



Surrey Community Action

Ash, Guildford, Surrey

Desktop Review of Housing Need

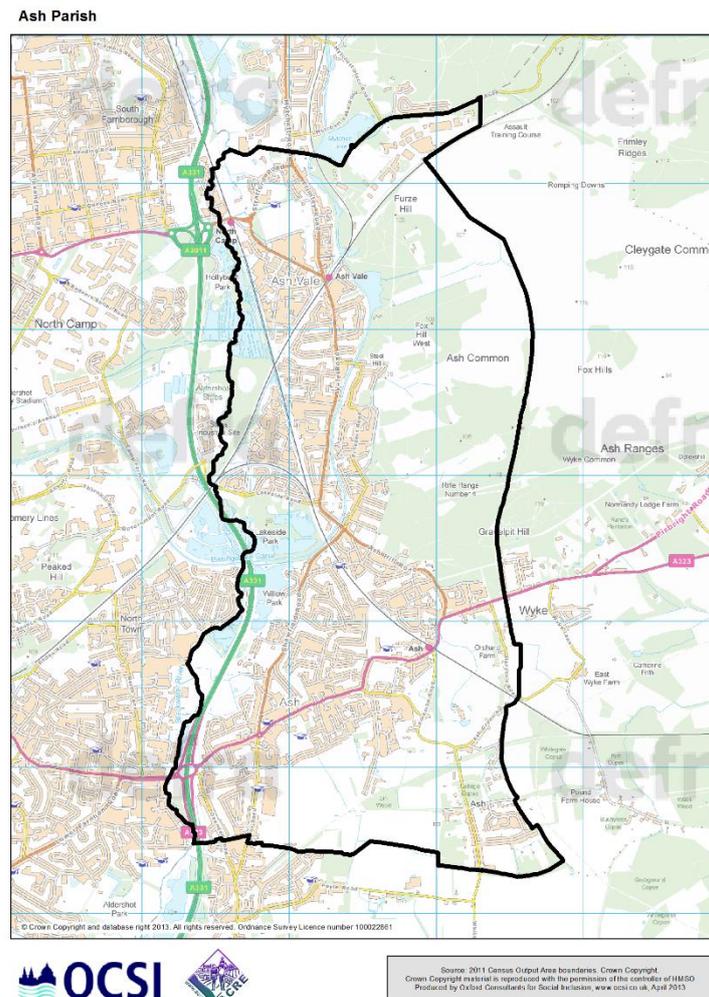
Louise Williams, Rural Housing Enabler – May 2021

Background

The parish of Ash sits in the far west of the borough and is one of the most densely populated parishes within Guildford, it is technically too heavily populated to be classified as rural although it has large areas of common land, and is surrounded by Countryside Beyond the Green Belt and there are several Sites of Nature Conservation Importance (SNCI). Ash is well connected for travel to nearby towns, with the A331 running to the west, connecting the Hogs Back to the M3. The parish benefits from 3 train stations within its boundaries, providing fast trains to London, Reading, and Gatwick Airport. Regular buses run between the area and nearby towns.

There are a range of local services including a range of shops, schools, a local library and various leisure activities including Ash Manor sports centre (which includes facilities for indoor tennis) and four recreation grounds, which include facilities for football, tennis and a skateboard park.

Fig 1 – The Parish of Ash



Report Summary

Ash is considered to be a highly sustainable area by Guildford Borough Council and in the 2015 – 2034 Local Plan *Ash and Tongham Urban Area* is identified as one of the key strategic areas for growth. Three key sites have been identified for development in the local plan with a total of 1,750 units.

Ash remains one of the more affordable areas to live within the Borough, with an income to house price ratio of 11. However, despite this, open market house prices in the area are still likely to remain out of the reach of those on low to average incomes.

The purpose of this report is to provide an up-to-date picture of affordable housing availability, overall affordability and current housing need for affordable housing in Ash. It does not purport to have identified all the housing need in the parish for there is likely to be a level of hidden need.

Key Highlights

- There are currently 257 households on the housing register residing in Ash
- 52% of need is for a 1 bedroom property
- The average private rent in the borough stands at £1,304 per calendar month, average rental prices for Ash sit slightly below this figure
- The asking price of a 2 bed flat ranges from £210,000 - £230,000.
- A single person household will need an income of £53,000 to afford to purchase the cheapest property on the market.
- Planning consent has already been granted for 896 homes
- Those looking to purchase a new, 3 bed-house in the area, with a 20% deposit will still require a joint income of £104,000.

Setting the Scene

Surrey, often seen as an affluent County with a strong housing market, has its own unique problems when it comes to housing. Large areas of the County fall within the Green Belt, Areas of Outstanding Natural Beauty, Areas of Special Scientific Interest and many settlement areas are often subject to conservation area regulations.

Being within easy reach of London makes Surrey a popular choice for commuters, house prices are, by comparison, cheaper than London, whilst salaries in London are significantly higher. Local people on an average salary (for Guildford the median salary for 2020 was £31,106¹) are finding it increasingly difficult to afford to access the housing market with homes costing on average more than 12 times the average salary². This together with the loss of council homes through the Right to Buy and the increased cost of private renting leaves some people with little choice but to either move away or continue to live at home with relatives.

Defining 'Housing Need'

Housing need in this context is defined as follows:

- The need for an individual or household to obtain housing which is suitable to their circumstances.
- It implies that there are issues or limitations with the household's current housing arrangements and that the household is unable to afford or to access suitable accommodation in the private sector.
- Such problems may be concerned with housing costs, size, location, layout, state of repair or security of tenure.
- This need may be immediate or anticipated in the near future.
- It may also include ageing households who are looking to downsize but remain within the locality.

Defining 'Affordable' Housing

In recent years, it has become more difficult to agree exactly what is defined as affordable housing. The most referred to definition of affordable housing is set out in Annex 2 to the [National Planning Policy Framework](#) (NPPF).

'Affordable housing; housing for sale or rent, for those whose needs are not met by the market'

This is the definition that local planning authorities apply when making provision within their areas to meet local demand/need for affordable housing. The most recent version of the NPPF was published in February 2019. The NPPF definition incorporates social rent, as well as a range of intermediate rent and for-sale products.

¹ Annual Survey Hrs Earnings (ASHE) 2020 ONS Table 8.1a

² Ratio of house prices to work based earnings 2020 Table 5c

[The Affordable Housing Commission \(2020\)](#) concluded that “many” of these products “are clearly unaffordable to those on mid to lower incomes.”

The difficulty with the newer definition is that it no longer refers to the percentage of the household’s income or earnings that should be spent on housing costs. Historically the Housing Cost to Income Ratio (HCIR) was referenced in Planning Policy Guidance Note 3 Housing (which was repealed and replaced by the NPPF) and was based around housing costs not taking up more than 35% of a household income.

In Surrey, the extremely high house prices mean that some households, on what would be considered a reasonable income elsewhere in the Country, are finding it increasingly difficult to access the open market and as a result are spending a greater percentage of their income on housing costs than the previously recommended 35%

Affordable Housing

There range of affordable housing tenures referred to in the NPPF are as follows:

Discounted Market Sale

The product is discounted by a minimum of 20% and up to 50%, usually in perpetuity, to those with a defined need. The discount is applied at each point of sale (following valuation). The defined need may be financial and/or geographical or linked to local salary levels, for example. This is particularly useful in high value areas such as Guildford where a 20% discount may still be unaffordable to those on average incomes and where the discounts will often need to be greater than the minimum 20% discount. Local connection criteria are applied to such schemes and eligibility criteria is set by the local authority.

For example, a £300,000 property has a 20% discount applied at the first point of sale and is sold for £240,000. 10 years later the same property is revalued at £400,000 and sold for £320,000.

The discount is ‘locked’ into the asset usually through a covenant on the land or property.

Shared Ownership

A % of the property is purchased and the remaining % is rented, typically from a housing association. This housing tenure can offer a good alternative for those with very small deposits as it offers the opportunity to gain a foot on the housing ladder whilst building up some equity in the property. However, with house prices being high, the level that people may be able to afford to buy outright may be less than the average level of 40% of the property value. In turn this means the rental percentage will be higher too. Recent legislation intends to address some of these issues by allowing a minimum stake of 10%, although it should be borne in mind that this will result in higher rental costs.

Cases have been reported of those purchasing properties on this basis paying more than a typical mortgage. Problems have also arisen on re-sale, where a homeowner has ‘staircased up’³ by buying a higher proportion of their home. The re-sale price has been too high for those looking to purchase

³ This term refers to the act of increasing the percentage of ownership.

such a property type, particularly because to be eligible the income level for this tenure type is currently capped by the government at £80,000 per annum.

First Homes

Seen as a replacement to the discontinued Starter Homes, consultation has recently closed on how First Homes may be implemented. Full details are still scarce, but the Government has recently confirmed the following:

- They will be sold with a discount of at least 30 percent.
- They will be sold to local people who want to stay in the community where they live or work but are struggling to purchase a home at market prices.
- They will be prioritised for first-time buyers, serving members and veterans of the Armed Forces, and key workers, such as nurses, police and teachers.
- The discount will be passed on to future buyers when First Homes are resold.

Help to Buy – Equity Loans

Providing help to purchasers through Equity Loans, the Government provides a loan of up to 20% towards the cost of new build homes with a cap of £437,600 in the South East, purchasers only need to find a 5% deposit and a 75% mortgage. Interest is only paid in year 6 and the full loan is due after 25 years or if the property sells.

The Mortgage Guarantee Scheme and the Help to Buy ISA, previously launched under the Help to Buy banner, are now closed to new applicants.

Affordable Rent

Historically the guide to what is affordable has been 30-35% of a household's net income. For some even these 'affordable rents' can now be unaffordable and with the push towards affordable rents defined as 80% of open market rents, households could potentially be looking to spend over £14,000 pa on an affordable rent property. In Waverley 27% of housing benefit claimants are in employment, needing financial support to meet their housing costs. The average social rent is around £8,000 per annum.

The situation is further complicated by restrictions on the Housing Register eligibility criteria where the following income thresholds apply:

- single people, £40,000 threshold
- couples without children, £60,000 threshold
- families (including single parents), £70,000

The maximum savings threshold is £30,000 for all households. Whilst this may be considered a healthy income, it may not be enough to buy a property, nor can all households afford to privately

rent in this area. Such families are often caught between the two, being considered too affluent for one tenure for one and not affluent enough for the other.

Social Rent

Typically, these rents are around 60% of the open market. In 2017 The government re-introduced socially rented properties as being eligible for grant funding. However, in 2019/20 only 11% of all affordable homes built were of this tenure.

Community Led Housing

In December 2016 the Government announced a new £60 million fund to assist local authorities in tackling the problem of high levels of second home ownership. Community led housing is inspired and controlled by the community. It is not a new mechanism for delivering homes but the number of homes being built through this means is rapidly increasing. There are some basic guiding principles to Community Led Housing.

A scheme is community led when:

- There is meaningful community engagement and consent throughout the process.
- The local community manages the homes in a manner of their choosing. This could be done in partnership with a housing association or be completely self-managed.
- The benefits to the community are clearly defined and legally protected in perpetuity e.g., through an asset lock.

There are several ways in which this may happen:

Permanent affordability and local control of assets can be achieved by forming a Community Land Trust (CLT). This approach is supported by the *National Community Land Trust Network* and there is substantial support and funding available to help a Community Land Trust form and develop housing.

Closer and more supportive communities can be achieved using cohousing where households each have a self-contained home, but residents come together to manage their community and share some facilities. Cohousing is becoming increasingly popular with older people to create mutual support and with younger people in cities and is supported by *UK Cohousing*.

Self-build groups can work together to develop their own housing, supporting one another and creating a strong community.

Housing cooperatives allow tenants to democratically control their homes

Self-help housing brings empty properties into use as homes.

Rural Exception Sites

The National Planning Policy Framework refers to rural exception sites as “Small sites used for affordable housing in perpetuity, where sites would not normally be used for housing. Rural exception sites seek to address the needs of the community by accommodating households who are either residents or have an existing family or employment connection. Rural exception sites normally abut the village boundary and are generally close to local services and transport routes.

They are an exception to planning policy and do not set a precedent for other amendments to village boundaries. Rural exception sites can be located in the Green Belt but an affordable housing need in that area must be proven.

This is set out in Policy H3 of Guildford’s Local Plan.

Local Housing Demographics⁴

Although the following demographics are taken from the 2011 census, they still provide a good illustration of the makeup of the parish, Ash has slightly higher than average level of detached and semi-detached dwellings and below average for flats and terrace properties.

Fig 2 – Breakdown of current housing stock

<p>Detached houses</p> <p>2,126</p> <p>28.5% of dwellings (England average = 22.3%)</p>	<p>Semi-detached houses</p> <p>2,668</p> <p>35.7% of dwellings (England average = 30.7%)</p>	<p>Terraced houses</p> <p>1,547</p> <p>20.7% of dwellings (England average = 24.5%)</p>
<p>Flats (purpose built)</p> <p>906</p> <p>12.1% of dwellings (England average = 16.7%)</p>	<p>Flats (other)</p> <p>166</p> <p>2.2% of dwellings (England average = 5.4%)</p>	<p>Caravan or other temporary accommodation</p> <p>57</p> <p>0.8% of dwellings (England average = 0.4%)</p>

Home ownership sits just over 12% above the England average, with the percentage of affordable housing 5% below the England average.

Fig 3 – Breakdown of housing tenure

<p>Housing that is owner occupied</p> <p>5,600</p> <p>76.4% of households (England average = 64.1%)</p>	<p>Housing that is social rented</p> <p>926</p> <p>12.6% of households (England average = 17.7%)</p>	<p>Housing that is private rented</p> <p>681</p> <p>9.3% of households (England average = 15.4%)</p>	<p>Other rented accommodation</p> <p>123</p> <p>1.7% of households (England average = 2.8%)</p>
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Guildford's Local Plan 2015 -2034 identifies 4 key sites in Ash:

1. 58 homes at Warren Farm
2. 62 homes at land to the East of White Lane
3. 1,750 homes on land to South and East of Ash and Tongham

In addition, 4 Traveller and Travelling Show People pitches at Lakeside Road.

Since 2011 planning consent has been granted for the following:

1. 60 homes at land North of Grange Road
2. 154 homes to land South of Guildford Road
3. 481 homes at land South of Ash Lodge Drive
4. 100 units at land at May Juniper Cottages
5. 6 units at 120 Ash Street
6. 39 units at The Croft, Foreman Road
7. 56 units at land South of Guildford Road

A total of 896 units to date

⁴ Source: Census 2011 (table KS401EW)

Affordable Housing Stock

Affordable housing stock in the parish is split between Guildford Borough Council and Housing Associations operating in the area. As of May 2021, local authority stock stood at 344 units broken down as follows:

Fig 4 – Council Owned Stock

Type	Beds	Total
Bedsit		1
Duplex		4
Flat	1	56
	2	29
	3	2
Bungalow	1	12
	2	25
House	2	7
	3	134
	4	13
Sheltered	1	48
	2	13
Total		344

There are an additional 248 affordable homes owned by housing associations which is broken down as follows:

Fig 5 – Total Housing Association Stock

Place	Flat	House
Ash	86	136
Ash Vale		26
Total		248

This brings the current total affordable housing stock in the area to **592 properties**.

Housing Register

The number of people listed on the housing register, currently living in Ash, and the number of bedrooms they have been assessed as needing is as follows:

Fig 6 – Housing Register Data

Housing Register	1 bed	2 bed	3 bed	4 bed	Total
Ash	62	26	7	1	96
Ash Green	1	1			2
Ash Vale	42	29	17	1	89
					187
Transfer List	1 bed	2 bed	3 bed	4 bed	Total
Ash	23	12	12	6	53
Ash Green		2			2
Ash Wharf	2				2
Ash Vale	4	3	3	3	13
					70
Total Need	134	73	39	11	257

The 2017 addendum to the 2015 Strategic Market Housing Assessment (SMHA) seeks a contribution of at least 40% affordable housing on sites that meet the defined threshold site. They have assessed the overall affordable housing need in the Borough at 517 units per annum and acknowledge that this is simply unrealistic and unachievable⁵. The overall assessed housing need for the period 2015 – 2034 is £12, 426 units or 654 units per annum.

They estimate the affordable bedroom need as follows:

Fig 7 – Bedroom Need

	1 bed	2 bed	3 bed	4 bed
SMHA	40.9%	31.7%	23.9%	3.5%
GBC Housing Register for Ash	52.1%	28.4%	15.2%	4.3%

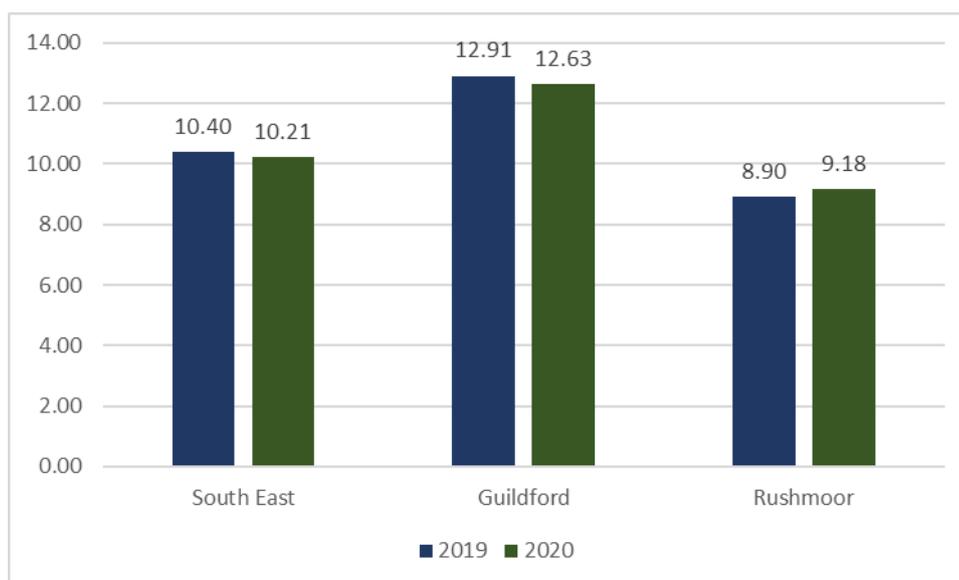
Based on those currently on the housing register housing need for Ash suggests a higher percentage of 1- bedroom properties and a lower percentage of 3- bedroom properties than the SMHA.

⁵ West Surrey Strategic Housing Market Assessment: Guildford Addendum Report 2017 Guildford Borough Council, Final Report – March 2017 section 5.23

Open Market House Values

Historically the average loan to value rate has been 3 times the joint income of a couple and 3.5 times that for a single person. Following a long period of more cautious lending banks are once again offering higher loan ratios of between 4 and 4.5 depending on personal circumstances. In Guildford, based on the lower quartile income levels versus the lower quartile price of properties, the loan to value rate currently stands at almost 13 times the average salary.⁶ The median salary to house price figures is only slightly lower at 12.21. Fig 4 sets out the figures for the past 2 years, as 2020 will naturally reflect the impact of covid 19 and the subsequent impact on the market and employment, comparisons are given for the neighbouring borough of Rushmoor.

Fig 8 – Lower Quartile House Price to Income Ratios



Whilst these figures are useful in providing data for the borough it is also useful to drill down to a more local level as house prices can vary enormously between settlements areas in a borough. Land Registry figures for the post code area for Ash, in 2020 years show that most sales took place in the GU12 4 and 5 area where the average price of a flat sold for just over £178,000 and £207,000 respectively with the average price of a terraced property ranging from £284,000 to £292,000. In 2020 the Lower Quartile Gross Annual Earnings for Guildford were £26,520 thus giving a ratio of 11, which is below the overall ratio for Guildford, making this area of the parish one of the more affordable areas in the borough.

Fig 9 – Average Price Paid Data 2020

Post Code Area	Detached	Semi-det	Terraced	Flat/mais	Overall average	Total sales
GU10 1	£1,197,210	£376,087	£399,292	£447,786	£735,473	73
GU11 2	£570,000	£0	£0	£226,667	£364,000	5
GU12 4	£364,409	£316,982	£284,294	£178,762	£281,972	163
GU12 5	£488,266	£374,224	£292,353	£207,154	£361,981	116
GU12 6	£492,871	£371,179	£327,128	£211,562	£383,387	109

⁶ Ratio of lower quartile house price to lower quartile gross annual (where available) workplace-based earnings by country and region, England and Wales, 1997 to 2020 Table 6c

Only a small number of new homes have been sold during 2020/2021 so to give a better overview Fig 10 also shows all new build properties that sold in 2019 in the parish. Despite them being more popular (in terms of sales) there have been no new build sales across the same period in the GU12 4 and 5 postcode area with most of the development taking place in the GU12 6 area.

Fig 10 – New Build Average Sold Price Data 2019

Post Code Area	Detached	Semi-det	Terraced	Flat/mais	Overall average	Total sales
GU10 1	£603,000	£0	£675,000	£0	£615,000	6
GU11 2	£0	£0	£0	£240,000	£240,000	2
GU12 6	£513,844	£400,615	£423,500	£287,500	£449,265	34

In comparison with older property sales, the average price of a new build flat sold in the GU11 2 is £14,000 more expensive and in the GU12 6 area the price increases by almost £76,000.

Current Asking Prices

A search of properties available to purchase was undertaken in May 2021, 74 properties were available, including a reasonable quantity of new build properties. Fig 11 illustrates the asking price for older properties whilst fig 12 shows new build prices only, there were no new 2 bed properties available.

Fig 11 – Current Asking Prices May 2021

Type	Beds	Range
Flat	2 bed	£210,000 - £250,000
Bungalow	2 bed	£375,000
Terrace	1 bed	£240,000 - £250,000
	2 bed	£235,000 - £265,000
	3 bed	£300,000 - £425,000
Semi-detached	3 bed	£375,000 - £500,000
Detached	3 bed	£425,000 - £545,000

Fig 12 – New Build Asking Prices May 2021

Type	No of Beds	Range
Semi-detached	3	£455,000 - £480,000
Detached	3	£470,000 - £549,950
	4	£540,000 - £749,995

Current Market Rent

The overall median market rent in Guildford is £1,161 with the mean standing at £1,304⁷ per calendar month. Current private properties to rent in the area range from £775 for a 1 bed flat to £1,295 for a 3-bed terrace house, these figures would suggest that the private rental market in Ash sits below the median figures for the borough.

Fig 13 – Market Rent Figures

Type	Median	Mean
Room	£ 518	£ 538
Studio	£ 795	£ 799
1 bed	£ 900	£ 930
2 bed	£ 1,260	£ 1,214
3 bed	£ 1,490	£ 1,489
4 bed	£ 2,368	£ 2,398

Affordability

The table below illustrates a range of the lowest sold prices for Ash and the necessary **household income** levels required assuming loan rate values of 3, 3.5 and 4 and a 10% deposit.

Fig 14 – Household Income Level Requirements

Value	£207,154 (Flat)	£226,667 (Flat)	£284,294 (Terrace)	£316,982 (Semi)	£364,409 (Detached)
10% deposit	£20,715	£22,666	£28,429	£31,698	£36,440
Income x 3 (joint)	£62,146	£68,000	£85,288	£95,094	£109,323
Income x 3.5 (single)	£53,268	£58,285	£73,104	£81,509	£93,705
Income x 4	£46,609	£51,000	£63,996	£71,320	£81,992

A single person earning the median salary for Guildford (£31,106), with a loan to value rate ratio of 4 would still need a deposit of approximately £83,000 to purchase the lowest priced property. For a family looking to purchase for example a semi-detached home then they would need a household income of approximately £71,000 along with a 10% deposit.

Whilst Ash is more affordable than many other areas of the borough single households are still likely to struggle, and families will need to be earning in excess of the average salary. Without substantive assistance most young people will be unable to afford to enter the property market and this is likely to be even more difficult if they are currently renting privately and trying to save towards a deposit.

⁷ ONS Private Rental Market Statistics 1 October 2019 – September 30th 2020

Conclusion

Whilst not a rural parish, pockets of greenbelt do exist within the parish and there exists a likelihood that an application for a rural exception site may be brought forward for development. It is not the purpose of this report to detail the suitability of a rural exception site but to explore if a need exists for affordable housing in the parish, for local people.

Need

There is a clear need for affordable housing in the parish, despite having almost 600 units of affordable housing there remain 257 households in housing need who are currently living in the parish. Whilst not every household may wish to remain in the area it is likely that a high percentage of them will wish to remain near existing networks of support and familiar services, especially families where children are of a school age.

52% of those in need require a 1- bedroom property with 28% requiring 2 bedrooms.

Affordability

Affordability for low to average income families is a key issue across the borough, even though Ash is one of the more affordable areas in the borough the number of people on the housing register would suggest that it remains unaffordable for many. Average property prices are 12.21 x the average salary for the borough and the lowest quartile figures increase this figure to 13.

The average price of a 2-bed flat to rent on the open market equates to almost 49% of the average income for the borough, 80% of open market sits at 39% of the average income. Those earning up to the average income level are likely to need affordable housing which is provided at less than 80% rates.

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May 2021