

Housing Need and Local Affordability Analysis

December 2017



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Headline Information



A family seeking to buy an average home in Waverley would now require an income of over £113,000 to afford a mortgage on an average property in Waverley, making home ownership unavailable for many



Work is no guarantee that local people will be able to pay all their housing costs
28% of Waverley's Housing Benefit claimants are in work



The cost of renting privately is becoming less affordable with average monthly rents now standing at £1,050 in Waverley
This means local people spend 42% of their income on rent

1. Overview of the Borough

Waverley is an affluent Borough in the South West corner of Surrey, the area has high demand for housing, high house prices and above average incomes.

The Borough covers 133 square miles and is predominantly rural, with most of the population living in four main urban settlements (Godalming, Farnham, Cranleigh and Haslemere) surrounded by villages set amongst the countryside and attractive natural landscape.

61% of the land in Waverley Borough is Metropolitan Green Belt land. In addition to this 92% of the land in Waverley borough is rural and the majority of this countryside are designated areas of Outstanding natural beauty (ANOB), nature reserves and/or Areas of Great Landscape Value (AGLV).

Waverley is one of the least deprived areas in the whole of Britain. Rural as well as urban areas of Waverley however are deprived in terms of barriers to housing only because of lack of affordability. Some rural villages suffer from a lack of services including public transport, supermarkets, schools and healthcare. There are pockets of relative deprivation which remain a challenge in Waverley.



69% of Waverley's population lives within one of the four main settlements: Farnham 39,000, Godalming 22,000, Haslemere 17,000 and Cranleigh 11,000.

2. Demographics

The population in Waverley is over 123,300, this is set to increase by around 5% during the lifetime of this strategy¹.

Waverley has an ageing population, 19.5% of the population is over 65² and this is set to increase, having implications for resident's independence, housing, longer term care services and community safety.

There is less ethnic diversity in Waverley than the Surrey average, 95% of Waverley residents described themselves as white in the 2011 census. The Surrey average is 90% and the England average 85%³.

3. Local Housing Stock

There are currently 52,734 homes in Waverley⁴. The majority of people own their homes and a significant number live in rented homes⁵.

The housing stock in Waverley is largely made up of detached and semi-detached housing with less small unit accommodation.

Waverley has the highest proportion of detached housing in the Housing Market Area of over 41%. Nearly 31% of homes in Waverley have 4 or more bedrooms. The majority of homes in Waverley are

¹ [ONS Population estimates 2015](#)

² [2011 Census data: table PP01UK](#)

³ 2011 Census data

⁴ Information supplied by WBC council tax department

⁵ Tenure information from 2011 census data

currently under-occupied (76.7%), having more than one extra bedroom than required. Overcrowding is an issue for 2.5% of Waverley households.

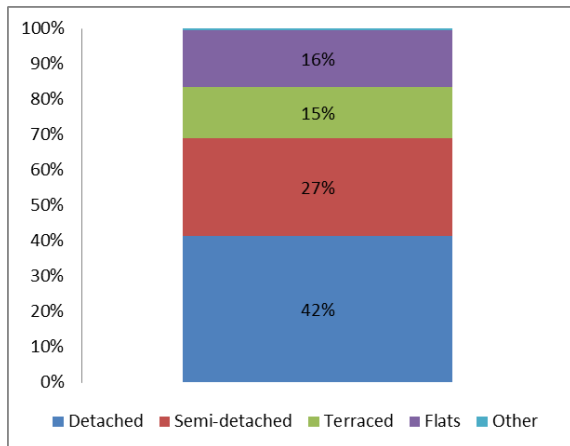


Figure 1: Profile of stock, by type⁶

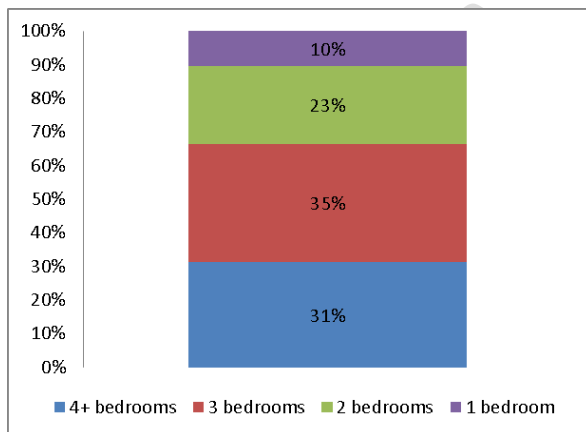


Figure 2; Profile of stock by number of bedrooms⁷

Unoccupied empty or second homes are an issue in Waverley with 4.5% of homes in the Borough having no permanent residents.

The population of over 65s is set to increase. Many older households will remain in their current homes but some may wish to downsize or will require specialist housing or support, for example because of dementia or mobility problems. There is likely to be more demand for sheltered housing, extra care and care home spaces in the future.

Within Waverley home ownership is around 73.7% with 11.3% renting privately and 12.4% living in social rented housing. The remaining 2.7% were living rent free or in shared ownership accommodation.

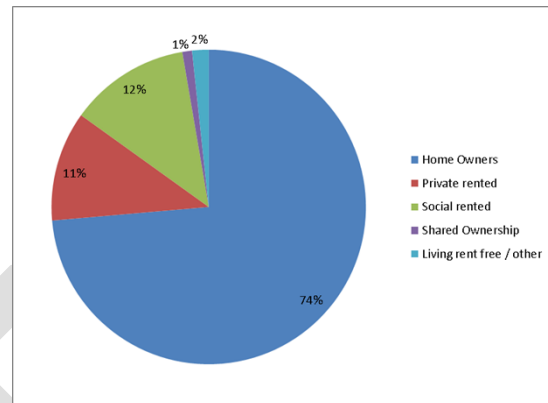


Figure 3: Tenure in Waverley (Census, 2011)

4. What is affordable housing?

The need for affordable, well designed, accessible and sustainable homes affects every community in the UK, with 98% of Councils having identified the need for affordable homes in their local authorities as 'severe or moderate'. According to the LGA, 'there is a [housing] crisis because housing is unavailable, unaffordable and is not appropriate for everyone that needs it.'

What is actually affordable to any one household will depend on their income and housing requirements. A well established rule of thumb is that housing costs should take up no more than a third of household income to be considered 'affordable in this sense'. Earnings have not kept up with increases in house prices; with average house prices in England having risen three times as much as

⁶ Census data 2011

⁷ 2011 census data and referred to in SHMA para 3.11

house prices between 2002 and 2016 .A lack of affordable housing in the context of high house prices continues to be a key issue across the south east and in Surrey, with house prices nearly 12 times local incomes in Waverley. In 2016 house prices in Waverley were 78% above the average for England and well above the average for the South East.

Although mortgage rates are at a record low, raising a sufficient deposit is the most significant barrier to first time buyers. We know that it would take a low to middle income household 22 years to save for a typical first time buyer deposit. However, just over half of all low to middle income households make no savings at all . An income of £113,203 would be required to purchase an averagely priced property in Waverley but we know people who work in Waverley have an average income of £23,000pa as opposed to people who live in Waverley who have an average income of £30,000pa .

Initiatives such as the Government’s Starter Homes Initiative to buy cannot solve the challenge alone. Simply building Starter Homes will not remove the affordability problem. To purchase them is still beyond the budget of many buyers and will not help meet the shortfall in affordable homes to rent. Renting is still an important option for many and many Councils’ are keen to ensure that there is an appropriate mix of affordable housing to both buy and rent.

5. The National Housing Affordability Crisis

Due to pressures in affordability a significant number of households in England cannot afford market housing without support.

The average annual full-time earnings of people working in the lowest-paid occupations range from £17,665⁸ to £18,462 in the elementary occupations⁹ This is about £10,000 less than the national full-time median of £28,213.

These inequalities in earnings have important implications for the affordability of housing, especially at times when house prices and private rents have been increasing rapidly.

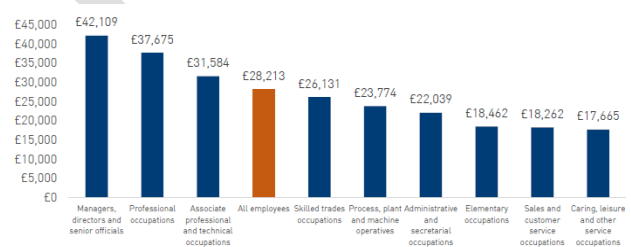


Figure 4: Annual gross median pay for full time employees by occupational group in England

People in lower-paid occupations are particularly affected by the affordability crisis, having seen housing costs drifting away from their earnings more than any other occupational group.

The pressure is particularly felt in areas of higher housing costs like Waverley, both in terms of private renting and access to home-ownership.

⁸ Care, leisure and other service occupations

⁹ [NHF Briefing: How affordable is housing for people in lower-income occupations](#)

a. Affordability of Home Ownership in England

Earnings have not kept up with increases in house prices - while earnings have increased by 38% between 2002 and 2016, house prices have risen by 120% over the same period. In fact, average house prices in England have increased more than three times as much as average earnings over this time period.

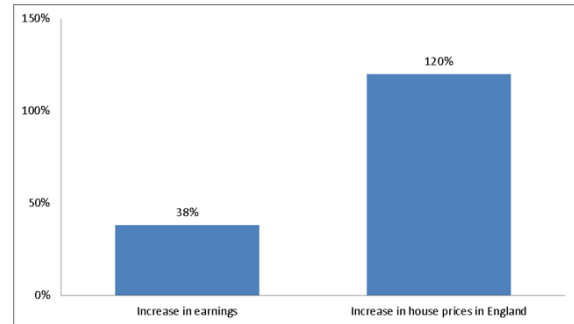


Figure 5: Increase in median full time earnings and median house prices (nominal) between 2002 and 2016¹⁰

Those affected most by high housing costs are those on the lowest incomes working in service, care and leisure occupations including sales, customer services and elementary occupations which include cleaning workers and assistants in food preparation.

The average house in England now costs 12.3 times the median annual earnings of a worker of the 'caring, leisure and other service occupations' and the ratio is almost equally high for 'sales and customer service occupations' (11.9) and for 'elementary occupations' (11.8). This is more than four additional annual full-time salaries compared to the national average, which stands at a ratio of 7.7.

Of course, what is actually affordable to any one household will depend on their income and housing requirements. A well-established rule of thumb is that housing costs should take up no more than a third of household income to be considered 'affordable' in this sense¹¹.

¹⁰ ASHE and ONS Land Registry 2016. link: http://s3-eu-west-1.amazonaws.com/pub.housing.org.uk/Low_income_occupations_and_housing_costs_incl_case_studies_without.pdf

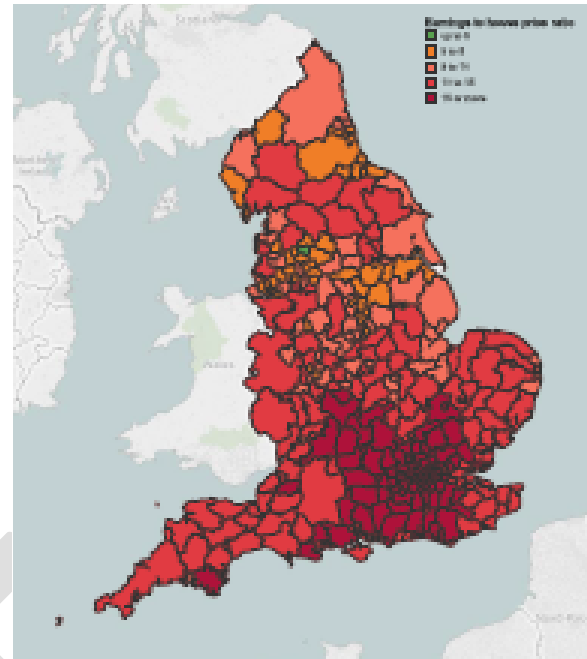
¹¹ <http://www.resolutionfoundation.org/app/uploads/2014/08/Home-Truths.pdf>

Workers in lower paid occupations struggle or find it impossible to afford to buy a market sale home, not to speak of saving enough for a deposit that are usually necessary to pay upfront. A typical worker in the ‘caring, leisure and other service sector occupations’ would be required to spend more than 16 times their annual full-time earnings to buy a home in the South East.

| Occupation | Earnings to house price ratio in South East England |
|--|---|
| Managers, directors and senior officials | 6.6 |
| Professional Occupations | 7.4 |
| Associate professional and technical occupations | 8.7 |
| Skilled trades occupations | 10.4 |
| Process, plant and machine operatives | 11.3 |
| Administrative and secretarial occupations | 12.8 |
| Elementary occupations | 14.8 |
| Sales and customer services | 15.6 |
| Caring, leisure and other service occupations | 16.1 |

Figure 6: Earnings to house price ratios in South East England¹²

Access to home-ownership is increasingly dependent on access to family or inherited wealth, thereby increasing the gap between those able and those unable to draw on such resources.



Source: ASHF 2016 and ONS Local Authority 2016 based on regional full-time earnings and new build housing prices by local authority.

Figure 7: Earnings to house price ratios for workers in the caring, leisure and other service occupations¹³

Across England as a whole, new build homes are 25% more expensive even than second hand homes¹⁴. This may be due partly to factors like size, location and energy efficiency, but it leaves new build homes as unaffordable to 88% of working families who rent privately. Even with Help to Buy these properties are unaffordable to 83% of working families who rent privately¹⁵.

The large deposits required to access homeownership are a further barrier, we know that it would take a low to middle income household 22 years to save for a typical first time buyer deposit. However, just over half of all low to middle income households make no savings at all.¹⁶

There are also a significant number of mortgage holders across Britain who currently face relatively low ongoing costs but who are vulnerable to a future interest

¹³ National Housing Federation

¹⁴ Shelter: New Civic Housing 2017

¹⁵ National Housing Federation

¹⁶ Resolution foundation (Squeezed Britain 2013)

¹² National Housing Federation

rate rise and may find themselves under extreme financial pressure to keep up with repayments¹⁷.

Understanding the links between a changing labour market and housing costs is crucial, especially in terms of the social and economic consequences of unaffordable housing.

A [recent report by the Social Mobility Commission](#) has highlighted that we are increasingly faced with a polarised labour market with, on the one hand, jobs that still offer decent career prospects and stability, and on the other hand, a growing number of workers in low-paid jobs with little opportunity for experiencing any sort of upward mobility or substantial increase in earnings over the course of their working lives.

With housing usually being the largest item of expenditure in a household's budget, the decoupling of housing costs from earnings has had the most far-reaching consequences for those at the bottom of the earnings curve. Expensive, insecure or bad-quality housing can be an inhibitor to social mobility as high housing costs eat away disposable income, leaving less resources to actively engage in one's future. High housing costs can also create a disincentive for people from moving to areas with better job opportunities, creating or exacerbating regional economic imbalances and inequalities.

Crucially, given the importance of the service-sector industries for the regional and local economies of all parts of England it is important that people working in lower-paid occupations have access to affordable and secure housing, both in terms of their own futures but also in terms of creating sustainable communities. Social housing plays a vital role in this

context and is able to contribute much needed solutions to the affordability crisis we are facing.

Affordable housing options are of particular importance in a context of increasingly polarised labour markets, with [a growing number of people facing low-paid and insecure jobs](#). The security of an affordable social home can provide a vital anchor of stability to these people's lives. As such, housing associations are key to the economy too. Without the affordable homes provided by housing associations, be they for rent or ownership, economies like London but also many other areas with high housing costs would struggle to maintain or attract the workers that keep cities, towns and villages up and running.

b. Affordability of private renting in England

The median private sector rent in England is £650 per month. In London the median rent stands at £1,452, rents are also above the national average in the South East at £845.

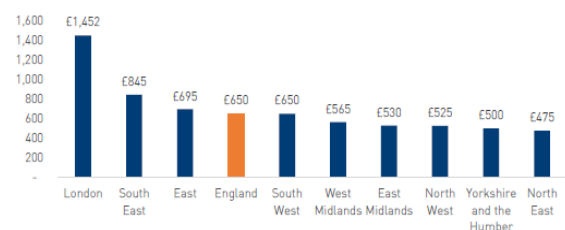


Figure 8: Median monthly private sector rents by region

As figure 8 shows¹⁸, regional variations in private rents are large and variations at local authority level can be even bigger. This however does not mean that individuals or households in regions with below average rent levels do not struggle with housing costs.

¹⁷ [Resolution foundation Home Truths, 2013](#)

¹⁸ Figure from NHF report. Source: Valuation Office Agency, Private sector rents, VOA 2016

Rent levels also need to be looked at in relation to earnings. As shown previously, earnings vary significantly not only geographically but, crucially, by different occupational groups, which impacts on affordability levels.

Looking at rent levels in relation to median incomes in different occupational groups shows that there are some groups whose rent levels make up large proportions of their earnings, regardless of where they live.

| Occupation | Earnings to private sector rent ratio in South East England |
|--|---|
| Managers, directors and senior officials | 0.24 |
| Professional Occupations | 0.26 |
| Associate professional and technical occupations | 0.31 |
| Skilled trades occupations | 0.37 |
| Process, plant and machine operatives | 0.40 |
| Administrative and secretarial occupations | 0.45 |
| Elementary occupations | 0.53 |
| Sales and customer services | 0.55 |
| Caring, leisure and other service occupations | 0.57 |

Figure 9: Earnings to private sector rent ratios in South East England ¹⁹

¹⁹ NHE, 2017

The three occupational groups with the lowest median earnings (caring and leisure, sales and service, elementary occupations) are required to spend high proportions of their earnings on rent payments across all nine English regions. The typical (median) rent of a worker in all three occupational groups takes up 40% or more of their earnings in the majority of local authorities in London and the South East.

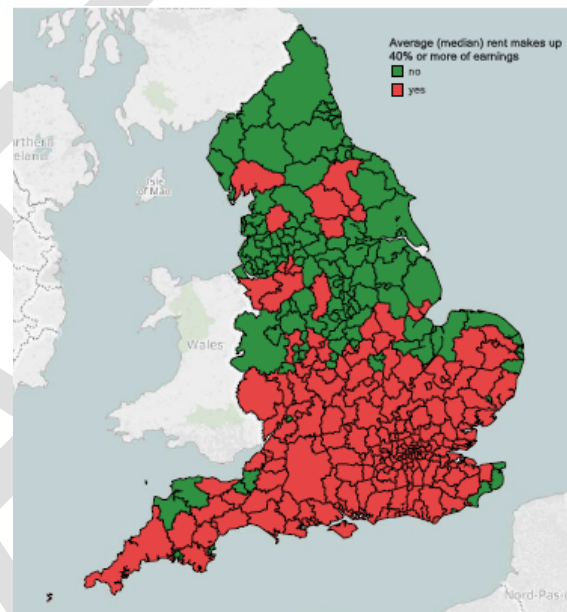


Figure 10: Local Authorities where the median rent takes up 40% or more of the earnings of workers in the care, leisure and other service occupations ²⁰

Privately renting is often the only option for those with median or below median incomes and certain parts of the private rented sector are badly run and poor quality, few landlords offer long term security for families²¹.

High housing costs are adding pressure to family budgets that are already struggling to keep up with the costs of living. Many low to middle income families are faced with the choice of forgoing other essentials in order to pay for housing or living in

²⁰ Figure 10, NHE, 2017

²¹ Resolution foundation home truths

overcrowded conditions to reduce their housing costs²².

In recognition of these issues, the Chancellor announced a £125 million increase in the targeted affordability funding available to assist in high rent pressure areas, while retaining the local housing allowance freeze in the November 2017 Budget.

6. Affordability in Waverley

Waverley is an affluent area with low unemployment of 2.9%²³ when compared to the national average of 5.1%. Most residents enjoy an above average life expectancy and there are low levels of crime. Waverley has a highly qualified population and 43% of those in employment commute out of the borough to work, many to access higher paying jobs in London. A significant number of workers from outside the Borough also commute into Waverley.

The borough has a higher than average level of economic activity and is one of the least deprived areas in England. The attractiveness of the Borough is reflected in its average house prices which are significantly higher than the national average and among the highest in Surrey.

High property prices in Waverley are pricing out workers such as nurses, teachers and care workers. As a result, some employers are finding it difficult to recruit. It is vital to Waverley's prosperity that it continues to deliver high quality health, educational, care and security services. The high cost of living in Waverley is not matched by the typical pay offered by these types of local jobs, particularly those in key service sectors.

It is important for the local economy that affordable housing options are available for low and middle income workers to live and work in Waverley. This will ensure the continued provision of key services and enable these workers to set roots in the Borough,

become an integrated part of the communities they serve and reduce the staff turnover levels in key service sectors and reduce pressure on local transport infrastructure.

Local employers in Waverley have reported problems recruiting and retaining staff especially lower paid workers in care homes, due to high local housing costs

The number of jobs available in the borough reached 54,000 in 2015²⁴ across a wide range of industry sectors, with the majority of jobs being in the professional and service sectors as well as health and education. The ratio of jobs to working age people is 0.95 in the borough which demonstrates a high labour demand.

Despite the general prosperity, there are pockets of deprivation in rural as well as urban areas of Waverley. The impact of relative deprivation can be exacerbated in an affluent area such as Waverley in terms of barriers to housing due to lack of affordability. Some rural villages suffer from a lack of key services including supermarkets, banks, schools and healthcare. In parts of the Borough, public transport infrastructure is either lacking or stretched in terms of capacity which again greatly exacerbates any deprivation.

a. Incomes in Waverley

People working in the borough earn nearly £7,000 less per year than those residing in the borough, those living in the borough and working elsewhere are often London commuters with higher salaries.

There is a 44% difference between the lower quartile incomes of those living in Waverley and those working in Waverley and commuting in.²⁵

| | Waverley Workplace | Waverley Resident |
|-----------------------|--------------------|-------------------|
| Median income | £22,797 | £29,770 |
| Lower quartile income | £11,991 | £17,368 |

Figure 11: Comparison of Incomes in Waverley 2016

²² Resolution foundation home truths

²³ ONS, NOMIS model based estimates

²⁴ Nomis Labour Market Profile - Waverley

²⁵ ONS data ASHE 2016 tables 7 and 8

The average median annual earnings of those living in Waverley in 2016 was £29,770²⁶ and for those working in Waverley but commuting in from outside the Borough median earnings in 2016 were £22,797²⁷.²⁸

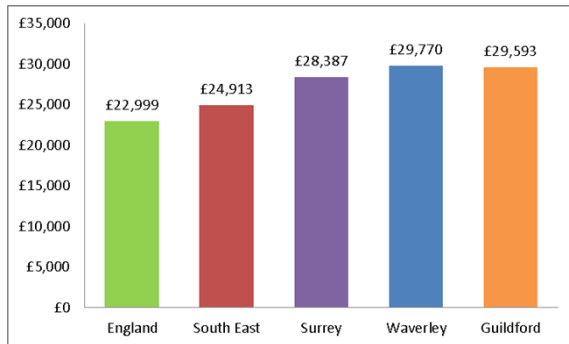


Figure 12: Median salaries by area 2016

[Household formation rates for 25-34 year olds have reduced significantly since 2001](#). Younger families in Waverley are often unable to move out of their parent's homes or shared accommodation.

b. Affordability of Home Ownership in Waverley Borough

In 2016 house prices in Waverley were 78% above the average for England and well above the average for the South East.

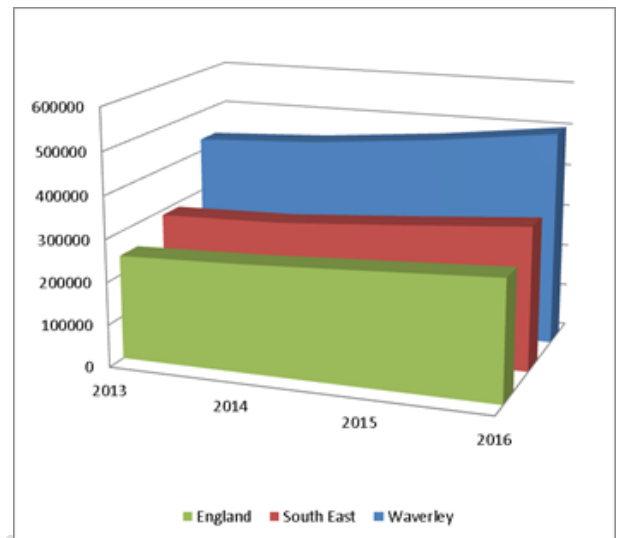


Figure 13: Average house prices in Waverley

The comparison of average (mean) house prices in the table below shows an average home in Waverley costs £503,125²⁹, Waverley is one of the most expensive places to buy a home in Surrey. Surrey's prices are already far above the regional South East average.

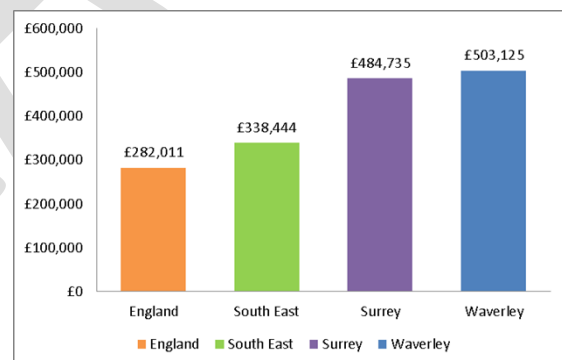


Figure 14: Average (mean) house prices 2016³⁰

The income to house price ratio in Waverley is 16.9 (based on average figures), however house prices vary considerably across the borough.

Homes in rural villages in Waverley are particularly expensive, typically rural house prices are 26% higher than urban areas and [annual earnings in rural areas are on average £7,200 lower](#).

²⁶ Median earnings taken from [ONS data 2016 table 8.1a](#)

²⁷ Median earnings for those working in Waverley taken from [ONS data 2016 table 7.1a](#)

²⁸ Median earnings taken from [ONS data 2016 table 8.1a](#)

²⁹ Office for National Statistics (ONS), small area statistics

³⁰ Office for National Statistics (ONS), price paid data

Emerging households will either require substantial deposits or salaries if they wish to own a home in Waverley. Using the above figures an income of £113,203 is required for a 90% mortgage on an average property .

| | |
|--|----------|
| Total cost | £503,125 |
| Deposit required | £50,312 |
| Mortgage per month | £2148 |
| Income required | £113,203 |
| Based on a 90% mortgage, 3% interest rate and lending at 4 x income. | |

Figure 15: Average housing costs in Waverley

Lower quartile prices give an indication of what it would cost a family in Waverley to buy their first home.

| Lower Quartile house Purchase ³¹ | Total | Deposit | Mortgage per month ³² |
|---|----------|---------|----------------------------------|
| Lower Quartile Flat | £191,000 | £19,100 | £815 |
| Lower Quartile terrace | £288,000 | £28,800 | £1,230 |
| Lower Quartile semi - detached | £360,000 | £36,600 | £1,534 |
| Lower quartile detached | £518,500 | £51,850 | £2,213 |

Figure 16: cost of purchasing a home in Waverley

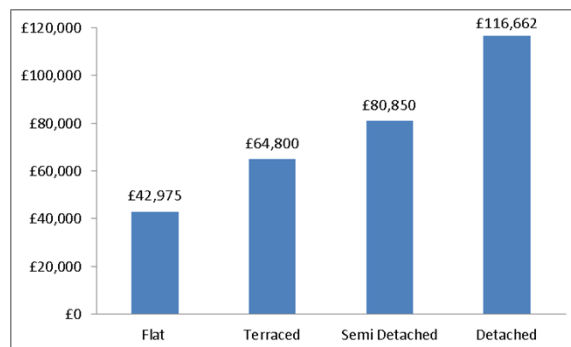


Figure 17: Income required to purchase a lower quartile home in Waverley (based on 90% mortgage)

When these high property prices are looked at alongside the income data, it becomes clear that access to homeownership for people on medium and low incomes is not possible.

Even those households with above average incomes in Waverley can also find that their access to homeownership is severely restricted with a household income of over £80,000 along with a deposit of over £36,000 required to purchase a lower quartile semi- detached home in Waverley.

c. Affordability of Shared Ownership in Waverley

Shared Ownership provides opportunities for people who cannot afford open market housing to access the housing ladder and build a share in the equity on the property.

With house prices being so high the actual level that people may be able to afford to buy into may be as low as 25%. However, even a 25% share plus rent can be too expensive for some people on medium and low incomes.

Problems may occur on re-sale, where a homeowner has stair cased up. The re-sale price may be too high for those looking to purchase, or because the income levels for this tenure type is currently capped at £80,000, those who may be able to afford it may be earning in excess of this amount. Not all lenders

³¹ ONS dataset: <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/lowerquartilehousepriceforationalandsubnationalgeographiesquarterlyrollingyearhpsadatataset15>

³² Using mortgage calculator available on the Money Advice Service (www.moneyadviceservice.org.uk).

allow shared ownership mortgages and housing associations or house builders will often have special arrangements with a particular mortgage lender.

Despite its limitations, Shared ownership often works out cheaper than privately renting and a smaller deposit is needed.

A household is considered able to afford to buy a home if it costs 3.5 times the gross household income for a single earner household, or three times the household income for dual income households³³.

Potential shared ownership costs below have been calculated based on shared ownership properties currently for sale in Surrey:

Based on these examples and given that the median salary for those living in Waverley is £29,770 then Shared Ownership may be a viable option for some Waverley households, subject to them being able to secure a mortgage and having the appropriate deposit.

| Typical shared ownership property example: 1 bedroom flat 25% share³⁴ | |
|---|----------|
| Total | £205,000 |
| Mortgage | £48,688 |
| Deposit | £2,563 |
| Monthly mortgage cost (at 3% interest) | £231 |
| Rent & service charge | £429 |
| Total monthly cost | £660 |
| Minimum income | £26,000 |

| Typical shared ownership property example: 2 bedroom flat 25% share³⁵ | |
|---|----------|
| Total | £285,000 |
| Mortgage | £67,688 |
| Deposit | £3,563 |
| Monthly mortgage cost (at 3% interest) | £338 |
| Rent & service charge | £580 |
| Total monthly cost | £918 |
| Minimum income | £35,000 |

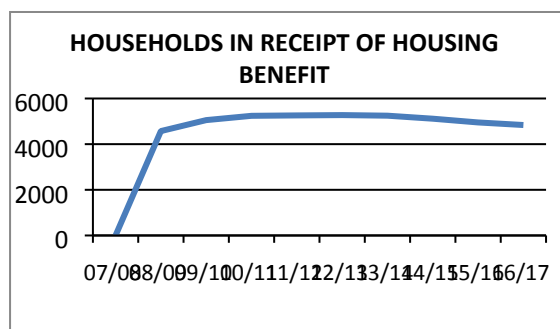
³³ Cambridge Centre for Housing and Planning Research 2009

³⁴ Based on a [1 bedroom shared ownership flat in Surrey](#).

³⁵ Based on a [2 bedroom shared ownership flat in Surrey](#).

d. Affordability of Private Renting in Waverley

Work is no guarantee that people can afford the cost of renting, 21% of Waverley's housing benefit claimants are in employment³⁶. A comparison of income and rents shows that 42% of before tax income goes on rent in Waverley³⁷.



Median monthly private sector rent in Waverley 2015/16 was £1,050³⁸.

| | Private rent £pcm | LHA ^{39 40p} cm | SHORTFALL pcm |
|-------|----------------------|-----------------------------|------------------|
| 1 BED | £790 | £739.57 | £50.43 |
| 2 BED | £1,050 | 966.16 | £83.84 |
| 3 BED | £1350 | £1,161.46 | £188.54 |
| 4 BED | £2250 | £1,495.41 | £754.59 |

Figure 18: Private sector renting compared to maximum housing benefit (LHA)

The shortfall is the amount of money a family would have to find per calendar month (on average) from their personal income after any assistance from housing benefit has been paid.

³⁶ 1038 households contain 1 or more adults in employment out of 4830 households in receipt of housing benefit, 2017

³⁷ £29,614,522 HB expenditure 2016-17

³⁸ Valuation Office Agency: Private rental market summary statistics – October 2015-September 2016

³⁹ Valuation Office Agency: Private rental market summary statistics – October 2015-September 2016

⁴⁰ There are 3 different LHA rates in Waverley. I have used the one that covers the majority of Waverley Borough in this table.

[Historically the guide to what is affordable rent has been 35% of a household's net income](#). The push towards 'affordable rents' (80% of open market rents) means some households could potentially be looking to spend over £14,000pa on an 'affordable rent' property in Waverley. The average social rent is around £8,000 per annum.

This may be further complicated by restrictions to the housing register eligibility criteria where those with a gross income of over £60,000 or savings or assets in excess of £30,000 will not qualify. Whilst this is considered a healthy income, it may not be enough to buy a property in Waverley and a larger family on this income may still struggle to privately rent in Waverley.

7. Housing Need in Waverley

There are currently 6424 affordable homes in Waverley⁴¹. These include social rented, affordable rented and shared ownership homes owned by the council and housing associations.

There were 1500 households on Waverley housing list as at 1 April 2017. In total 274 households secured affordable rented accommodation in 2016/17 through the council's housing list⁴².

The households who secured affordable rented accommodation in 2016/17 waited over 4 years on average before being offered affordable rented accommodation. Those requiring a 3 bedroom property waited longest, over 5 years on average⁴³.

255 local households are currently waiting

⁴¹ 2017 RP stock data and 2017 WBC stock data.

⁴² [RE statistics for housing strategy.msg](#)

⁴³ [Waiting Days by Band and Beds 2013 to 2017.pdf](#)

for a shared ownership property in Waverley.

In 2015 there were 374 ‘concealed households’ in Waverley .These are households within a household and are often young families living with parents and unable to form a household of their own due to high housing costs.73% of these concealed households cited unaffordability of housing as the reason for their housing situation⁴⁴.

The need for affordable housing for those who cannot afford to obtain housing on the open market is considerable.

Waverley’s Housing Options team received contact from over 879 households regarding homelessness last year. On average 574 homelessness preventions are achieved by Waverley’s Housing Options team each year⁴⁵ and 530 new applications to the housing register are processed.

There are 370 second homes in Waverley, the highest rate in Surrey. Waverley has 468 long term empty homes, the second highest rate in Surrey.

7. Affordable Housing Development in Waverley

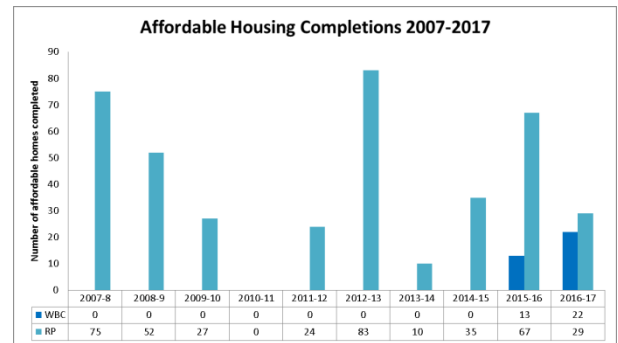


Figure 19: Affordable homes completed in Waverley 2007-2017

⁴⁴ West Surrey SHMA 2015 [Strategic Housing Market Assessment Waverley Update \(2015\)](#)

⁴⁵ Housing Options data from housing Options ‘All in Housing’ presentation May 2017

8. Future Housing Need in Waverley (based on SHMA)

Waverley has a 5 year housing shortfall of 1,564 homes, the second highest in Surrey*5 year housing shortfall 2011-2015 (taken from NHF report)

The Strategic Housing Market Assessment (SHMA) 2015

The SHMA is an assessment of current and future housing need in the borough based on current statistics and projections. The latest SHMA was produced in 2015 and informs the calculation of the number of new houses needed for the lifetime of the local plan.

The SHMA showed a need for 493 dwellings⁴⁶ per annum in Waverley.⁴⁷

Projected growth and future housing need

Initial Assessment of Annual Need for Housing based on Economic Forecasts

| | Waverley |
|-----------------------|----------|
| Annual Growth in Jobs | 99-120 |
| Annual Housing Need | 319-334 |

Table: Conclusions on Objectively-Assessed Housing Need by Authority⁴⁸

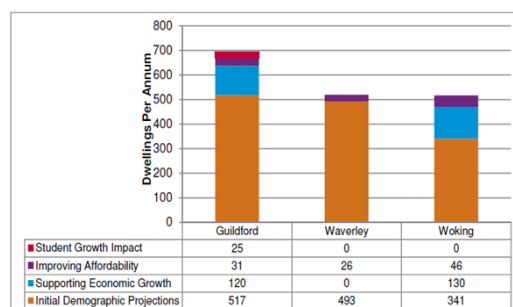


Table 8: Estimated Current Need

| Area | In unsuitable housing (taken forward for affordability test) | % Unable to Afford | Revised Gross Need (including Affordability) |
|-----------------|--|--------------------|--|
| Godalming | 284 | 55.0% | 156 |
| Farnham | 424 | 55.6% | 236 |
| Haslemere | 171 | 43.6% | 74 |
| Cranleigh | 152 | 58.6% | 89 |
| Rest of Borough | 276 | 62.4% | 172 |
| Waverley | 1,307 | 55.7% | 727 |

Source: CLG Live Tales, Census (2011), data modelling and affordability analysis

Table 12: Estimated level of Housing Need (2013-33)

| | Per annum | 20-years |
|---------------------------------------|-----------|----------|
| Backlog need | 36 | 727 |
| Newly forming households | 374 | 7,482 |
| Existing households falling into need | 89 | 1,773 |
| Total Gross Need | 499 | 9,982 |
| Supply | 185 | 3,700 |
| Net Need | 314 | 6,282 |

Source: Census (2011)/CORE/Projection Modelling and affordability analysis

Table 13: Estimated Level of Housing Need (per annum)

| Area | Backlog need | Newly forming households | Existing households falling into need | Total Need | Supply | Net Need |
|-----------------|--------------|--------------------------|---------------------------------------|------------|--------|----------|
| Godalming | 8 | 72 | 19 | 99 | 37 | 62 |
| Farnham | 12 | 129 | 28 | 169 | 58 | 111 |
| Haslemere | 4 | 40 | 11 | 55 | 30 | 25 |
| Cranleigh | 4 | 40 | 11 | 55 | 22 | 33 |
| Rest of Borough | 9 | 93 | 21 | 122 | 39 | 83 |
| Waverley | 36 | 374 | 89 | 499 | 185 | 314 |

Source: Census (2011)/CORE/Projection Modelling and affordability analysis

Future of housing for Older people in Waverley

Within Waverley it is expected that a growing older population may result in an increase in the number of people with dementia by around 1,800 between 2013-31, and growth in the number of persons with mobility problems of over 3,500⁴⁹

Some older households will require specialist housing solutions. The SHMA identifies a need for over 3,950 additional specialist units of housing for older people between 2013-33, including sheltered and

⁴⁶ SHMA 2015 Paragraph 2.5

⁴⁷ Please use supporting text for all of the following from http://www.waverley.gov.uk/downloads/file/4973/west_surrey_shma_2015_summary_-_december_2015

⁴⁸ SHMA 2015

⁴⁹ West Surrey SHMA 2015

extra care homes across the West Surrey Housing Market Area (HMA) with 1,700 of those required in Waverley.

Figure x: Need for Specialist Housing for Older Persons, 2013-33⁵⁰

| 2013-33 | Market | Affordable | Total |
|-----------|--------|------------|-------|
| Guildford | 1,136 | 198 | 1,334 |
| Waverley | 1,442 | 260 | 1,703 |
| Woking | 962 | -44 | 918 |
| HMA | 3,540 | 414 | 3995 |

In addition, the SHMA indicates a need for 1,031 bed spaces in care homes of which 396 in Waverley. This does not form part of the household population and so is separate to the need identified for housing (and is not considered within the conclusions on overall housing need identified above).

Suggested Future Housing Mix for Waverley

In the SHMA the best mix of housing to meet future need in Waverley in terms of size and tenure is suggested.

Figure x: Need for Different Sizes of Homes - Waverley⁵¹

| | 1 bedroom | 2 bedroom | 3 bedroom | 4+ bedrooms |
|------------|-----------|-----------|-----------|-------------|
| Market | 9.3% | 32.1% | 38.2% | 20.4% |
| Affordable | 47.3% | 29.2% | 21.9% | 1.7% |

Figure x: Mix of Affordable Housing Needed⁵²

| | Intermediate | Social / Affordable Rent |
|-----------|--------------|--------------------------|
| Guildford | 29% | 71% |

| | | |
|-----------------|-----|-----|
| Waverley | 32% | 68% |
| Woking | 26% | 74% |
| West Surrey HMA | 29% | 71% |

Table 14: Estimated Size of Dwellings Needed 2013 to 2033 – Affordable Housing

| Size | 2013 | 2033 | Additional households 2013-2033 | % of additional households |
|-------------|-------|-------|---------------------------------|----------------------------|
| 1 bedroom | 2,399 | 4,040 | 1,641 | 47.3% |
| 2 bedrooms | 1,926 | 2,939 | 1,013 | 29.2% |
| 3 bedrooms | 1,880 | 2,641 | 760 | 21.9% |
| 4+ bedrooms | 134 | 191 | 57 | 1.7% |
| Total | 6,339 | 9,811 | 3,472 | 100.0% |

Source: Housing Market Model

Table 15: Estimated Need by Number of Bedrooms (2013 to 2033) – Affordable Sector

| Area | 1 bedroom | 2 bedrooms | 3 bedrooms | 4+ bedrooms |
|-----------------|-----------|------------|------------|-------------|
| Godalming | 41.4% | 34.7% | 22.4% | 1.5% |
| Farnham | 45.0% | 28.7% | 24.3% | 1.9% |
| Haslemere | 51.6% | 26.9% | 19.9% | 1.6% |
| Cranleigh | 52.0% | 27.9% | 18.5% | 1.6% |
| Rest of Borough | 50.3% | 26.9% | 21.4% | 1.5% |
| Waverley | 47.3% | 29.2% | 21.9% | 1.7% |

Source: Housing Market Model

Table 16: Estimated level of Housing Need (per annum) by type of affordable housing

| Area | Intermediate | | | Social/affordable rented | | | % Intermediate |
|-----------------|--------------|--------|----------|--------------------------|--------|----------|----------------|
| | Total need | Supply | Net need | Total need | Supply | Net need | |
| Godalming | 22 | 3 | 19 | 77 | 31 | 46 | 29.5% |
| Farnham | 39 | 5 | 34 | 130 | 46 | 83 | 29.2% |
| Haslemere | 16 | 2 | 14 | 39 | 21 | 17 | 44.3% |
| Cranleigh | 12 | 2 | 10 | 43 | 17 | 26 | 27.8% |
| Rest of Borough | 25 | 4 | 21 | 97 | 32 | 65 | 24.8% |
| Waverley | 114 | 15 | 99 | 385 | 148 | 237 | 29.4% |

Source: Housing Needs Analysis (includes student supply)

⁵⁰West Surrey SHMA 2015

⁵¹ West Surrey SHMA 2015

⁵² West Surrey SHMA 2015

7. Additional Resources / possible additions

Appendix 1 HOUSING

STRATEGY.docx is a Waverley version of APPENDIX 1; OVERVIEW AND STATISTICAL PROFILE OF THE BOROUGH FROM GUILDFORD HOUSING STRATEGY

Housing options preparing for the Homelessness Reduction Act 2017 and Preparation for Homelessness Strategy 2018-2023.

Waverley 'Ageing Well Strategy' (2015-18)

Waverley Economic Strategy 2015-2020

Private rental market summary

Rental price index shows prices increasing:

<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/indexofprivatehousingrentalprices/jan2017#links-to-related-statistics>

UK house price index:

<http://landregistry.data.gov.uk/app/ukhpi>

Average price change for a property in South East England for the year to December 2016 was 8.5%

<https://www.gov.uk/government/publications/uk-house-price-index-summary-december-2016/uk-house-price-index-summary-december-2016>

http://england.shelter.org.uk/_data/assets/pdf_file/0006/1348233/2017_03_02_New_Civic_Housebuilding_Manifesto.pdf

https://civichousebuilding.org/wp-content/uploads/2017/03/NCH_Policy_Report.pdf

35% housing costs

- <https://www.theguardian.com/money/2015/jul/16/tenants-in-england-spend-half-their-pay-on-rent>
- <http://www.resolutionfoundation.org/app/uploads/2014/08/Home-Truths.pdf>

Waverley report on housing and its effect on local economy:

[Impact of housing costs and affordability on local businesses.pdf](#)