

**NATIONAL  
HOUSING  
FEDERATION**

south east

# Home Truths 2011

Fixing our broken housing market

## South East



## We need more homes quickly

The South East housing market is broken. Despite a deep housing recession, house prices are still more than 12 times average incomes, private sector rents are high and rising, and nothing like enough social rented housing is being built. For both young and old in the South East, housing choices are severely restricted without access to considerable wealth.

For younger working families, the cost of buying a first home is prohibitive. A 25% deposit on a home at the cheapest end of the market would cost £42,000, nearly two years' average annual earnings in the region. Meanwhile, the older population is growing fast, but budgets to build and run supported and sheltered housing schemes are being cut, leaving more and more older people in vulnerable situations.

We need to build more affordable homes across all parts of our housing market. New households are forming at twice the rate that new homes are being built. This is unsustainable. Yet some local authorities are cutting planned new homes, rather than encouraging development as the Government has asked them to do.

The South East is one of the main drivers of the UK economy. But if we persist in building too few homes our economy will struggle to grow. To fix the broken market, ministers should implement a range of measures that ensure housing continues to be built at scale, remains affordable and is effectively regulated across all sectors.

## Prices too high, supply too low

- The average house price in the South East in 2010 was £284,379, over 12 times the median regional income of £22,870.<sup>1,2</sup>
- Buying the average home in the South East with a 75% loan to value mortgage requires an income of nearly £61,000.<sup>1,2</sup>
- Despite the recession, house prices in the South East are still 22% higher than five years ago and 100% higher than 10 years ago.<sup>1</sup>
- House prices in the South East have increased three times faster than incomes over the past 10 years.<sup>1,2</sup>
- The average house price in rural parts of the region is now more than 14 times the average local income, compared to 11.5 times income in more urban areas.<sup>1,2</sup>
- Overall new housing supply fell 18% in the South East in 2010/11, to just 19,530 homes. Housing supply is now down by more than a third since its peak in 2007/08.<sup>3</sup>
- The South East is now building just half of the homes required each year to meet new household formation.<sup>3</sup>
- 64% of people living in rural parts of the South East believe there is a shortage of affordable housing in their area, and 70% would support local affordable home building.<sup>4</sup>
- 87% of 18-30 year olds in the South say they cannot afford to buy a home, despite recent house price falls.<sup>11</sup>

### Housing demand is growing fast

- There were 215,373 households on social housing waiting lists in the South East in 2010, an increase of 5% on the previous year.<sup>3</sup>
- Over 4,500 households were accepted as homeless by local councils in the South East in 2010/11, a rise of 17% on the previous year - one of the biggest increases in the country.<sup>3</sup>
- More than 3,500 households were living in temporary accommodation in the South East at the end of 2010.<sup>3</sup>
- 80,000 families were living in overcrowded conditions in the region in 2009 (up 19% over 2008).<sup>3</sup>
- Since the Government announced the abolition of Regional Spatial Strategies in 2010 local authorities in the South East have cut planned new housing by 56,620 homes.<sup>5</sup>
- The latest government projections suggest over 39,000 new households will form in the South East every year to 2033.<sup>3</sup>
- By 2033 the South East is expected to have a population of over 10 million people, the largest regional population in the country. The population aged 65+ is expected to grow by 63% and the population aged 85+ by 136%.<sup>6</sup>
- To meet current demand, the supply of homes for people with care and support needs would have to double. Support to enable vulnerable people to live independently would have to grow by 127%.<sup>7</sup>

## Housing associations are delivering

- Housing associations in the South East own more than 339,600 affordable homes, housing one in every 10 households in the region.<sup>8</sup>
- In 2010/11 housing associations in the South East built or refurbished 8,160 affordable homes, providing 39% of all new homes completed in the region during the year.<sup>8</sup>
- New housing association provision included 1,897 homes for low cost home ownership, meeting the needs and aspirations of working families on lower and middle incomes.<sup>8</sup>
- At £89.54 the average weekly housing association rent is just 54% of the £165 cost of renting an equivalent private sector home.<sup>8</sup>
- Affordable rents at 80% of market levels will represent an average rent increase for new tenants of more than a third compared to the old social rent policy, significantly increasing the pressure on family incomes.<sup>8</sup>
- Last year housing associations in the South East contributed £1.8bn in turnover to the regional economy and spent £600m managing and maintaining their homes.<sup>9</sup>
- Housing associations in the South East employ 19,500 people directly and many more indirectly through contracting and investing in local services.<sup>10</sup>

## What the Government should do

To fix the broken housing market, the Government should:

- Make a renewed commitment to building the homes we need at scale
- Identify housing as a key driver of economic activity
- Deliver a reformed planning system that supports the building of affordable homes, ensuring that private developers continue to build social housing on sites of private development through the use of planning gain
- Ensure that councils undertake robust housing needs assessments on which to base future development plans
- Place a greater emphasis in the planning framework on providing suitable housing options for older people and specialist housing for others with support needs
- Identify suitable surplus public land and make it available for the building of affordable homes
- Encourage the banks to increase mortgage availability
- Regulate the private rented sector to tackle the problem of rogue landlords
- Abandon plans for an overall benefits cap for each household
- Drop proposals to cut housing benefit for social housing tenants deemed to be under-occupying their homes, and
- Maintain the right of social housing tenants to have their housing benefit paid direct to their landlord.

## Sources

1. Land Registry data, 2000, 2005 and 2010
2. Annual Survey of Hours and Earnings (ASHE), 2000 and 2010
3. Communities and Local Government (CLG) statistics, 2010 and 2011
4. ICM poll for National Housing Federation, June 2010
5. Tetlow King Planning research for National Housing Federation, 2011
6. 2008-based population projections, Office for National Statistics, 2010
7. South East Needs Estimate for Housing Related Support Services 2009/10, National Housing Federation, 2010
8. National Housing Federation research, using Homes and Communities Agency, Tenant Services Authority (TSA), CLG statistics, or Valuation Office Agency Local Reference Rents, March 2010
9. 2010 Global Accounts of Housing Associations, TSA, 2011
10. Housing Associations Regulatory and Statistical Return (RSR) 2010, TSA
11. YouGov poll for National Housing Federation, March 2010

The facts in this booklet use the latest available official government statistics at the time of going to print. In some areas, the National Housing Federation has carried out additional analysis to draw out the social and economic implications of the figures. The commentary is our own. Some of this data is © Crown copyright.

For more information contact our research and futures team on **020 7067 1188**.

### Footnotes to tables

1. Land Registry data, 2010
2. Annual Survey of Hours and Earnings (ASHE), 2010
3. Communities and Local Government Housing Statistics Live Tables
4. Tenant Services Authority, Regulatory and Statistical Return 2010
5. Homes and Communities Agency Completions data, 2009/10
6. Office for National Statistics model-based estimates of unemployment, 2010 [Crown Copyright reserved]

# HOME TRUTHS 2011

## Fixing our broken housing market

	Average (mean) house prices 2010 <sup>1</sup>	Average lower value house prices 2010 <sup>1</sup>	Average (median) incomes 2010 <sup>2</sup>	Gross annual income needed for a mortgage [75% at 3.5x] <sup>1,2</sup>	Ratio of house prices to incomes <sup>1,2</sup>	All new HA homes completed with HCA funding 2009/10 <sup>5</sup>
<b>ENGLAND</b>	<b>£240,033</b>	<b>£125,000</b>	<b>£21,398</b>	<b>£51,436</b>	<b>11.2</b>	<b>47,499</b>
<b>SOUTH EAST</b>	<b>£284,379</b>	<b>£167,500</b>	<b>£22,870</b>	<b>£60,938</b>	<b>12.4</b>	<b>9,462</b>
Bracknell Forest UA	£274,303	£185,000	£26,406	£58,779	10.4	133
Brighton and Hove UA	£277,969	£182,475	£21,533	£59,565	12.9	202
Isle of Wight UA	£205,306	£130,500	£18,070	£43,994	11.4	171
Medway UA	£173,917	£120,500	£22,558	£37,268	7.7	342
Milton Keynes UA	£206,604	£142,500	£22,760	£44,272	9.1	520
Portsmouth UA	£173,080	£124,000	£20,041	£37,089	8.6	256
Reading UA	£228,106	£164,950	£24,430	£48,880	9.3	156
Slough UA	£206,203	£150,347	£22,506	£44,186	9.2	237
Southampton UA	£178,557	£131,000	£20,176	£38,262	8.8	299
West Berkshire UA	£302,530	£189,988	£24,664	£64,828	12.3	88
Windsor and Maidenhead UA	£421,233	£246,875	£29,245	£90,264	14.4	194
Wokingham UA	£312,545	£220,000	£27,269	£66,974	11.5	66
<b>Buckinghamshire</b>	<b>£363,689</b>	<b>£197,000</b>	<b>£25,912</b>	<b>£77,933</b>	<b>14.0</b>	<b>739</b>
Aylesbury Vale	£273,022	£165,500	£23,187	£58,505	11.8	512
Chiltern	£457,202	£245,750	£29,713	£97,972	15.4	62
South Bucks	£536,199	£265,000	£28,382	£114,900	18.9	30
Wycombe	£338,294	£201,663	£24,492	£72,492	13.8	135
<b>East Sussex</b>	<b>£248,205</b>	<b>£153,000</b>	<b>£20,166</b>	<b>£53,187</b>	<b>12.3</b>	<b>307</b>
Eastbourne	£204,901	£140,000	£18,803	£43,907	10.9	112
Hastings	£163,152	£112,000	£19,141	£34,961	8.5	44
Lewes	£268,915	£180,000	£21,460	£57,625	12.5	35
Rother	£253,136	£157,875	£17,826	£54,243	14.2	34
Wealden	£302,758	£181,000	£22,027	£64,877	13.7	82
<b>Hampshire</b>	<b>£267,138</b>	<b>£167,500</b>	<b>£22,422</b>	<b>£57,244</b>	<b>11.9</b>	<b>1,727</b>
Basingstoke and Deane	£249,669	£162,000	£24,934	£53,500	10.0	580
East Hampshire	£329,950	£201,500	£23,041	£70,703	14.3	43
Eastleigh	£224,197	£160,000	£21,819	£48,042	10.3	252
Fareham	£231,859	£165,000	£20,951	£49,684	11.1	32
Gosport	£168,812	£120,000	£18,470	£36,174	9.1	47
Hart	£323,692	£213,100	£28,168	£69,363	11.5	16
Havant	£219,335	£145,000	£20,483	£47,000	10.7	61
New Forest	£287,893	£179,725	£20,249	£61,691	14.2	88
Rushmoor	£216,593	£165,000	£23,826	£46,413	9.1	352
Test Valley	£287,331	£179,000	£21,632	£61,571	13.3	126
Winchester	£352,729	£215,000	£25,511	£75,585	13.8	130

N/A Data not available

Average lower value house prices are based on lower quartile house prices, i.e. the value below which the 25% lowest lie

	Total rented LA homes 2010 <sup>3</sup>	Total rented HA homes 2010 <sup>4</sup>	New lettings made by HAs and LAs 2009/10 <sup>3</sup>	Households on waiting list 2010 <sup>3</sup>	5 year waiting list change 2005 to 2010 <sup>3</sup>	Percentage of homes that are second homes <sup>3</sup>	Unemployment rates Jan to Dec 2010 <sup>4</sup>	Homeless acceptances 2010/11 <sup>3</sup>
	1,767,872	2,242,657	338,300	1,751,982	13.5%	1.08%	7.6	44,160
	181,216	310,129	39,586	215,373	18.9%	1.21%	6.0	4,520
	75	7,710	552	2,851	-5.6%	0.53%	5.0	29
	12,316	6,712	1,359	9,719	20.6%	1.67%	7.5	426
	0	6,902	1,102	5,186	30.7%	5.22%	9.3	80
	3,050	4,074	870	7,885	20.5%	0.55%	8.2	146
	11,563	7,215	2,001	N/A	N/A	0.74%	8.6	180
	10,250	5,599	2,046	2,684	-66.3%	1.08%	7.6	397
	7,094	3,979	2,097	5,993	38.4%	1.60%	7.1	39
	6,485	3,810	831	5,876	84.2%	1.41%	7.6	64
	17,025	6,654	2,083	16,042	73.9%	1.07%	7.5	172
	30	8,767	486	4,729	110.9%	0.85%	4.6	17
	0	7,677	533	1,977	-16.0%	1.46%	5.5	23
	2,919	1,280	341	2,727	28.9%	0.66%	4.2	8
	6,126	20,487	1,957	9,254	60.3%	0.53%	N/A	229
	0	9,485	690	3,079	70.7%	0.52%	4.9	112
	0	4,798	350	1,857	92.0%	0.76%	4.8	23
	0	3,474	210	1,359	48.2%	0.65%	4.9	15
	6,126	2,730	707	2,959	41.9%	0.37%	6.0	79
	<b>10,095</b>	<b>15,589</b>	<b>1,976</b>	<b>10,781</b>	<b>2.7%</b>	<b>1.98%</b>	<b>N/A</b>	<b>272</b>
	3,720	2,305	394	2,216	-33.9%	2.35%	6.8	12
	0	5,887	469	2,261	43.6%	1.96%	10.4	45
	3,269	1,353	346	2,142	63.3%	1.10%	5.6	51
	0	4,367	229	1,933	-5.1%	3.34%	7.0	37
	3,106	1,677	538	2,229	0.5%	1.40%	4.5	127
	<b>20,583</b>	<b>54,197</b>	<b>4,972</b>	<b>38,332</b>	<b>26.3%</b>	<b>0.85%</b>	<b>N/A</b>	<b>452</b>
	0	12,492	1,200	6,078	23.1%	0.37%	5.6	1
	0	5,573	235	3,765	68.9%	0.67%	5.0	69
	0	6,365	316	5,200	15.2%	0.42%	5.4	19
	2,373	1,355	300	1,943	164.4%	0.64%	4.8	23
	3,219	2,455	415	3,110	69.7%	0.69%	7.0	127
	1	2,711	198	1,664	43.1%	0.34%	4.1	7
	4,951	4,981	268	3,021	33.9%	0.92%	6.9	95
	4,985	3,061	500	5,272	35.5%	2.26%	5.3	43
	1	6,160	428	2,547	-38.6%	0.56%	5.8	36
	0	6,800	404	2,994	11.0%	0.59%	4.2	13
	5,053	2,244	708	2,738	40.5%	1.06%	4.3	19

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<b>Kent</b>	<b>£242,575</b>	<b>£150,000</b>	<b>£21,923</b>	<b>£51,980</b>	<b>11.1</b>	<b>1,791</b>
Ashford	£231,323	£150,000	£20,540	£49,569	11.3	198
Canterbury	£231,133	£160,275	£19,240	£49,529	12.0	161
Dartford	£212,119	£155,000	£23,665	£45,454	9.0	117
Dover	£201,125	£124,995	£22,214	£43,098	9.1	117
Gravesham	£208,169	£140,000	£21,263	£44,608	9.8	93
Maidstone	£238,361	£159,984	£23,946	£51,077	10.0	276
Sevenoaks	£389,595	£189,000	£22,968	£83,485	17.0	64
Shepway	£207,258	£138,000	£20,883	£44,412	9.9	143
Swale	£181,359	£122,500	£22,516	£38,863	8.1	180
Thanet	£173,455	£120,000	£15,740	£37,169	11.0	141
Tonbridge and Malling	£292,212	£185,000	£22,474	£62,617	13.0	270
Tunbridge Wells	£338,289	£185,000	£25,126	£72,490	13.5	31
<b>Oxfordshire</b>	<b>£311,944</b>	<b>£190,000</b>	<b>£22,656</b>	<b>£66,845</b>	<b>13.8</b>	<b>872</b>
Cherwell	£251,052	£162,125	£22,209	£53,797	11.3	187
Oxford	£341,296	£215,000	£22,074	£73,135	15.5	314
South Oxfordshire	£368,746	£212,000	£22,090	£79,017	16.7	123
Vale of White Horse	£309,362	£195,000	£24,887	£66,292	12.4	173
West Oxfordshire	£286,589	£179,950	£23,140	£61,412	12.4	75
<b>Surrey</b>	<b>£395,543</b>	<b>£223,000</b>	<b>£26,941</b>	<b>£84,759</b>	<b>14.7</b>	<b>612</b>
Elmbridge	£562,913	£265,000	£29,505	£120,624	19.1	38
Epsom and Ewell	£352,546	£240,000	£23,826	£75,546	14.8	69
Guildford	£404,876	£224,950	£27,503	£86,759	14.7	64
Mole Valley	£424,910	£240,000	£28,896	£91,052	14.7	58
Reigate and Banstead	£361,493	£206,125	£28,860	£77,463	12.5	111
Runnymede	£359,472	£210,000	£27,139	£77,030	13.2	102
Spelthorne	£277,607	£200,000	£28,532	£59,487	9.7	47
Surrey Heath	£339,397	£214,375	£28,928	£72,728	11.7	16
Tandridge	£383,249	£229,975	£25,142	£82,125	15.2	27
Waverley	£420,030	£235,000	£25,672	£90,006	16.4	38
Woking	£343,083	£210,000	£23,603	£73,518	14.5	42
<b>West Sussex</b>	<b>£271,725</b>	<b>£175,000</b>	<b>£20,566</b>	<b>£58,227</b>	<b>13.2</b>	<b>750</b>
Adur	£221,310	£170,750	£17,358	£47,424	12.8	11
Arun	£240,080	£162,000	£18,652	£51,446	12.9	34
Chichester	£349,445	£202,500	£17,997	£74,881	19.4	120
Crawley	£204,313	£155,000	£22,095	£43,781	9.2	268
Horsham	£316,196	£201,000	£23,202	£67,756	13.6	52
Mid Sussex	£298,917	£196,000	£23,166	£64,054	12.9	162
Worthing	£220,283	£150,000	£19,666	£47,204	11.2	103

N/A Data not available

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	<b>31,709</b>	<b>52,940</b>	<b>7,030</b>	<b>32,208</b>	<b>8.0%</b>	<b>1.31%</b>	<b>N/A</b>	<b>1,006</b>
	5,014	1,854	607	1,078	-56.6%	0.65%	5.8	194
	5,208	2,156	852	3,290	-1.2%	1.59%	7.1	259
	4,345	1,603	508	3,413	28.7%	0.35%	6.8	86
	4,590	2,220	620	2,197	-1.4%	2.46%	8.3	49
	5,901	1,256	553	2,121	7.3%	0.24%	7.6	77
	0	7,971	756	3,222	25.8%	0.29%	4.7	27
	2	6,625	291	1,144	-47.0%	0.56%	5.6	40
	3,450	1,763	574	2,603	12.6%	1.86%	9.6	42
	0	8,109	595	3,395	-10.8%	3.25%	8.2	82
	3,120	4,499	576	4,898	43.3%	2.18%	9.7	62
	0	7,747	617	2,492	44.3%	0.57%	5.1	52
	79	7,137	481	2,355	99.7%	0.93%	5.0	36
	<b>7,818</b>	<b>30,125</b>	<b>2,568</b>	<b>16,232</b>	<b>14.6%</b>	<b>1.16%</b>	<b>N/A</b>	<b>248</b>
	136	7,019	432	3,569	-5.3%	0.52%	5.0	50
	7,574	5,153	951	4,239	20.3%	2.28%	6.5	123
	0	6,320	362	2,821	38.1%	0.71%	4.3	20
	108	6,306	519	3,518	77.6%	0.67%	4.0	43
	0	5,327	304	2,085	-26.8%	1.64%	3.7	12
	<b>19,369</b>	<b>36,505</b>	<b>3,762</b>	<b>23,374</b>	<b>22.5%</b>	<b>0.71%</b>	<b>N/A</b>	<b>192</b>
	7	5,653	287	1,716	-16.5%	1.05%	4.1	8
	0	2,383	134	1,651	332.2%	0.40%	4.6	5
	5,398	2,515	707	3,100	38.0%	0.52%	4.6	6
	18	4,490	273	1,650	25.2%	0.96%	4.0	13
	26	7,380	449	2,891	65.1%	0.68%	4.8	22
	2,946	1,310	315	2,657	54.9%	0.65%	5.0	47
	0	5,408	364	1,548	-53.3%	0.60%	5.9	2
	0	3,301	142	2,038	73.6%	0.68%	4.6	60
	2,681	1,058	248	1,511	18.8%	0.71%	4.4	10
	4,899	1,576	389	2,526	50.4%	0.76%	4.0	2
	3,394	1,431	454	2,086	-4.0%	0.62%	5.1	17
	<b>14,709</b>	<b>29,907</b>	<b>3,020</b>	<b>19,523</b>	<b>36.5%</b>	<b>1.72%</b>	<b>N/A</b>	<b>537</b>
	2,660	811	282	1,603	-15.1%	0.66%	6.5	90
	3,407	2,626	386	3,221	39.5%	2.24%	6.7	79
	97	7,444	398	6,946	226.7%	5.18%	4.2	47
	8,476	2,073	802	2,470	11.9%	0.79%	7.4	130
	48	6,328	398	1,154	-19.7%	0.75%	5.0	125
	17	6,105	407	2,856	34.7%	0.56%	4.2	46
	4	4,520	347	1,273	-42.6%	1.05%	6.5	20

# NATIONAL HOUSING FEDERATION

south east

## ***Home truths 2011* shows that:**

- The average home in the South East costs £284,379, over 12 times the average regional income
- The South East is building just half of the homes it needs each year
- Homelessness rose 17% last year, one of the biggest increases in the country.

The National Housing Federation represents 1,200 independent, not-for-profit housing associations in England and is the voice of affordable housing. Our members provide two and a half million affordable homes for more than five million people.

### **National Housing Federation**

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[www.housing.org.uk](http://www.housing.org.uk) [www.inbiz.org](http://www.inbiz.org)

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Written by Simon Graham at Blue Sky.

Design by SPY Design and Publishing.

Produced by the National Housing Federation,  
(October 2011).

Cover printed on 300 gsm, text on 150 gsm Greencoat Velvet  
(80% recycled post-consumer fibre).

