

WAVERLEY BOROUGH COUNCIL

EXECUTIVE - 6 JANUARY 2015

Title:

SHARED OWNERSHIP IN WAVERLEY

[Portfolio Holder: Cllr Stewart Stennett]

[Wards Affected: All]

Summary and purpose:

This report responds to the request from the Corporate Overview & Scrutiny Committee meeting on 24 June 2014 for provision to be made for those working or seeking work in essential jobs in the borough and for the criteria to prioritise village connections on exception sites in rural areas to be included in the prioritisation process for shared ownership properties in Waverley. It presents a revised priority list based on the results of a survey of local employers on affordability and access to housing issues affecting their staff and recommends establishing a practice note for local housing associations.

How this report relates to the Council's Corporate Priorities:

This report relates to the Council's Corporate Priority of providing more **Affordable Housing** in the Borough for local people and is part of the Council's strategic enabling role to meet local housing need. Shared ownership is a form of affordable housing and represents a significant proportion of new affordable homes which are built in Waverley.

Financial Implications:

This report sets out proposals for prioritising shared ownership applications and does not have any direct financial implications. The scheme will continue to operate within the existing resources.

Legal Implications:

None relating to this report.

Background

1. Applications for affordable home ownership in Waverley are administered by Bedfordshire Pilgrims Housing Association (BPHA), which has been the government-appointed Help To Buy Agent since 1 April 2014.
2. At that date, BPHA held 226 applications for shared ownership from households living or working in Waverley and unable to purchase a home on the open market, as set out in the table below. 90% of applicants are currently living with family or friends or renting privately. 68% have an annual household income of between £20,000 and £50,000.

	Number of households
Households who both live and work in Waverley	83
Live in Waverley but work elsewhere	110
Work in Waverley but live elsewhere	33
TOTAL	226

3. Of the 226 applicants, 37 households include at least one public sector worker. Previously, the Government gave priority to ‘key workers’, who were people employed to provide public services.

Employment sector	Local authority/ Social Services	Education	Police/Fire service	Health
No of households	9	14	6	8

4. There are currently five new build schemes underway which include an element of shared ownership. These will generate 36 new affordable homes for shared ownership. There are a further seven schemes including an element of shared ownership which have secured planning permission. If all are implemented, these would generate a further ninety nine affordable homes for shared ownership.

Links between Employment and Housing

5. Based on a mortgage which is 3.5 times household income, households need incomes ranging from about £46,657 to purchase an entry level property in Cranleigh to an income of £74,056 to purchase a property in a rural settlements in the borough. The table below shows the income levels required to purchase an entry-level property on the open market.

Area	Lower quartile purchase price
Cranleigh	£46,657
Farnham	£59,829
Haslemere	£63,429
Godalming	£61,000
Smaller rural settlements	£74,056

6. Currently 71.2% of Waverley households have an income under this threshold of £60,000 which is the threshold up to which households are eligible for affordable homes for rent and for shared ownership.
7. Data from the Annual Survey of Hours and Earnings (ASHE) shows that people who work in the borough tend to earn less than workers who live in the borough but commute out to higher paid areas. The differential between live and work incomes is more significant in Waverley than in Guildford, Surrey or the South East, suggesting that people in local employment are more likely to be marginalised from the housing market.

Area	Median		Lower quartile	
	Workplace	Resident	Workplace	Resident
Waverley	£26,252	£36,770	£20,000	£22,544
Guildford	£31,883	£35,365	£23,367	£23,939
Surrey	£31,473	£34,595	£21,785	£23,515
South East	£28,181	£29,491	£20,010	£20,654

Main findings of research into the impact of housing costs on local employers

8. In September, the Housing Strategy and Enabling Team surveyed local public and private sector employers to establish the extent to which housing costs affect the recruitment and retention of their staff. Invitations to take part in the online survey were sent to 482 members of Waverley's Business Forum, 48 schools, 27 care homes/supported housing providers and other public sector organisations.
9. 43 responses were received; 54% of which were from the private sector (including independent schools, public houses, gyms, estate agents, private care homes and insurance brokers) and 46% in the public sector (including NHS North East Hampshire and Farnham Clinical Commissioning Group, Waverley Borough Council, Fire and Police Services and state schools). The full report on the survey outcome is available on the Council's website at www.waverley.gov.uk/housingstrategies
10. The main findings were:
 - More than four fifths of companies based in Waverley who responded to the survey viewed a lack of housing that people can afford in the local area as having had a great deal of impact on the local economy.
 - 88% of respondents viewed a lack of affordable housing in the local area as having 'some or a great deal of impact' on their ability to recruit or retain staff.
 - 68% of respondents reported that employees commute into work because they cannot afford to live in the area, with 32% of respondents believing this factor has had the greatest impact on their organisation's efficiency.
 - 42% of respondents reported that employees have relocated away from the local area as the cost of buying a home in the local area is too high.
 - 83% of respondents reported some or great difficulties in recruiting new staff, as opposed to 58% of respondents who reported some or great difficulties in retaining staff.
 - Feedback from public and private sector employers based in Waverley who responded to the survey was similar, suggesting that income levels for workers across sectors are commonly below the level required to access housing on the open market.

Analysis of shared ownership purchasers with a local connection to Waverley

11. Since April 2012, there have been 60 completions of shared ownership sales on new build and existing properties in the borough and a further 24 have been reserved and are proceeding towards completion. Almost 70% of these homes (58 properties) have or are in the process of being sold to households with a live or work connection to Waverley or have an immediate family member living in Waverley.

Purchasers living or working in Waverley	67%
Purchasers with an immediate family member living in Waverley	2%
Purchasers with a local connection to Surrey through living/ working in another borough/ district	13%

Sold on the open market following expiry of the nomination period	10%
No local connection to Waverley/ Surrey but were registered on the Help to Buy register and had a housing need (lived in Hart, East Hants, Rushmoor or Oxfordshire)	8%

12. The purpose of establishing a framework for the prioritisation of shared ownership applicants is to increase the percentage of shared ownership purchasers from Waverley and meet local housing need.

Shared ownership on rural exception housing sites

13. The framework has been revised to include the prioritisation that is given to applicants with a village connection for shared ownership schemes on exception sites in rural areas. This is captured in Section 106 agreements for these sites.

Conclusion

14. Research has illustrated that employers in the public and private sectors experience similar recruitment and retention issues. An additional medium priority category is included for people seeking employment in Waverley to help support local employers to recruit staff to the area.

15. The proposed framework, attached at Annexe 1, sets out a clear prioritisation process for shared ownership applications where demand exceeds supply and brings the way shared ownership applications from people with a local connection to Waverley are prioritised in line with Waverley's Housing Allocations Scheme for social rented homes, and also gives priority to those seeking employment.

16. The report was considered by the Corporate O&S Committee on 25 November 2014. The Committee thanked officers for responding to comments made by the Committee at its meeting in June 2014, and that the outcome of the survey of local employers had provided important evidence to support the proposed prioritisation of shared ownership applications. The Committee asked that the ranking of the Medium priorities be clarified by numbering them 1 -3, and endorsed the proposed framework for prioritising shared ownership applications to the Executive for adoption.

Recommendation

It is recommended that the framework for prioritising shared ownership applications be agreed, which will come into effect immediately.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

CONTACT OFFICER:

Name: Alice Lean

Telephone: 01483 523531

E-mail: alice.lean@waverley.gov.uk