The community is currently out of balance because of the absence of younger members in our community. The resident's survey confirms their wish to enable smaller affordable houses to be built in small numbers throughout the parish.

**The only way this can be achieved is by building Rural Affordable homes in the Parish. With the high cost of building plots in the district there are only four ways this can be achieved.**

- a) By building on exception green belts sites where the cost of land would be significantly lower.
- b) By permitting the development of a house with an affordable unit alongside on an exception site.
- b) By obtaining a 106 agreement for a proportion of rural affordable houses on a commercial development site.
- d) By obtaining a financial contribution to an affordable housing project, via a 106 agreement on a commercial development.

## **9 Locality Premium (LP)**

The local price of properties in the Parish is determined by the desirability of the area to live in. With a quiet rural environment twenty miles from the centre of London, easy reach of the Central Line at Epping, adjacent to the M11, M25 and Stansted Airport, house prices are at a premium. Overall properties in the Parish are 3.0 to 3.5 times greater than the National or Essex average. This Locality Premium precludes local young people from being able to afford to live in their home locality. Our position is identical to those found in other areas of the country, including London. Likewise in coastal areas such as Devon, Cornwall, Norfolk, and Suffolk where the price of small affordable houses, is put out of reach of their young people, by the 'Holiday Home' Locality Premium.

## **10 Viability for a Financial Contribution to Affordable houses from a development.**

Based on the evidence detailed in Appendix 2 below the following financial contributions towards Affordable Houses is viable.

Development of 2 or more dwellings are required to contribute to the affordable housing provision within our Parish by providing a financial contribution in the following proportions.

2 to 4 dwellings -	Financial contribution of £550 per sq m of internal build space
5 to 10 dwellings -	Financial contribution of £680 per sq m of internal build space
10 or more dwellings-	Financial contribution of £800 per sq m of internal build space

## **11 Appendix 1 Average House Prices**

**An analysis of the Land registry for all houses sold within the Parish, for the years 2013/14/15 was carried out and the results detailed on a spread sheet 5-6 Average House price analysis held in our Evidence base on our web page.**

**This analysis is summarised below**

Property Analysis – from 48 properties sold in Years 2013/14/15

6 properties below £300k	AVG	£260,167
5 properties below £400k	AVG	£352,200
5 properties below £500k	AVG	£438,000
7 properties below £600k	AVG	£532,143
8 properties below £700k	AVG	£640,625
4 properties below £800k	AVG	£722,125
4 properties below £900k	AVG	£857,000
5 properties below £1mil	AVG	£958,400
3 properties below £2 mil	AVG	£1,406,750
1 properties below £3 mil	AVG	£2,200,000

Average House Price during:-

Years 2010/11/12	£521,700
<b>Years 2013/14/15</b>	<b>£673,031</b>

## 12 Appendix 2 Financial Contribution

MBL - NDP

Calculation - Financial Contribution towards Affordable Housing

Assumptions made in the calculations below:

Recorded house sales in our area

1 £ 673,031 Recorded house sales in our area in  
Year 2013/14/15

£ 521,700 Recorded house sales in our area in  
Years 2010/11/12

£186,553 Average house Price - England and Wales to Sept 2015 - Source Land Registry

£223,493 Average house Price - Essex to Sept 2015 - Source Land Registry

£499,997 Average house Price - London to Sept 2015 - Source Land Registry

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2 Build cost - used in calculations below  
£1,800.00  
per sq m

3 House Size - Dwelling survey - National Archive

<http://webarchive.nationalarchives.gov.uk/20110118095356/http://www.cabe.org.uk/files/dwelling-size-survey.pdf>

4 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/421515/150324\\_-\\_Nationally\\_Described\\_Space\\_Standard\\_Final\\_Web\\_version.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/421515/150324_-_Nationally_Described_Space_Standard_Final_Web_version.pdf)

Table 1 - Minimum gross internal floor areas and storage (m<sup>2</sup>)

Number of bedrooms(b)	Number of bed spaces (persons)	1 storey dwellings	2 storey dwellings	3 storey dwellings	Built-in storage
1b	1p	39 (37) <sup>2</sup>			1.0
	2p	50	58		1.5
2b	3p	61	70		2.0
	4p	70	79		
3b	4p	74	84	90	2.5
	5p	86	93	99	
	6p	95	102	108	
4b	5p	90	97	103	3.0
	6p	99	106	112	
	7p	108	115	121	
	8p	117	124	130	
5b	6p	103	110	116	3.5
	7p	112	119	125	
	8p	121	128	134	
6b	7p	116	123	129	4.0
	8p	125	132	138	

<sup>2</sup> Where a one person flat has a shower room rather than a bathroom, the floor area may be reduced from 39m<sup>2</sup> to 37m<sup>2</sup>.

## Essential space

Most local councils draw up guidelines for developers of the minimum amount of space needed per person per property. All councils' requirements vary slightly but, as a rough guide to the minimum comfortable living space you should be looking for, here is a list of the guidelines Wandsworth Borough Council gives to all developers and anyone planning to convert or extend a property.

The guidelines are in metres to comply with international legislation. To convert square metres to square feet multiply by 10.76 (and to convert square feet to square metres multiply by 0.0929).

<http://www.telegraph.co.uk/finance/property/advice/propertymarket/3307195/Square-up-to-the-21st-century.html>

## People space

- **One person:** 322.8 sq ft (30 sq m)
- **Two people:** 430.4 sq ft (40 sq m)
- **Three people:** 613.32 sq ft (57 sq m)
- **Four people:** 645.6 sq ft (60 sq m)
- **Five people:** 850.04 sq ft (79 sq m)
- **Six people:** 925.36 sq ft (86 sq m)

## Property space

- **Studio flat** 400 sq ft (37.16 sq m)
- **2-bed town flat** 700-800 sq ft (65.03-74.32 sq m)
- **2/3-bed country cottage** 1,200-1,500 sq ft (111.48- 139.35 sq m)
- **3-bed townhouse** 1,200- 1,400 sq ft (111.48-130.06 sq m)
- **4-bed townhouse** 1,400- 1,600 sq ft (130.06-148.64 sq m)
- **6-bed country house** 2,500- 3,500 sq ft (232.25-325.15 sq m)

## Conclusion:

### MBL's Neighbourhood Plans asks for the following financial contribution towards affordable housing:

All developers of 2 or more dwellings are required to contribute to the affordable housing provision within our Parish by providing a financial contribution in the following proportions:

2 to 4 dwellings	– financial contribution of £550 per sq m of internal build space (i.e the dwelling's internal space – not the plot size)
5 to 10 dwellings	- financial contribution of £680 per sq m of internal build space
10 plus dwellings	- financial contribution of £800 per sq m of internal build space

**The model testing the viability / prof - results are in first column**

## Affordable houses or equivalent financial contribution to parish

Neighbourhood Plan	Assumptions:	Houses sold at		Contribution to Parish - for Affordable Housing / Community Projects				
		£750,000 for large	£300,000 for small	2 to 4 houses	10% to Parish	10 plus 1	15% to Parish	
Affordable Houses or equivalent financial contribution to Parish	130 Sqm = Large House		80 Sq m = Small House		5 -10 houses			12% to Parish
	1800 Build cost per sq m		Percentage calculated on sales price of houses - conclusion in column A					
	House Qty	Sq m	Land Cost	35% of sale price Sq m x Build Cost			Profit / Sale price Loss % of house (individual)	
<b>Contribution to Parish</b> £150,000 <b>£577</b>	<b>2 House - Example ( 2 large)</b>	2	130	525,000	468,000	Total Cost (Land & Build)	£993,000	<b>£750,000</b>
per Sq m	0	80	0	0	Total Cost (Land & Build)	£0	<b>£300,000</b>	
Developer's Profit /Loss	£357,000				<b>10% to Parish</b>	£150,000		
31%					2 Houses sold	£1,500,000		
					Total Costs for 3 houses	£1,143,000	31%	
					Profit / Loss	<b>£357,000</b>		
<b>Contribution to Parish</b> £225,000 <b>£577</b>	<b>3 House - Example ( 3 large)</b>	3	130	787,500	702,000	Total Cost (Land & Build)	£1,489,500	<b>£750,000</b>
per Sq m	0	80	0	0	Total Cost (Land & Build)	£0	<b>£300,000</b>	
Developer's Profit /Loss	£535,500				<b>10% to Parish</b>	£225,000		
31%					3 Houses sold	£2,250,000		
					Total Costs for 3 houses	£1,714,500	31%	
					Profit / Loss	<b>£535,500</b>		
<b>Contribution to Parish</b> £150,000 <b>£441</b>	<b>3 House - Example ( 2 plus 1 small)</b>	2	130	525,000	468,000	Total Cost (Land & Build)	£993,000	<b>£750,000</b>
per Sq m	1	80	105,000	144,000	Total Cost (Land & Build)	£249,000	<b>£300,000</b>	
Developer's Profit /Loss	£108,000				<b>10% to Parish</b>	£150,000		
8%					3 Houses sold	£1,500,000		
					Total Costs for 3 houses	£1,392,000	8%	
					Profit / Loss	<b>£108,000</b>		
<b>Contribution to Parish</b> £300,000 <b>£577</b>	<b>4 House - Example ( 4 large )</b>	4	130	1,050,000	936,000	Total Cost (Land & Build)	£1,986,000	<b>£750,000</b>
per Sq m	0	80	0	0	Total Cost (Land & Build)	£0	<b>£300,000</b>	
Developer's Profit /Loss	£714,000				<b>10% to Parish</b>	£300,000		
31%					4 Houses sold	£3,000,000		
					Total Costs for 3 houses	£2,286,000	31%	
					Profit / Loss	<b>£714,000</b>		
<b>Contribution to Parish</b> £300,000 <b>£500</b>	<b>4 House - Example ( 3 large 1 small )</b>	4	130	1,050,000	936,000	Total Cost (Land & Build)	£1,986,000	<b>£750,000</b>
per Sq m	1	80	105,000	144,000	Total Cost (Land & Build)	£249,000	<b>£300,000</b>	
Developer's Profit /Loss	£465,000				<b>10% to Parish</b>	£300,000		
18%					5 Houses sold	£3,000,000		
					Total Costs for 3 houses	£2,535,000	18%	
					Profit / Loss	<b>£465,000</b>		
<b>Contribution to Parish</b> £375,000 <b>£577</b>	<b>5 House - Example ( 5 large)</b>	5	130	1,312,500	1,170,000	Total Cost (Land & Build)	£2,482,500	<b>£750,000</b>
per Sq m	0	80	0	0	Total Cost (Land & Build)	£0	<b>£300,000</b>	
Developer's Profit /Loss	£2,857,500				<b>10% to Parish</b>	£375,000		
31%					5 Houses sold	£3,750,000		
					Total Costs for 3 houses	£2,857,500	31%	
					Profit / Loss	<b>£892,500</b>		
<b>Contribution to Parish</b> £300,000 <b>£500</b>	<b>5 House - Example ( 4 plus 1 small)</b>	4	130	1,050,000	936,000	Total Cost (Land & Build)	£1,986,000	<b>£750,000</b>
per Sq m	1	80	105,000	144,000	Total Cost (Land & Build)	£249,000	<b>£300,000</b>	
Developer's Profit /Loss	£2,535,000				<b>10% to Parish</b>	£300,000		
18%					5 Houses sold	£3,000,000		
					Total Costs for 3 houses	£2,535,000	18%	
					Profit / Loss	<b>£465,000</b>		

	House Qty	Sq m	Land Cost	35% of sale price	Sq m x Build Cost	Total Cost (Land & Build)	Profit / Sale price Loss % of house (individual)
<b>Contribution to Parish</b>	<b>6 House - Example (5 large - 1 small)</b>						
£450,000		5	130	1,312,500	1,170,000	Total Cost (Land & Build) £2,482,500	£750,000
<b>£616</b>	per Sq m	1	80	105,000	144,000	Total Cost (Land & Build) £249,000	£300,000
Developer's Profit /Loss	£3,181,500					<b>12% to Parish</b> £450,000	
	18%					6 Houses sold £3,750,000	
						Total Costs for 3 houses £3,181,500	
						Profit / Loss £568,500	18%
<b>Contribution to Parish</b>	<b>8 House - Example (6 large plus 2 small)</b>						
£720,000		8	130	2,100,000	1,872,000	Total Cost (Land & Build) £3,972,000	£750,000
<b>£692</b>	per Sq m	0	80	0	0	Total Cost (Land & Build) £0	£300,000
Developer's Profit /Loss	£4,692,000					<b>12% to Parish</b> £720,000	
	28%					8 Houses sold £6,000,000	
						Total Costs for 3 houses £4,692,000	
						Profit / Loss £1,308,000	28%
<b>Contribution to Parish</b>	<b>9 House - Example (7 large - 2 small)</b>						
£787,500		7	130	1,837,500	1,638,000	Total Cost (Land & Build) £3,475,500	£750,000
<b>£736</b>	per Sq m	2	80	210,000	288,000	Total Cost (Land & Build) £498,000	£300,000
Developer's Profit /Loss	£4,761,000					<b>15% to Parish</b> £787,500	
	10%					9 Houses sold £5,250,000	
						Total Costs for 3 houses £4,761,000	
						Profit / Loss £489,000	10%
<b>Contribution to Parish</b>	<b>9 House - Example (9 large)</b>						
£1,012,500		9	130	2,362,500	2,106,000	Total Cost (Land & Build) £4,468,500	£750,000
<b>£865</b>	per Sq m	0	80	0	0	Total Cost (Land & Build) £0	£300,000
Developer's Profit /Loss	£6,750,000					<b>15% to Parish</b> £1,012,500	
	23%					9 Houses sold £6,750,000	
						Total Costs for 3 houses £5,481,000	
						Profit / Loss £1,269,000	23%



