

Housing Needs Survey Report

Harrold

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Completed by Bedfordshire Rural Communities Charity



This report is the property of Harrold Parish Council

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1. Introduction

1.1 About this survey

The parish of Harrold is preparing a Neighbourhood Plan laying out its own local planning policies, which will come into force provided that the Plan passes an independent examination and is approved at a local referendum.

To inform the preparation of the Plan, the Harrold Neighbourhood Plan steering group requested for a Housing Needs Survey (HNS) to be carried out by BRCC. The survey aimed to assess the need of local people for either affordable housing or market housing in Harrold over the next 20 years.

1.2 Affordable housing

Affordable housing can be affordable rented property (where rent is charged at up to 80% of market value), or it can be shared ownership in which people can own a share in the property and pay rent on the remainder. It is usually provided by Registered Providers such as housing associations.

Affordable housing in rural areas is often progressed through Rural Exception Site developments – this is where the planning authority accepts that there is a need for affordable housing in the parish, and is prepared to grant an “exception” to planning policy, providing that the development is for affordable housing that will be available to local people in perpetuity. A Neighbourhood Plan can contain a Rural Exception Site policy.

Households seeking affordable rented accommodation through any new exception site development would have to apply through the Bedfordshire Choice Based Lettings scheme, through which they would have to demonstrate both a housing need and a local connection to Harrold.

1.3 Market housing

The market housing policies for the Neighbourhood Plan (e.g. proposed numbers, size and type) would need to be based on a broad evidence base. This would include local housing need identified through this survey, although the wider housing market would also need to be taken into consideration, as there would be no restrictions placed on the sale of this housing.

2. About Harrold

2.1 Population and demographics

In 2011 in the parish of Harrold there were 706 households containing 1,691 residents¹. Compared to 2001, this represents an increase of around 23% in terms of households (from 542) and an increase of 27% in terms of residents (from 1,235).

The age profile in 2011 (compared to 2001, and then to Bedford Borough as a whole in 2011) is shown below.

Age	% Harrold 2011	% Harrold 2001	% Bedford Borough 2011
0 - 14	21.6	17.0	18.6
15 - 24	9.2	9.2	12.7
25 - 44	24.5	27.0	27.3
45 - 64	28.3	27.1	25.5
65 - 74	8.0	10.6	8.1
75 - 84	5.9	6.8	5.5
85+	2.6	2.2	2.2

Unusually for a Bedfordshire village, there has not been much change to Harrold's age profile over the last 10 years, other than a slight fall in those aged 45-64 and 65 - 74. The age profile is also in line with the average figures across Bedford Borough.

2.2 Household Composition

	% Harrold	% Bedford Borough
1 person - pensioner	12.9	11.9
1 person - other	19.0	16.9
Couple - both 65+	9.3	8.2
Family - without dependent children	21.9	26.9
Family - with dependent child(ren)	33.0	28.5
Other	3.9	7.5

Harrold has slightly more families with dependent children, and fewer families without dependent children, than the Borough average.

¹ 2011 census data - other data also from this source unless otherwise specified

2.3 Housing Tenure

	% Harrold	% Bedford Borough
Owned outright	33.3	31.4
Owned with mortgage/loan	38.0	34.3
Shared ownership	2.7	1.0
Social rented	9.6	16.1
Private rented	15.2	15.9
Living rent free	1.3	1.3

Harrold has slightly higher levels of owner occupation than the Bedford Borough average, and lower levels of social renting. The number of shared ownership properties are slightly higher than the Bedford Borough averages.

2.4 Dwelling Types

	% Harrold	% Bedford Borough
Detached house	41.0	27.4
Semi-detached house	22.6	32.2
Terraced house	27.2	21.9
Flat	9.2	17.6
Caravan/other temp. accommodation	0.0	0.9

There are considerably more detached houses, with correspondingly fewer semi detached houses and flats, in Harrold compared to Bedford Borough averages. This is likely to indicate a relative lack of affordable properties.

2.5 Housing in poor condition

	% Harrold	% Bedford Borough
Overcrowded households	3.4	7.7
Households without central heating	2.7	2.0
Households in fuel poverty (2011)	11.1	11.3

Overcrowding counts as a housing need for households applying to join the Bedford Borough Housing Register. In 2011 the proportion of households in Harrold classified as overcrowded was lower than the Bedford Borough average.

Where central heating is not present, fuel poverty is statistically significantly more likely. The level of households in Harrold without central heating is just slightly over the Bedford Borough average, with the level of households affected by fuel poverty being in line with Bedford Borough averages.

2.6 People on low incomes

6.8% of people in Harrold are classified as "experiencing income deprivation", well under the Bedford Borough average of 12.1%. In 2007/08, 12.3% of

households were calculated as receiving below 60% of the median income, below the Bedford Borough average of 20%.

8.1% of working age people were claiming DWP benefits in August 2012, below the Bedford Borough average of 13.4%; and 15.8% of people over 65 were claiming pension credit, which is below the Bedford Borough average of 21.0%.

2.7 Households on Bedford Borough Council Housing Register

There are currently no Harrold households on the Bedford Borough Council Housing Register.

It should be noted that the difficulty of securing affordable housing, particularly in villages, can act as a significant deterrent to people in housing need from placing themselves on the register; so this figure does not therefore necessarily represent the true number of residents in housing need.

2.8 Health and disability

Limiting illnesses and disabilities can affect the type of housing that people need in order to remain independent. 10.4% of those aged 65 and over in Harrold (around 30 people) are claiming Attendance Allowance (a non-means-tested benefit for severely disabled people aged 65 or over who need help with personal care), just under the Bedford Borough average of 15.7%. The proportion of the population in Harrold claiming Disability Living Allowance is 2.2%, under the Bedford Borough average of 4.2%.

13.5% of people have a limiting long-term illness, just under the Bedford Borough average of 16.0%.

3. Housing Availability and Affordability in Harrold

3.1 Housing affordability ratio

The 'affordability ratio' (median house prices as a ratio of median household earnings) for Harrold in 2008/09 (latest data available) was 12.1. In other words, houses on the market cost on average 12.1 times annual incomes².

3.2 Dwellings in lower Council Tax Bands

6.8% of dwellings in Harrold are in Council Tax Band A, and 14.2% in Band B, compared to 13.6% and 24.9% for Bedford Borough as a whole.

3.3 Current property availability for sale in Harrold

In October 2016, we found 17 properties for sale in Harrold:

Dwelling size / type	Number	Asking/sale price
1 bedroom cluster home	1	£83,000 for 50% share
2 bedroom flat	1	£130,000
3 bedroom bungalow	1	£360,000
3 bedroom house	5	£240,000 - £360,000
4 bedroom house	4	£515,000 - £795,000
5 bedroom house	4	£499,950 - £850,000
6 bedroom house	1	£550,000

This represents just over 2% of total private housing stock in the parish.

3.4 Property sales over last 3 years

Property sales over the last 3 years can be broken down as follows³:

	2013	2014	2015
£100,000 and under	0	1	1
£100,001 – 150,000	1	8	3
£150,001 – 200,000	4	7	5
£200,001 – 300,000	1	12	14
£300,001 +	6	6	12
Total	12	32	35

3.5 Current property availability for rent in Harrold

In October 2016, we found 1 property currently available for rent in Harrold: this was a 4 bedroom detached property and was priced at £1500 per month.

² Data from community profile for Harrold (Parish), © ACRE, RCAN, OCSI 2013

³ Data sourced from www.rightmove.co.uk

3.6 Household income required by first time buyers or renters in Harrold

The Department of Communities and Local Government (DCLG) provides a guideline that "A household can be considered able to afford to buy a home if it costs 3.5 times the gross household income for a single earner household or 2.9 times the gross household income for dual-income households."⁴ This is reflected in the fact that the average loan to income ratio in lending to first-time buyers in May 2015 was 3.34.⁵

According to the DCLG guidance, in order to purchase the cheapest property currently available in Harrold (a 1 bedroom cluster home on a 50% shared ownership basis at £83,000) as a first time buyer, a single earner household would need an annual gross income of over £23,000, and a dual-income household would need over £28,000. If they were looking to purchase the cheapest property available on the open market (a 2 bedroom flat at £130,000) as a first time buyer, a single earner household would need an annual gross income of over £37,000, and a dual-income household would need an annual gross income of just over £44,000. It should be noted that the median annual full-time wage in the UK stood at £26,884 in April 2013⁶.

According to the same guidance, "A household can be considered able to afford market house renting in cases where the rent payable was up to 25% of their gross household income." (The 'Rent Payable' figure is defined as the entire rent due, even if it is partially or entirely met by housing benefit.) To rent the only property currently available in Harrold (£1500 per month), a household's gross income would therefore need to be over £72,000.

3.7 Minimum deposit required by first time buyers in Harrold

Another major barrier to entry to the property market for first-time buyers is the high deposit needed for a competitive mortgage rate. The average loan to value for first time buyers nationally in May 2015 was 81%⁷, meaning that the average deposit is 19%.

Smaller deposit mortgages all but disappeared following the onset of the financial crisis. However, Phase 2 of the government's Help to Buy scheme has more recently facilitated a market in mortgages for first-time buyers at up to 95% loan to value. These mortgages are generally offered at higher rates of interest than for buyers with larger deposits.

At 95% loan to value, a first-time buyer household might be able to purchase

⁴ Strategic Housing Market Assessments: Practice Guidance Version 2 (DCLG 2007)

⁵ Council of Mortgage Lenders, July 2015

⁶ HMRC, December 2013

⁷ Council of Mortgage Lenders, July 2015

the 2 bedroom flat highlighted above with a deposit of around £6,500. At the current average of 81% loan to value, a deposit of around £24,700 would be required.

4. Survey process and response

To study the need for affordable housing in Harrold, a survey form (appendix A) was delivered to all households within the parish boundary, together with a FREEPOST envelope to enable residents to return their completed survey to BRCC. The survey form also gave the contact details to request additional survey forms in the event of there being more than one case of housing need in the household.

The survey form was in two parts. Section 1 was for completion by all respondents and aimed to gain their views on overall housing needs in Harrold (see chapter 5). Section 2 was for completion by or on behalf of any household member currently looking for different accommodation, or who would be looking within the next 20 years. The findings from this section are analysed in chapters 6 and 7.

We received 123 responses from around 875 distributed, a return rate of around 14%. This is slightly lower than average response rate for a housing needs survey, typical return rate is approximately 20%.

5. Views on housing needs in Harrold

67.2% of respondents thought that there was a need for one or more types of new housing in the parish (Q1). The % of respondents in favour of each specific type of housing was as follows: (respondents could tick more than one option)

Housing type	% of respondents
Flats	16.8
Smaller houses (1-2 bedrooms)	47.9
Larger houses (3+ bedrooms)	22.7
Bungalows / retirement housing	37.0
No new housing needed in Harrold	32.8

There was a clear preference for smaller (1-2 bedroom) houses and bungalows / retirement housing.

The % of respondents in favour of each type of tenure (Q2) was as follows: (respondents could tick more than one option)

Housing type	% of respondents
Purchase on the open market	59.1
Shared ownership (part owned, part rent)	68.2
Private rent / buy to let	13.6
Affordable rent, with local people given priority	50.9

There were a high proportion of people in favour for shared ownership properties, with priority given for local people. There was also a fairly high level of support for properties available to purchase on the open market.

The provision of a small development of affordable housing (up to 10 homes) based on identified local need (Qu 3) was supported by 70.9% of respondents, with only 29.1% not supporting the idea.

6. Analysis of housing needs – affordable rent and shared ownership

52 respondents indicated that they would be looking for new housing in the parish of Harrold over the next 20 years. These respondents are therefore regarded in principle as being in some form of housing need.

Out of these, 30 respondents were existing owner occupiers who were either only looking to buy on the open market or their current savings/equity level was too high to be considered for affordable housing. These respondents will be considered in Chapter 7.

The other 22 respondents were either considering rent or shared ownership or were not currently owner occupiers; within this 22, 8 respondents who are current owner occupiers have been included as they have stated that they are currently at risk of losing their home, their current home is too expensive or they do not have the income and savings / equity to purchase a suitable property. The 22 respondents will be considered in this chapter.

6.1 Nature of local connection

Local needs affordable housing would usually be made available in the first instance to people with a strong local connection. All 22 respondents identified a strong local connection (Q6) as follows (respondents could tick more than one):

Nature of local connection	No. of households
Currently living in Harrold	21
Previously lived in Harrold	2
An immediate family member (parent, child, or sibling) lives in Harrold	6
Have permanent employment in Harrold	1

6.2 Current housing circumstances of households in need

The current housing circumstances of the 22 respondents (Q7) broke down as follows:

Housing tenure	No. of households
Living with parent(s) in their home	2
Renting	12
Owner occupier	8
Other	1

Owner occupiers would not normally be eligible for affordable rented or shared ownership housing through a rural exception site, however they have been included as they have stated that they are currently at risk of losing their current home, their current home is too expensive or they would not have the means to purchase another suitable property. The majority of respondents were currently renting a property.

6.3 Household composition

Respondents were asked (Q10) which of a number of basic situations best described them:

Situation	No. of households
A young single person/couple without dependent children	6
A family with dependent child(ren) or other dependent(s)	9
An older single person/couple without dependent children	5
Other	2

6.4 Size, type and tenure of housing sought

The housing type, size and tenure sought by the households in need (Q8) broke down as follows (respondents could tick more than one):

Housing tenure	No. of households
Private Rent	3
Affordable Rental	8
Buy on the open market	9
Buy on a shared ownership basis (part own & part rent)	11
Starter home (home to buy at 20% below market price up to £250,000)	8
Type of property	
Flat	3
House	15
Bungalow / retirement property	9
Size of property	
One bedroom	4
Two bedrooms	12
Three bedrooms	11
More than three bedrooms	2

9 respondents wanted to buy on the open market, although 7 of these were also interested in shared ownership or starter homes, and the other 2 would most likely not currently be able to afford to buy in Harrold based on the financial data provided. Most of the demand was for 2 or 3 bedroom houses with a smaller demand for bungalows / retirement properties. There was the highest demand for shared ownership properties and also a demand for starter homes and affordable rental properties.

6.5 Reason for housing need

The reasons for housing need identified by the 22 respondents (Q9) can be summarised as follows (respondents were able to identify more than one):

Need	No. of households
Present home too large / wish to downsize	3
Present home too small	7
Want to move out of the family home	3
First time buyer	6
Medical reasons / disability	2
Risk of losing current home	3
Need property more suited to older people	5
Need to live closer to family or carer	2

Present home too expensive	6
Other	2

The need was predominantly from first time buyer households, households that were in need of more space and households that are finding their current home was too expensive.

6.6 Gross income of households in need

We saw in Chapter 3 that, in order to purchase the cheapest property currently available for sale in Harrold (a 1 bedroom cluster home at £83,000 for a 50% share) as a first time buyer, a single earner household would need an annual gross income of over £23,000, and a dual-income household would need over £28,000. To purchase the cheapest property available on the open market (a 2 bedroom flat at £130,000) the income required by a single earner household would rise to £37,000 and increase to £44,000 for a dual income household. To rent the cheapest property currently available (a 4 bedroom house) households would require an annual gross income of over £72,000.

The current gross annual income of anyone responsible for paying the rent/mortgage for the 22 households under analysis breaks down as follows:

Current gross income	No. of households
Less than £20,000 / yr	6
£20,000 to £30,000 / yr	3
£30,000 to £40,000 / yr	8
More than £40,000 / yr	3
No response	2

Based on the data provided, several of the 22 households could currently afford to purchase the shared ownership property available in Harrold. However, only 3 of the households could afford to purchase the 2 bedroom flat on the open market.

6.7 Savings or equity of households in need

As we saw in Chapter 3, the average deposit required for a first-time buyer to purchase the cheapest property currently available on the open market in Harrold is £24,700. The minimum (under a 95% Loan to Value deal) would be round £6,500.

The savings or other equity that these 22 households could use to contribute towards a mortgage breaks down as follows:

Savings/equity	No. of households
Below £25,000	16
£25,000 - £50,000	1
Above £50,000	2
No response	3

Only 3 of the respondents who provided their financial information would have enough savings or equity currently to buy a property on the open market as a first time buyer, except at high Loan to Value.

7. Analysis of need – market housing

Chapter 7 will consider the 30 owner occupier households (mentioned in chapter 6) looking to purchase housing on the open market in Harrold over the next 20 years.

7.1 Household composition

Respondents were asked (Q10) which of a number of situations best described them:

Situation	No. of households
A young single person/couple without dependent children	2
A family with dependent child(ren) or other dependent(s)	13
An older single person / couple without dependent children	15
Other	0

7.2 Sizes and types of house required

The preferred future housing type of the 30 respondents (Q8) breaks down as follows (respondents could tick more than one):

Housing type	Number
Flat	1
House	19
Bungalow / retirement housing	13

Based on these figures, there appears to be a significant demand for bungalows / retirement housing as well as open market houses.

The preferred future house size of the 30 respondents in terms of number of bedrooms (Q8) breaks down as follows (respondents could tick more than one):

Number of bedrooms	Number
1 bedroom	2
2 bedrooms	12
3 bedrooms	14
More than 3 bedrooms	9

The highest demand was for 3 then 2 bedroom properties.

7.3 Reason for housing need

The needs identified by the 30 respondents (Q9) can be summarised as follows (respondents were able to identify more than one need):

Need	Number
Present home too large / wish to downsize	10
Present home too small	9
Want to move out of the family home	1
First time buyer	0
Medical reasons / disability	6
At risk of losing current home	0
Need property more suited to older people	8
Need to live closer to family or carer	1
Present home too expensive	1
Other	4

There is a split demand between families looking for larger homes and people who wish to downsize looking for smaller homes. There is a definite demand for home more suited to older people.

8. Conclusions and recommendations

8.1 Affordable housing

Analysis of the data considered in Chapter 6 has identified a need for affordable housing within Harrold from households resident in (or with strong links to) the parish, which is unlikely to be met by normal market provision. This need generally comes from first time buyers and families, wanting to get on the property ladder or move out of rented accommodation.

Affordable rented and shared ownership housing for local people in Harrold could be provided by including a rural exception site policy within the Neighbourhood Plan, which would provide affordable housing for which

households with a local connection would take priority.

Based on data supplied by respondents, up to 22 households with a local connection would be suitable for housing within a rural exception site development, whether for rent or shared ownership. However, it must be recognised that this is a snapshot of current, self-assessed need: some respondents may withdraw, move, or be housed by other means during the planning and development of any future scheme.

In order to have reasonable confidence that any new housing provided through a rural exception site will be taken up by people with a local connection to Harrold, our recommendation is to meet 50% of the need identified, which would be **11 units**.

Our assessment from the data is that the 11 units could be broken down as follows:

3 x 2 bedroom house (1 shared ownership, 1 rent, 1 starter homes initiative)
3 x 2 bedroom bungalow (2 shared ownership / 1 rent)
3 x 3 bedroom house (2 shared ownership, 1 rent)
1 x 3 bedroom bungalow (shared ownership)

In making this assessment we consider a number of factors including household size and circumstances; the type and tenure being sought by respondents; and their financial means. This breakdown is explained further below:

4 x 2 bedroom house (2 shared ownership, 1 rent, 1 starter homes initiative)

5 respondents, made up of 3 families and 2 young single adult / were looking for a 2 bedroom house. The respondents were made up of first time buyers wanting to get on the property ladder and those looking for more affordable or secure rental accommodation.

3 x 2 bedroom bungalow (2 shared ownership / 1 rent)

6 Respondents were looking for a 1 or 2 bedroom bungalow. All were looking for a property more suited to older people, either due to medical reasons / disability or just looking to downsize. An alternative to bungalows (which are expensive to build) would be houses built to Lifetime Homes Criteria.

3 x 3 bedroom house (2 shared ownership / 1 rent)

6 respondents were looking for a 3 bedroom house. All were families with dependent children, either looking to get on the property ladder and move out of rented accommodation or move into more affordable rental accommodation.

1x 3 bedroom bungalow (shared ownership)

2 respondent, one a family and one a young couple were looking to 3 bedroom bungalows.

8.2 Market housing

Analysis of the responses considered in Chapter 7, and other evidence considered in chapters 2 and 3, suggests that there is a need for **2-3 bed houses and bungalows** or otherwise suitable properties (e.g. houses built to Lifetime Homes criteria) if Harrold is to meet the identified current and future needs of existing owner occupier residents wishing to stay in the village.

The evidence for this is as follows:

- 30 respondents looking for a property to purchase on the open market at some point over the next 20 years.
- The low number of 2 and 3 bedroom properties available for sale on the open market at the time of writing this report.

If suitable smaller properties were more widely available, this would be likely to address under-occupation and free up larger houses for growing families to purchase as they work their way up the housing ladder.

It should be noted that there is no guarantee that housing sold on the open market will be bought by people with a local connection to Harrold. It is therefore not possible to stipulate how much new housing would meet the needs of the 30 respondents identified above. However, it is reasonable to suggest that the provision of **up to 15 units** would meet a reasonable proportion of the need while being in keeping with the size of the village. These could be delivered alongside or as part of a rural exception site, with the market housing cross-subsidising the affordable housing.