

Housing Affordability in Horsted Keynes – 2022

Introduction

The following provides an overview of house prices, incomes, and affordability in the Horsted Keynes Parish as of February 2022.

House Prices

Sale price information was gathered for the 40 (two, three, four, and five or more bedroom) properties sold within the last 12 months within one mile of Horsted Keynes, and 72 (one bedroom) properties sold within three miles (as there were no local sales of this property type). This information was taken from rightmove.co.uk and is based on prices paid at the time of sale (provided by the Land Registry).

Sale price information was captured by property size (i.e. number of bedrooms), rather than on the housing type (e.g. detached house or flat) as affordable housing need is generally assessed on the number of bedrooms required rather than property type. The number of bedrooms is also generally the single most important feature for those seeking alternative market accommodation.

In order to assess affordability, the lower quartile (average of the bottom 25%) of the property sale prices for each house size was calculated.

The affordability for each size of property was calculated using a standard 90% (of property value) mortgage, with a 10% upfront deposit. The annual gross household income required was calculated on the basis that the mortgage requirement would represent a 3.5x income to value multiplier.

Property to purchase: Baseline prices

Table 1. Lower Quartile Property Sale Costs in Horsted Keynes over the past 12 months

Housing Size	Lower Quartile Average Price	Deposit Required (10% of total value)	Gross Household Income Required
One bed	£187,458	£18,746	£48,204
Two bed	£291,667	£29,167	£75,000
Three bed	£542,708	£54,271	£139,554
Four bed	£644,963	£64,496	£165,848
Five + bed	£1,172,188	£117,219	£301,420

Source: Rightmove/Land Registry (2022)

The UK House Price Index in December 2021 stated that the average price for a property in the Mid Sussex District was £438,274. This compares to the average of the properties sold in Horsted Keynes area in the last year of £658,626, and the average of the lower quartile properties sold (summarised in Table 1 above) of £567,797.

Property to rent: Baseline prices

Rental costs were calculated by identifying the cheapest property of each bedroom size of the 28 properties being marketed at the time for rent within three miles of Horsted Keynes.

The annual gross household income required for rental costs were determined based on the assumption that the proportion of the income spent on direct housing costs should not exceed 30% of the annual gross household income.

Table 2. Property Rental Costs in Horsted Keynes (by type)

Housing Size	Baseline monthly rental (per calendar month)	Gross Household Income Required
One bed	£825	£33,000
Two bed	£950	£38,000
Three bed	£1150	£46,000
Four bed	£1,900	£76,000
Five + bed	-	-

Source: Rightmove (2022). Note: All figures are based on properties on the market at the time of writing the report, which accounts for some variation.

Incomes

The Annual Survey of Hours and Earnings (ASHE) Provisional Table 8.7a 2021 identifies the median income in the Mid Sussex District as £27,461 and the mean as £35,267.

Affordability

The Annual Survey of Hours and Earnings (Office for National Statistics) is a district wide measure but nevertheless provides a useful indicator. From this it can be seen that to buy an entry level property (a one-bedroom flat) based on the property prices above (assuming a 10% deposit and a 90% mortgage), the income required would be £48,204. This is £12,937 higher than the mean gross income, and £20,743 higher than the median gross income. The purchaser would also need to have savings for a deposit of £18,746.

The analysis of properties to rent highlighted that (assuming rent does not exceed 30% of gross household income) a salary of £33,000 would be required based on the lowest priced one-bedroom property, and £38,000 for the lowest priced a two-bedroom property.

Horsted Keynes comes under the Broad Rental Market Area of Crawley & Reigate for the purposes of the Local Housing Allowance (LHA) set by the Valuation Office Agency, used to calculate the entitlement to Housing Benefit. The weekly LHA allowances in January 2022 were:

- 1 Bedroom – £ 172.60 (£747.93 / Monthly)
- 2 Bedroom – £ 218.63 (£947.40 / Monthly)
- 3 Bedroom – £ 276.16 (£1,196.69 / Monthly)
- 4 Bedroom - £356.71 (£1,545.74 / Monthly)

It can be seen that at the time of undertaking the review, for one-, two- and four-bedroom homes to rent there was a shortfall between the Local Housing Allowance limit and the lowest property prices.

Key conclusions

From the analysis it can be seen that compared to both the mean and median incomes for the Mid Sussex District there is a clear affordability gap between income and the cost of buying lower quartile property in Horsted Keynes.

In our experience the need for locally affordable housing is felt most acutely by those seeking one- and two-bedroom properties – the usual entry level property type. Of the sales over the past 12 months – there were no one bedroom properties and only seven 2-bedroom properties for sale.

There were 9 x 1 bedroom rented properties and 13 x 2 bedroom rented properties on the market. The income required for these, was much higher than the median income, and the lowest rent for one-, two- and four-bedroom properties was higher than the Local Housing Allowance limits – potentially rendering them unaffordable to those on lower incomes seeking to rent.