

# Local Affordable Housing Need Survey

## Analysis Report

### Walcott

Survey Period: 28 June – 15 August 2007



*Walcott Advice Surgery Event: 9 July 2007*

Report completed: 17 December 2007

## **1.0 Context and Background**

- 1.1 Introduction**
- 1.2 Walcott Demographics**
- 1.3 Existing Number of Dwellings/ Tenure**
- 1.4 Existing Affordable Housing Need and Provision**
- 1.5 Provision of Additional Affordable Housing through NKDC Planning System**
- 1.6 Current Property Prices**
- 1.7 Land Values**
- 1.8 Number of Properties by Council Tax Band**
- 1.9 Income and Mortgage Deposits**
- 1.10 Affordable Housing – a Definition and Types of Solutions**
- 1.11 Settlement Sizes and National Affordable Housing Reports**
- 1.12 Dwellings completed by Tenure Type and District Classification**
- 1.13 Local Area Residential Planning Permissions**

## **2.0 Survey Process**

- 2.1 Design and Development**
- 2.2 Partnership working with Walcott Parish Council**
- 2.3 Roadshow**
- 2.4 Questionnaire**

## **3.0 Analysis**

- 3.1 Questionnaire Analysis**
- 3.2 Eligibility of respondents for Affordable Housing**
- 3.3 Survey Analysis of Opinion on a Small Development**
- 3.4 Salary Needed to Afford Mean Average Property Types**

## **4.0 Conclusions**

## **5.0 Recommendations**

## **6.0 Appendices**

- Appendix 1 - Residential Dwelling Sales in Area**
- Appendix 2 – Copy of Questionnaire**
- Appendix 3 – Affordable Housing Calculations**
- Appendix 4 – Affordable Housing Definitions**
- Appendix 5 – Example Site Appraisal for Affordable Housing**
- Appendix 6 - Buying a Home – a step by step guide**

# 1.0 Context and Background

## 1.1 Introduction

This localised survey was carried out following the District Wide Housing Needs Survey undertaken during 2004, and completed in March 2005. Twenty-five rural Parishes involving 35 settlements, were prioritised for surveying to enable North Kesteven District Council establish what the local need is for affordable housing.

Walcott was surveyed immediately following the adjoining area of Billingham and Tattershall Bridge.

The Walcott survey was undertaken between 28 June 2007 and 15 August 2007.

The area was in Area 6 of the District-wide Fordham's Research study of Market Supply and Housing Need in NKDC. This revealed an annual need of 40 dwellings, a supply of 31 homes, producing a net need over the next 5 years of 45 dwellings

## 1.2 Walcott Ward demographics (2001 Census, ONS)

- Population: 532
- Number of Household Spaces: 220
- Mean average population age: 42 (NKDC - 41)
- Mean average household size : 2.2 (NKDC – 2.3)
- Health – not good: 12.2% (NKDC - 8.0%)
- With limiting long-term illness: 20.7% (NKDC - 17.8%)

## 1.3 Existing Number of Dwellings / Tenure (Neighbourhood Statistics)

- Number of Dwellings: 220 (2001 Census)
- Number of Dwellings: 235 (Council Tax Register Feb 2007)
- Owner Occupiers: 78.1% (NKDC -77.1%)
- NKDC rented 15.5% (NKDC -10.1%)
- RSL (Housing Associations) 0.0% (NKDC - 1.7%)
- Private rented 6.4% (NKDC - 11.1%)

## 1.4 Existing Affordable Housing need and provision

In November 2007, the number of households on NKDC Housing Register looking for properties in Walcott who also live in the settlement was 1, 60 live in other parts of North Kesteven and 118 live outside the district, giving a total of 179 interested in the settlement. The accommodation requested was 88 one bedroom dwellings, 46 two bedroom dwellings, 37 three bedroom dwellings, and 8 four bedroom dwellings.

Existing NKDC Housing Stock in Walcott (June 2007):-

Property type	4 Bedroom	3 Bedroom	2 Bedroom	1 Bedroom	Total
House	1	20	1		22
Bungalow			7		7
Flat/ Bedsit					0
Total	1	20	8		29

Anticipated stock turnover within the next 5 years: Available records (Apr 2003 – Sept 2007) give voids of 56 months, at 7 units, which produces an average monthly stock turnover of 0.125 units. Assuming voids continue at this rate, stock turnover for a 5-year period would be 8 units.

<b>5 year void prediction (based on actual void figures April 03 – Sept 07)</b>	<b>Total</b>
4 Bed House	1
3 Bed House	6
2 Bed Bungalow	1
<b>TOTAL VOIDS</b>	<b>8</b>

Anticipated loss of stock in Walcott through 'right to buy' of Council Properties within the next five years based on previous 5 years sales; during 2002 – 2007, 4 x 3 Bed Houses 1 x 4 Bed Houses, 1 x 2 Bed Bungalows, totalling 6 properties.

Current planned new-build of Council properties within the next five years:- 0

### ***Housing Associations***

There are a number of Housing Associations with properties in North Kesteven. These are:- Axiom H.A., East Midlands H.A. Ltd., Eastern Shires H.A. Ltd., Home Group H.A., Housing 21 H.A., Jephon Homes H.A. Ltd., Leicester H.A., Lincolnshire Rural H.A., Longhurst Group H.A., New Linx Housing Trust, Nottingham Community H.A., Places for People Group H.A., Raglan H.A. and Teetotal Homes.

Registered Social Landlord properties in Walcott

<b>Property type</b>	<b>4 Bedroom</b>	<b>3 Bedroom</b>	<b>2 Bedroom</b>	<b>1 Bedroom</b>	<b>Total</b>
House	0	0	0	0	0
Bungalow	0	0	0	0	0
Flat	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

- RSL tenure types available: N/A
- Anticipated stock turnover within the next 5 years: N/A
- Anticipated loss of stock within the next 5 years: N/A
- Planned new-build of properties within the next five years: N/A

### **1.5 Provision of Additional Affordable Housing through NKDC Planning System.**

In 2004, the ODPM highlighted that NKDC had only 3.1% affordable dwellings against all housing completions, the lowest in the county, and later that year following the District-wide Market Supply and Housing Needs Survey Study, 2004, found a large affordable housing need. Accordingly, **the Council has decided that 35% of properties built on new sites should be affordable. This new policy allows for affordable housing to be required on all developments yielding 5 or more dwellings, or where the site is greater than 0.3 hectares. However, this is unlikely to offer significant opportunity for the District since the amount of land it can allocate for new housing to 2015 is limited by the Regional Planning Guidance and the County Structure Plan. Whilst significant new development will still take place, most of this already has planning permission granted before the steep rise in house prices, and had relatively little 'affordable housing'.**

## Potential Sites Procedure– Walcott

The details of potential sites as they arise are passed to NKDC Development Control to keep on a potential site register. If it is regarded as a possible site, in due course, the views of Lincolnshire County Council, as the Highways Authority, the Environment Agency, and local water company / drainage board are typically sought should these sites be assessed for purchase / development. An example Site Appraisal template for Affordable Housing can be found at Appendix 6.

In 2005, the District Council commissioned Nottingham Community Housing Association to undertake an initial study to identify feasibility proposals on its own land holdings potentially suitable for housing. This identified sites in Castle View, Walcott, near the pumping Station that could potentially accommodate 2 x 3 Bed Houses, and on the Castle View Playing Field 11 x 2 Bed Houses, 2 x 3 Bed Houses and 4 x 1 Bed Flats. These would help address the general Housing Register needs.

### 1.6 Current Property Prices

HM Land Registry data:-

- The mean average cost of a property in Lincolnshire, during the period March - June 2007 was; £ 162,426 (3,959)
  - Detached properties: £209,424 (1,684)
  - Semi – Detached properties: £137,237 (1,216)
  - Terraced properties: £115,714 (908)
  - Flats / Maisonettes: £122,029 (151)
- The mean average cost of properties in North Kesteven District during the period April – June 2007 was £177,464 (868). This is broken down as follows:-
  - Detached properties: £217,376 (453)
  - Semi – Detached properties: £138,796 (284)
  - Terraced properties: £119,180 (118)
  - Flats / Maisonettes: £160,449 (13)
- The mean average cost of properties for postcode area LN4 3\*\* during the period April – June 2007 was £138,310 (38). This is broken down as follows:-
  - Detached properties: £181,895 (11)
  - Semi – Detached properties: £133,805 (15)
  - Terraced properties: £103,987 (12)
  - Flats / Maisonettes: N/A (insufficient sales)
- From the Up My Street data source (see Appendix 1), the mean average cost of properties sold in Walcott in the period Oct 2005 – Oct 2007 was £155,914. This is broken down as follows:-
  - Detached properties: £172,652 (16)
  - Semi – Detached properties: £141,908 (13)
  - Terraced properties: £ 127,333 (3)
  - Flats / Maisonettes: n/a

There was only one rented property available in the area.

### 3 Bed House at £530 pcm

Search sources: UKpropertyshop and rightmove.

On 31 Jan 2007, the Centre for Economics and Business Research (CEBR) predicted that the value of the national average house would jump by nearly 8 per cent from £179,500 to £193,000 in 2007. This was forecast taking into account predicted Bank of England interest rates uplifts, which on 5 July 2007 rose to 5.75 per cent, their highest level for six years. However, there are several internet sites predicting a substantial downward re-alignment in property prices such as housepricecrash, and campaigning groups, such as pricedout that point to increasing numbers of disillusioned young people leaving the country in the search for home ownership and improved standards of living.

Much of the growth in demand is being fuelled by the growth of one-person households. Although the government is targeting to grow build completions to 240,000 homes annually by 2016 to meet this demand, current achievements are around 180,000 per annum. Also, the prioritisation and allocation processes for Council Housing Registers, do not favour younger, single adults.

According to the National Housing Federation commissioned research conducted by Oxford Economics on 6 August 2007, the average cost of a house in England will break through the £300,000 mark in the next five years. It warns house prices are now almost 11 times the average wage and may rise by 40% as supplies fall further behind demand.

It also said a housing crash was unlikely despite first-time buyers finding it tougher to afford a home. According to the report many of those priced out of the housing market are now turning to the social housing sector - as a result housing waiting lists have grown by 57% over the past five years to 1.6 million households - or four million people. The Housing Green Paper published in July 2007 has proposals for 70,000 affordable homes a year to be built by 2010/11 to tackle the current supply shortfall. It suggests that there is a current annual overall housing build shortfall of 45,000 homes a year.

In October 2007, a TUC report analysing official statistics concludes that the cost of buying the average home in England has gone up more than four times faster than the wage of the average employee over the last decade.

In 1997 the average house could be bought for £60,000, equivalent to three years and six months of the then average wage of £17,000. But since then house prices have risen by 180 per cent taking the average house to £168,000, while the average wage has gone up by only 43 per cent, to just over £24,000. This means that it now takes nearly seven years of an average employee's wage to buy an average house.

English regions	1997 median pay	2006 median pay	% pay increase	1997 median house price	2006 median house price	% price increase	how much faster house prices go up than pay	How long to buy in 1997 (years and months)	How long to buy in 2006 (years and months)
East	£17,963	£23,950	33.3%	£63,950	£177,950	178%	5.3	3y 7m	7y 5m
South West	£15,873	£22,453	41.5%	£60,000	£178,500	198%	4.8	3y 9m	7y 11m
London	£21,608	£30,511	41.2%	£86,000	£245,000	185%	4.5	4y	8y
North East	£15,986	£21,558	34.9%	£47,000	£119,000	153%	4.4	2y 11m	5y 6m
East Midland	£16,083	£22,496	39.9%	£50,500	£137,000	171%	4.3	3y 2m	6y 1m
West Midlands	£16,162	£22,222	37.5%	£54,950	£142,000	158%	4.2	3y 5m	6y 5m
North West	£16,279	£22,420	37.7%	£49,000	£126,000	157%	4.2	3y 0m	5y 7m
South East	£18,104	£25,535	41.0%	£74,950	£203,000	171%	4.2	4y 2m	7y 11m
Yorkshire and the Humber	£15,858	£22,088	39.3%	£49,000	£128,330	162%	4.1	3y 1m	5y 10m
<b>England</b>	<b>£16,949</b>	<b>£24,313</b>	<b>43.4%</b>	<b>£60,000</b>	<b>£168,000</b>	<b>180%</b>	<b>4.1</b>	<b>3y 6m</b>	<b>6y 11m</b>

All figures are from or derived from official statistics.

## 1.7 Land Values

The approximate value of agricultural land per hectare, Ha (100m x 100m) is in the range of £10,000 -£20,000, (c. £4,000 – £8,000 per Acre(63.6m x 63.6m) compared to about £1.5 - £2.5 million per Ha (£600k - £1 million per acre) for land with residential planning permission. However there have been instances reported by Rural Housing Enablers of agricultural land values being hiked to £30,000 per acre in some parts of the country, driven by hope –driven speculative development plot schemes.

In Lincolnshire – the typical range that Housing Associations are paying is between £70,000 and £100,000 per acre, and they normally split this into 10 – 12 plots, depending on the mix and location, but a rule of thumb is approximately equivalent to £10,000 per plot.

## 1.8 Number of Properties by Council Tax Band

### Number of Residential Properties in Council Tax Bands as at 31 Jan 2007

CT Band	A	B	C	D	E	F	G	H	Total
Parish									
Walcott	95	40	42	34	17	5	2	0	235

Source: NKDC Council Tax Register (Feb 2007)

## 1.9 Income and Mortgage Deposits

In 2005 for the UK First Time Buyer, the total mortgage payment as a percentage of income was 22.5%, with a 19.3% deposit as a percentage of the price. For the Former Owner Occupier, the total mortgage payment as a percentage of income was 19.9%, with a 34.9% deposit as a percentage of the price.

The Council of Mortgage Lenders reported in Jan 2007, that first-time buyers take out mortgages worth, on average, 3.31 times their income. The average first time buyer now has an income of £35,000 and borrows £115,499. Rapidly rising house prices meant that in December 2006, only 41% of first-time buyers were able to buy below the stamp duty threshold of £125,000.

Research for the Alliance & Leicester published in August 2007 found that parents are paying an average of £21,314 to help their children onto the property ladder, up £3,637 on last year. It puts the leap down to higher house prices, spiralling student expenses and the rising cost of living.

Homeowners were facing higher borrowing costs, as banks begin to pass soaring market interest rates to consumers. In September 2007, the Bank of England reported that the cost of almost every type of home loan product rose in August. The Bank found that the average interest rate charged for a standard variable rate mortgage had climbed by a full 0.25 per cent to 7.69 per cent - substantially higher than the base rate of 5.75 per cent and the highest price charged by lenders since



1998. However, the Northern Rock run on liquidity also in September 2007 has placed downward pressure on base interest rates, and they have subsequently reduced to 5.5% on 6<sup>th</sup> December 2007.

In North Kesteven, for 2006, the mean average earnings was £20,635 (Source ONS, Crown Copyright). Therefore, in the second quarter of 2007 (Jan - March 2007), with the mean average priced, detached houses at £217,376, the mortgage income multiple was 10.5, the semi at £138,796, the multiple was 6.7, the terraced at £119,180 was 5.8, the flats at £160,449 was 7.8. (See 4.0 Conclusions for more on income multiples, and Appendix 6.1 for further details of local housing prices).

NKDC policy research department assessed the median annual income for individuals in North Kesteven in 2006 to be £15,291.

### **1.10 Affordable Housing – a Definition and Types of Solutions**

At a local workshop in 2004, representatives of Housing Associations, the Community Council, House Builders, Shelters and Local Councils came up with a simple definition of affordable housing as: “Decent homes that can be afforded in locations where people want to live”. Affordable was described as being within the means of someone on an average local income, and was taken to include:

- Housing for rent, offered privately or through a Housing Association;
- Housing for purchase with some form of shared ownership applied, involving the purchaser buying a share of the property, with another party, such as a Housing Association holding the rest. When the property was subsequently sold, the part purchaser would take their proportionate share of the purchase price. The house would then be offered for sale again on a shared low-cost basis;
- ‘Local’ was taken to include residents with a length of local residency, former residents who have left for study, military service or other employment. It would also include those moving to the area to be cared for, or those moving to the area to care for an established resident;
- ‘Decent’ was taken to mean good quality, well-designed houses which were not obviously different from their neighbours
- ‘Want to live’ was taken to cover places with a range of services and public transport to larger service centres or a wider range of job opportunities.

The North Kesteven District Council defines those in need of **Affordable Housing as those households who are unable to afford private sector housing, where the cost of the housing, either to rent or buy, whichever is the cheaper, is more than 25% of net household income. (See Appendix 4)**

There are two types of new affordable housing:-

**Social Rented:** Provided by a Housing Association or Council, and offering assured tenancies which provide security of tenure, subject to tenancy conditions. Rents are fixed according to a Government calculation taking into account local earnings, property size and prices.

**Shared Ownership:** This is where, in the context of Affordable Housing, the purchaser from the Housing Register/ Housing Association Waiting List, would buy a percentage of a new home through a Housing Association. This would require a mortgage on the percentage owned and the Housing Association normally also charges a rental charge to reflect their cost of finance. Normally owners can buy an increased share of the accommodation over time, although in rural areas with populations under 3,000, where properties are grant aided by the Housing Corporation, this is usually limited to 80% to ensure that the homes can be subsequently offered on to others on the District Council Housing Register/ Housing Association Waiting List.

The Government generally does not want to prevent staircasing to 100%, however staircase capping is still permissible on rural exception sites in order to ensure affordability in perpetuity.

The Government's Shared Equity Taskforce said, "With up to half of first time buyers under 30 now estimated to be receiving help with their deposit from their parents, and the average deposit for first time buyers in London hitting £47,000, the case for action is clear. We must support affordable housing or see inequality and disadvantage grow; work together to innovate and expand low cost home ownership assistance, or accept that the life chances of children will increasingly depend on their parents' wealth".

"Looking forward, Government has made a commitment to increase the supply of new homes in England to at least 200,000 (updated in the Housing Green paper to 240,000) per annum by 2016. But in the meantime, we need to help people get a step on the ladder and bring home ownership within the reach of those on modest incomes".

"HomeBuy, the Government's low cost home ownership programme launched in April 2006, will help many who could not afford to buy on the open market at present, freeing up demand for social lets and aiding the recruitment and retention of key public sector workers. And, the availability of shares as low as 25 per cent means it can act as a stepping-stone to full ownership". In February 2007, Local Government and Communities Minister, Ruth Kelly announced proposals that this threshold may be reduced to 10% to allow more people to get a step onto the residential property ladder.

In April 2006, the Government announced funding for the 2006-2008 Housing Corporation's National Affordable Housing Programme, providing for new social rented homes and new low cost ownership properties by way of three new HomeBuy products designed to replace all other Low Cost Home Ownership options from April 2006 onwards, known as:-

**Social HomeBuy** – for existing council and housing association tenants, to help more people buy their current homes on a part buy/ part rent basis, receiving a discount on their initial purchase; (This is not yet available in Lincolnshire, and would not be available in rural locations with a population of less than 3,000 residents).

**New Build HomeBuy** – this is akin to traditional Shared Ownership where newly built homes are purchased via a housing association or developer (landlord) on a part buy/ part rent basis. It is designed to help key workers (such as police, health workers, social workers & teachers), and other eligible families and individuals to buy a share of a newly built home. You are normally allowed to buy more of the property at a later date. Some of the rural schemes have a restricted purchase clause, only allowing staircasing (purchasing) up to 80% to ensure that affordable housing remains in rural locations; and;

**Open Market HomeBuy** – to help key workers and other eligible families and individuals to buy a home on the open market, utilising the purchasers' savings and/ or mortgage capability, topped up by an equity loan of up to 25% of the cost of the open market value. Of this 12.5% is provided by Eastern Shires HA, and the other 12.5% by one of four lenders offering mortgages for Open Market HomeBuy, they are Yorkshire Building Society, Nationwide Building Society, Bank of Scotland, and Advantage, part of Morgan Stanley Bank. You make no monthly payments for this loan, simply pay the 25% back when you sell or staircase on the property based on the current market value at that time.

The HomeBuy Zone Agent operating in Lincolnshire is Eastern Shires Housing Association Ltd. based in Oadby, Leicestershire. They operate the Home2You scheme covering Open Market and New Build HomeBuy schemes in the county.

Approved Partners for the Housing Corporation's 2006-8 National Affordable Housing programme are:

East Midlands H.A. Ltd., Eastern Shires H.A. Ltd., Home Group Ltd., Housing 21, Jephson Homes H.A. Ltd., Longhurst Group Ltd., Places for People Group Ltd., and Raglan H.A. Ltd.

On 29 November 2006, The Department of Communities and Local Government produced Planning Policy Statement 3 "Housing", please see Appendix 5 for its Affordable Housing definitions.

### **1.11 Settlement Sizes and National Affordable Housing Reports**

#### **Rural Exception Sites**

Where Affordable Housing Needs for local people are identified in the surveyed communities, the District Council will work with Parish Councils, Housing Associations and the local community to search for possible rural exception sites in communities with a population under 3,000 residents. This means that the sites would not normally get planning permission for residential development, but if there is a proven need for affordable housing, the exception policy process in the Local Plan can be used to permit development. An exception site could be land on the edge of a village envelope, perhaps owned by a local farmer or other landowner. The land for exception sites is normally valued higher than its original agricultural use, but significantly less than private residential use, therefore helping make the new homes more affordable, and reducing the need for Housing Corporation grants, which are now only available where there are significant additionality benefits. These sites can only be for affordable housing in perpetuity, normally by way of a Section 106 agreement of the Town and Country Planning Act 1990, and cannot

include any normal market housing. Efforts are normally made with the Parish Council and local people throughout the design and construction process to ensure the successful integration of the new homes into the landscape and community. People wishing to live in these homes will need to register on the North Kesteven District Council's Housing Register/ Housing Association waiting list. This applies whether the homes are for rent or low cost home ownership schemes, like shared ownership.

In larger settlements above 3,000 population, a 'Departure site' exception from the local plan would need to be examined.

There is a tension in rural areas between meeting affordable housing need where it arises and ensuring that new affordable housing is delivered in sustainable locations. The edge of market towns and urban areas may be more sustainable in terms of access to facilities. Yet in many small rural communities existing services are under threat of closure, while 'hidden homeless' struggle to remain there. In these cases it may be more sustainable to provide additional affordable housing within the settlement.

While recognising this tension, Housing Market Areas and local authorities are encouraged by Government to use all available mechanisms to secure affordable housing in rural areas, including lower thresholds, more ambitious quotas and the allocation of sites solely for affordable housing.

Two recent major reports have recently been published, the Affordable Rural Housing Commission report and the report of the Joseph Rowntree Foundation's Forum on Rural Housing.

### **Affordable Rural Housing Commission recommendations**

The Affordable Rural Housing Commission produced, inter alia, the following recommendations.

*Rural exception sites should be retained but not as the principal means of meeting rural affordable housing needs.*

*At local level most affordable housing in villages and towns should be delivered by allocating sites both for mixed development and solely for affordable housing.*

*Housing provision in rural areas needs to increase, but in scale with its surroundings and located where justified by a site sustainability appraisal.  
(See Appendix 6 – Site Appraisal)*

### **Settlements below 3,000 population**

The Commission noted that in very small settlements it is important to ensure the provision of affordable housing to meet needs where they arise in order to sustain rural communities both in terms of enabling family networks of support to be maintained and to support rural services. Commission states that rural exception sites are likely to be able to deliver the required housing in such cases. They recommend:

If there is genuine need, a local landowner may be found who is prepared to release a small site at or close to agricultural land values.

While it is important to sustain small rural communities, this is envisaged in terms of a small number of additional dwellings (depending on the size of the village) rather than an estate. Infill dwellings can be useful. It will be important to ensure that the design of new affordable rural housing fits into the vernacular of the existing village.

In small settlements it may be preferable to purchase existing dwellings to meet affordable housing needs, particularly ex-‘Right to Buy’ homes, as this will help to protect countryside and retain the character of villages.

Local authorities should also consider the contribution that farm buildings could make to the supply of affordable housing.

Rural Housing Enablers (*and Local Authority Housing Renewal Departments*) should engage in the reclaiming of empty homes where appropriate to complement their work in developing new affordable homes.

Local Authorities should work more closely with private landlords to find creative solutions, making use of existing best practice. In such cases occupancy should be restricted to meeting local needs, potentially through local letting agreements.

### **Settlements between 3,000 and 10,000 population**

Here the Commission argues that there is a case for larger units and for allocating sites wholly for affordable housing, particularly where there is little affordable housing in the settlement itself. They recommend that:

Regional Planning Bodies (RPBs) should encourage local authorities to use all available mechanisms to secure affordable housing including lower thresholds and more ambitious quotas and the allocation of sites solely for affordable housing.

Where there has been a moratorium on new housing development, but the Housing Market Area Assessment clearly indicates a need, RPBs should undertake early review to allow more housing to come forward. Planning Authorities should use the guidelines in PPS3 (page 31) to allocate and identify sites and manage land supply so that the affordable housing is delivered quickly on suitable sites (i.e. if an identified site fails to come forward, bring forward an alternative from the 5-10 year supply)

### **Second homes**

Local authorities should act now to focus additional affordable house building into settlements where second home ownership is affecting the sustainability of the communities.

All local authorities should reduce the Council Tax discount from 50% to 10% on second homes and work collaboratively with partners including housing associations and rural communities to decide how this funding should be used to support the delivery of affordable homes and related services.

### **Joseph Rowntree Foundation Rural Housing Forum**

The Joseph Rowntree Foundation has also produced recommendations for increasing the delivery of affordable housing in rural areas. These are summarised below.

#### **In smaller settlements (under 3,000 population) Local Planning Authorities (LPAs) should:**

- Consider the potential to re-use farm buildings for affordable housing
- Reclaim empty homes
- Conduct a sustainability appraisal of proposed locations (see Appendix 6)
- Consider leasing from private landlords

#### **In larger settlements (between 3,000 and 10,000 population) LPAs should**

- Consider allocating sites solely for affordable housing
- Consider exceptions whereby 20% of a site can be market housing, to help pay for the affordable housing
- Consider the creation of Community Land Trusts to retain affordable housing in perpetuity

### **1.12 Permanent Dwellings completed by Tenure Type and District Classification, 2005**

<b>East Midlands Area Definitions</b>	<b>Private Enterprise</b>	<b>Reg. Social Landlords</b>	<b>Local Authorities</b>	<b>Total</b>
<b>Rural 80</b> (includes NKDC)	4,147	315	17	4,479
Rural 50	2,637	57	4	2,698
Significant Rural	2,427	102	0	2,529
Other Urban	2,812	81	0	2,893
Large Urban	1,679	116	0	1,795
<b>East Midlands</b>	13,702	671	21	14,394
England	131,039	15,975	100	147,114

Source: DCLG, Housing Completions, 2005

As context, for 2006 against an East Midlands regional allocation for 2006-2008 of 400 homes in the under 3,000 population band, and 200 in the 3,000 to 10,000 population band, unaudited Housing Corporation figures suggest that they have over allocated against these combined bands to slightly over 900 units.

### **1.13 Local Area Residential Planning Permissions**

39 High Street, Walcott – 4 Homes proposed

## 2.0 Survey Process

### 2.1 Design and Development

At the start of the initiative a radio interview was given in November 2006. The process was developed by North Kesteven District Council, taking into consideration the current DEFRA guidance on best practice and the experience of the national network of Rural Housing Enablers. The process targets responses specifically from those in need of affordable housing, however road-show event was open to responses and attendance by all residents, and local businesses.

The survey process was advertised through articles in NKDC's 'Linkline' and 'at home' magazines. A press release was issued to launch the initiative in October 2006, and another press release was issued to the local free paper in July 2007, just prior to the survey, to promote the survey and roadshow event. Posters were distributed around Walcott by the Rural Housing Enabler, and also placed at the Post Office, local public house and the Walcott Village Hall Noticeboards.

### 2.2 Partnership working with Walcott Parish Council

A presentation was given by North Kesteven District Council to the Walcott Parish Council on 7<sup>th</sup> August 2007. The Parish Council committed to working with NKDC to support the Housing Needs Survey work.

For the road-show event the Parish Council helped facilitate access for the posters to be displayed on the local public notice boards, and other public venues. The Parish Council supported the running of the road-show event at the Village Hall, and two councillor's attended.

The Parish Councils considered that there were no particular groups in the village that should be specifically targeted for the survey. Although those on the Housing Register with a specific interest in Walcott were directly mailed a copy of the questionnaire.

235 questionnaires were hand delivered by NKDC, with a return deadline of 15<sup>th</sup> August 2007. The road-show event was held during this survey period (9<sup>th</sup> July 2007). A two week period of grace was given to allow for late respondees.

The Parish Council did not believe a local collection box would have been useful, so all flyers were provided with a pre-paid envelope for return to NKDC. The total number of questionnaires returned was, 11. All returns were from domestic addresses.

### 2.3 Road-show

The road-show event was held during the period of the questionnaire consultation. The aim was to provide residents with information on the survey process and the different types of affordable housing available, and to help inform decisions on involvement in the survey process.

The road-show event was held at the Walcott Village Hall, as recommended by the Parish Council. The format was a 'drop in' Advice Surgery event during the afternoon and early evening of Wednesday, 23<sup>rd</sup> May 2007.

Displays and attendance of officers were provided by North Kesteven District Council Housing Department on the survey process, accessing the Council's Housing Register and support for making improvements to existing homes e.g. Housing Renewal Grants and loans for those on a low income to help meet the Decent Homes Standard, Disabled Facilities Grants - to make alterations to support a disabled persons needs, and Warm Front Grants and the Lincolnshire Energy Efficiency Centre, to help with insulation and heating for the vulnerable to help save energy and achieve affordable warmth. The Lincolnshire Home Improvement Agency also provided information on their support and advice for home improvements

Displays were also provided by the Longhurst Group and Nottingham Community Housing Association on accessing Registered Social Landlord properties and on shared ownership and HomeBuy initiatives.

The road-show was attended by 4 adults.

#### **2.4 Questionnaire (see Appendix 2)**

The questionnaire was designed by North Kesteven District Council, taking into account best practice from nationwide Rural Housing Enabler survey activity.

Questionnaires were distributed by hand to the 235 households in Walcott. A postal return was used to retain individual anonymity. All questionnaires were distributed with pre-paid return envelopes. 11(4.6%) of questionnaires have been returned.



## 3.0 Analysis

This section is a summary report that outlines the responses received from the Rural Affordable Housing Questionnaires.

A total of 11 completed surveys were returned, 10 of which could be included in the analysis, with one detailing a locally available potential site for affordable housing. Unless otherwise stated, all results are expressed as a percentage of those who responded to a question, therefore please note that some questions have smaller base numbers. Where percentages do not sum up to 100 this may be due to rounding or multiple answers.

### 1. Current address

Seven of the ten respondents supplied us with their address. All of these respondents lived in Walcott at the time of completing the survey.

### 2. A. Household monthly income

The eight respondents who told us their net household income all earned less than £2,083.33 a month. Three respondent households earned less than £833.33 a month.

The average household income of the respondents, assuming earnings are based around the income bracket midpoints, was £1,212.46.

### B and C. Availability and amount of savings

Only one of the eight respondents who completed this question said they had savings that would help meet the costs of new housing. Those savings amounted to £10,000.

### 3. A. Type of property

Each respondent was asked to indicate the types of property they are looking for. All six respondents who answered this question said they would be interested in a house, two respondents said they were looking for a bungalow and two respondents said they were looking for a flat/maisonette/apartment.

### B. Age and gender of household members and need for ground floor accommodation

Five respondents completed this question. Three of the five respondents have additional household members, of these one household had three members and one had two members under the age of 18 years. All of the respondents and household members were aged 35 years or under. No household members had a medical need for ground floor accommodation.

### C. Number of bedrooms required

Of the six respondents who completed this question, four said they needed two bedrooms. One respondent said they needed three and one said they needed four bedrooms.

#### 4. Preferred tenure

Respondents were asked to indicate the types of tenure they would prefer, which includes either renting or buying. Of the seven respondents who answered this question, five said they would prefer buying a home on the open market. The second most preferred option was shared ownership (2 respondents). Renting from a Housing Association, renting from the Council and renting privately was each preferred by one respondent.

#### 5. Reason for needing a new home

Respondents were asked to indicate the reasons why they need a new home. Six respondents answered this question. The most popular reason reported by the greatest number of respondents (4) was that they needed larger accommodation. Other reasons were: 'need to set up independent accommodation' (2); 'need a cheaper home' (1); 'need to be closer to work' (1); and 'parking' (1).

#### 6. Local connection to Walcott

People were asked to identify their local connection to Walcott. Of the eight respondents who answered this question, six said they were living in Walcott now. Other connections were: 'family in Walcott' (3); 'born in Walcott' (2); 'employed in Walcott' (1); and 'have previously lived in Walcott' (1).

#### 7. Identifying other households relevant to the survey

Two out of the seven respondents who answered this question said they know someone who lives outside of Walcott who would like to live there and has a link to the parish. The parish link was either that they were born in Walcott (1); previously lived in Walcott (1); or they have close relatives who live in Walcott (1).

#### 8. Agreement with affordable housing development

Respondents were asked if they were in favour of small development of affordable housing for local people within the parish if there was a proven need. Of the ten respondents who answered this question, eight respondents said they were in favour and two respondents were not.

#### 9. Identification of potential sites

Of the ten respondents who answered this question, one respondent said they know of a site in Walcott which could be available for new affordable housing development. Details of this site were given.

#### 9. Other comments

Four respondents provided additional comments:

- "Should be in-filling - expanding village boundaries into the countryside is not on."

- “We ourselves do not need affordable housing as we are lucky enough to already have a property. But many young people starting out don't stand a chance to buy with the rising house prices but wages standing still. I feel for the young people today. I have two sons who one day may need a home I feel they won't stand a chance.”
- “The current village infrastructure is insufficient to support the current housing developments. Sewerage and drainage are already severely overloaded. My property floods every time there is a heavy rain fall. What measures will be put in place to make Anglian Water upgrade the capacity? If further developments are envisaged we will need better infrastructure.”
- “I currently live in xxxx which I would already regard as affordable housing. I am reasonably happy here though my main reason for wanting to move and my concern when putting my house on the market is the state of some of the houses still owned by the Council and renting out. I feel the appearance of some houses and state of repair/cleanliness kept by renters/Council will devalue my property. I would like to see the Council keep on top of Council tenants.”

### 3.2 Eligibility of respondents for affordable housing.

The 10 questionnaire relevant respondents were considered by North Kesteven District Council's Housing Need Team to assess their eligibility for affordable housing. Apparent differences in allocations result from additional information provided in the questionnaire or Housing Needs Register. The results are as follows:-

<b>Respondent</b>	<b>Income Range Number of People Local Connection/ in NK</b>	<b>Savings available for Deposit</b>	<b>Aspired Property Type/ Tenure Preference</b>	<b>Likely Reality Property Type / Tenure in accordance with Allocations Policy</b>
1	£5,931 -£10,000 p.a. Two people Yes/ ?	No	2 Bed House/ Bungalow/ Flat Open Market	2 Bed House Shared Ownership
2	£10,000 -£15,000 p.a. Two people Yes/ Yes	No	2 Bed House/ Flat Open Market	2 Bed House Shared ownership.
3	n/a	n/a	n/a	n/a
4	£15,000 – £20,000 ? people Yes/ Yes	n/a	n/a	n/a
5	Less than £5,930 p.a. Two people Yes/ Yes	£10,000	2 Bed House Shared Own'ship or Open Market	2 Bed House NKDC rent
6	£20,000 -£25,000 p.a. One person Yes/ Yes	No	n/a	n/a
7	£20,000 -£25,000 p.a Two people Yes / Yes	No	2 Bed House Open Market	n/a
8	n/a.	n/a	n/a	n/a
9	£20,000–£25,000 p.a. Four people Yes/ Yes	No	4 Bed House/ Bungalow HA/ private rental or shared ownership	4 Bed House Shared Ownership
10	£5,930 – £10,000 p.a. Three people Yes / Yes	No	3 Bed House NKDC rental	2 Bed House (if Household includes a child under 12) NKDC rent

<b>Summary Table for Walcott of Realistic Property Type and Tenure Needs from Survey</b>										
	1BF	2BF	1BB	2BB	3BB	1BH	2BH	3BH	4BH	Total
NKDC Rental										
Local connection							2			2
In North Kesteven							2			2
Outside NKesteven							0			0
HA Rental										
Local connection										
In North Kesteven										
Outside NKesteven										
Private Rental										
Local connection										
In North Kesteven										
Outside NKesteven										
Shared Own'ship										
Local connection							2		1	3
In North Kesteven							2		1	3
Outside NKesteven							0		0	0
Freehold										
Local connection										
In North Kesteven										
Outside NKesteven										
Totals										
Local connection							4		1	5
In North Kesteven							4		1	5
Outside NKesteven							0		0	0
	1BF	2BF	1BB	2BB	3BB	1BH	2BH	3BH	4BH	Total

### 3.3 Analysis of Opinion on a Small Development

The breakdown of the question:

**Would you be in favour of a small development of affordable housing for local people within the parish if there was a proven need was:-**

Households	Number
Identifying a need for affordable housing (currently live in the settlements) (assuming 1 anonymous person was in NK)	5
Identifying a need for affordable housing (currently live outside the settlements).	0
In support of the principal of a new small development of affordable housing, if need identified 80% of those expressing a view	8 (80%)
Against the principal of a new small development of affordable housing, if need identified (1 anonymous) 20% of those expressing a view	2 (20%)
No opinion expressed	0

Of those expressing a view, who returned the questionnaire, 80% (8 of 10), were in favour of a small development of affordable housing for local people, where there was a proven need.

The 2 anonymous respondents were against a small development of affordable housing for local people, where there was a proven need.

The total number of Households in the area completing the questionnaires identifying a realistic need for affordable housing over the forthcoming five years was 5.

It is likely that a degree of housing need occurs within households who did not respond to the survey and therefore this report will be an under-representation of the real position. It is also likely that the identified demand for housing is mostly immediate demand and that some medium term demand has not been anticipated. On the other hand, there will be some demand identified that households will find their own solutions for or will no longer exist due to changing personal circumstances. In November 2007 the numbers on the NKDC Housing Register expressing interest in homes in the area was 179.

### 3.4 Salary Needed to Afford Mean Average Property Types

**Salary Needed to Afford Mean Average Property Types in Walcott in the year to October 2007 based on 100% Mortgage at 3.2 Multiplier of Income, and post April 2007 budget tax & ni changes**

Property Type	Terraced	Semi	Detached	Average
Salary needed	£39,791	£44,346	£53,954	£48,723
Multiplier 3.2	x 3.2	x 3.2	x 3.2	X 3.2
Property Cost	£127,333	£141,908	£172,653	£155,914

Household Income	Gross p.a.	Net p.m.	<u>Mortgage@3.2</u>	<u>Mortgage@3.5</u>	<u>Mortgage@4</u>
	£5,930	£482	18976	20,755	23,720
	£10,000	£724	32,000	35,000	40,000
	£15,000	£1,003	48,000	52,500	60,000
	£20,000	£1,282	64,000	70,000	80,000
	£25,000	£1,562	80,000	87,500	100,000
	£30,000	£1,841	96,000	105,000	120,000
	£40,000	£2,439	128,000	140,000	160,000

Gross to Net Salary Converter

Source: [www.thesalarycalculator.co.uk](http://www.thesalarycalculator.co.uk)

## 4.0 Conclusions

### AFFORDABILITY

Affordability, based on a single person on North Kesteven average earnings of £20,645, and Walcott's mean average property prices for the period to October 2007, the following table gives the income multiplier needed, and the excess mortgage cost over the 25% of net income, which is part of NKDC's definition of being in affordable housing need.

Property Type	Average Cost (£)	Average Income (£)	Required Income Multiplier	Excess mortgage Cost over 25% Net Income (£)
Average	155,914	20,635	7.6	(364)
Detached	172,653	20,635	8.4	(416)
Semi	141,908	20,635	6.9	(320)
Terraced	127,333	20,635	6.2	(275)

NKDC policy research department assessed the median annual income for individuals in North Kesteven to be £15,291. This was broadly substantiated by talking to a local mortgage consultant, who assessed the typical joint modal average earnings as being around £25,000 - £30,000. Re-working the income multiplier for such a modal couple we get:

Property Type	Average Cost (£)	Median Joint Average Income (£)	Required Income Multiplier
Average	155,914	30,582	5.1
Detached	172,653	30,582	5.6
Semi	141,908	30,582	4.6
Terraced	127,333	30,582	4.2

Based on 100% mortgage availability, a 3.2-times gross income lending ratio, it means that an income of £39,791 is required to buy a mean average priced terraced house, £44,346 for a mean average priced semi and £53,954 for a mean average priced detached property based on sales in the area over the 2 years to October 2007. The lowest of these figures, viz £39,791, represents the only type of accommodation potentially affordable to a couple on average earnings to buy, if they can raise a sizable deposit, otherwise they would need to look at shared ownership options, and realistically terraced property is quickly snapped up on the open market.

The Council of Mortgage Lenders revealed that first time buyer income multiples reached their highest ever level in May 2007 at 3.37 times income. This leads us to the conclusion that the social rented and shared ownership tenures are the only opportunity for the average household couple, (with no savings of their own for a deposit), to acquire housing; and these tenures are currently in limited supply, when compared to the Housing Register waiting list, in Walcott.

All eligible survey responders not already on the Housing Register were invited to apply to the Housing Register. The existing level of affordable housing provision is

29 units and it is anticipated of the 179 housing registered needs who would accept a home in the area, 8 homes could be met from void availability over the forthcoming 5 years, leaving a net Housing Register need of 171 homes.

#### **NKDC& HA Property Stock, Stock Loss, Anticipated Voids and Net Needs**

<b>Stock Type</b>	<b>1BF</b>	<b>1BB</b>	<b>1BH</b>	<b>2BF</b>	<b>2BB</b>	<b>2BH</b>	<b>3BB</b>	<b>3BH</b>	<b>4BH</b>	<b>Total</b>
NKDC	0	0	0	0	7	1	0	20	1	29
RSL	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>1</b>	<b>0</b>	<b>20</b>	<b>1</b>	<b>29</b>
Stock loss	0	0	0	0	(1)	0	0	(4)	(1)	(6)
<b>Net Stock</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>1</b>	<b>0</b>	<b>16</b>	<b>0</b>	<b>23</b>
<b>Walcott Housing Register</b>	<b>88</b>			<b>46</b>			<b>37</b>		<b>8</b>	<b>179</b>
<b>5yr voids</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1)</b>	<b>0</b>	<b>0</b>	<b>(6)</b>	<b>(1)</b>	<b>(8)</b>
<b>Net HR Needs</b>	<b>88</b>			<b>45</b>			<b>31</b>		<b>7</b>	<b>171</b>

Of those on the Housing Register for Walcott, 1 lives in Walcott, 60 live in other parts of North Kesteven and 118 live outside the area giving a total of 179 potentially interested in the settlement.

#### **SURVEY RESULT**

80% of Survey respondents answering the question, were in favour of a small development of Affordable Housing for local people within Walcott, with 20% against, and 0% giving no opinion.

#### **QUESTIONNAIRE SURVEY HOUSING NEEDS**

##### **Walcott Questionnaire Findings**

<b>Stock Type</b>	<b>1BF</b>	<b>1BB</b>	<b>1BH</b>	<b>2BF</b>	<b>2BB</b>	<b>2BH</b>	<b>3BB</b>	<b>3BH</b>	<b>4BH</b>	<b>Total</b>
<b>Survey Needs</b>						<b>4</b>			<b>1</b>	<b>5</b>
Local connection						<b>4</b>			<b>1</b>	<b>5</b>
In North Kesteven						<b>4</b>			<b>1</b>	<b>5</b>
Needs living outside NK						<b>0</b>			<b>0</b>	<b>0</b>
<b>Realistic Shared Ownership</b>						<b>2</b>			<b>1</b>	<b>3</b>

From the Questionnaire survey there are 5 respondents with a need for an affordable home within the next 5 years, all of whom have a strong local connection, and thus would be potentially eligible for a home on a small affordable housing exception site, if one could be found, and developed.



Potentially, 3 respondents may be in a position to consider Shared Ownership opportunities, which NKDC are beginning to promote, most would need to obtain a deposit from family or friends, to make it a realistic option.

It is likely that a degree of housing need occurs within households who did not respond to the survey and therefore this report will be an under-representation of the real position. It is also likely that the identified survey demand for housing is mostly immediate demand and that some medium term demand has not been anticipated. On the other hand, there will be some demand identified that households will find their own solutions for or will no longer exist, due to changing personal circumstances. The numbers on the Housing Register asking for properties in areas including the settlement in November 2007 was 179.

This questionnaire survey identifies only 'local' demand for affordable housing, which is a part of the wider demand for affordable housing in the Walcott area. NKDC is looking to continue to provide for both demand groups. Existing provision of affordable housing, both by NKDC and Registered Social Landlords has open availability, although those applicants with a 'local connection' within North Kesteven can accrue additional points in the Housing Allocation Scheme.

Walcott's population was under 3,000 in the 2001 census, and fall within the NKDC Policy 'H6' covering 'rural exception site' affordable housing provision. Therefore, a small 'rural exception site' to address the settlement's needs could be considered.

A potential site coming forward from the questionnaire in Walcott has been passed to Development Control who will keep them on a register for site appraisal, and will write to the owners at the appropriate time, should a 'rural exception site' be supported, and be potentially realistic. If an affordable housing need was supported by the Parish Council, the call for sites would need to be an open and transparent process.

This Affordable Housing Needs Survey is a snapshot of need at any one point in time, while the scale of the excess need is not likely to change significantly in the short term, by the time any possible future scheme is likely to be achieved, the mix and size of units would need to be cross referenced again with NKDC Housing Register / Registered Social Landlord registers to show emerging need with a local connection at that time.

Affordable housing provided as a result of a local needs survey through an exceptions site would be restricted to local people. The parameters would normally be agreed locally with the parish council. The reason for this is that the local needs survey is identifying a local problem and the new housing is being introduced to help solve it.

Affordable housing provided by other means such as through a section 106 site would not normally be provided just for the local community where it is located and would be allocated via the Housing Register. The reason for this is that this housing is not being built just to satisfy a local need but a need identified through the District wide housing need survey. It is possible that not every community can find room for more affordable housing and as such NKDC need to make sure that the District

wide provision grows, in line with the Central and Coastal Lincolnshire Strategic Housing Market Assessment, which highlights a need at 754 homes per annum up from the Fordhams Research in 2004 which showed 462 units.

This means that the identification of exceptions sites following the local affordable housing needs survey in Walcott, would be for 'local people'. The council will still be making allocations to its existing properties in Walcott, it is just that they would be to people off the Housing Register.

It is likely that any exceptions sites pursued would happen on a partnership basis and the Council would not be identifying sites and moving on them without the support of the local Parish Council. Exceptions sites are exceptions to the normal planning policies and would not normally receive planning permission without a supported local needs survey. Typically this is because the land has not been earmarked for development in the local plan.

## 5.0 Recommendations

It is recommended that the Parish Councils review this report's conclusions and then consider advancing the process to identify where local housing demand can be met in Walcott, and where a shortfall remains, look to achieve a small scheme of affordable housing.

In terms of the survey the realistic mix of type, size, and tenure can be distilled to:-

Type of property	Tenure – Rent NKDC	Tenure - Rent Private	Tenure - Shared Ownership	Tenure Freehold	Total	Local Connection
1 Bed Flat						
2 Bed Flat						
1 Bed Bungalow						
2 Bed Bungalow						
3 Bed Bungalow						
1 Bed House						
2 Bed House	2		2		4	4
3 Bed House						
4 Bed House			1		1	1
<b>Total</b>	<b>2</b>		<b>3</b>		<b>5</b>	<b>5</b>

We would assume that the open market would not be able to meet the need of the households wanting freehold property, given their income, insufficient savings and the developing credit squeeze, so to address the net need of 5 properties, North Kesteven District Council and Registered Social Landlords are recommended to work together to explore the location and availability of possible sites with the Parish Council, and the potential for programming a section 106 scheme and possible funding drawdown from the Housing Corporation.

The recommended mix and tenure for a Rural Exception site is as follows:

Type of property	Tenure – Rent NKDC	Tenure -Shared Ownership	Total
1 Bed Flat			
2 Bed Flat			
1 Bed Bungalow			
2 Bed Bungalow			
3 Bed Bungalow			
1 Bed House			
2 Bed House	2	2	4
3 Bed House			
4 Bed House		1	1
<b>Total</b>	<b>2</b>	<b>3</b>	<b>5</b>

As the population is under the 3,000 population threshold in the settlement, there is no potential to make existing affordable housing available via the Government's HomeBuy scheme. However NKDC have just launched their own Local Authority Shared Ownership scheme to help people get onto the property ladder. Information leaflets have been distributed in November 2007 to the Parish Council.

A summary presentation of this report is planned to be made with the Parish Councils and representative District Councillors in due course in early 2008, and it is hoped that actions on a way forward can be discussed. It would be useful for the Parish Council to consider the report and to respond to the following questions.

Does the Parish Council have comments that they wish to make on the following questions, by writing back to the District Council:

- 1) Does the Parish Council agree with the conclusions and recommendations of this 'Analysis Report'?
- 2) Does the Parish Council want to work with the District Council to provide for affordable housing?
- 3) If supportive of an affordable housing site(s) in the area, does the Parish Council have views on whether the needs should be met via a single local site?
- 4) If supportive, does the Parish Council have views on the site identification process? For instance, how should we invite landowners / developers to identify land for a local exception site, whilst being careful not to raise expectations as to the land valuation, which must be much closer to agricultural land values than those of allocated residential development land, in order to be viable to provide the necessary 100% affordable housing on the exception site or sites.

To show fairness, we would need to devise an open and transparent process. If we are going to advertise, which newspaper should we use? Could we publicise in other ways? Should we use the local Parish Council notice boards, and any particular websites to ask for landowners to come forward? Do local councillors have knowledge or contacts which could help identify potential sites and their owners to the District Council?

- 5) Also this requested response affords the opportunity for the Parish Council to express their views as to the design and character of any affordable homes they would wish to see, for instance, so that they were in line with any existing Village Design Statement guidance produced, either freestanding or as part of a Parish Plan.

## 6.0 Appendices-Appendix 1 - Residential Property Sales

Dwelling Sales - Oct 2005 – Sept 2007 Walcott	Overall Average	Detached	Semi-Detached	Terraced	Flat/Maison
Oct 2005 – Dec 2005			134,950 191,000	124,000 165,000 93,000	
Jan 2006 – Mar 2006		240,000 155,000 157,500	89,950		
Apr 2006 – June 2006		163,000 163,500 149,000	114,950 98,000		
July 2006 – Sept 2006		243,000			
Oct 2006 –Dec 2006		110,000 249,995	199,000		
Jan 2007 – Mar 2007		200,000 149,950	128,500 119,000 105,000		
Apr 2007 – Jun 2007		135,000 124,995	199,950		
July 2007 – Sep 2007		130,000 210,000 181,500	166,500 170,000 128,000		
<b>Walcott Average Mean</b>	<b>155,914</b>	<b>172,652</b>	<b>141,908</b>	<b>127,333</b>	
<b>Walcott Average Median</b>					
<b>Walcott Average Mode</b>					
<b>Postcode LN4 4 Mean - April- June 2007</b>	<b>138,310</b>	<b>181,895</b>	<b>133,805</b>	<b>103.987</b>	
<b>N. Kesteven Mean Average- April - June 07</b>	<b>177,464</b>	<b>217,376</b>	<b>138,796</b>	<b>119,180</b>	<b>160,449</b>
<b>Lincolnshire Mean Average-April - June 07</b>	<b>162,426</b>	<b>209,424</b>	<b>137,237</b>	<b>115,714</b>	<b>122,029</b>

Source: Up My Street: 15 Oct 2007

Appendix 2: Questionnaire  
Local Affordable Housing Needs Questionnaire  
for Walcott – July / August 2007



***We hope that you will take part in this survey, which is supported by the Parish Council and District Council's***

***It should only take ten minutes to complete the form and anything you tell us will be in confidence.***

***This survey is for people who will be looking for affordable housing within the next five years. This is housing that costs you less than 25% (or less than a quarter) of your total household income after tax and national insurance has been taken away.***

***We want you to complete the form whether or not you are on the Council's housing register or on a Housing Association register. This survey does not affect any existing registrations, nor does it mean you have signed up to anything either.***

***Only one form should be filled in per household.***

***Once complete, please return it in the attached pre-paid envelope by 15<sup>th</sup> August 2007.***

***Thank you for your help.***

*This document is available on request in a number of different formats and languages. These include large print, Braille, audio-tape, and electronic formats such as disk/CD.*

*Contact: Bob Keech, Rural Housing Enabler at North Kesteven District Council on Tel No. 01529 414155 Extension 2573.*

### QUESTION 1.

1a. Please provide the contact details of the person completing this form.

Name: .....

Address:.....

.....

..... Telephone number:.....

### QUESTION 2.

In order to prove the need for affordable housing, we need to know your income after tax and national insurance. You can work this out as follows:-

1. *Add up your household's total annual income (including benefits) for the 2006 – 2007 tax year ('household' includes all those living with you).*
2. *then minus your household's annual tax and national insurance for the past financial year.*

*Please use the two stage process above to calculate your response to question 2a.*

2a. Please tick which net income bracket your household falls into:

- |       |                               |                        |                          |
|-------|-------------------------------|------------------------|--------------------------|
| i.    | Less than £494.21 per month   | (less than £5,930 pa)  | <input type="checkbox"/> |
| ii.   | £494.22 - £833.33 per month   | (£5,931 - £10,000 pa)  | <input type="checkbox"/> |
| iii.  | £833.34 - £1249.99 per month  | (£10,001 - £15,000 pa) | <input type="checkbox"/> |
| iv.   | £1250 - £1666.66 per month    | (£15,001 - £20,000 pa) | <input type="checkbox"/> |
| v.    | £1666.67 - £2083.33 per month | (£20,001 – £25,000 pa) | <input type="checkbox"/> |
| vi.   | £2083.34 - £2499.99 per month | (£25,001 – £30,000 pa) | <input type="checkbox"/> |
| vii.  | £2500 - £3333.33 per month    | (£30,001 - £40,000 pa) | <input type="checkbox"/> |
| viii. | more than £3333.34 per month  | (more than £40,001 pa) | <input type="checkbox"/> |

2b. Does your household have any savings that would help meet the costs of new housing? YES / NO

2c. If you answered 'yes' to question 2b, please state amount:

£

### QUESTION 3.

We need to know what sort of housing you need.

3a What type of property are you looking for? *(please tick your preference(s))*

- i. House ☐
- ii. Bungalow ☐
- iii. Flat / maisonette / apartment ☐
- iv. Sheltered / retirement housing ☐

3b. Please indicate the gender, age and medical need for ground floor accommodation for each person moving with you.

	Gender	Age	Any Medical Need for Ground Floor Accommodation
You			
Other Household member 1			
Other Household member 2			
Other Household member 3			
Other Household member 4			
Other Household member 5			

3c. How many bedrooms will you need in your new home? *(please tick one box)*

- i. One ☐
- ii. Two ☐
- iii. Three ☐
- iv. Four ☐

### QUESTION 4.

We also need to know whether you want to rent or buy your home.

4a. Do you prefer: *(please tick no more than 3 boxes)*

- i. Renting from a Housing Association ☐
- ii. Renting from the Council ☐
- iii. Renting privately ☐
- iv. Shared ownership\* ☐
- v. Buying a home on the open market ☐

\* Shared ownership properties are known as 'HomeBuy'. With 'HomeBuy' applicants are able to buy a new build home from a Housing Association. These help people with housing needs to buy a share in a property, generally about 50% (half) to begin with. There would then be an opportunity to increase the size of that share over a number of years and in doing this, you could develop a greater value (equity) when the property is sold. When the property is sold, you would receive the open market value of the percentage of the property that you own, with the rest taken by the Housing Association. For example, to purchase a 50% share in a new shared-ownership two-bedroom property in the District, could cost about £70,000. On top of this you would need to pay a rent to the Housing Association that would normally amount to £34.37 p.w. for the same property (based on April 2006 figures which will change annually.)



### QUESTION 5.

It would also help us to identify the reasons that you need to consider a new home:

5a. What is your main reason for needing to move? (*please tick no more than 3 boxes*)

- |       |  |                          |
|-------|--|--------------------------|
| i.    | Need larger accommodation  | <input type="checkbox"/> |
| ii.   | Need smaller accommodation   | <input type="checkbox"/> |
| iii.  | Need accommodation adapted for a disability                            | <input type="checkbox"/> |
| iv.   | Need cheaper home  | <input type="checkbox"/> |
| v.    | Need to be closer to work  | <input type="checkbox"/> |
| vi.   | Need to be closer to a carer or dependent                              | <input type="checkbox"/> |
| vii.  | Need to avoid harassment   | <input type="checkbox"/> |
| viii. | Need secure accommodation  | <input type="checkbox"/> |
| ix.   | Need to change tenure  | <input type="checkbox"/> |
| x.    | Need to set up independent accommodation<br>(e.g. leave parental home) | <input type="checkbox"/> |
| xi.   | Other reason _____   | <input type="checkbox"/> |

### QUESTION 6.

6a. What is your local connection to Walcott)?

- |      |   |                          |
|------|---|--------------------------|
| i.   | Born in Walcott   | <input type="checkbox"/> |
| ii.  | Living in Walcott now                                       | <input type="checkbox"/> |
| iii. | Employed in Walcott   | <input type="checkbox"/> |
| iv.  | Family in Walcott   | <input type="checkbox"/> |
| v.   | Have previously lived in Walcott                            | <input type="checkbox"/> |
| vi.  | Carer for, or being cared for by, someone living in Walcott | <input type="checkbox"/> |

### QUESTION 7.

7a. Do you know someone who lives outside of Walcott who would like to live here and has a link with the parish? YES / NO

7b. If you answered 'yes' to question 7a, please identify their parish link:

- |      |  |                          |
|------|--|--------------------------|
| i.   | Born in Walcott  | <input type="checkbox"/> |
| ii.  | Previously lived in Walcott                                    | <input type="checkbox"/> |
| iii. | Close relatives live in Walcott                                | <input type="checkbox"/> |
| iv.  | Carer for, or being cared for, by someone who lives in Walcott | <input type="checkbox"/> |
| v.   | Work in Walcott  | <input type="checkbox"/> |

7.c Please gain their permission and provide their contact details below, we will then forward a copy of this questionnaire directly to them.

Their name: .....

Their address: .....

..... Their telephone number: .....

**QUESTION 8.**

Would you be in favour of a small development of affordable housing for local people within your parish if there was a proven need? YES / NO

**QUESTION 9.**

9a. Do you know of any sites in Walcott which could be available for new affordable housing development. YES / NO

9b. If you answered 'yes' to question 9a, please provide potential site details below:

Contact name: .....

Contact address: .....

Contact Telephone number: .....

Site location: .....

**QUESTION 10.**

If you have any further comments, please write them in this box, or if needed, write overleaf or on an additional sheet and attach the comments to your returned questionnaire. Thank you.

**QUESTION 10. Continued**

Please sign and date this form to confirm that the information you have provided is factually correct.

Signature: ..... Date: .....

Print name: .....

## Appendix 3 – Affordable Housing Calculations

Household Net Income p.m.	£481.60	£724.09	£1003.26	£1282.42	£1561.59	£1,840.76	2439.47
Household Gross Income p.a.	£5,930	£10,000	£15,000	£20,000	£25,000	£30,000	£40,000
Income multiple	3.2	3.2	3.2	3.2	3.2	3.2	3.2
Potential Mortgage level	£18,976	£32,000	£48,000	£64,000	£80,000	£96,000	£128,000
Monthly Mortgage Repayment assume 7% over 25 Years	£131.41	£221.69	£332.58	£443.48	£554.38	£665.28	£887.08

25% of Net Income (NKDC Definition)	£120.40	£181.02	£250.81	£320.61	£390.40	£460.19	£609.87
<b>Excess mortgage cost over 25% net income</b>	<b>-£11.01</b>	<b>-£40.67</b>	<b>-£81.77</b>	<b>-£122.87</b>	<b>-£163.98</b>	<b>-£205.09</b>	<b>-£277.21</b>

### **Income needed to afford typical Average priced property types In Walcott**

	<b>Average</b>	<b>Detached</b>	<b>Semi</b>	<b>Terraced</b>
Household Net Income p.m.	£2,868	£3,126	£2,653	£2,429
Household Gross Income p.a.	£48,723	£53,954	£44,346	£39,791
Income multiple	3.20	3.20	3.20	3.20
Potential Mortgage level	155,914	172,652	141,908	127,333
Monthly Mortgage Repayment assume 7% over 25 Years	£1,081	£1,197	£983	£882

25% of Net Income (NKDC Definition)	£717	£781	£663	£607
<b>Excess mortgage cost over 25% net income</b>	<b>-£364</b>	<b>-£416</b>	<b>-£320</b>	<b>-£275</b>

Source: The Mortgage Repayment Calculator: 16 October 2007

[www.thesalarycalculator.co.uk/mortgages.php](http://www.thesalarycalculator.co.uk/mortgages.php)

## Appendix 4 – Affordable Housing Definitions

Planning Policy Statement 3, Housing, published by the Department of Communities and Local Government on 29 November 2006, states “the Government is committed to providing high quality housing for people who are unable to access or afford market housing, for example, vulnerable people and key workers as well as helping people make the step from social-rented housing to home ownership”.

It says, ‘Affordable Housing includes social rented and intermediate housing provided to specific eligible households whose needs are not met by the market.

Affordable housing should:-

- meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.
- Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision’.

### **Social rented housing is:-**

‘Rented housing owned and managed by local authorities and registered social landlords, (or other persons, as agreed with the local authority or Housing Corporation (soon to be Communities England) as a condition of grant), for which guideline target rents are determined through the national rent regime.

### **Intermediate affordable housing is:-**

‘Housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (e.g.HomeBuy), other low cost homes for sale and intermediate rent.’

The definition does not exclude homes provided by private sector bodies or provided without grant funding. Where such homes meet the definition above, they may be considered, for planning purposes, as affordable housing. Whereas, those homes that do not meet the definition, for example, ‘low cost market’ housing, may not be considered, for planning purposes, as affordable housing.

The terms ‘affordability’ and ‘affordable housing’ have different meanings.

‘Affordability’ is a measure of whether housing may be afforded by certain groups of households. ‘Affordable housing’ refers to particular products outside the main housing market.

### **Market Housing is:-**

Private housing for rent or for sale, where the price is set in the open market.

### **Housing Demand is:-**

The quantity of housing that households are willing and able to buy or rent.

### **Housing Need is:-**

The quantity of housing required for households who are unable to access suitable housing without financial assistance.

### **Rural Exception Sites**

PPG3 defines rural exception sites as 'small, solely for affordable housing, and on land within or adjoining small rural communities, which would not otherwise be released for general market housing. The affordable housing on such sites should meet local needs in perpetuity and count towards the overall level of housing provision. The rural exception site policy applies to both allocated or windfall sites'. The document 'Meeting Affordable Housing Needs in Rural Communities – a good practice guide' from the Centre for Rural Development says that that re-sale of exception site housing can be prevented in settlements below 3,000 population.

It is important to emphasise though that all exception sites are based on local needs and the lettings process extends priority, but not exclusivity, to local need. There will be instances potentially in the lettings cascades where, if there are no local people available to occupy the dwelling then the property will go to a person outside of the parish. This is because Housing Associations will not generally tolerate leaving an asset empty if there is no immediate local demand.

### **Rural Departure Sites**

Planning Applications that are permitted, although they do not adhere to (they 'depart from') the Development Plan, covers settlements over 3,000 population.

### **Shared Ownership in Rural Areas F2-03/92**

#### **Housing Association Repurchase Scheme and Restricted Staircasing**

Summary: Advises Housing Associations of the extension of repurchase arrangements and the facility to restrict staircasing where shared ownership is provided in rural areas.

1.1 This Circular announces measures to enable the long term provision of low cost housing in rural areas.

#### **2. Rural Repurchase Arrangements**

2.1 The eligibility criteria for the rural repurchase arrangements (HC Circular 34/90 paragraph 2) have now been extended to all settlements of up to 3000 population.

#### **3. Restricted Staircasing**

3.1 DOE Circular 7/91- Planning and Affordable Housing - enables registered housing associations to introduce restricted staircasing in Housing Association Grant funded shared ownership schemes in rural areas. Public subsidy for schemes in settlements of up to 3000 population is no longer conditional on the shared owner having the right to staircase to full ownership. The limit on staircasing should be at least 80% of the value of the property. The repurchase arrangements mentioned in paragraph 2.1 above will also apply to schemes which include restricted staircasing provisions.

3.2 Housing Associations may now provide for restricted staircasing or rural repurchase or both in schemes located in settlements of up to 3000. Neither the staircasing restriction nor the repurchase arrangement is mandatory.

3.3 The Rural Settlement Gazetteer published by the Housing Corporation, lists rural settlements in England, by size

## Appendix 5 – Site Appraisal for Affordable Housing

### EXAMPLE SITE APPRAISAL FOR AFFORDABLE HOUSING SCHEME

SITE DETAILS				
ADDRESS				
			POSTCODE	
OWNER				
AMENITIES				
	<500m	<1Km	<2Km	Notes
Pre school/ Nursery				
Primary School				
Secondary School				
GP/ Health Centre				
Bus Stop				
Train Station				
High St/Comm Centre				
Post Office				
Public Telephone				
Bank/Building Society				
Cash point				
Gym/Leisure Centre				
Public House				
Place of Worship				
Community Centre				
Food shop/Gen Store				
Play Facilities 0-5 yrs				
Play Facilities 5-12 yrs				
Public Open Space				
LIABILITIES				
	Distance	Notes		
Industrial noise/ smell				
Flood Plain				
Polluted Waterway				
Landfill Site				
Railway				
Motorway				
Major Rd				
Bus Route				
H/V O/H cables				
Playing Fields				

SITE CONDITIONS				
	YES	NO	TBA	NOTES
Difficult site access, including nature and status of adjoining roads and restrictions on vehicular and pedestrian access?				
Potential problems regarding boundary structures e.g. Type or condition or repairing and maintenance obligations in relation to retaining or party walls?				
Potential problems regarding site levels in relation to the construction, drainage or access?				
Availability and capacity of statutory services. Are any easements required to serve the site?  Water Sewer Gas Electric Telecoms				
Flood risk ( see liabilities)				
Potential site of archaeological interest?				
Are there existing buildings, cellars, mature trees?				
Ground conditions-knowledge of marshy or made up ground, rock outcrops, ponds, water courses? Past mine workings? Evidence of settlement in adjoining buildings?				
Potential for ground contamination? Japanese Knotweed?				
Overhead cables, services, footpaths and roads crossing the site?				
PLANNING				
Planning Authority				
	YES	NO	TBA	NOTES
Planning history of the site, including terms and conditions of existing planning consents or reasons for planning refusals.				
Effect of building lines or improvement lines on the use for the site?				
Tree Preservation Orders or Listed Buildings on the site?				
Special requirements for vision splays involving easements over, alterations to, or acquisition of adjoining land?				
Planning consents or applications for planning consents affecting adjoining property(s)?				
Potential for objections to a planning application?				
Planning status of site e.g. Conservation area, Special Landscape Area, within Settlement Boundary, Exception Site?				
Can Housing Need be demonstrated?				



SUPPLEMENTARY NOTES	
CHECKLIST COMPLETED BY:	
DATE:	

## Appendix 6: Buying a Home – A Step by Step Guide

### Find out how much you can afford

Once you decide you want to buy a property start saving as hard as you can. Although 100% mortgages are available, you will normally get a much better deal if you have a deposit.

Traditionally the amount you can borrow is based upon your earnings. If you are buying alone you will typically be able to borrow up to between 3.2 and 4 times your annual income. If you are buying with a partner, the maximum will normally be 2.75 to 3.25 times your joint earnings.

Higher multiples, up to about 6 times income, may be available if you are a professional and some lenders base their calculations on how much they believe you can afford. There seems to be an increase in the number of providers that have introduced a credit scoring system to set the level of their income multiples when calculating a customer's affordability for a new mortgage. These include some of the big names in the industry such as Bank of Scotland, Northern Rock and NatWest. Until recently, mortgage lenders always quoted the maximum income multiples they were prepared to consider. For example, Bank of Ireland in June 2007 would lend up to a maximum of 4 x 1st applicant's income, plus 1 x 2nd applicant's income or alternatively 3.25 x joint income.

Once the maximum level of advance is established, the customer's ability to repay is assessed, a credit reference search made and a credit score is undertaken before a mortgage is approved. Under the new method of setting mortgage income multiples, a lender will 'credit score' the customer's application as the starting point of the process. If the customer obtains a high score, i.e. considered a low risk, they could qualify for a mortgage of as much as six times their annual income. However, if you obtain a lower score and the lender is still prepared to sanction your application, you may only qualify for a mortgage of 3.2 times your annual salary.

However, even if you have a clear credit reference search, the credit scoring system used by a lender is based upon, amongst other things, the probability of future events, and may work against you. For example, if statistics show that, out of 100 people with identical lifestyle circumstances (using criteria mentioned below), there is a probability that 25 will default on their mortgage, all 100 will receive a low credit score, with 75 people being 'tarred with the same brush' purely because they happen to fall within a perceived higher-risk category.'

Amongst other things, a credit score system will take into account your age, marital status, number of dependants, occupation details, length of employment, the loan to value percentage, loan purpose and the area in which you live.

Over recent years Mortgage lenders have been willing to accept the 'self-certification' of income from those self employed. This category has recently been referred to as part of the 'sub-prime' lending market. Accordingly those in this category will find getting a mortgage a slightly different process to those who can give evidence of income level and employment history.

## House hunting

Contact local estate agents in your desired area to find out what is available and ask to be put on their mailing list. Encourage them to ring you when suitable properties become available. The internet is also a useful tool, but estate agents do not always keep their websites completely up-to-date.

Look at as many properties as you can manage before making any firm decisions, preferably in the daylight. When you find the one you really like, ask if you can go back for a second look at a different time of the day. Take a friend or relative for an independent opinion. Inspect the immediate area more thoroughly this time.

From 1 August 2007, Home Information Packs - including Energy Performance Certificates - were required for the sale of four bedroom properties and larger. It was extended to three bedroom properties on 10 September 2007, and will be extended to smaller properties on a phased basis, as sufficient energy assessors become fully qualified. Also, until the end of the year, properties can be marketed as soon as they have commissioned a pack - rather than waiting for the completed pack. It will also temporarily allow Energy Performance Certificates to be up to twelve months old when the property is put up for sale - extending the original three month age limit. The Government is also inviting councils and registered social landlords to work with them to introduce Energy Performance Certificates on a voluntary basis in social housing, for example at the time of stock transfers.

**Flash: All properties marketed for sale from 14 December 2007 in England and Wales will need a Home Information Pack (HIP), which includes a home energy rating.**

**The Pack includes an Energy Performance Certificate, containing advice on how to cut carbon emissions and fuel bills. Also included are documents such as a sale statement, searches and evidence of title.**

**Currently, any property that was already on the market on the relevant commencement date (i.e. 1 August 2007 for sales of homes with four or more bedrooms; 10 September 2007 for those with three or more bedrooms and 14 December for all properties) does not need to have a HIP.**

**As at 14 December no date has been set when all properties that are on the market will be required to have a HIP.**

The **Home Information Pack** is a set of documents providing important information about a property, such as its energy efficiency, boundary ownership and planning permissions. It is designed to reduce the likelihood of surprises coming up later in the process and delaying the sale. It will be important to give your legal adviser a copy of the Pack at an early stage.

There will be a **Sale Statement**, giving the name of the seller, and the address of the property being sold; whether it is freehold, leasehold or commonhold; giving evidence of title being registered or unregistered; and whether or not the property is being sold with vacant possession. The pack will also contain either an **Energy Performance Certificate**, (rating the home on a scale of A-G for its energy

efficiency and impact on the environment), or a **Home Condition Report**, which contains the Energy Performance Certificate plus for each part of the home a condition rating on a scale of 1-3, stating if any repairs are needed, and if so whether they are serious.

The pack also includes forms completed by the seller concerning a range of matters relating to the property. The **Home Use Form (or the Seller's Property Information Form)** should include information on boundaries, disputes, notices, guarantees, services, sharing with neighbours, arrangements and rights, occupiers, changes to the property, and planning and building control matters.

There may also be a **Home Contents Form, (or Fixtures, Fittings and Contents Form)**, that should list items that are included or excluded from the sale or which are subject to negotiation.

For most properties, the pack should include official copies from the Land Registry of the **Property Register**, providing a brief description of the property and whether it is freehold and leasehold (with years remaining), and the **Title Plan**, showing the boundaries. The **Local Search** should look at the local land charges register and identify whether there are any planning permissions granted on the property or road building or traffic calming measures being introduced on the road, and show the provision of drainage and water services to the property.

The **Proprietorship Register** states who is currently registered as owning the property. A title which is described in the Property Register as 'absolute' (for either freehold or leasehold), or 'good' (which applies to leasehold only) should have the best classes of title. If the title is described as 'qualified' or possessory' you may wish to seek legal advice as to whether someone other than the registered owner has a claim to the property.

The Home Information Pack may also contain a **Legal Summary** at the front of the pack. This is the legal adviser's view of the contents of the pack and should identify any issues to take into consideration when purchasing the property.

With Flats and Maisonettes usually sold leasehold, it is important to check **the Lease** for the legal rights and duties of the leaseholder and landlord and the number of years the leaseholder is entitled to the property, and the details of the **Ground Rent** and the **Service Charges** payable for the property, covering repairs, maintenance and improvements to the building and shared parts.

### **Making an offer**

Once you are convinced you have found the property you want, ring the estate agent and make an offer. If the property has been on the market for some time, or if there is work that needs to be done, you could try offering below the asking price.

If the offer is accepted, ask for the property to be taken off the market. This will minimise the danger of being gazumped, which is when someone comes along and makes a higher offer which the estate agent is legally obliged to pass on to the seller. (If you live in England, Wales or Northern Ireland, you are not legally bound to

proceed with the purchase at this point. In Scotland, if your offer is accepted, it is legally binding so you need to have the property valued before you make your offer.)

### **What happens next**

Now you will need to arrange your mortgage and appoint a solicitor or a conveyancer to carry out the necessary legal work. Shop around for the best mortgage deal by going to an independent mortgage broker. Once your mortgage application is submitted, the lender will carry out credit checks and you will normally be told within 24 hours whether or not your application has been accepted.

If you do not have a solicitor ask your estate agent and mortgage broker for recommendations, or contact the Law Society. Then phone several for an estimate of costs before making a final decision.

### **The professionals get to work**

Before your lender finally agrees to a mortgage, a valuation will be needed to establish that the property is worth the asking price. You will have to pay a fee for this survey. If it is satisfactory, your lender will send you a formal mortgage offer – a process which typically takes about two weeks.

But the basic valuation will not tell you of any potential problems with the property. If you want a more in-depth report, you will need a homebuyer's report which will provide more detail, or a full structural survey.

While all this is going on your solicitor will be checking the title deeds to the property, carrying out searches to make sure there are no planning applications which may affect your property and liaising with the seller's solicitor.

### **The final stage**

If everything has proceeded smoothly, your solicitor will now arrange for you to sign the contract. The seller will also sign a contract and these contracts will be exchanged. At this point you will have to pay the deposit to your solicitor. This is when the deal becomes legally binding and if you pull out you would lose your deposit.

Completion normally takes place around four weeks later. On this day, the mortgage monies are passed on to the seller and you are given the keys to your new home.

### **Indicative Costs**

The price of a new home is just the beginning of the costs involved in purchasing a new property. If you take out a mortgage, then you must add interest into the equation, which can be a significant sum.

Mortgages come in all shapes and sizes, with lenders launching new products every year. Generally, mortgage lenders will lend you about three times your annual gross salary. If you are buying with a partner, then they may lend you an extra amount equivalent to one times his or her annual gross salary.

The common rule of thumb is to spend no more than one-third of your monthly take-home pay on mortgage repayments. This is a big commitment when you consider

that most mortgage terms last about 25 years. You may wish to seek advice from an independent financial advisor or from your estate agent about the best mortgage package to suit you.

You have two choices in how you repay your capital - you can either pay it back a little at a time (repayment mortgage), or pay it all back at the end of the contract term (Endowment, ISA, and pension mortgages).

- **Repayment mortgage** - each month, you pay off part of the capital as well as part of the interest due on the loan. At the end of the term, the mortgage is clear. This is the generally the least risky type of loan.
- **Interest only** - you make monthly payments to pay off the interest on the loan; at the same time you make payments into an investment fund that will pay off the capital cost of the loan at the end of the loan's term.

On top of this, the main fees and expenses you should expect are:

#### 1. Mortgage related

Not only is this probably the largest debt you will accumulate, you can also expect some extra charges when you take a mortgage out.

- Mortgage valuation - carried out by your lender, this determines the value of the property for loan purposes but doesn't cover the state of the property
- Mortgage arrangement fee - often charged by a lender or broker for arranging your mortgage
- Mortgage exit fee - you may be liable to pay an exit fee if you are re-mortgaging, but this practice has hit the headlines recently and you may be able to claim it back.

#### 2. Stamp duty

This is a tax payable on property purchases. To work out how much you will be charged see the stamp duty bands below.

Stamp duty bands:

Properties under £125,000 - no stamp duty charged

£125,001 - £250,000 - 1%

£250,001 - £500,000 - 3%

£500,000 plus - 4%

#### 3. Conveyancing

Conveyancing is the legal side of buying a property. Your solicitor will handle all the paperwork and administration related to the purchase of your new home.

#### 4. Local land search

The search, carried out by your local council, will provide you with information relating to charges or responsibilities you will be taking on when you exchange contracts, as well as possible development restrictions.

## **5. Land Registry**

When property or land changes hands, you need to register this with the Land Registry. Use the band guide below to work out how much you will need to pay.

Land Registry bands:

Properties up to £50,000 - £40

£50,001 - £80,000 - £60

£80,001 - £100,000 - £100

£100,001 - £200,000 - £150

£200,001 - £500,000 - £220

£500,001 - £1,000,000 - £420

£1,000,000 plus - £700

## **6. Survey**

A property survey will give you peace of mind that there are no problems with your new property. A homebuyer's report is briefer than the full building survey, only outlining the areas that need attention. This usually suffices if the property is modern and has not had any building or restructuring work. A building survey is a more comprehensive inspection of a property. A mortgage valuation survey alone will not uncover potential problems with the building. A good survey will save you money in the long term should there be any issues.

## **7. Storage**

Not all property transactions can be perfectly timed, in which case you may need storage. A hundred square metres roughly equates to 200 boxes of goods.

## **8. Removals**

The final stage - moving day. The cost of hiring a removals firm depends on the size of your house, the distance you're moving and how involved you want the removal company to be

### **Example costs**

Average mortgage value: £146,700 (home movers); £115,499 (first time buyers)

Mortgage valuation: £350

Mortgage arrangement fee: £575

Mortgage exit fee: £200-250

Stamp duty: £1,770.99

Conveyancing: £389

Local land search: £150-250

Land Registry: £150

HIP £400 - £600 (may include costs for searches)

Survey: £250 - £350 (Homebuyer's report); up to £1,000 (Building / Structural survey)

Storage: £36 for 100 square metres (one week)

Removals: £300-400 (local); £600-700 (50 mile relocation)

These are average calculations based on buying a property worth £177,099, the average price of a house in the UK according to the Land Registry (February 2007 figures). The price of a first time buyer's property is £155,120, so you should adjust these calculations accordingly.