THE URGENT NEED FOR AFFORDABLE HOUSING

The delivery of new, affordable housing in Dorset is essential. Dorset properties are at their least affordable since records began almost 20 years ago and the whole county is firmly in a housing crisis. The people of Dorset deserve to have safe, reliable and high-quality housing that is within reach. Affordable housing is not a hinderance, it brings real benefits to the community.

THE ISSUE

The average house price in Dorset is now £330,000, while the average annual salary sits at £27,000. This means that those looking for new homes need 12 times their wage to buy a home. This is the highest ratio recorded since the ONS began analysing the issue in 2003.

Rural communities are facing distinct pressures on housing compared to urban areas:

- with a population ageing at a faster rate,
- proportionally fewer affordable homes,
- pressure on house prices from second home ownership and
- a larger gap between house prices and wages. (CLA 2022)

For example, in Broadmayne, home-buying is even further out of reach with average house prices at £398,646 (Right Move) – over 40% higher than the national average.

Rural areas of Dorset also have issues with encouraging young people to stay. The CPRE found that the biggest concern for young people in rural communities was genuinely affordable housing.

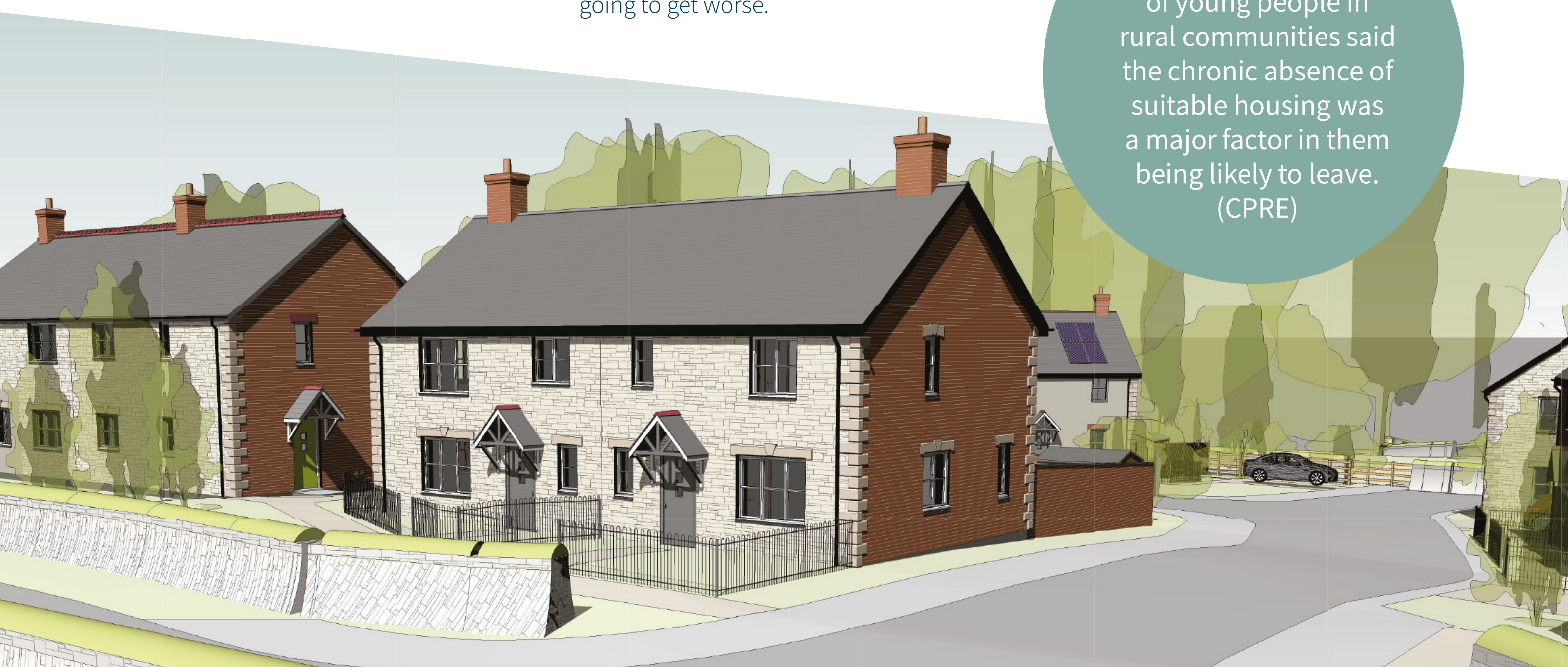
The significant increase in second homes, up **50%** nationally between 2010 and 2020, is a further pronounced issue in Dorset. The consequence of this is that we see that 1 in 6 people born between 1946 and 1964 owning extra property, whilst the younger generation struggle to envisage owing any property in their lifetime.

Young people leaving continues to hold back rural economies, not only affecting employers and businesses, but it has also led to the reduction of a vast range of key rural services such as public transport, banks, schools and pubs (CLA 2022).

The rental market in Dorset is incredibly challenging for the same reasons, people are being priced out of the areas they've grown up in. Any renter will tell you the challenges of finding a home, rent increases and fears about the security of their tenure - many are left unsure of where they'll be living in a few months, the cost, and potentially having to completely relocate to find suitable accommodation, which is particularly challenging for families. With the current cost of living crisis, this is only going to get worse.

70%
of would-be first-time buyers believe the dream of homeownership is already over for many young people. (Opinium)

84%
of young people in rural communities said the chronic absence of suitable housing was a major factor in them being likely to leave. (CPRE)



WHAT TYPES OF AFFORDABLE HOMES WILL BE BUILT AT BROADMEAD?

In Broadmayne, Abri will deliver a mixture of affordable housing types to suit all needs and built to Future Homes Standards. This will take the form of Shared Ownership homes and homes for Affordable Rent.

The mix of homes will be predominantly (95%) two and three bedroom properties designed to accommodate a range of residents. There will be few larger properties, thereby satisfying those in most housing need. Approximately 50% of the new homes will be available for Affordable Rent and 50% for Shared Ownership.

Affordable Rent

All of the homes available for Affordable Rent at Broadmead will have their rents capped at 80% of market rent and determined by Local Housing Allowance. This makes renting locally a real possibility again for many families as can be seen by the figures below*. These figures reflect the current Local Housing Allowance and are subject to change once the homes are built and ready to let.

*Current figures correct at time of publishing, subject to change.

It is widely accepted that there is a lack of decent rental property available in Broadmayne. The most recent family property available was a five bedroom house at £392 per week. The nearest available two bedroom house is available in Buckingham Way, Dorchester at £219 per week. This is a clear contrast to the affordable rents that will be on offer at the new development.

In order to be eligible for an affordable rented property on the new development, you will need to join the council's Housing Register. This requires you to have a local connection, that your household income does not exceed £60,000, or own a property at present.

Shared Ownership

Shared Ownership is a fantastic scheme that allows people to get on the property ladder as an owner-occupier, creating long term stability without overstretching themselves. Purchasers buy a share of the property, usually between 10% and 75%. They then pay towards a mortgage on the share that they own and a below-market value rent on the remainder.

Shared Ownership gives residents security of tenure, provided that rent and mortgage repayments are made. It also gives residents the opportunity to buy a greater share of their home if they wish to as their financial circumstances improve. It is important to note that you are only eligible for Shared Ownership if you have a household income below a certain level. Currently the level is £80,000, ensuring those working families in most need are prioritised.

Shared Ownership

The amount of money required for a deposit on a Shared Ownership property is much lower than would be required in the market. The total of mortgage payments and rent payments combined should also not amount to more than a third of a household's total income. Taken together this makes Shared Ownership an affordable route into home ownership for many young working families in Dorset.

An example for a Shared Ownership property worth £340,000 in Broadmayne is provided below. This shows the amounts required for a deposit and monthly repayments, depending on how large a share of the property is bought. A column is also provided showing the total household income required to make purchasing a Shared Ownership home of this value a possibility:

Market Value of Property: £340,000				Annual Household Income Required
Share of Property Bought	Deposit Required	Mortgage Payments (pcm)	Rent Payments (pcm)	
30%	£5,100	£516.35	£545.00	£40,664
40%	£6,800	£688.47	£468.00	£44,059

*Current figures correct at time of publishing, subject to change.

12.22
Median affordability ratio in Dorset 2021

vs

9.05
Median affordability ratio in England 2021

By comparison, to purchase a property worth £340,000 in the market would require a deposit of at least £34,000 and monthly repayments in the order of £1,522 (based on an interest rate of 3.5% over 25 years). Mainstream lenders will typically only lend up to 4.5x earnings, meaning that the annual household income required to afford this property in the market on the same basis would be £68,000.

Dorset is encountering an affordability crisis. The affordability ratio is a measure of the house price to income ratio in an area. Dorset has one of the worst in England.

We'd like to share some real-life stories about why encouraging affordable housing is so important for the community:

"It's been incredible" – Amy finds her first home through Shared Ownership

"I knew I wanted my first home, buying on my own, to still be in the area so I could remain close to the community I've always been surrounded by… I was able to save up a good-sized deposit for a house. But because this was a solo-venture, and I had no extra financial help, I found there really wasn't a lot that I could afford on the open housing market. I was able to step onto the property ladder sooner with Shared Ownership and that's a huge plus for me."

'The shameful inequities of rural life' - CPRE chief executive, Crispin Truman 2021

"A thriving countryside depends on young people being able to study, work and start families in rural areas. But the majority of young people born and raised in the countryside feel they can no longer afford to live there – despite the overwhelming majority saying they would like to."

Happy family welcomes community spirit

"My partner and I were only 22/23 and didn't have a very big income, on top of a baby to look after, and so renting through Abri Homes meant that we could afford the two-bedroom apartment we needed for our son to have his own room… Scott grew up here and I moved in with him in 2014… and we have a great support network with friends and family nearby."