

# Starter Homes

Will they be affordable?

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# Shelter

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## Summary

Starter Homes are the major affordable house building policy of the government. The Prime Minister has promised that 200,000 will be built by 2020, a substantial proportion of total housing supply over that period. These homes will be built by private builders and will be sold at 80% of market prices for no more than £450,000 in London and £250,000 in the rest of England. Crucially, early indications are that the government will fund these discounts by cancelling or replacing other forms of affordable housing such as Social Rent or Shared Ownership.<sup>1</sup>

Our analysis shows that the Starter Homes programme will not help the majority of people on the new National Living Wage or average wages into home-ownership in England by 2020. It won't even help many people on higher than average wages in many areas of England. The only group it appears to help on a significant scale will be those already earning high salaries who should be able to afford on the open market without Government assistance.

This analysis looks at three typical household formations in each local authority in England earning a range of different salaries to assess whether they are likely to be able to afford to buy a Starter Home.

- Starter Homes for families earning average wages will be unaffordable in over half (58%) of local authorities across the country in 2020.
- Families on the National Living Wage will only be able to afford a Starter Home in two percent of local authorities.
- Single people on low or average wages will struggle to afford a Starter Home in 2020 in the majority of local authorities. Even those on a higher than average salary they would be restricted from affording to buy in three quarters of local authorities.
- London, the South East and the East have the lowest number of areas where affordable Starter Homes under the schemes threshold could be built, despite high demand in these areas.

These findings suggest that the Starter Homes policy is no silver bullet for affordable housing. Starter Homes will not be affordable for average working families across all of London and most of the South of England, the areas where housing is most unaffordable. Rather than replacing other forms of affordable housing like Shared Ownership and Social Rent, the new Starter Homes should be **additional** to them, as was suggested originally in the Conservative manifesto for the General Election but no longer seems to be government policy.

Starter Homes would primarily help those on very high salaries or couples without children, but they are not a good replacement for other forms of affordable housing and will not help the majority of people on average wages struggling to get an affordable, decent home. The government needs to look very closely at this policy before going down the wrong track.

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<sup>1</sup> After the Summer Budget, the government published its Productivity Plan which stated that proposals would be brought forward to include Starter Homes on “every reasonably sized housing site”. In order for the 20% discounts from market price to be funded, and in the absence of any other government proposal, we must assume that these sites would have reduced levels of other affordable housing funded through planning gain (Section 106 agreements).

## Context

Starter Homes were first launched by the Prime Minister in December 2014 when the then Coalition government committed to support the delivery of 100,000 of them on “underused or unviable brownfield land”.<sup>2</sup>

Further detail on Starter Homes was published by the Department of Communities and Local Government (DCLG) in March 2015.<sup>3</sup> The Department published guidance on the ‘exception site’ policy for brownfield land which was originally how all Starter Homes were to be delivered. This policy would allow private developers to gain planning permission for brownfield land that would not otherwise be built on to build Starter Homes.

The exception site policy to deliver Starter Homes was sensible in that it meant they were to be genuinely additional to other housing supply and would not impact on other sites or their levels of affordable housing. The guidance also stated that Starter Homes would cost up to £450,000 in London and up to £250,000 in the rest of England.

During the 2015 general election campaign, the Prime Minister went further stating in the Conservatives’ manifesto:

*We will build 200,000 quality Starter Homes over the course of the next Parliament, reserved for first-time buyers under 40 and sold at 20 per cent below the market price. We have delivered over 217,000 new affordable homes since 2010. We will now go further, delivering 275,000 additional affordable homes by 2020.*

The commitment reads that there will be 200,000 Starter Homes and 275,000 affordable homes built by 2020. However it has not yet been clearly stated by the government that these two targets are additional to one another. In either case, the targets are substantial. 200,000 Starter Homes equates to 40,000 per year which is roughly the entire level of affordable housing currently built each year. A recent interview between the Housing Minister, Brandon Lewis and the Sunday Times suggests that if the targets for Starter Homes and other affordable housing are not separate and these homes are not additional, the Government is uncomfortable in admitting so.<sup>4</sup>

In July 2015, the new government published a Productivity Plan which included further details on Starter Homes. In addition to the Starter Home exception sites, there would be a further range of planning measures to support the delivery of 200,000 Starter Homes by 2020, including:

- Enabling communities to allocate land for Starter Home developments, including through neighbourhood plans.
- Bringing forward proposals to ensure every reasonably sized housing site includes a proportion of Starter Homes.

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<sup>2</sup> [20% discount on your first home, announces PM](#), DCLG, 2015.

<sup>3</sup> Starter Homes exception sites: Guidance, DCLG, 2015

<sup>4</sup> [Plan, what plan?](#), The Sunday Times, 16 August 2015.

The Productivity Plan also stated that: “the government will take further steps to re-focus Department for Communities and Local Government (DCLG) budgets, focussing on supporting low cost home ownership for first time buyers.” Again, in the absence of further detail, this could be reasonably read as suggesting that capital funding from low rent homes will be diverted into these expensive Starter Homes.

Overall the detail on Starter Homes is not yet fully clear, but the alarming possibility that they will be funded by hugely reducing subsidy to genuinely affordable homes remains on the table.

## Approach

To understand how affordable new Starter Homes will be for families on average incomes, we compared the median house price in each local authority at a 20% discount against what different types of households on varying wages in the area could afford to borrow.

To ensure the area was suitable for Starter Homes, any local authority areas where the cost of the Starter Home would exceed the relevant cap was considered unaffordable. This is because we have assumed that Starter Homes will not be built in the area as the discount will need to be larger than 20% for them to be affordable. Government projections for rises in house prices and income were used to estimate the affordability of Starter Homes in 2015 and 2020. Most of the report is based on the 2020 projections, except for one section which compares the 2015 and 2020 results.

### Starter Homes

Starter Home prices have been based on the median house price of the local authority, according to Land Registry data for 2014<sup>5</sup>. These have then been projected to 2015 and 2020 prices by the UK average growth in house prices (5.6% and 35.3% respectively)<sup>6</sup>. To reflect the discount for a Starter Home, these prices have then been reduced by 20%.

### Geography

Analysis was only conducted on local authorities in England. Two local authority areas – Isles of Scilly and City of London – were removed from the analysis due to small sample sizes.

### Calculating affordability

Three illustrative household types were used. There are clearly many other types of households but these three were chosen to illustrate three types of buyers who might wish to buy a home of their own:

Household type	Earnings
A couple (1 male + 1 female) both working full-time	Average male full-time earnings + Average female full-time earnings
A couple (1 male + 1 female) with one child, with the man working full-time and the woman working part-time	Average male full-time earnings + Average female part-time earnings
A single person working full-time	Average full-time earnings

Income information was based on several different sources and applied in the following ways depending on the income group:

- For low earners, the National Living wage was used and applied the same to all local authority areas in England as this minimum will not differ between areas. It is projected to be at £9/hour by 2020<sup>7</sup>. An annual salary was calculated from this based on full-time working hours of 39.2 hours per week and part-time hours of 18.8 hours per work which has been taken from the Annual Survey of Hours and Earnings (ASHE) Provisional results in 2014.

<sup>5</sup> [ONS house price statistics for small areas, June 2015](#)

<sup>6</sup> [Office of Budget Responsibility, Economic and Fiscal Outlook, July 2015](#)

<sup>7</sup> [Summer Budget 2015: key announcements.](#)

- For average earners, median earnings from the Annual Survey of Hours and Earnings (ASHE) 2014<sup>8</sup> were used. The median for each local authority was used in the analysis.
- For higher than average earnings, earnings at the 70<sup>th</sup> percentile were used from ASHE 2014 and again, the median for each local authority was used in the analysis.
- For the highest earnings, earnings at the 90<sup>th</sup> percentile from the ASHE 2014 data was used. However, due to the low sample sizes for most local authority areas, the regional figure was used for all local authorities with each region.

Although many people will have income from other sources, such as from benefits that mortgage lenders may take into consideration, they will often require the benefits to be guaranteed for the foreseeable future<sup>9</sup>.

Complete data for earnings by employment type and at different income distributions is not available for all local authority areas. When this data is not available, one of two adjustments is made to estimate earnings in that area:

- If the figure of all earnings (this includes both part and full-time) at that particular level in the area is available, this figure is adjusted by the ratio of all earnings in England, to the particular category of earnings (e.g. full-time) in England.
- If the figure of all earnings at that particular level in the area is not available, the earnings for the county in which the local authority is located is used.

These income estimates were then escalated to 2015 and 2020 incomes based on national growth in average earnings<sup>5</sup>. The adjusted incomes for first time buyers across England was calculated as below<sup>10</sup>:

Household Type	Earnings Group	2014 Earnings	2015 Earnings	2020 Earnings
Couples	National Living Wage earners	n/a	n/a	£36,691
	Median earners	£53,860	£54,883	£67,701
	70 <sup>th</sup> percentile earners	£70,644	£71,986	£88,798
	90 <sup>th</sup> percentile earners	£111,010	£113,119	£139,537
Family	National Living Wage earners	n/a	n/a	£27,144
	Median earners	£38,918	£39,657	£48,919
	70 <sup>th</sup> percentile earners	£51,650	£52,631	£64,923
	90 <sup>th</sup> percentile earners	£77,522	£78,995	£97,443
Single	National Living Wage earners	n/a	n/a	£18,346
	Median earners	£27,500	£28,023	£34,567
	70 <sup>th</sup> percentile earners	£36,079	£36,765	£45,350
	90 <sup>th</sup> percentile earners	£55,505	£56,560	£69,768

For each local authority area where we have income data, an 'affordability threshold' was established. This represents the amount that the median household could afford to pay for a home if they take out a typical first time buyer mortgage. This was done by using the calculated median

<sup>8</sup> [Annual Survey of Hours and Earnings, 2014 Provisional Results](#)

<sup>9</sup> [Income Criteria](#), Nationwide, 2015.

<sup>10</sup> The incomes for the median and 70<sup>th</sup> percentile earnings groups will vary across local authorities and across regions for the 90<sup>th</sup> percentile.

income, the average advance as a share of property price, and a typical income multiple for first-time-buyers in the region the local authority area was located<sup>11</sup>.

The first step was to determine how much the home buyer is able to borrow. This was calculated by the following equation.

$$\text{Household income} \times \text{lending multiple} = \text{Advance (mortgage size)}$$

Once the size of the mortgage was determined, in order to calculate the affordability threshold, the equation below was used. The affordability threshold represents the highest price the household would be able to pay for a property, assuming that they have the average deposit for the region available.

$$(\text{Advance} / \text{percent advance}) \times 100 = \text{Affordability threshold}$$

Note that this does not take into account the affordability of monthly payments and other costs, but purely gauges whether the notional households would be able to borrow the funds required to purchase a Starter Home.

Once we have established affordability thresholds in each local authority area we have then calculated the number of local authorities in England in which Starter Homes will be affordable at 80% of the median house price.

### Projecting future affordability of Starter Homes

In order to understand how viable Starter Homes would be into the future, we projected house prices and incomes in line with Office of Budget Responsibility forecasts for house price inflation and average earnings out to 2020 to understand if they will remain affordable into the future<sup>12</sup>. Between June 2014 and June 2020 house prices are forecast to rise by 35.3%, whilst average incomes are expected to increase by 23.4% over the same period.

### Terms of reference

Throughout the report, the different earning groups are referred to as the following:

- People who will be on the National Living Wage, as proposed by the Government, are referred to as **NLW earners**;
- People on median incomes in their local area are referred to as **average earners**;
- People whose earnings are at the 70<sup>th</sup> percentile of earnings in their local area are referred to as **higher than average earners**; and,
- People whose earnings are at the 90<sup>th</sup> percentile of earnings in each region are referred to as the **highest earners**.

The different household types are referred to as:

- Couples who are each earning a full-time wage and have no children are referred to as **DINKs**, which is a common acronym used to describe this group and stands for Dual Income No Kids;
- A couple with children where one parent is working full-time and the other is working part-time to take care of childcare are referred to as a **family**;

<sup>11</sup> CML first-time buyers statistics relating to March quarter 2015.

<sup>12</sup> [Office of Budget Responsibility, Economic and Fiscal Outlook, July 2015](#)



- A single person working full-time is referred to as a **single person**.

## **Limitations**

In the absence of more detail in the nine months since being announced, this is a reasonable and balanced analysis but has had to make some assumptions for the purpose of analysis. Starter Homes are also a new untried product and may result in buyers acting differently to current first time buyers. The potential changes in the market for Starter Homes are difficult to quantify, but the possible responses are outlined below.

## **Leverage of first time buyers**

This analysis is based upon buyers of Starter Homes borrowing the same size advance relative to property price as current first time buyers. However, as Starter Homes are priced 20% below their market value, it is possible that buyers could increase their leverage as a mortgage would be based on the total value of the property, rather than what they pay for it. If buyers of Starter Homes were to increase their leverage relative to current first time buyers, then the affordability threshold would increase, and Starter Homes would be affordable in more areas. However these home buyers would also be carrying more debt relative to the price they paid for the property, compared to current first time buyers. This might mean they would be more likely to not be able to afford their monthly mortgage repayments.

## **Valuation of Starter Homes**

We do not yet know how the Starter Homes will be valued in practice. It is likely that, just like new developments are currently valued, Starter Homes will be valued based on an independent valuation. Our analysis though has been based on the median house price of the local area as this is the best available data and assessing it on a case-by-case basis would not be possible.

## **Value of Starter Homes relative to median house price**

The types of homes that are delivered as Starter Homes remains to be seen. This analysis uses the median house price as the basis for determining affordability of a Starter Home in a given area. However, Starter Homes will be new builds which are historically more expensive than older homes<sup>13</sup>. Further to this, it is likely that the homes built will be worth more than the average home a first-time would typically buy. This is because the Government has set out its expectations for Starter Homes to be high quality, attractive and well proportioned<sup>14</sup>; not always what a typical first buyer would be able to afford. Therefore, it is a reasonable assumption that the homes will be sold at around the median value for that area.

## **Interactions with other policy areas**

Starter Homes could be linked to other policy schemes such as the Help to Buy equity loans where the Government loans people up to 20% of the cost of a new-build home as long as they have a five percent deposit. However our analysis has assumed a large deposit already in place of between 15 and 25% based on actual advances in each region. As the equity provided by the Government is still a loan to the buyer, to purchase a more expensive home through Help to Buy would still require them to take out more debt relative to their income than the average first time buyer.

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<sup>13</sup> ONS House price index, Table 23.

<sup>14</sup> [Starter Homes Design](#), DCLG.

## Findings

### What areas would be under the threshold in 2020?

House price increases over the next few years will mean that some areas might go over the Government's threshold of £250,000 in England and £450,000 in London. In some areas, even in 2015, the median house price with the 20% discount does not come under those thresholds. This is currently the case for 28 local authorities, all of which are either in Inner London, the East or the South East of England.

By 2020 this would increase to 80 local authorities that are no longer under the threshold for the discount and so Starter Homes will probably not be built in these areas unless a larger discount is given to take them under the threshold. This now extends to some local authorities in the South West and West Midlands. High house prices mean that no matter how much you earn, a home in 36% of local authorities in the East, 31% in London and 61% in the South East probably won't be available through the Starter Homes programme.

House prices are so high in these areas because demand is high and so Starter Homes are unlikely to help people to buy a home in these popular areas no matter how much they earn and they will have to depend on the open market to achieve their home-owning dreams, which is already failing many people.

**Table 1: Number of local authorities where median house prices go over the threshold for the discount by region between 2015 and 2020**

Region	2015	2020
North East	0 (0%)	0 (0%)
North West	0 (0%)	0 (0%)
Yorkshire and the Humber	0 (0%)	0 (%)
West Midlands	0 (0%)	2 (7%)
East Midlands	0 (0%)	1 (3%)
East	7 (2%)	17 (36%)
London	6 (19%)	10 (31%)
South East	21 (31%)	41 (61%)
South West	0 (0%)	9 (25%)

### Who Benefits?

Unsurprisingly, the lucky few who are on some of the highest wages would be able to afford Starter Homes in the majority of areas in England. DINKs (dual income no kids) with combined wages of £111,010 (at the 90<sup>th</sup> percentile) would be able to afford Starter Homes in all local authorities. However, the thresholds for the programme restrict them from buying in 80 local authorities where the median house prices would be over the threshold.

This is the same story for DINKs on higher than average salaries (at the 70<sup>th</sup> percentile) who would be restricted from buying from the same 80 local authorities because of the threshold restriction. It is expected that in 2020 they will be able to afford Starter Homes in all but 80 local authorities in

England, meaning that 75% of local authorities would be affordable to them. However, they would need to stay away from living in much of the South East, the East and inner London to have a better of chance of affording a home under the programme.

However, for the majority of people not on high wages or without the advantage of a dual salary, Starter Homes will not help them to get onto the property ladder. There are no local authorities where a single person on the National Living Wage will be able to afford a home and there are only six where, even on an average salary, they could afford to buy. Five out of six of these local authorities are in the North West and the other is in a neighbouring local authority in the West Midlands.

Families are also at a disadvantage with most local authorities being unaffordable for NLW earners or those on average salaries. Although those on higher than average wages would be able to afford Starter Homes in 70% of local authorities, this would require both partners to be on relatively high pay, with one working part-time. Even the highest earning families would either struggle to afford in most of London and some parts of the South East or the homes would be too expensive for them to be covered by the scheme.

Families earning the NLW would only be able to afford a Starter Home in 2% of local authorities and even on an average salary families would be able to afford to buy in just 42% of local authorities. This means that they would not be able to buy through the programme in the majority (58%) of areas in England.

**Table 2: Number of areas where Starter Homes would be affordable for types of households on a range of incomes in 2020**

Hhold type	Earning group	% affordable	Number affordable
<b>DINKs</b>	<b>NLW earners</b>	23%	75
	<b>Average earners</b>	73%	236
	<b>Higher than average earners</b>	75%	244
	<b>Highest earners</b>	75%	244
<b>Family</b>	<b>NLW earners</b>	2%	8
	<b>Average earners</b>	42%	136
	<b>Higher than average earners</b>	70%	228
	<b>Highest earners</b>	75%	244
<b>Single person</b>	<b>NLW earners</b>	0%	0
	<b>Average earners</b>	2%	6
	<b>Higher than average earners</b>	23%	73
	<b>Highest earners</b>	71%	231

## What areas would be affordable?

The most affordable places are generally located in the North West, North East or the East Midlands, reflecting weaker local house prices.

- For NLW earners, the North West is a region with lots of local authorities where Starter Homes would be most likely to be affordable for them, unless they are a single person trying on their own when no homes would be affordable.
- For average earners there are more parts of the country that would be open to them, including the East Midlands for couples and families and the West Midlands for single people.
- Those on higher than average wages would have a lot more opportunities to buy a Starter Home around different parts of England, including the South East, the East and some parts of London. However, they would still be locked out of buying in a lot of parts of inner London due to the average house prices exceeding the threshold for the scheme.

**Table 4: Percent of Starter Homes in each region affordable for each household type and income level**

Hhold type	Earning group	Total	Region								
			E (47)	EM (40)	LDN (32)	NE (12)	NW (39)	SE (67)	SW (36)	WM (30)	YH (21)
DINKs	NLW earners	75	4%	40%	0%	83%	64%	0%	0%	37%	52%
	Average earners	236	64%	98%	53%	100%	100%	39%	75%	90%	90%
	Higher than average earners	242	64%	98%	69%	100%	100%	39%	75%	93%	100%
	Highest earners	244	64%	98%	69%	100%	100%	39%	75%	93%	100%
Family	NLW earners	8	0%	0%	0%	0%	15%	0%	0%	3%	5%
	Average earners	136	34%	65%	9%	75%	74%	19%	31%	53%	62%
	Higher than average earners	228	62%	93%	50%	100%	97%	39%	75%	83%	86%
	Highest earners	244	64%	98%	69%	100%	100%	39%	75%	93%	100%
Single person	NLW earners	0	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Average earners	6	0%	0%	0%	0%	13%	0%	0%	3%	0%
	Higher than average earners	73	13%	35%	0%	50%	56%	6%	8%	30%	43%
	Highest earners	213	64%	88%	69%	100%	95%	39%	75%	80%	86%

There are only eight local authorities where families earning NLW would be able to afford to buy and these would be located primarily in the North West, with no other area in Yorkshire and the Humber

and another in the West Midlands. No other local authorities would have Starter Homes affordable for them.

Families with average earnings fare slightly better and would be able to buy in 136 local authorities. The most affordable of which is in Copeland and just within their reach would be a home in Milton Keynes. By and large though, their options for where to buy would be greatly restricted still and Starter Homes will not be able to help them in 54 out of 67 local authorities in the South East and 31 out of 47 local authorities in the East of England.

It is only when you start looking at families with higher than average earnings that more local authorities become affordable through the Starter Homes programme. In 228 local authorities, families with higher than average earnings would have a big enough salary to buy through the programme. However, as mentioned earlier, there are still vast amounts of inner London, the South East and the East which would still be unaffordable for these higher than average earners.

For families right at the top end of the pay-scale though, the programme could work for them in most local authorities. Where they would not be able to buy, all of these local authorities would not have homes for sale that would not be eligible under the scheme anyway because they go over the threshold of the programme. These are families who are most likely able to afford to buy on the open market and should not normally need help from the Government in order to buy their first home as their pay is incredibly high, yet would still be able to claim assistance if the house is under the threshold.

For single people on average wages, there are just six local authorities that would be affordable for them to buy in. These are all located either in the North West or in neighbouring Stoke-on-Trent in the West Midlands. The most affordable of which would again be Copeland and just about affordable would be a home in Burnley.

Compared with other types of households, DINKs would be able to afford buy in the most amount of areas. Couples on the NLW would be able to afford to buy in 75 areas and those on average wages would afford an additional 161 areas. However, even on dual and average salaries, there are many areas that would not be accessible for them including 41 local authorities in the South East, nine in the South West, 15 in London and 17 in the East.

## Regional Analysis

### North East

The North East is one of the most affordable places in which to buy a Starter Home in England, due to its lower house prices. DINKs on the NLW would only be restricted from being able to afford a Starter Home in North Tyneside and Northumberland.

Families would be restricted from buying in more local authorities when on an average wage and would not be able to afford a Starter Home in any local authority when on the NLW.

Single people fare worst in their ability to afford a Starter Home in the North East - only when they are on higher than average salaries do any local authorities become affordable for them.

**Table 5: Local authorities in the North East that would be affordable to buy in for different types of households on varying incomes**

Local authority	DINKs				Family				Single			
	NLW	AV	HAV	HI	NLW	AV	HAV	HI	NLW	AV	HAV	HI
County Durham UA												
Darlington UA												
Gateshead												
Hartlepool UA												
Middlesbrough UA												
Newcastle upon Tyne												
North Tyneside												
Northumberland UA												
Redcar and Cleveland UA												
South Tyneside												
Stockton-on-Tees UA												
Sunderland												

Key: NLW= National Living Wage earners; AV= Average earners; HAV= Higher than average earners; HI= Highest earners; Green cells= Affordable and eligible; Red cells= Not affordable or eligible.

## North West

Similarly to the North East, the North West still has a handful of areas that would not be affordable to couples earning the NLW. Families though will have a harder time trying to afford Starter Homes in more local authorities, including Eden in Cumbria where even on a higher than average salary they wouldn't be able to afford to buy a Starter Home there.

In a lot of local authorities in the North West, single people would not be able to afford to buy a Starter Home. When earning the NLW there are no local authorities they could afford and when on an average salary this only increases to 13% and even a higher than average wage would only enable them to afford to buy in 56% of areas. It is only those at the highest end of the pay scale who would have the choice to buy in almost any local authority in the North West, as long as they are not buying as a single person.

**Table 6: Local authorities in the North West that would be affordable to buy in for different types of households on varying incomes**

Local authority	DINKs				Family				Single			
	NLW	AV	HAV	HI	NLW	AV	HAV	HI	NLW	AV	HAV	HI
Allerdale												
Barrow-in-Furness												
Blackburn with Darwen UA												
Blackpool UA												
Bolton												
Burnley												
Bury												
Carlisle												
Cheshire East UA												
Cheshire West and Chester UA												
Chorley												
Copeland												
Eden												
Fylde												
Halton UA												
Hyndburn												
Knowsley												
Lancaster												
Liverpool												
Manchester												
Oldham												
Pendle												
Preston												
Ribble Valley												
Rochdale												
Rossendale												
Salford												

Sefton	Red	Green	Green	Green	Red	Green	Green	Green	Red	Red	Red	Green
South Lakeland	Red	Green	Green	Green	Red	Red	Green	Green	Red	Red	Red	Red
South Ribble	Red	Green	Green	Green	Red	Green	Green	Green	Red	Red	Red	Green
St. Helens	Green	Green	Green	Green	Red	Green	Green	Green	Red	Red	Green	Green
Stockport	Red	Green	Green	Green	Red	Red	Green	Green	Red	Red	Red	Green
Tameside	Green	Green	Green	Green	Red	Green	Green	Green	Red	Red	Green	Green
Trafford	Red	Green	Green	Green	Red	Red	Green	Green	Red	Red	Red	Red
Warrington UA	Red	Green	Green	Green	Red	Red	Green	Green	Red	Red	Red	Green
West Lancashire	Red	Green	Green	Green	Red	Red	Green	Green	Red	Red	Red	Green
Wigan	Green	Green	Green	Green	Red	Green	Green	Green	Red	Red	Green	Green
Wirral	Green	Green	Green	Green	Red	Green	Green	Green	Red	Red	Green	Green
Wyre	Green	Green	Green	Green	Red	Green	Green	Green	Red	Red	Red	Green

Key: NLW= National Living Wage; AV= Average earners; HAV= Higher than average earners; HI= Highest earners; Green cells= Affordable and eligible; Red cells= Not affordable or eligible.



## Yorkshire and the Humber

If earning the NLW, DINKs in Yorkshire and the Humber would be able to afford to buy a Starter Home in just over half (52%) of local authorities and it looks better for average earnings DINKs, with 90% of local authorities being affordable to buy a Starter Home.

However, families would be a lot more restricted in the areas in which they could buy a Starter Home. Only 5% of the areas would be affordable for families on the NLW and 62% for those on average pay. Even families earning higher than average would be restricted from buying a Starter Home in 14% of areas in Yorkshire and the Humber.

Single people are the worst off. They would have to earn a higher than average wage before they could afford to buy a Starter Home in any local authority and then it is only 43% of areas they would be able to afford. There would also be three local authorities that they wouldn't be able to afford a Starter Home in even when on the highest wages.

**Table 7: Local authorities in Yorkshire and the Humber that would be affordable to buy in for different types of households on varying incomes**

Local authority	DINKs				Family				Single			
	NLW	AV	HAV	HI	NLW	AV	HAV	HI	NLW	AV	HAV	HI
Barnsley	Green	Green	Green	Green	Red	Green	Green	Green	Red	Red	Green	Green
Bradford	Green	Green	Green	Green	Red	Green	Green	Green	Red	Red	Green	Green
Calderdale	Green	Green	Green	Green	Red	Green	Green	Green	Red	Red	Green	Green
Craven	Red	Green	Green	Green	Red	Red	Red	Green	Red	Red	Red	Green
Doncaster	Green	Green	Green	Green	Red	Green	Green	Green	Red	Red	Green	Green
East Riding of Yorkshire UA	Red	Green	Green	Green	Red	Green	Green	Green	Red	Red	Red	Green
Hambleton	Red	Red	Green	Green	Red	Red	Red	Green	Red	Red	Red	Red
Harrogate	Red	Red	Green	Green	Red	Red	Red	Green	Red	Red	Red	Red
Kingston upon Hull UA	Green	Green	Green	Green	Green	Green	Green	Green	Red	Red	Green	Green
Kirklees	Green	Green	Green	Green	Red	Green	Green	Green	Red	Red	Green	Green
Leeds	Red	Green	Green	Green	Red	Green	Green	Green	Red	Red	Red	Green
North East Lincolnshire UA	Green	Green	Green	Green	Red	Green	Green	Green	Red	Red	Green	Green
North Lincolnshire UA	Green	Green	Green	Green	Red	Green	Green	Green	Red	Red	Green	Green
Richmondshire	Red	Green	Green	Green	Red	Red	Green	Green	Red	Red	Red	Green
Rotherham	Green	Green	Green	Green	Red	Green	Green	Green	Red	Red	Green	Green
Ryedale	Red	Green	Green	Green	Red	Red	Green	Green	Red	Red	Red	Green
Scarborough	Red	Green	Green	Green	Red	Red	Green	Green	Red	Red	Red	Green
Selby	Red	Green	Green	Green	Red	Red	Green	Green	Red	Red	Red	Green
Sheffield	Green	Green	Green	Green	Red	Green	Green	Green	Red	Red	Red	Green
Wakefield	Green	Green	Green	Green	Red	Green	Green	Green	Red	Red	Red	Green
York UA	Red	Green	Green	Green	Red	Red	Green	Green	Red	Red	Red	Red

Key: NLW= National Living Wage; AV= Average earners; HAV= Higher than average earners; HI= Highest earners; Green cells= Affordable and eligible; Red cells= Not affordable or eligible.

## West Midlands

The West Midlands looks fairly affordable for DINKs earning the NLW and families on average wages. DINKs on the NLW would be able to afford to buy Starter Homes in a third (37% of local authorities) and on average wages this increases to 90% of local authorities in the West Midlands.

There is though only one local authority in the West Midlands that would be affordable for a family earning the NLW (Stoke-on-Trent). For families on average wages this increases to 53% of local authorities in the West Midlands, showing its increasing affordability as you go up the pay scale.

Single people on average wages mirrors the same affordability pattern of families on the NLW as they would only be able to afford to buy through the programme in Stoke-on-Trent.

Those on higher than average wages will have few problems affording to buy Starter Homes in the majority of areas in the West Midlands. Single people in this earnings group would be restricted the most with only 30% of local authorities in the region being affordable for them.

If you earn one of the highest salaries in England though, the West Midlands would be very affordable. Starter Homes would be affordable and within the threshold for you to buy under the programme in all but six local authorities where house price increases would mean that they would exceed the threshold or because a single person would not be able to afford them.

**Table 8: Local authorities in the West Midlands that would be affordable to buy in for different types of households on varying incomes**

Local authority	DINKs				Family				Single			
	NLW	AV	HAV	HI	NLW	AV	HAV	HI	NLW	AV	HAV	HI
Birmingham												
Bromsgrove												
Cannock Chase												
Coventry												
Dudley												
East Staffordshire												
Herefordshire UA												
Lichfield												
Malvern Hills												
Newcastle-under-Lyme												
North Warwickshire												
Nuneaton and Bedworth												
Redditch												
Rugby												
Sandwell												
Shropshire UA												
Solihull												
South Staffordshire												
Stafford												
Staffordshire Moorlands												
Stoke-on-Trent UA												

Stratford-on-Avon												
Tamworth												
Telford and Wrekin UA												
Walsall												
Warwick												
Wolverhampton												
Worcester												
Wychavon												
Wyre Forest												

Key: NLW= National Living Wage; AV= Average earners; HAV= Higher than average earners; HI= Highest earners; Green cells= Affordable and eligible; Red cells= Not affordable or eligible.

## East Midlands

The East Midlands would be fairly affordable for several household types on certain wages. If on the NLW, DINKs would be able to afford to buy Starter Homes in 40% of local authorities and if on an average salary they could afford all but one local authority (South Northamptonshire). Families and single people on the NLW though would not be able to afford a Starter Home in any of the local authorities in the East Midlands.

Families on average wages would be able to afford to buy in most local authorities (65%) but for single people they still would not be able to afford to buy in any local authorities when on the same salary, due to the extra boost families have from having 1.5 earners.

Those with higher than average earnings would be able to afford in most local authorities in the East Midlands, unless buying as a single person when they would only be able to afford to buy in a third (35%) of areas.

It is only the highest earners that would be able to afford to buy a Starter Home in all of the local authorities in the East Midlands, except for four areas where single people would not be able to afford to buy a Starter Home in.

**Table 9: Local authorities in the East Midlands that would be affordable to buy in for different types of households on varying incomes**

Local authority	DINKs				Family				Single			
	NLW	AV	HAV	HI	NLW	AV	HAV	HI	NLW	AV	HAV	HI
Amber Valley												
Ashfield												
Bassetlaw												
Blaby												
Bolsover												
Boston												
Broxtowe												
Charnwood												
Chesterfield												
Corby												
Daventry												
Derby UA												
Derbyshire Dales												
East Lindsey												
East Northamptonshire												
Erewash												
Gedling												
Harborough												
High Peak												
Hinckley and Bosworth												
Kettering												
Leicester UA												

Lincoln	Green	Green	Green	Green	Red	Green	Green	Green	Red	Red	Green	Green
Mansfield	Green	Green	Green	Green	Red	Green	Green	Green	Red	Red	Green	Green
Melton	Red	Green	Green	Green	Red	Red	Green	Green	Red	Red	Red	Green
Newark and Sherwood	Red	Green	Green	Green	Red	Green	Green	Green	Red	Red	Green	Green
North East Derbyshire	Red	Green	Green	Green	Red	Green	Green	Green	Red	Red	Red	Green
North Kesteven	Red	Green	Green	Green	Red	Green	Green	Green	Red	Red	Red	Green
North West Leicestershire	Red	Green	Green	Green	Red	Red	Green	Green	Red	Red	Red	Green
Northampton	Red	Green	Green	Green	Red	Green	Green	Green	Red	Red	Red	Green
Nottingham UA	Green	Green	Green	Green	Red	Green	Green	Green	Red	Red	Green	Green
Oadby and Wigston	Red	Green	Green	Green	Red	Red	Green	Green	Red	Red	Red	Green
Rushcliffe	Red	Green	Green	Green	Red	Red	Green	Green	Red	Red	Red	Red
Rutland UA	Red	Green	Green	Green	Red	Red	Red	Green	Red	Red	Red	Red
South Derbyshire	Red	Green	Green	Green	Red	Green	Green	Green	Red	Red	Red	Green
South Holland	Red	Green	Green	Green	Red	Green	Green	Green	Red	Red	Red	Green
South Kesteven	Red	Green	Green	Green	Red	Red	Green	Green	Red	Red	Red	Green
South Northamptonshire	Red	Red	Red	Green	Red	Red	Red	Green	Red	Red	Red	Green
Wellingborough	Red	Green	Green	Green	Red	Green	Green	Green	Red	Red	Red	Green
West Lindsey	Red	Green	Green	Green	Red	Red	Green	Green	Red	Red	Red	Green

Key: NLW= National Living Wage; AV= Average earners; HAV= Higher than average earners; HI= Highest earners; Green cells= Affordable and eligible; Red cells= Not affordable or eligible.

## East

The East is the region when Starter Homes start to look like they might not work for people looking to buy in a vast majority of the local authorities.

There are no areas where families and single people on the NLW would be able to afford to buy a Starter Home and only two local authorities where DINKs on the same salary, who usually favour better, could afford to buy.

Families on average wages would only be able to afford to buy in a third (34%) of areas in the East meaning that the majority of local authorities would be too expensive for them to buy a Starter Home. It is only when you get to families on higher than average wages that a majority (62%) of local authorities in the region become affordable for them to buy a Starter Home in.

Again, single people would struggle to afford to buy in the majority of local authorities unless they are some of the highest earners in the country when they would be able to afford in all but 17 local authorities.

**Table 10: Local authorities in the East of England that would be affordable to buy in for different types of households on varying incomes**

Local authority	DINKs				Family				Single			
	NLW	AV	HAV	HI	NLW	AV	HAV	HI	NLW	AV	HAV	HI
Babergh												
Basildon												
Bedford UA												
Braintree												
Breckland												
Brentwood												
Broadland												
Broxbourne												
Cambridge												
Castle Point												
Central Bedfordshire UA												
Chelmsford												
Colchester												
Dacorum												
East Cambridgeshire												
East Hertfordshire												
Epping Forest												
Fenland												
Forest Heath												
Great Yarmouth												
Harlow												
Hertsmere												
Huntingdonshire												
Ipswich												

King's Lynn and West Norfolk												
Luton UA												
Maldon												
Mid Suffolk												
North Hertfordshire												
North Norfolk												
Norwich												
Peterborough UA												
Rochford												
South Cambridgeshire												
South Norfolk												
Southend-on-Sea UA												
St Albans												
St Edmundsbury												
Stevenage												
Suffolk Coastal												
Tendring												
Three Rivers												
Thurrock UA												
Uttlesford												
Watford												
Waveney												
Welwyn Hatfield												

Key: NLW= National Living Wage; AV= Average earners; HAV= Higher than average earners; HI= Highest earners; Green cells= Affordable and eligible; Red cells= Not affordable or eligible.

## London

As expected, London is the most extreme example of where the programme would struggle to help people on the NLW or average wages. It is expected that the programme will also suffer from high house price increases pushing some inner London local authorities over the threshold of £450,000 for the scheme.

Most of London, and particularly inner London, is unaffordable for the majority of groups. The groups who could afford to buy in a majority of local authorities are DINKs on higher than average wages and the highest wages.

Single people would only be able to afford to buy if they are on the highest wages and live in one of five boroughs in outer London still affordable for them. There is a similar fate for families on average wages who can afford in just 9% of local authorities in London.

**Table 11: Local authorities in London that would be affordable to buy in for different types of households on varying incomes**

Local authority	DINKs				Family				Single			
	NLW	AV	HAV	HI	NLW	AV	HAV	HI	NLW	AV	HAV	HI
Barking and Dagenham												
Barnet												
Bexley												
Brent												
Bromley												
Camden												
Croydon												
Ealing												
Enfield												
Greenwich												
Hackney												
Hammersmith and Fulham												
Haringey												
Harrow												
Havering												
Hillingdon												
Hounslow												
Islington												
Kensington and Chelsea												
Kingston upon Thames												
Lambeth												
Lewisham												
Merton												
Newham												
Redbridge												
Richmond upon Thames												



Southwark												
Sutton												
Tower Hamlets												
Waltham Forest												
Wandsworth												
Westminster												

Key: NLW= National Living Wage; AV= Average earners; HAV= Higher than average earners; HI= Highest earners; Green cells= Affordable and eligible; Red cells= Not affordable or eligible.

## South East

The majority of local authorities in the South East will struggle to build Starter Homes that would be affordable for those on the NLW or average wages, no matter their household composition.

Even DINKs would be left out from being able to afford to buy in 63% of local authorities when on a higher than average salary and average earning families would be priced out from affording to buy a Starter Home in 81% of areas in the South East.

**Table 12: Local authorities in the South East that would be affordable to buy in for different types of households on varying incomes**

Local authority	DINKs				Family				Single			
	NLW	AV	HAV	HI	NLW	AV	HAV	HI	NLW	AV	HAV	HI
Adur												
Arun												
Ashford												
Aylesbury Vale												
Basingstoke and Deane												
Bracknell Forest UA												
Brighton and Hove UA												
Canterbury												
Cherwell												
Chichester												
Chiltern												
Crawley												
Dartford												
Dover												
East Hampshire												
Eastbourne												
Eastleigh												
Elmbridge												
Epsom and Ewell												
Fareham												
Gosport												
Gravesham												
Guildford												
Hart												
Hastings												
Havant												
Horsham												
Isle of Wight UA												
Lewes												
Maidstone												
Medway UA												

Mid Sussex												
Milton Keynes UA												
Mole Valley												
New Forest												
Oxford												
Portsmouth UA												
Reading UA												
Reigate and Banstead												
Rother												
Runnymede												
Rushmoor												
Sevenoaks												
Shepway												
Slough UA												
South Bucks												
South Oxfordshire												
Southampton UA												
Spelthorne												
Surrey Heath												
Swale												
Tandridge												
Test Valley												
Thanet												
Tonbridge and Malling												
Tunbridge Wells												
Vale of White Horse												
Waverley												
Wealden												
West Berkshire UA												
West Oxfordshire												
Winchester												
Windsor and Maidenhead UA												
Woking												
Wokingham UA												
Worthing												
Wycombe												

Key: NLW= National Living Wage; AV= Average earners; HAV= Higher than average earners; HI= Highest earners; Green cells= Affordable and eligible; Red cells= Not affordable or eligible.

## South West

For those on the NLW, the South West would not be a very affordable option for buying a Starter Home in as there would be no local authorities where they would be affordable for any of the household types presented.

Average earners would have a better chance of affording a Starter Home as long as they are not a single person. DINKs earning an average wage would be able to afford a Starter Home in 75% of local authorities and families on the same wages in 31% of local authorities.

The number of areas affordable for families widens to 75% if they are on higher than average pay but single people would still be excluded from being able to afford a Starter Home in 92% of local authorities in the South West.

**Table 13: Local authorities in the South West that would be affordable to buy in for different types of households on varying incomes**

Local authority	DINKs				Family				Single			
	NLW	AV	HAV	HI	NLW	AV	HAV	HI	NLW	AV	HAV	HI
Bath and North East Somerset UA												
Bournemouth UA												
Bristol, City of UA												
Cheltenham												
Christchurch												
Cornwall UA												
Cotswold												
East Devon												
East Dorset												
Exeter												
Forest of Dean												
Gloucester												
Mendip												
Mid Devon												
North Devon												
North Dorset												
North Somerset UA												
Plymouth UA												
Poole UA												
Purbeck												
Sedgemoor												
South Gloucestershire UA												
South Hams												
South Somerset												
Stroud												
Swindon UA												
Taunton Deane												

Teignbridge	Red	Green	Green	Green	Red	Red	Green	Green	Red	Red	Red	Green
Tewkesbury	Red	Green	Green	Green	Red	Red	Green	Green	Red	Red	Red	Green
Torbay UA	Red	Green	Green	Green	Red	Red	Green	Green	Red	Red	Red	Green
Torridge	Red	Green	Green	Green	Red	Red	Green	Green	Red	Red	Red	Green
West Devon	Red	Green	Green	Green	Red	Red	Green	Green	Red	Red	Red	Green
West Dorset	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
West Somerset	Red	Green	Green	Green	Red	Red	Green	Green	Red	Red	Red	Green
Weymouth and Portland	Red	Green	Green	Green	Red	Red	Green	Green	Red	Red	Red	Green
Wiltshire UA	Red	Green	Green	Green	Red	Red	Green	Green	Red	Red	Red	Green

Key: NLW= National Living Wage; AV= Average earners; HAV= Higher than average earners; HI= Highest earners; Green cells= Affordable and eligible; Red cells= Not affordable or eligible.

## Conclusion

It is clear that Starter Homes might be able to help certain groups of people to own their own homes. This includes, DINKs, those on higher salaries and people living in the North or the Midlands. However, it will do little to help many others across the country, including single people, families on the NLW or average wages and those wishing to live in the East, the South East or London.

For families on average wages, only 42% of local authorities would be affordable for them to buy and families on the NLW would be priced out of being able to afford a Starter Home in all but two percent of areas in England.

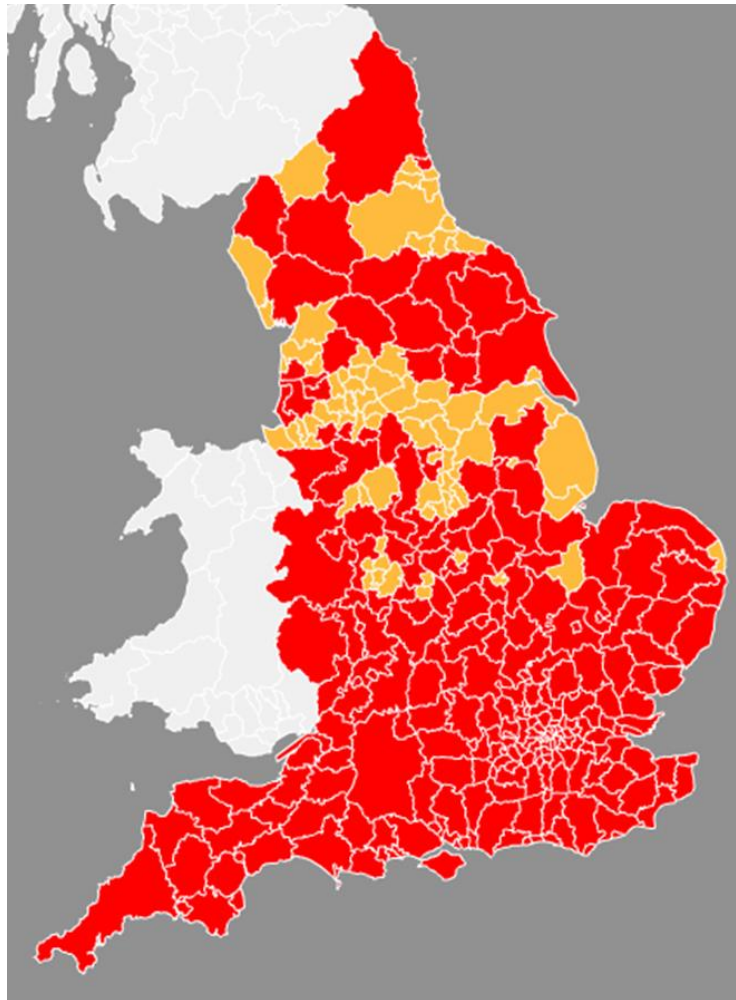
Single people would be particularly disadvantaged with Starter Homes only starting to look affordable when they are on a higher than average salary, but then it is only 23% of local authorities that would be affordable for them to buy a Starter Home in.

The thresholds also mean that a number of local authorities would probably not build any Starter Homes because their house prices would go over the maximum amount the scheme would be applied to. This means that large parts of London, the South East and the East of England would not have Starter Homes included in them. This is worrying because these are the areas that have the highest demand for housing which is why the house prices are so high there.

The fact that Starter Homes will do little to help in the areas that need it most due to the high cost of housing shows that it cannot be a scheme that should be wholly relied on to relieve the housing crisis. It is clear that other forms of housing will be needed alongside the Starter Home programme to ensure that people on low or average incomes are not left behind, particularly if they are living in the areas where there is the highest demand for housing.

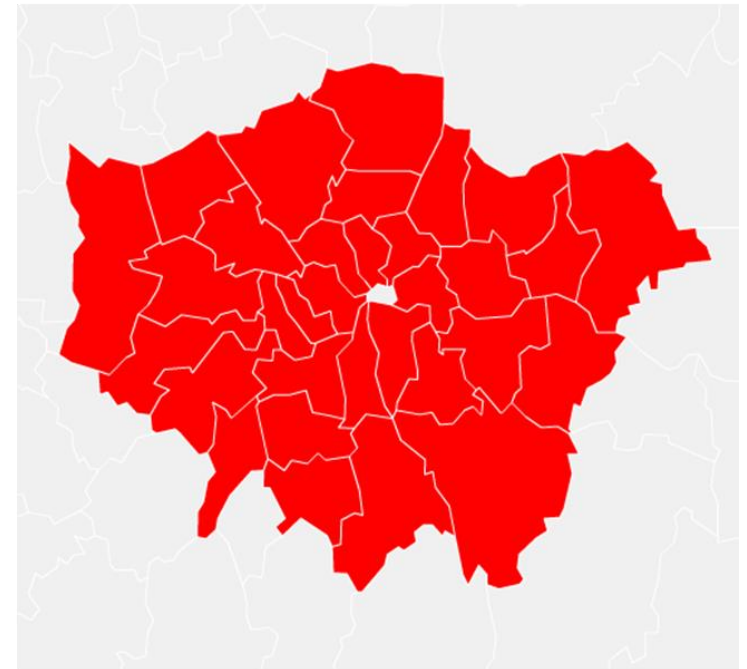
## Appendix

**Map of local authorities in England and London where Starter Homes would be affordable for couples on the NLW**

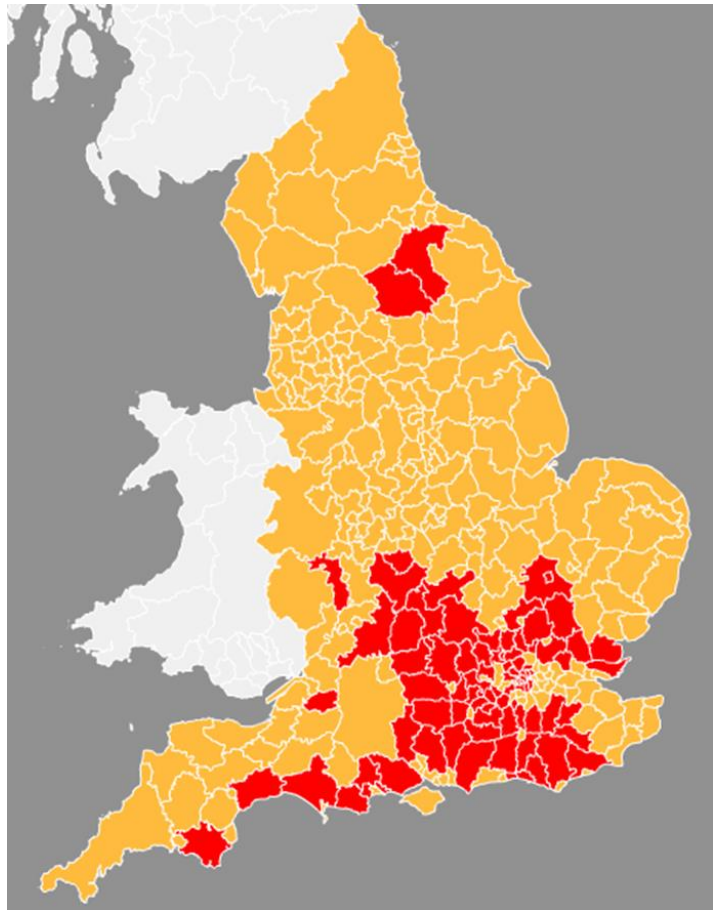


Key:

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- Affordable

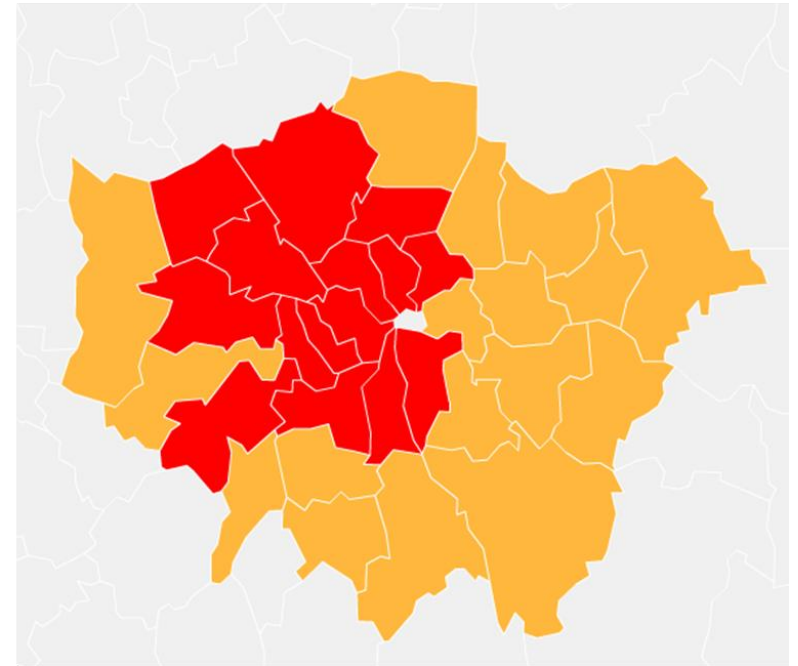


## Map of local authorities in England and London where Starter Homes would be affordable for couples on average wages



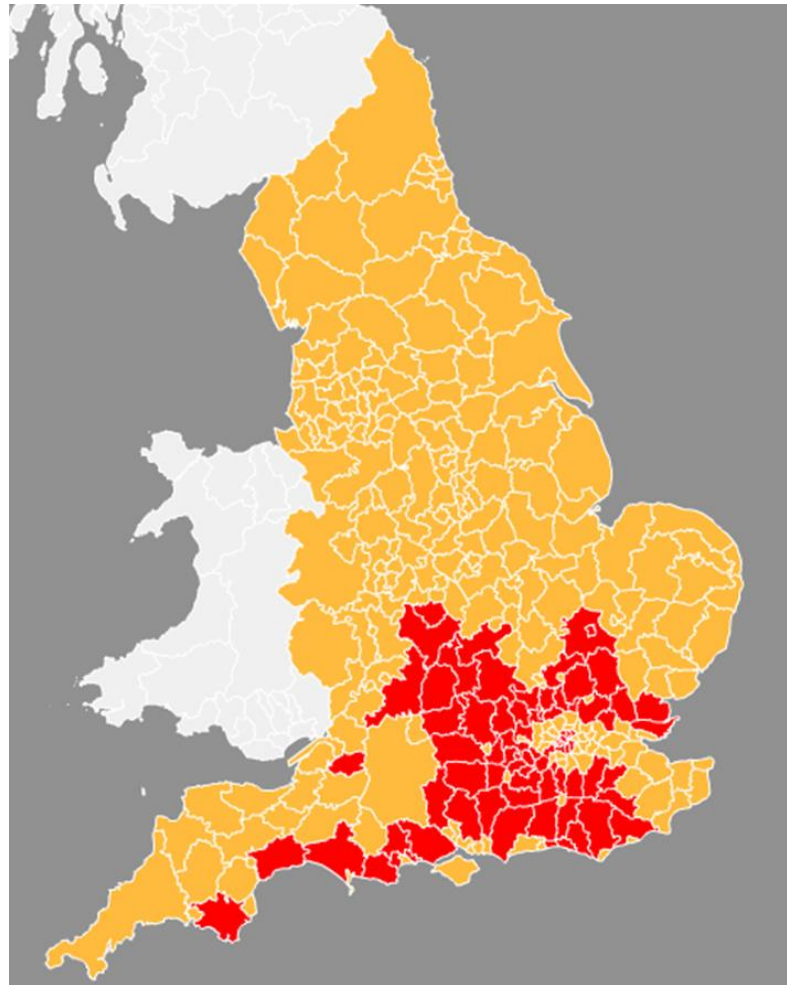
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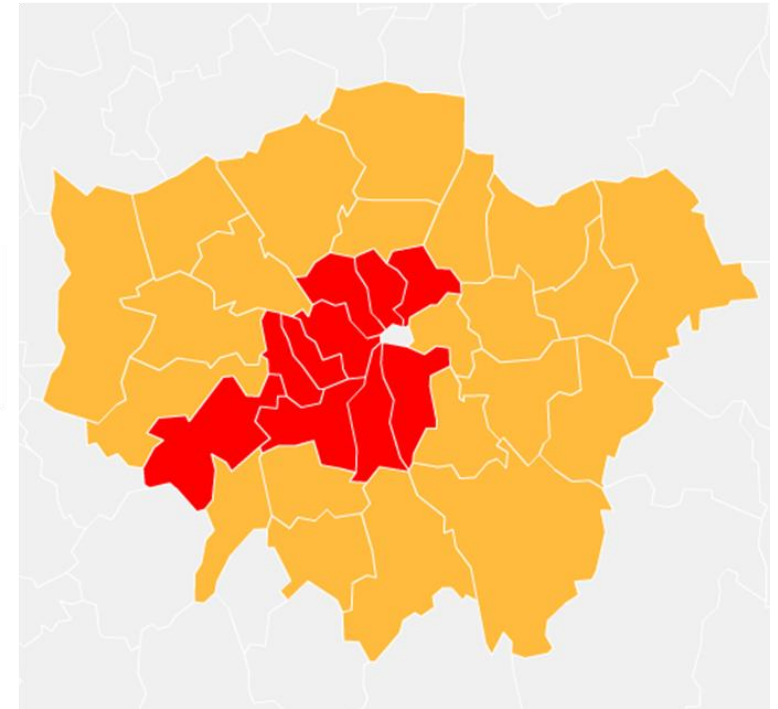


## Map of local authorities in England and London where Starter Homes would be affordable for couples on higher than average wages

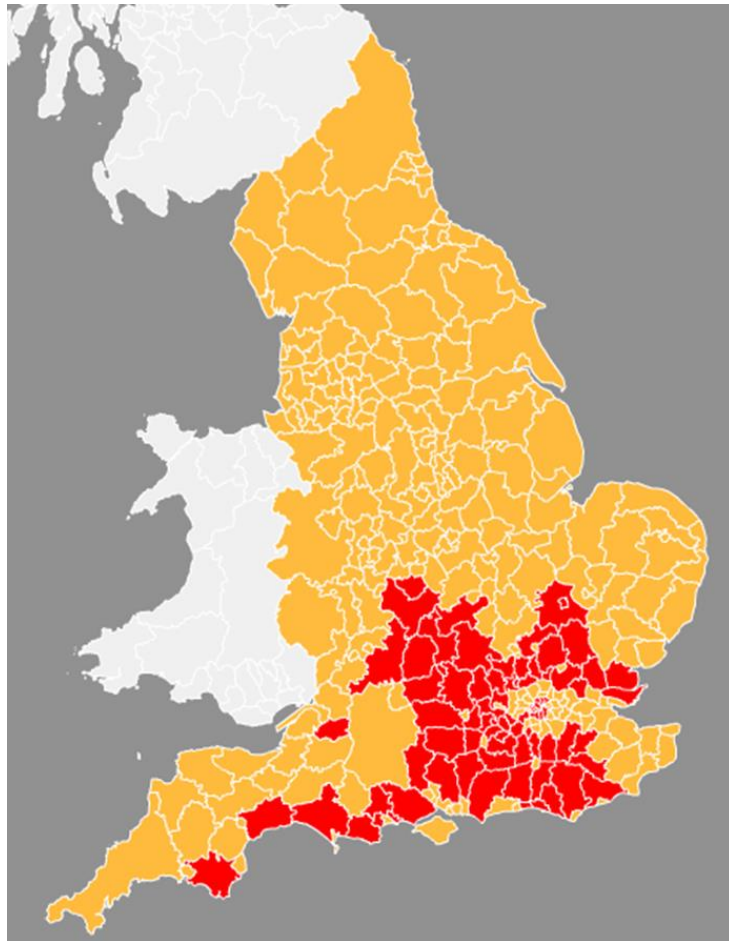


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- Affordable

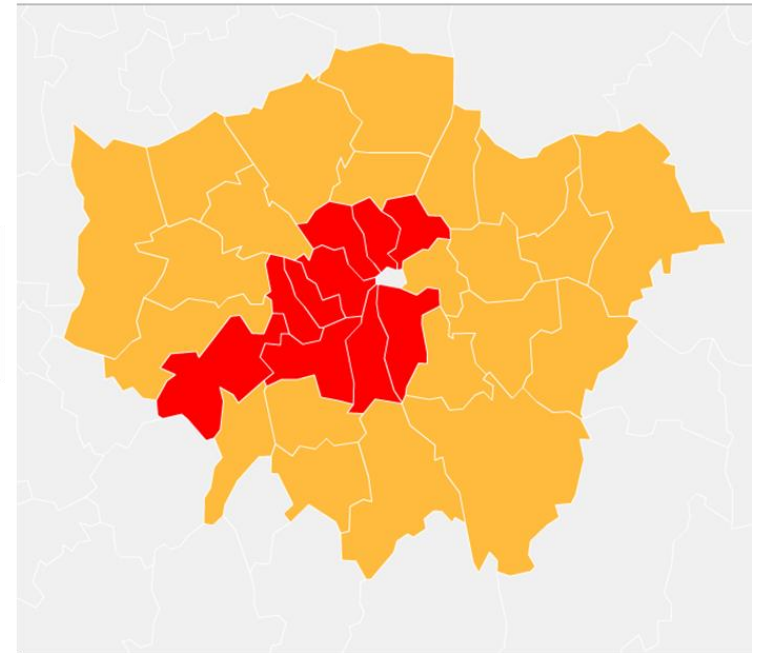


## Map of local authorities in England and London where Starter Homes would be affordable for couples on the highest wages

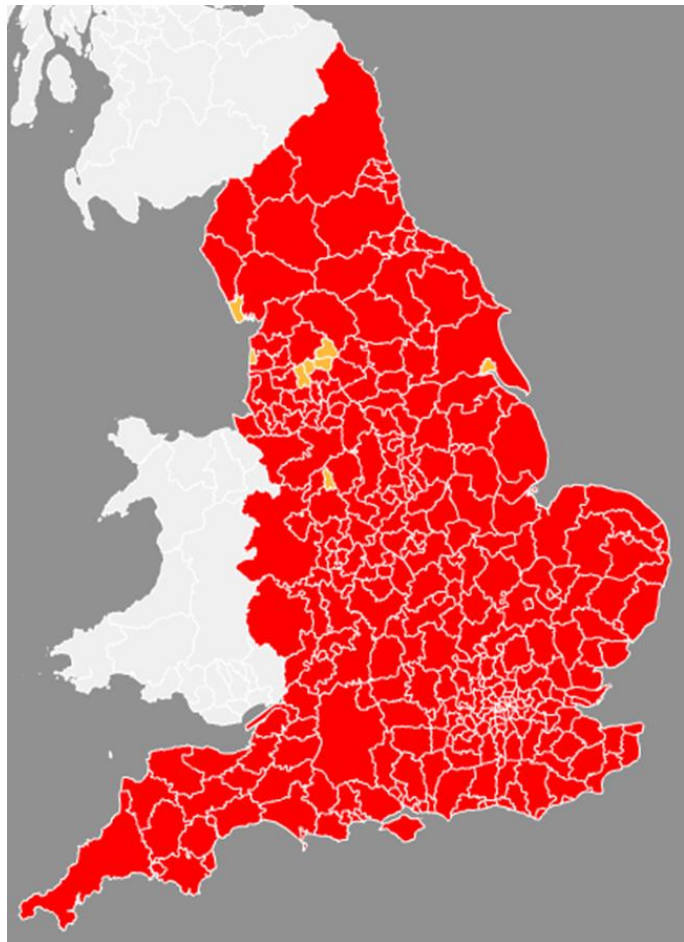


Key:

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- Affordable

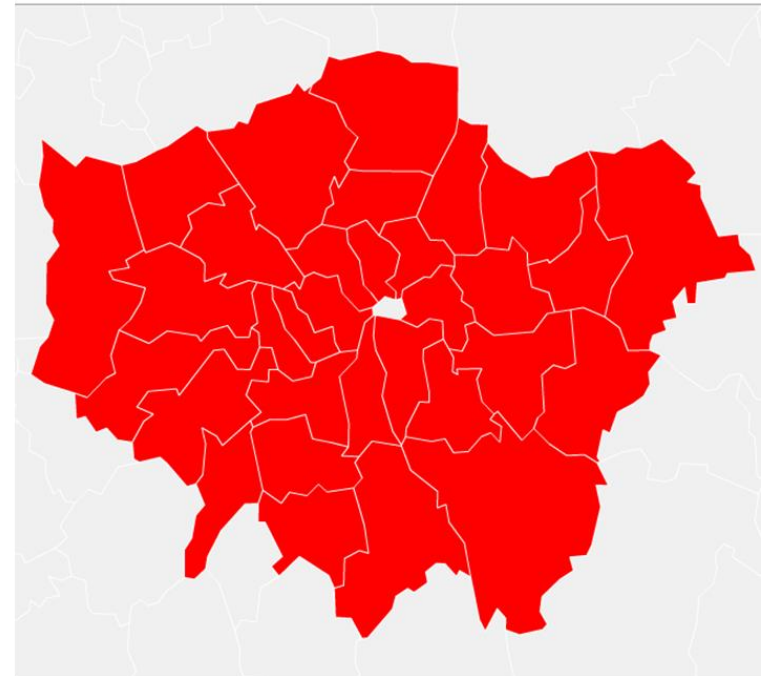


## Map of local authorities in England and London where Starter Homes would be affordable for families on the NLW

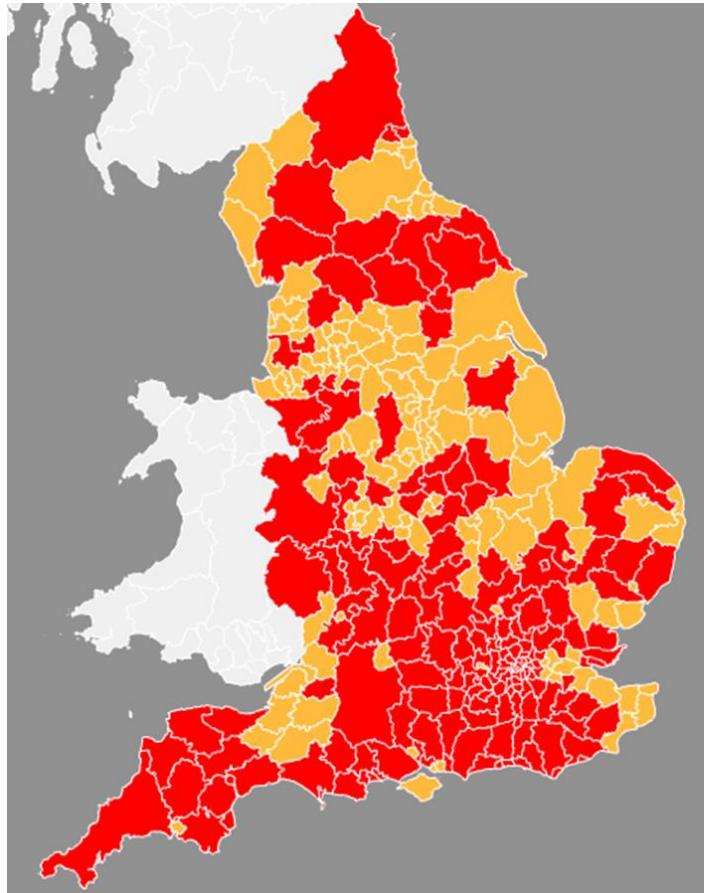


Key:

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- Affordable



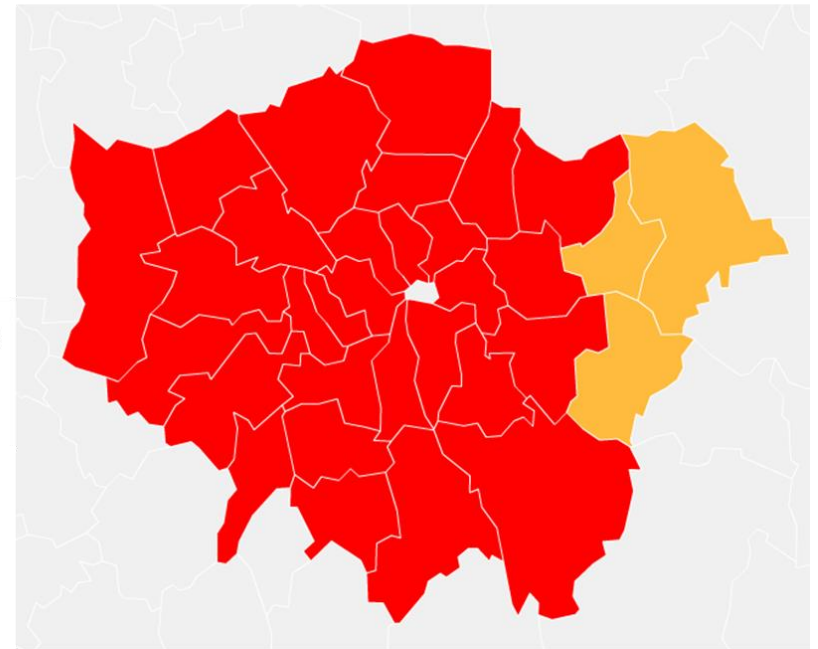
## Map of local authorities in England and London where Starter Homes would be affordable for families on average wages



Key:

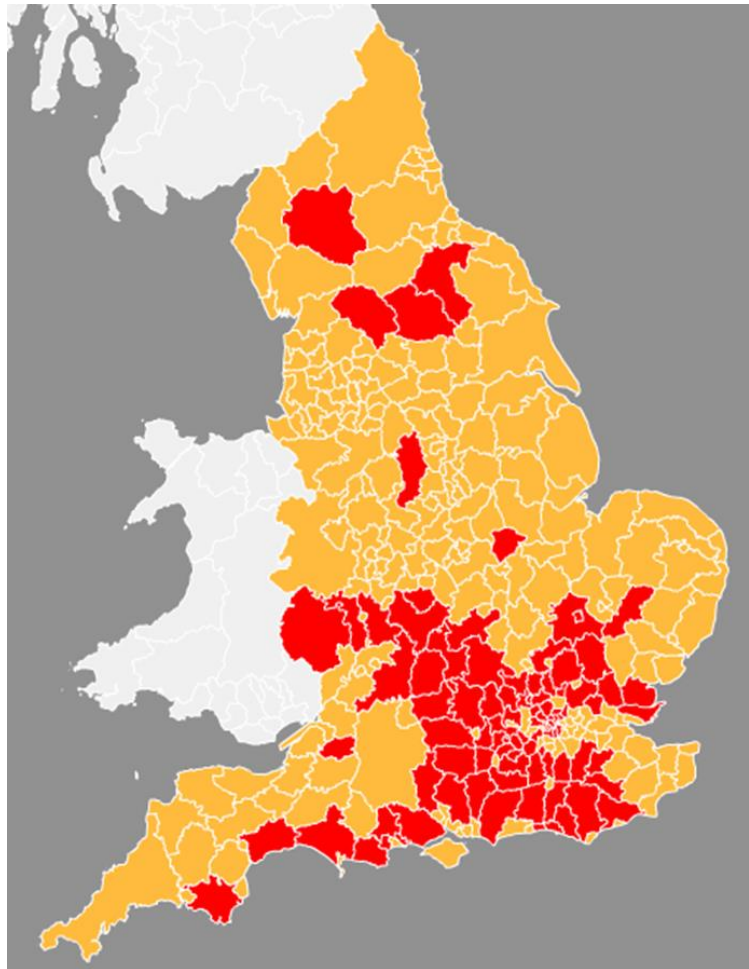
■ Not affordable

■ Affordable





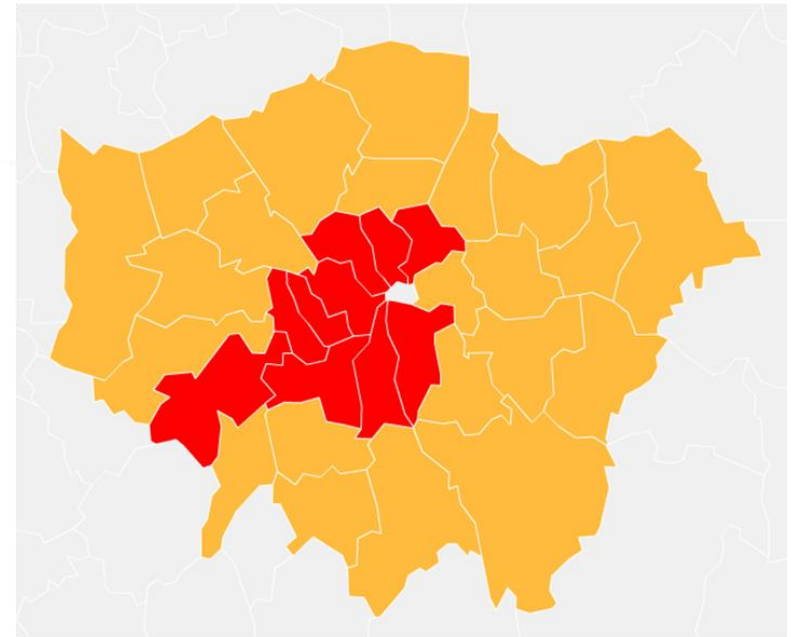
## Map of local authorities in England and London where Starter Homes would be affordable for families on higher than average wages



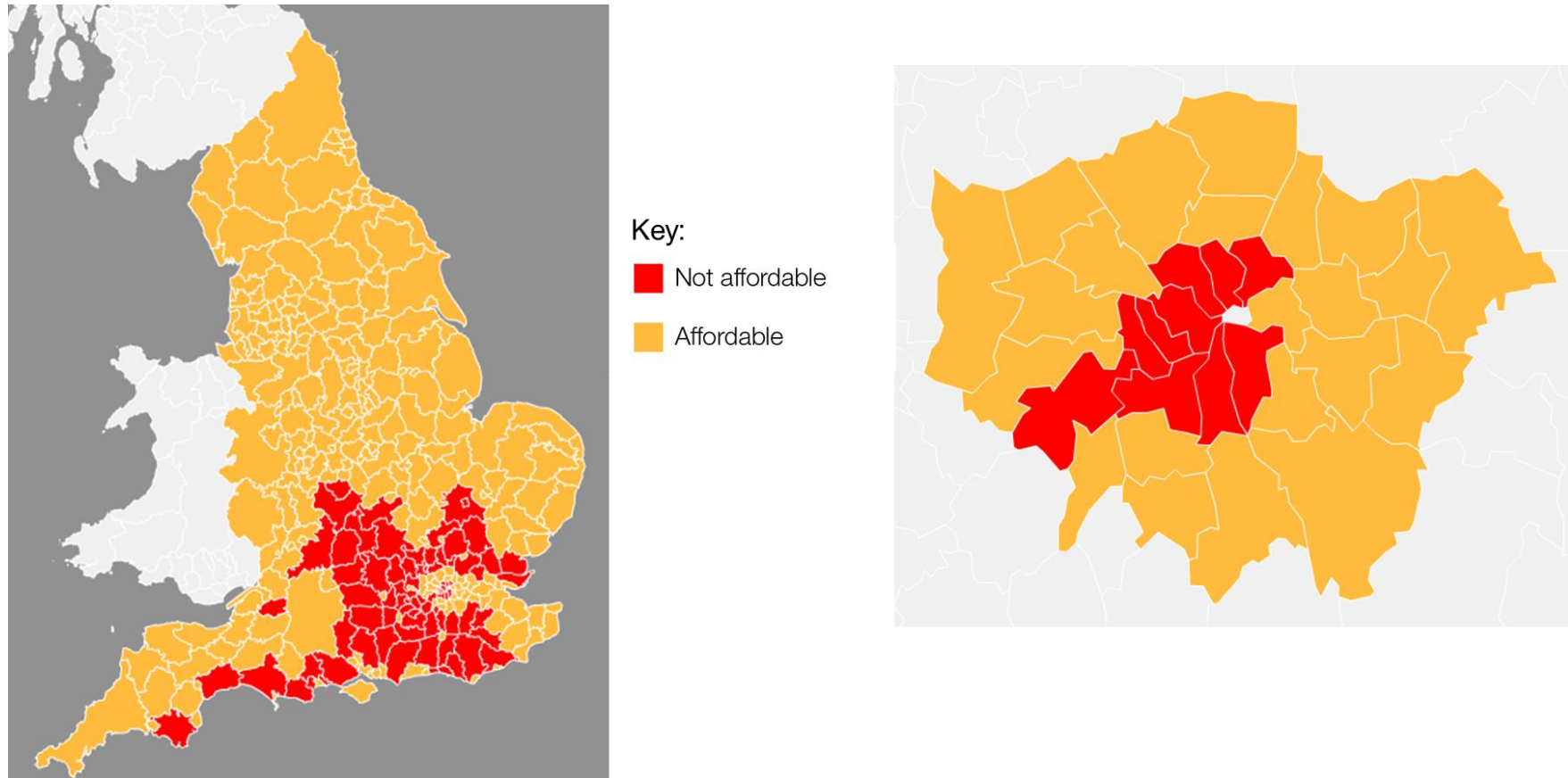
Key:

Not affordable

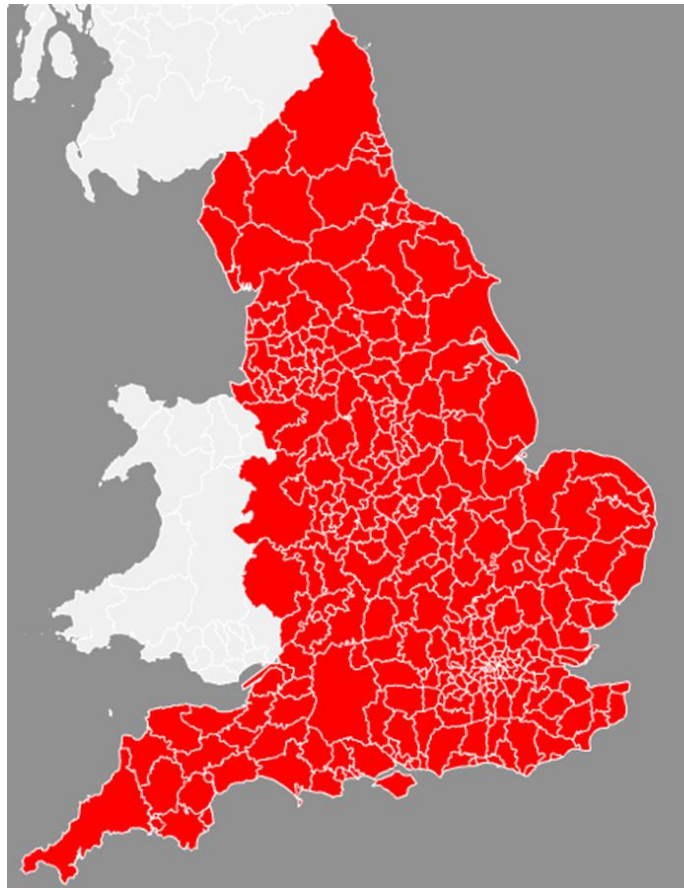
Affordable



## Map of local authorities in England and London where Starter Homes would be affordable for families on the highest wages



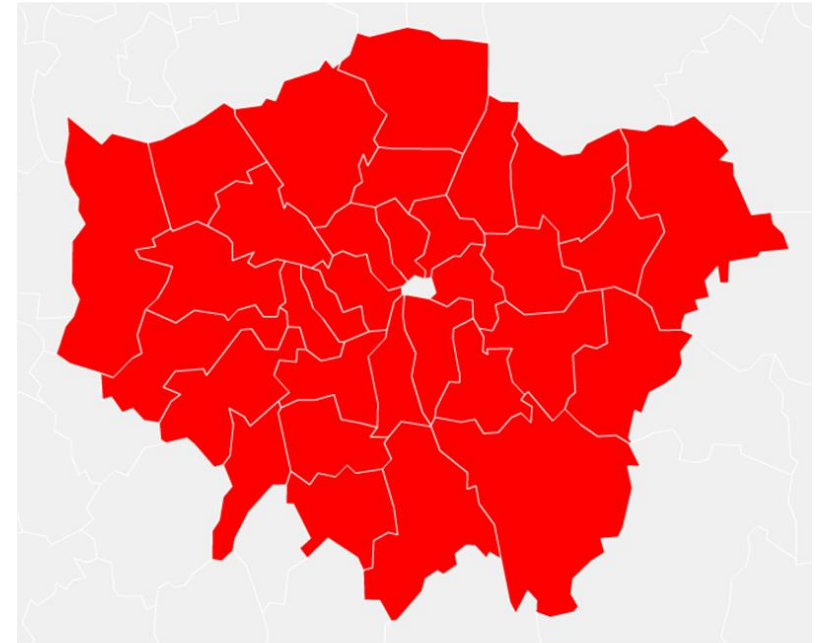
## Map of local authorities in England and London where Starter Homes would be affordable for single people on the NLW



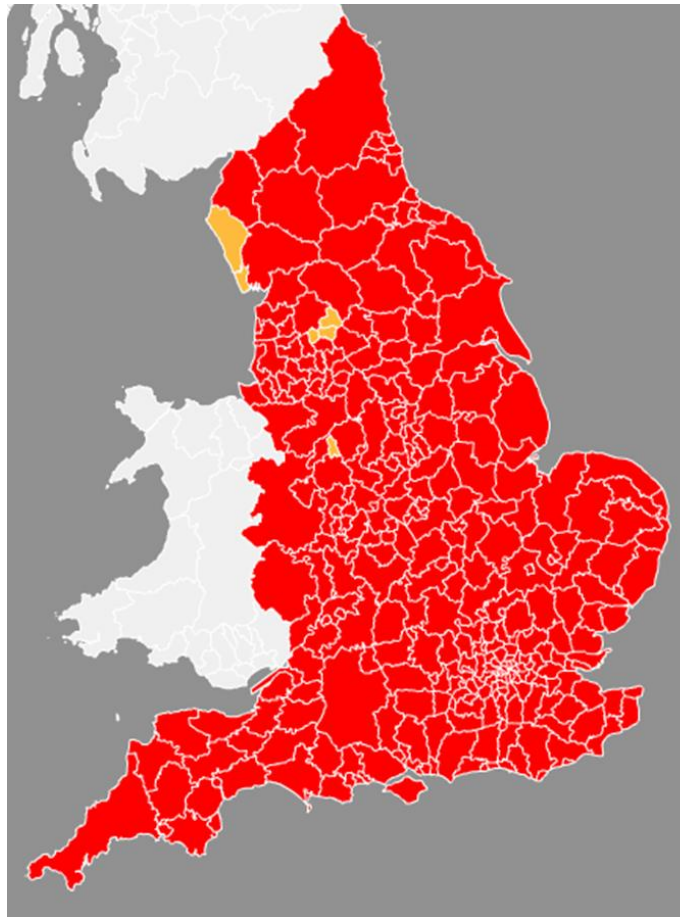
Key:

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■ Affordable

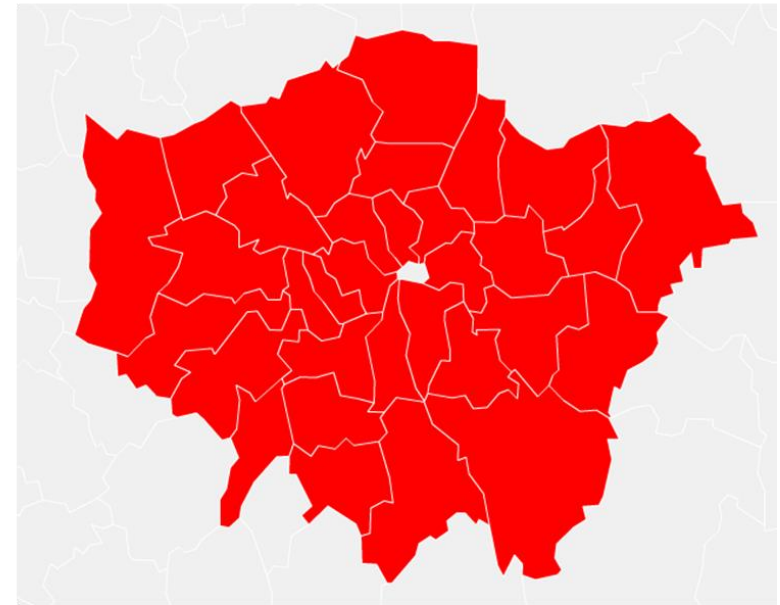


## Map of local authorities in England and London where Starter Homes would be affordable for single people on average wages



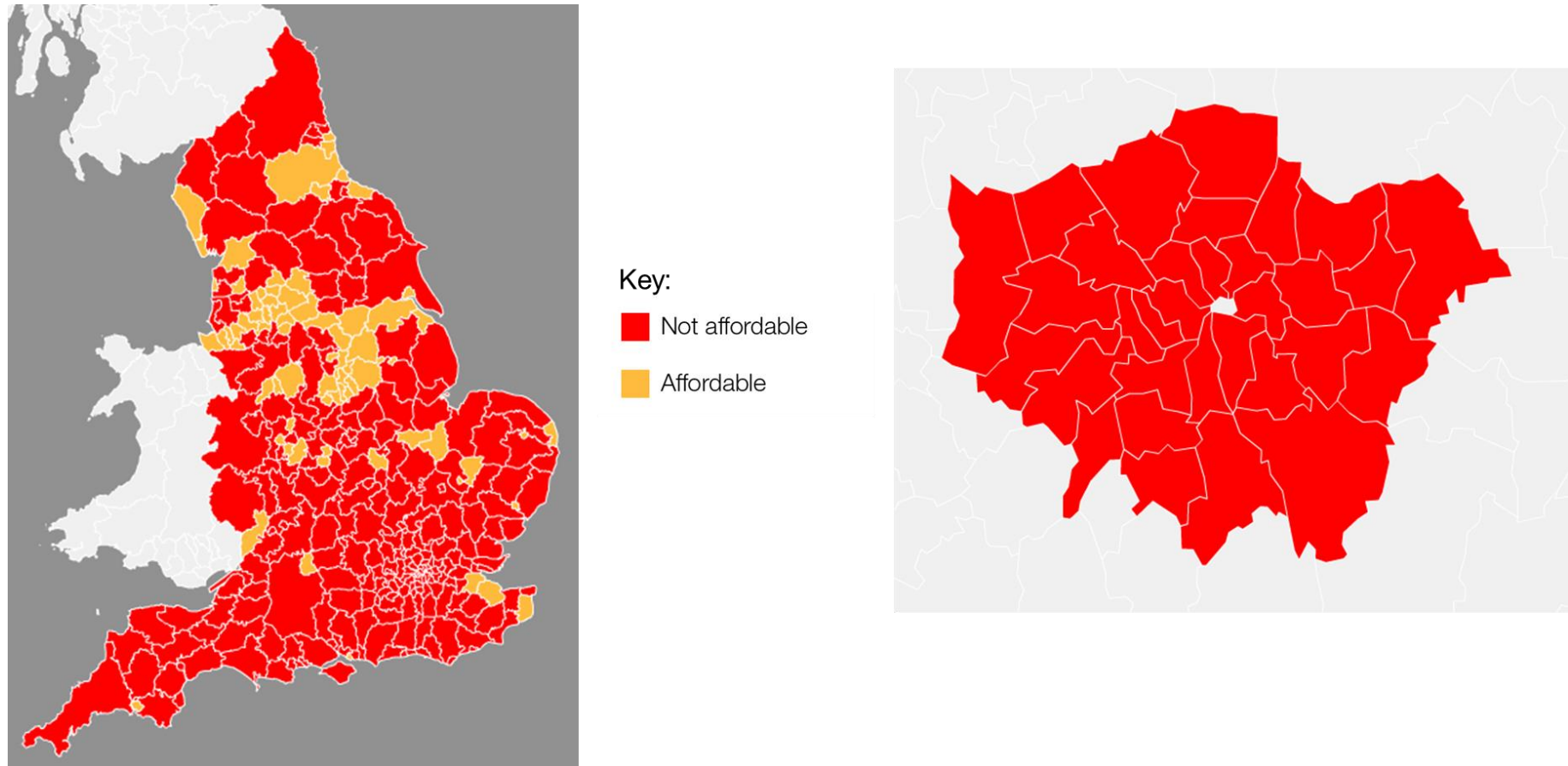
Key:

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- Affordable

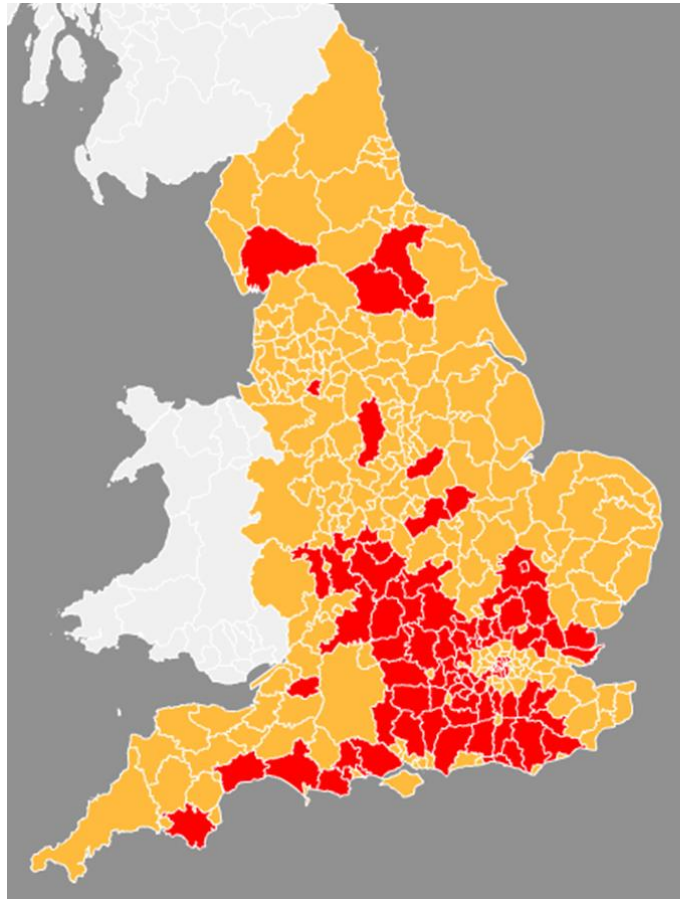




## Map of local authorities in England and London where Starter Homes would be affordable for single people on higher than average wages



## Map of local authorities in England and London where Starter Homes would be affordable for single people on the highest wages



Key:

- Not affordable
- Affordable

