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**TITLE: TENANCY STRATEGY FOR EAST CAMBRIDGESHIRE**

Committee: Development & Transport Committee

Date: 6<sup>th</sup> September 2012

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[M86]

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1.0 ISSUE

1.1 Consideration of the draft Tenancy Strategy.

2.0 RECOMMENDATION(S)

2.1 Members are requested to adopt the Tenancy Strategy detailed in Appendix 1.

3.0 BACKGROUND/OPTIONS

3.1 The Localism Act 2011

3.2 The Localism Act has made significant changes to social housing provision, including an obligation on Local Authorities to publish a *Tenancy Strategy*. The *Tenancy Strategy* must set out matters to which registered providers of social housing for its district are to have regard in formulating policies relating to:

- (a) the kinds of tenancies they grant
- (b) the circumstances in which they will grant a tenancy of a particular kind
- (c) where they grant tenancies for a certain term, the length of that term
- (d) the circumstances in which they will grant a further tenancy on the coming to an end of an existing tenancy

3.3 Private Registered Providers of social rented homes (PRPs) are expected to have “due regard” to Local Authorities tenancy strategies and to publish *Tenancy Policies* describing how they will apply the new flexibilities provided by the Act.

3.4 The Government’s policy is to give providers of social housing a range of flexibilities in the tenancies that are offered to housing applicants, to ensure that the tenancy is best suited to the applicants’ needs and possibly changing circumstances, and that affordable housing is occupied by those who need it most.

- 3.5 These reforms apply only to new tenancies: existing tenants of social housing retain their current tenancy status. The Government also aims to give occupants of social housing more opportunity to move if the home becomes unsuitable to their circumstances.
- 3.6 The Localism Act 2011 and the Homes and Communities Agency's Regulatory Framework require PRPs to *"offer tenancies or terms of occupation which are compatible with the purpose of the accommodation, the needs of individual households, the sustainability of the community, and the efficient use of their housing stock."*
- 3.7 This will be achieved by enabling PRPs to:
- Offer fixed-term tenancies if appropriate, rather than lifetime tenancies.
  - Determine the length of each fixed-term tenancy on an individual basis.
  - Formulate their own policies regarding the circumstances in which a fixed-term tenancy may be reissued.
  - Offer tenancies as either:
    - Social Rent, guideline target rents determined through the national rent regime,
    - Affordable Rent, which may be up to 80% of the market rent.
- 3.8 Housing development, housing associations and Private Registered Providers (PRP)s
- 3.9 The response to this part of the Localism Act from Housing Associations and PRPs has been mixed. Most welcome the ability to encourage tenants to move on from larger houses when they no longer require them and welcome the flexibility to use their stock more effectively. A few non-lifetime tenancies (ten-year tenancies) have been offered in East Cambridgeshire but this part of the new flexibility has not yet been widely applied and the vast majority of tenancies offered are lifetime tenancies.
- 3.10 The Council's Development and Enabling Officer has been monitoring the lettings of affordable rented tenancies and so far in East Cambridgeshire these tenancies have gone to families who are claiming 100% of their rent in housing benefit. If this is replicated across the country it will have substantial implications for the national housing benefit bill, but the numbers involved to date are too small to prove a trend.
- 3.11 During 2008-11, the Homes and Communities Agency (HCA) will invest £8.4bn in affordable housing through the NAHP. The target is to deliver 155,000 new homes nationally, both shared ownership and rent. However the HCA has made it clear that grant funding for new rented homes will only be

made available for Affordable Rent and not at all for social rent. The HCA's prospectus says:-

*"The Affordable Homes Programme signals a significant change and heralds the introduction of a new more flexible form of social housing, Affordable Rent, which will be the main type of new housing supply. Affordable Rent will allow a more diverse offer for the range of people accessing social housing"*

It should be noted that this new funding regime was introduced in 2011, before the Localism Bill became law and thus before most Councils had begun work on their tenancy strategies.

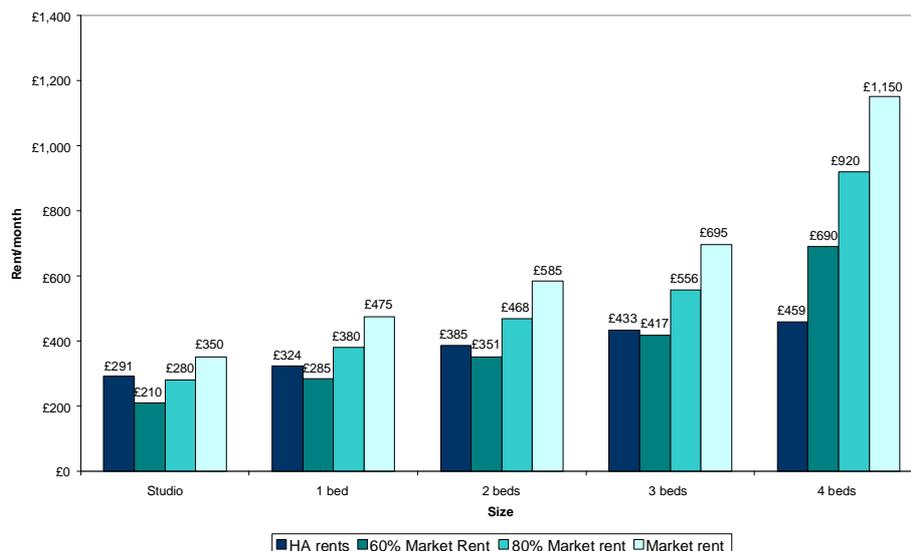
- 3.12 Affordable rented homes will be made available to tenants at up to a maximum of 80% of market rent and allocated in the same way as social housing is at present  
In addition, in order to generate further capital receipts to fund new development, PRPs are being encouraged to convert a proportion of their existing social rented stock into affordable rented as it becomes vacant.
- 3.13 New social rented housing (the traditional social housing at roughly 60% of market rates) will thus only become available through cross-subsidy from shared ownership or affordable rent development, or through other forms of capital funding not linked to HCA grant. However, the additional revenue to PRPs from affordable housing rents will enable further new affordable housing development and can be used to cross-subsidise some new social rented units.
- 3.14 The draft tenancy strategy acknowledges that, under the choice-based lettings system, applicants can choose to apply for either Affordable Rented or Social Rented homes. The District Council therefore wishes to ensure that there is a reasonably wide choice of both Social Rent and Affordable Rent tenancies available, for all types of property in every area. At paragraphs 4 of the tenancy strategy the requirements for this district in terms of the balance of affordable and social rent, fixed term and lifetime tenancies, conversion rates of housing associations' existing stock etc., are spelled out.
- 3.15 Housing associations have some flexibility at the point of letting and are able to change the type of rented tenancy once they know the identity of the successful bidder, and local associations have indicated that they would be willing, in principle at least, to consider this. One locally based Housing Association which was a development partner with the HCA prior to 2011 has lost this status, having made a policy decision not to build or convert any properties to affordable rent on the ground that this rent level is not serving the associations' traditional client groups.
- 3.16 Housing Need in East Cambridgeshire

3.17 The strategic housing market assessment shows that East Cambridgeshire requires an annual supply of 310 new units of affordable housing to deal with homelessness, hidden homelessness and newly arising need in the district. [http://www.cambridgeshirehorizons.co.uk/documents/shma/2010\\_editions/financial\\_2010/ch27\\_identifying\\_housing\\_need\\_2010.pdf](http://www.cambridgeshirehorizons.co.uk/documents/shma/2010_editions/financial_2010/ch27_identifying_housing_need_2010.pdf)

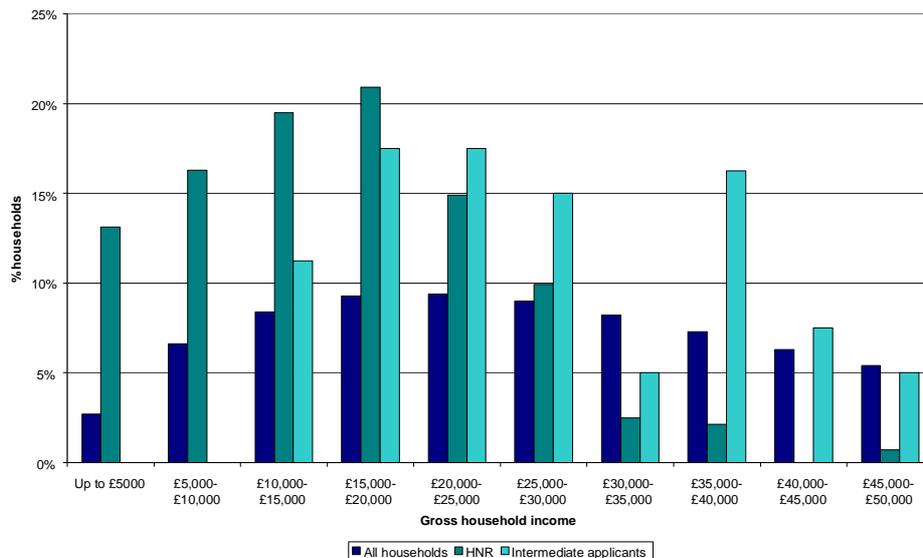
As in previous years this figures exceeds the projected total build of both affordable and market housing for the current year. Therefore the Council considers that it should take all reasonable steps to encourage the development of new affordable housing in the district to meet as much of this need as possible.

3.18 The Cambridge sub-regional housing board has carried out some analysis of the projected levels and types of rented property which will be available in the future, assuming that all new grant-funded rented property will be affordable rent:-

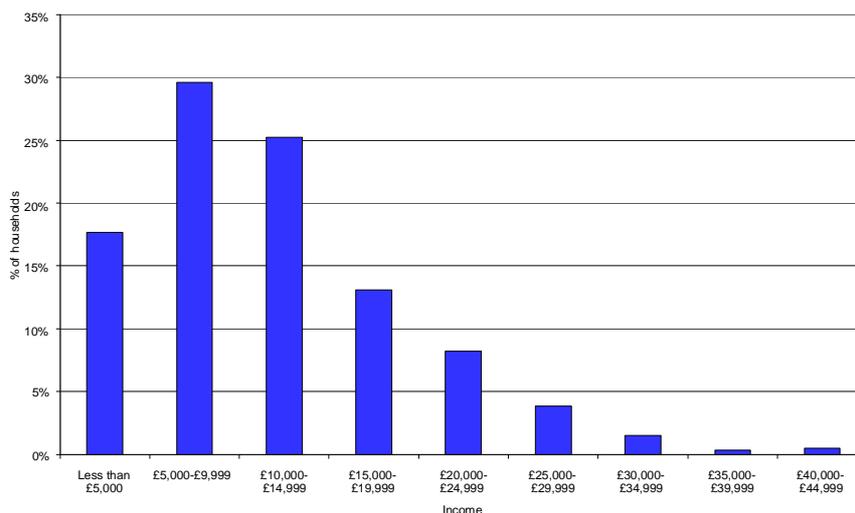
**Table 1: Rent per month in East Cambridgeshire (HA, median market rent and estimated affordable rents) (2011 levels)**



**Table 2: Gross annual income by household type in East Cambridgeshire (2011)**



**Table 3: Net annual income of households moving into social rented homes in East Cambridgeshire, 2007/8-2009/10**



3.19 Tables 2 and 3 show that the household incomes of existing housing needs register applicants have a median at around £19,000 and that numbers of applicants drop off sharply at household incomes of £25,000 and £30,000 per annum. Table 3 suggests that those actually moving into social rented homes have even lower incomes, with a median at around £10,000 per annum and very few successful applicants with household incomes above £20,000 per annum.

3.20 Who can afford the new tenures?

3.21 A traditional measure of affordability of housing has been to suggest that housing costs should be no more than one third of gross income. Based on this measure the following tables give a guide to affordability of the new range of tenures, across different sizes of housing.

**Table 4: Income required to afford different tenures based on 1/3<sup>rd</sup> gross household income for housing costs (East Cambridgeshire)**

	<b>HA rents</b>	<b>60% Market</b>	<b>80% Market</b>	<b>Market rent</b>
Studio	£10,491	£7,560	£10,080	£12,600
1 bed	£11,654	£10,260	£13,680	£17,100
2 beds	£13,860	£13,500	£18,000	£22,500
3 beds	£15,580	£15,012	£20,016	£25,020
4 beds	£16,518	£24,840	£33,120	£41,400

[NROSH \(2011\), VOA \(Jan 2012\)](#)

**Table 5: Percentage of all households able to afford different rented tenures (East Cambridgeshire)**

	HA rents	60% Market	80% Market rent	Market rent
Studio	91%	93%	91%	86%
1 bed	87%	91%	84%	79%
2 beds	84%	84%	77%	67%
3 beds	80%	82%	73%	64%
4 beds	79%	64%	50%	38%

[NROSH \(2011\)](#), [VOA \(Jan 2012\)](#) and [CACI \(2010\)](#)

**Table 6: Percentage of Housing Needs Register applicant households able to afford different rented tenures (East Cambridgeshire)**

	HA rents	60% Market Rent	80% Market rent	Market rent
Studio	71%	76%	71%	56%
1 bed	61%	71%	54%	37%
2 beds	54%	54%	35%	22%
3 beds	40%	51%	30%	15%
4 beds	37%	15%	4%	1%

[NROSH \(2011\)](#), [VOA \(Jan 2012\)](#) and [Locata \(Mar 2012\)](#)

**Table 7: Percentage of intermediate housing applicant households able to afford different rented tenures**

	HA rents	60% Market Rent	80% Market rent	Market rent
Studio	100%	100%	100%	95%
1 bed	96%	100%	90%	81%
2 beds	90%	90%	76%	61%
3 beds	85%	89%	71%	54%
4 beds	81%	54%	36%	15%

[NROSH \(2011\)](#), [VOA \(Jan 2012\)](#) and [Orbit \(Mar 2012\)](#)

- 3.22 Trends to note from these tables are that the larger the property the less likely it is that housing needs register applicants will be able to afford it without dependence on housing benefit. The 80% market rent properties are unaffordable for the majority of housing register applicants when the house size is greater than one bedroom and the larger, 4 bed houses are unaffordable without benefit both at social rent and affordable rent levels. This pattern is replicated across the Cambridge sub-region and in other high-value areas and there will inevitably be effects on the national bill for housing benefit.
- 3.23 Members should also note the differential effect on larger families, who are also likely to be more severely affected by the welfare reform proposals, and who are most likely to lose the most income when Universal Credit is introduced.

- 3.24 How will this affect the balance of tenures in future?
- 3.25 Appendix 2 shows a summary of work carried out in the Cambridge sub-region to show what the balance of tenures across the sub region might be like in ten years' time, taking into account the likelihood of little or no social rent in new build developments and the conversion of social rented tenancies to affordable rent. The modelling shows that, while overall numbers of rented homes will increase, both the proportion and the number of homes for social rent will decrease. It also shows that by 2021 between 21% and 32% of the sub-region's social housing stock would be let on "affordable rents".
- 3.26 It concludes that the new affordable rent product will meet the needs of a segment of the population in a highly pressurised housing market but that the difference in cost between them is likely to be very significant in higher value districts. In these districts (including most of East Cambridgeshire) the "affordable rent" will not meet the needs of the majority of the people currently on the housing register.
- 3.27 Appendix 3 is a summary of more detailed work carried out which found that the move from social rents to "affordable rents" will have an impact across the housing sub-region, with many households struggling to afford 80% of current private rent levels. Based on the affordability modelling in this stage of the project around 43% of Home-Link applicants in Fenland and as many as 77% in South Cambridgeshire may be unable to afford these rents without recourse to benefits. This may increase competition for lower-priced social rented homes, and increase the public sector borrowing required to meet the benefit bill for "affordable rents".
- 3.28 However, "affordable rent" may be attractive for some households; either those who rely consistently on benefits to help meet their housing costs and are not on the "cusp" of qualifying for benefit; or those who are traditionally intermediate housing customers including people on incomes above benefit levels but struggling to become owner occupiers.
- 3.29 Securing a range of housing options is important if households unable to meet their housing needs on the open market are to succeed, whichever situation they are in. These options include traditional social renting at the most affordable level, and higher levels of shared ownership and maximum affordable rents at the "near market" level, alongside an array of other options.
- 3.30 These figures raise concerns about meeting future housing need, about long-term housing affordability, the increasing cost to the public purse and the long-term sustainability of the housing solutions being made available for residents. The Cambridge Sub-regional Housing Board will continue to monitor the effects of these policies across the sub region and any concerns will be brought back to this committee.

### 3.31 Consultation

3.32 The draft tenancy strategy has been sent to all members and all housing associations which operate in East Cambridgeshire, and also to developers and landowners and their trade associations. It has been published on the Council's web site for a two-month consultation period which ended at the end of July 2012. A detailed response was received from only one housing association, which generally approved the recommendations.

### 3.33 Principles of the draft tenancy strategy

3.34 In drawing up the draft strategy the following general principles were applied:-

3.35 East Cambridgeshire District Council recognises that subsidised rented housing is a limited resource, and that the demand significantly outweighs the supply. The Council welcomes the flexibilities introduced by the Localism Act, and wishes to apply them to ensure that, as far as possible:

- 1 The outcomes of this Tenancy Strategy help to deliver the Council's Housing Strategy, including meeting its duties to people threatened with homelessness
- 2 Applicants for housing have as wide a choice as possible in accessing a property
- 3 Applicants can access the kind of tenancy that is best suited to their circumstances
- 4 PRPs have freedom to manage their housing stock effectively, including (if they choose) as an asset to facilitate the development of more affordable housing
- 5 The Affordable Rent and Social Rent homes in the District are used efficiently to help households who are most in need of assisted housing, support homelessness prevention, minimise overcrowding and underoccupation, and promote social and economic mobility
- 6 Affordable Rented and Social Rented housing contribute to the establishment of sustainable and stable communities
- 7 That households occupying subsidised housing who no longer need it are helped to move into the private sector

3.36 In practice, tenure mixes on new sites are determined on a site-by-site basis in accordance with planning policy and tenure mixes are sometimes adjusted so that development is viable. It is intended that officers will encourage the development of some social rented properties and that 4 and 5 bedroomed houses particularly are let at social rents in order to meet the needs of the families on the housing needs register and not to encourage dependency on benefits.

## 4.0 ARGUMENTS/CONCLUSIONS

The Localism Act 2011 requires the council to produce a *Tenancy Strategy* by January 2013.

The overwhelming need for new affordable housing in East Cambridgeshire is for social rent, at around 60% of market rents. However the council recognises that for the last 12 months and for the foreseeable future the only grant funding available will be for affordable rent, at around 80% market rents. Studies carried out by the Cambridge Sub-regional Housing Board show that the new affordable rents will meet the needs of some sections of the population and may contribute to the development of more mixed and sustainable communities. The additional revenue from affordable rents will enable PRPs to produce additional units of affordable housing.

The Council believes that it is important to enable the development of as much affordable housing as possible to meet the needs of all sections of the rapidly growing population of the district. The Council has therefore produced a strategy which enables PRPs and housing associations to have the freedom to manage their stock effectively and enables continuing development of new affordable housing in the district, attracting as much grant funding for new housing as possible into East Cambridgeshire.

The effects on the housing register of the new affordable rents, of conversion of a proportion of existing stock to affordable rent, on the rate of development of new affordable housing and on the council's ability to assist the most vulnerable members of the community will be monitored carefully and any concerns will be brought back to this committee.

## 5.0 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

5.1 An Equalities Impact/Needs/Requirement Assessment is scheduled and the results will be available separately at the committee.

5.6 There are no other direct financial implications arising from this report. The effects on delivery and affordability of new housing will be monitored and any effects on council expenditure due to increased levels of homelessness will be brought back to a future committee

## 6.0 APPENDICES

Appendix 1: Draft tenancy strategy

Appendix 2: Housing Projections Part 1: Effect On Future Affordable Tenure Mix, Cambridgeshire Sub-Regional Housing Board, 2011

Appendix 3: Housing Projections Part 2: Affordability, Cambridgeshire Sub-Regional Housing Board, 2011

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**Background Documents****Location**

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**East Cambridgeshire District Council**

**Draft Tenancy Strategy**

**May 2012**

**1. Introduction**

**1.1 The Localism Act 2011**

The Localism Act has made significant changes to social housing provision, including an obligation on Local Authorities to publish a Tenancy Strategy. The Act states that<sup>1</sup>

*“A local housing authority in England must prepare and publish a strategy (a “tenancy strategy”) setting out the matters to which the registered providers of social housing for its district are to have regard in formulating policies relating to*

*(a) the kinds of tenancies they grant*

*(b) the circumstances in which they will grant a tenancy of a particular kind*

*(c) where they grant tenancies for a certain term, the length of that term*

*(d) the circumstances in which they will grant a further tenancy on the coming to an end of an existing tenancy”*

Private Registered Providers of social rented homes (PRPs) are expected to have “due regard” to Local Authorities tenancy strategies when they formulate their Tenancy Policies, which they are required to publish to describe how they will apply the new flexibilities provided by the Act.

**1.2 The Council's objectives.**

East Cambridgeshire DC recognises that subsidised rented housing is a limited resource, and that the demand significantly outweighs the supply. The Council welcomes the flexibilities introduced by the Localism Act, and wishes to apply them to ensure that, as far as possible:

- The outcomes of this Tenancy Strategy help deliver the Council's Housing Strategy. (*Following approval of this draft tenancy strategy the Council will revise its Homelessness Strategy and its Allocations Policy taking into account the matters agreed as part of the Tenancy Strategy. These will be revised by January 2013; the Council's Housing Strategy will be reviewed during the same period.*)
- Applicants for housing have as wide a choice as possible in accessing a property.
- Applicants can access the kind of tenancy that is best suited to their circumstances.
- PRPs have freedom to manage their housing stock effectively, including (if they choose) as an asset to facilitate the development of more affordable housing.
- The Affordable Rent and Social Rent homes in the District are used efficiently to help households who are most in need of assisted housing, support homelessness prevention, minimise overcrowding and underoccupation, and promote social and economic mobility.

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<sup>1</sup> [Localism Act 2011](#)

- Affordable Rent and Social Rent housing contributes to the establishment of sustainable and stable communities.
- That households occupying subsidised housing who no longer need it are helped to move into the private sector
- *(It is expected that the Council, as part of the revised Allocations Policy, will prioritise allocations to people who are working in local industries and enterprises. )*
- *(The Council is working with the Cambridgeshire County Health and Wellbeing Boards, and as part of this joint working the Council will be developing its strategies to meet the needs of a rapidly ageing population. Developing Housing Strategies that meet these needs will also be a priority for East Cambridgeshire.)*

## 2. Background and scope of strategy

### 2.1 Government policy and Localism Act

The Government's policy is to give providers of social housing a range of flexibilities in the tenancies that are offered to housing applicants, to ensure that the tenancy is best suited to the applicants needs and possibly changing circumstances, and that affordable housing is occupied by those who need it most. These reforms apply only to new tenancies: existing tenants of social housing retain their current tenancy status. The Government also aims to give occupants of social housing more opportunity to move if the home becomes unsuitable to their circumstances.

The Localism Act 2011 and the Homes and Communities Agency's Regulatory Framework<sup>2</sup> require PRPs to "offer tenancies or terms of occupation which are compatible with the purpose of the accommodation, the needs of individual households, the sustainability of the community, and the efficient use of their housing stock." This will be achieved by enabling PRPs to:

- Offer fixed-term tenancies if appropriate, rather than lifetime tenancies.
- Determine the length of each fixed-term tenancy on an individual basis.
- Formulate their own policies regarding the circumstances in which a fixed-term tenancy may be reissued.
- Offer tenancies as either Social Rent, at guideline target rents determined through the national rent regime, or as Affordable Rent, which may be up to 80% of the market rent.

### 2.2 Delivery of new homes

East Cambridgeshire DC's strategy for growth expressed in the current Core Strategy, estimates that over 5600<sup>3</sup> homes will be built between 2009 and 2025. This equates to an average annual growth of around 350 homes per year. The Council is committed to providing affordable housing for those whose needs cannot be met by the market, and up to around 30% of new homes may be affordable. Approximately two-thirds of the new affordable homes will be rented, and around one-third "intermediate" (predominantly shared ownership). It is therefore expected that there will be around 80-90 new rented homes each year, to add to the 5051<sup>4</sup> affordable rented homes in the District in 2011. Under the Government's funding proposals, it is anticipated that virtually all the new rented homes will be Affordable Rent, although there may be some Social Rent for supported housing and older people's housing. Development will be

<sup>2</sup> [http://www.homesandcommunities.co.uk/sites/default/files/our-work/regulatory\\_framework\\_2012.pdf](http://www.homesandcommunities.co.uk/sites/default/files/our-work/regulatory_framework_2012.pdf)

<sup>3</sup> ECDC Core Strategy 2009 <http://www.eastcamb.gov.uk/sites/default/files/csadoptmain.pdf>

<sup>4</sup> See Appendix A, 1.1

concentrated in East Cambridgeshire's three market towns, to promote access to employment, transport, community and retail services.

### 2.3 Affordability

East Cambridgeshire recommends that housing costs are no more than 33% of gross household income. Private property prices in East Cambridgeshire, both for sale and rent, are beyond the reach of most applicants in housing need<sup>5</sup>. Additionally, many new tenants are not in work and therefore cannot access social rented housing without recourse to Housing Benefit<sup>6</sup>. Proportionally, more applicants who need larger homes (especially 4-bedroom) fall into this category. East Cambridgeshire DC aims to try and ensure as far as possible that tenants can afford their rent, that affordability issues are not a barrier to moving from worklessness into employment, or to moving home for work purposes or to address issues such as overcrowding and underoccupation. The Council also wishes to ensure as far as possible that the risk of rent arrears is minimised so that tenancy sustainability is not compromised. Evidence in the Strategic Housing Market Assessment<sup>7</sup> suggests that the majority of people on the Council's Housing register will require accommodation at Social Rents, not Affordable Rents (see section 3.3). The District Council therefore wishes to ensure that there is a reasonably wide choice of both Social Rent and Affordable Rent tenancies available, for all types of property in every area. See section 4.1.

### 2.4 The new flexibilities: fixed-term and lifetime tenancies, conversions and disposals.

East Cambridgeshire DC welcomes the opportunity for PRPs to use either lifetime or fixed-term tenancies, to best meet the needs of individual households, and to help ensure the best use of the available housing stock: minimising underoccupation and overcrowding, and facilitating transfers. However, the Council wishes to ensure that these flexibilities do not increase the risk of homelessness, undermine social investment in communities, or increase instability for vulnerable households (see section 4.2).

The Government's policy to reduce capital funding to deliver new affordable housing means that PRPs that wish to provide new homes will be expected to use the extra revenue that Affordable Rent provides to increase their ability to borrow and consequently their development capacity. Accordingly, some existing homes, when they become vacant at the end of a tenancy, will be relet at Affordable Rent. The Government also expects PRPs to consider the most effective use of their stock, which may include selling vacant properties as shared ownership, or even outright disposals. This Tenancy Strategy will guide PRPs on the principles for converting relets to Affordable Rent or shared ownership, or for disposing of stock (see section 4.3).

### 2.5 Equality and diversity

In April 2009 the Equality Standard was replaced by the Equality Framework for Local Government. The Council has an Equal Opportunities Working Group (EOWG) consisting of representatives from Management Team, Council; Members, UNISON and employees that meets once every two months to steer the Council successfully through each stage in the Equality Framework.

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<sup>5</sup> See Appendix A, 4.5

<sup>6</sup> See Appendix A, 2.2

<sup>7</sup> [SHMA | Housing | Our challenge | Cambridgeshire Horizons](#)

The Council is committed to meeting the requirements of the Equalities Act 2010 and to ensuring that nobody is disadvantaged in its policies or strategies on the grounds of race, sex, sexual orientation, disability, religion or belief, being a transsexual person, having just had a baby or being pregnant, being married or in a civil partnership, or age.

An Equalities Impact Assessment will be carried out for this draft Tenancy Strategy (and every other new strategy) before it is submitted for agreement at Committee.

### **3. East Cambridgeshire local context and housing market**

#### **3.1 Geography, growth and sustainability**

East Cambridgeshire is a predominantly rural district located to the north-east of Cambridge. The District covers an area of 655 km<sup>2</sup>, and has a population of 80,900<sup>8</sup>. The District contains 3 market towns, and 50 other villages and hamlets varying in size, including the fringe areas of Newmarket. The largest settlement is Ely with a population of 18,820, whilst the other market towns of Soham and Littleport have populations of 10,550 and 8,380<sup>9</sup> respectively.

The nearby city of Cambridge, as a major economic, social and cultural centre, exerts a significant influence over the whole District. East Cambridgeshire has one of the highest levels of out-commuting in the Eastern region (49% of the working population<sup>10</sup>), with the highest proportion of people commuting to jobs in the Cambridge area. Reflecting these connections, the District is part of the Cambridge Housing Subregion, which comprises the five district authorities in Cambridgeshire, together with Forest Heath DC and St Edmundsbury BC in Suffolk. Virtually all East Cambridgeshire is within the Cambridge Broad Rental Market Area, the exception being the area around Sutton and Mepal in the northwest of the District, which falls in the Peterborough BRMA.

The success of the Cambridge economy has meant the District has experienced considerable recent pressure for housing growth. Lower house prices in East Cambridgeshire and a lack of housing stock in the Cambridge area has encouraged people to look further afield for accommodation. In recent years East Cambridgeshire has been one of the fastest growing districts in England, (with a population increase of nearly 20% between 1991 and 2006<sup>11</sup>). However, whilst the economy in East Cambridgeshire is strong, the pace of economic growth has not matched that of housing growth, and rapid population growth has also placed pressure on local infrastructure and service provision. Market house prices and rents are significantly higher in the south of the District compared to the north<sup>12</sup>. See Section 3.4.

East Cambridgeshire District Council owns no housing stock. The Council's homes were transferred to a Housing Association in 1993. Appendix A to this document provides some statistical background in respect of social housing provision in the District.

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<sup>8</sup> Cambridgeshire County Council mid-year population estimate 2010

<sup>9</sup> Ditto

<sup>10</sup> 2001 Census

<sup>11</sup> Cambridgeshire County Council mid-year population estimates

<sup>12</sup> Cambridgeshire County Council Research Group - [Cambridgeshire Atlas™ - Housing](#)

### 3.2 The Cambridge Housing Sub-region and choice-based lettings

In 2009 the Cambridge Housing Subregion, together with all PRPs with significant property numbers in the subregion, instigated a choice-based lettings system called HomeLink<sup>13</sup>. Under CBL, Housing Register applicants are placed into one of four housing needs bands, and all available homes (first lets and relets) are advertised in a website and magazine. Applicants “bid” for the properties of their choice and homes are offered to the bidder with the highest needs banding, taking into account length of time on the Register, suitability of the accommodation, etc. Introduction of the new flexibilities under the Localism Act is not expected to significantly affect the operation of the choice-based lettings system.

### 3.3 Housing needs and tenure, homelessness prevention

The Cambridge Housing sub-region has produced a Strategic Housing Market Assessment detailing current and future affordable housing need, both for rented and intermediate (such as shared ownership) needs<sup>14</sup>. The SHMA indicates that the need for affordable housing in East Cambridgeshire is unlikely to be met, notwithstanding the forecast provision described in Section 2.2 above. The SHMA also provides details of homelessness and potential homelessness, and the Authority expects that PRPs’ commitment to the CBL system, and their tenancy policies and allocations policies will support the District in preventing homelessness.

### 3.4 Housing costs and affordability

Despite the economic slowdown, market house sales and rent prices remain high in East Cambridgeshire. The ratio of property prices to household incomes is 9.9%<sup>15</sup> and 28% of East Cambridgeshire residents cannot afford to purchase a lower-quartile two-bed home<sup>16</sup>. Further details may be found in the SHMA and property price and income variations across the District can be found in the Cambridgeshire County Council Research Group Housing Atlas<sup>17</sup>.

## 4. **Guidance to PRPs on Tenancy Policy.**

### 4.1 Affordable Rent and Social Rent

East Cambridgeshire DC acknowledges that under the choice-based lettings system, applicants can choose to apply for either Affordable Rent or Social Rent homes. The District Council therefore wishes to ensure that there is a reasonably wide choice of both Social Rent and Affordable Rent tenancies available, for all types of property in every area. Applicants who are on a permanent fixed low income such as elderly people in receipt of state pension, disabled people in receipt of benefits, and tenants in supported housing should normally be able to access tenancies offered at Social Rent levels. In order to facilitate mobility, transferring tenants should be able to access homes at the same rent level as their current tenancy. Affordable Rents should be set at up to 80% of the notional market rent for the specific property or at the Local Housing Allowance level (whichever is the lower), to ensure that rents are not excessive in the higher-cost parts of the District. PRPs should bear in mind that the LHA

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<sup>13</sup> [Home-Link](#)

<sup>14</sup> [SHMA | Housing | Our challenge | Cambridgeshire Horizons](#)

<sup>15</sup> [Home Truths 2011 - East - National Housing Federation](#)

<sup>16</sup> [SHMA | Housing | Our challenge | Cambridgeshire Horizons](#)

<sup>17</sup> [Cambridgeshire Atlas™ - Housing](#)

rates may decrease after the initial rent setting, and also that the Universal Credit system and benefit caps that the Government intends to introduce in April 2013 may limit tenant's eligibility for full Housing Benefit. The Council expects PRPs to avoid setting rents at levels that may risk households being unable to afford their rent. PRPs may consider offering individual properties available at relet as either Social Rent or Affordable Rent, in order that the successful bidder can be offered the kind of tenancy best suited to their needs.

#### 4.2 Fixed-term and lifetime tenancies

To help promote stable sustainable communities, East Cambridgeshire DC expects that fixed-term tenancies may be used when there is a reasonable prospect of the applicant's circumstances changing in the future, to a situation where subsidised housing is no longer the most appropriate option. Such applicants may for example include unemployed people of working age, job-seekers and young people in education or work-related training, who might be reasonably expected to move into employment and in the future have the financial resources to enable them to access market housing. PRPs should also consider whether the size of home offered will continue to be appropriate, and if there is a reasonable prospect of the household size decreasing as children grow up and leave home, a fixed-term tenancy could avoid future underoccupation. Tenants in designated supported move-on accommodation may be offered tenancies of 2 years if it is anticipated they will be able to live independently after this period; otherwise East Cambridgeshire DC expects that fixed-term tenancies should be for a minimum of 5 years and, in the case of families, until the youngest child is unlikely to still be in full time education. There is a relatively short supply of 4-bedroom homes in the District, and a significant demand: PRPs are expected to help ensure these homes provide maximum benefit in helping large households, and fixed-term tenancies may be of value in minimising underoccupation. Fixed-term tenancies should not be used for vulnerable applicants needing long-term stability, such as those whose households include members with chronic medical or support needs. The Council is committed to ensuring that the use of fixed-term tenancies and their termination does not lead to increase in homelessness, and therefore expects PRPs to offer tenancy renewal, or alternative accommodation or other appropriate advice and support (see section 4.7 below). Fixed-term tenancies do not give tenants a statutory right to terminate the tenancy before the end of the term: PRPs should consider giving tenants this right via a specific clause in the tenancy agreement. The principles set out in this section apply to homes let at both Social Rents and Affordable Rents.

#### 4.3 Conversions and disposals

East Cambridgeshire DC acknowledges that PRPs that have agreed a development programme with the HCA may convert existing Social Rent homes to Affordable Rent or shared ownership when they become vacant. The Council expects that no more than 40% of each PRP's relets are converted in this way, although it is acknowledged that conversion rates may be subject to PRPs' contracts with the HCA for the delivery of new homes. Conversions to Affordable Rent should be spread across the District and across property types and sizes, to ensure that a reasonable mix is retained in each area. Areas of high turnover, which may be those perceived by applicants and tenants as less popular, should not include a higher proportion of conversions (which would result over time in a concentration of Affordable Rent homes). Conversions to shared ownership may be helpful in introducing home ownership into areas that contain mainly rented housing, in order to improve local tenure balance. No more than 5% of all conversions should be to shared ownership, and PRPs are expected to use the HCA model lease (Protected Area lease in settlements of

less than 3000 population). When considering conversions to Affordable Rent or shared ownership, PRPs are expected to take account of any nomination agreements or local lettings plans, to make certain there will be sufficient demand to ensure the home is used most effectively in addressing the Council's priorities (see section 4.8 below). PRPs should ensure they are abiding by any relevant planning conditions or S106 Agreement requirements when considering converting tenure.

East Cambridgeshire DC does not expect PRPs to dispose of Affordable Housing stock in the District, except to other PRPs in the case of stock rationalisation, or if there are insurmountable management or maintenance problems. In all cases, the Council's prior consent should be sought.

#### 4.4 Mobility, underoccupation and overcrowding

The Council expects PRPs to take a proactive approach to addressing overcrowding and underoccupation and facilitating transfers. Tenants in these circumstances should be encouraged to apply to the Housing Register and bid for suitable available properties. Consideration should be given to assisting tenants (particularly older people) moving to smaller homes by practical help such as removals, dealing with service authorities etc. PRPs should actively promote mutual exchange as a potential solution, and ensure that tenants who wish to move within the social housing sector are encouraged to apply to the "HomeSwap Direct"<sup>18</sup> scheme.

Tenants should be allowed to retain their existing tenancy circumstances (both type of tenure i.e. fixed-term or lifetime, and level of rent i.e. Social or Affordable) when transferring to relieve housing need such as overcrowding or underoccupation, or for social or employment reasons such as to give or receive support to/from a relative, or to take up a job offer.

#### 4.5 Supported housing, older persons housing, homes with adaptations

Tenants who need long-term supported housing and tenants in homes specifically for the elderly should normally be granted lifetime tenancies. However, properties with adaptations are a valuable resource, which the Council wishes to be used as effectively as possible. Consequently, PRPs may consider offering fixed-term tenancies on adapted homes, but should ensure that tenancies are renewed as long as the adaptation is still required by the tenant's household.

#### 4.6 Starter tenancies and demoted tenancies

The Council is supportive of the use of these tenancies, to help ensure good management of homes and sustainability of communities. A lifetime tenancy or a fixed-term tenancy of 5 years or more should commence when the starter tenancy reaches the end of the probationary period. If a fixed-term tenancy is demoted and the demotion is successful, PRPs should ensure the correct Notice is issued to commence a new fixed-term tenancy at the end of the demotion period.

#### 4.7 Termination of fixed-term tenancy and succession

To ensure that termination of fixed-term tenancies does not lead to an increase in homelessness in the District, or risk compromising community stability, the Council expects that fixed-term tenancies will be renewed at the end of the term (or suitable alternative accommodation offered), except if the tenants'

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<sup>18</sup> [Swapping your council or housing association home for another property : Directgov - Home and community](#)

circumstances have changed to the extent that they can access open market rented or owner-occupied (either outright or low-cost home ownership) without hardship. Careful consideration should be taken of the household's financial and employment status, age and prospect of retirement, social and family needs, and the continuing suitability of the accommodation. If PRPs are minded not to renew a fixed-term tenancy, the tenants should be given an opportunity to describe their financial and household circumstances (in effect make a housing application for tenancy renewal) in order that an informed decision can be made, and the Housing Options team at the Council should be informed. PRPs' Tenancy Policies should set out how tenants can appeal against a decision not to renew a fixed-term tenancy.

The Localism Act requires PRPs to provide move-on advice in the six-month period after giving Notice of the termination of the tenancy, and East Cambridgeshire DC recommends that such housing assistance be offered to the tenant throughout a fixed-term tenancy. This assistance may include guidance to advice on property purchase including low-cost home ownership options (signposting to estate agents, developers, solicitors, the regional HomeBuy Agent, mortgage lenders and IFAs). Any advice given on the suitability of shared ownership should take account of the likely availability of suitable homes to purchase. In some circumstances it may be appropriate to offer the tenant a shared ownership purchase of their current home, but such a sale should only be considered by PRPs with a development agreement with the HCA and should be included within the maximum 5% conversions to shared ownership described in section 4.3. Tenants should not be offered the opportunity to purchase their home outright, unless they apply for Right to Acquire or Preserved Right to Buy and qualify under the relevant legislation.

If the private rented market is likely to be the best solution for a tenant moving on from a fixed-term tenancy, the PRP should offer advice and guidance to the tenant in securing a home: signposting to rental agencies, and providing the payment of a rent deposit if appropriate.

Under the provisions of the Localism Act, only spouses/partners have a statutory right of succession to fixed term tenancies. PRPs may include additional succession rights in individual tenancy agreements.

#### 4.8 Rural homes, nomination agreements and local lettings plans

Rented homes in small rural areas may only become available for relet relatively rarely, and it is important that such homes are occupied by households in need, particularly if a nominations agreement limits or prioritises occupation to those with a local connection. PRPs should consider using fixed-term tenancies in these cases, but the principles described in section 4.7 above should be applied when the fixed-term ends. East Cambridgeshire DC sometimes agrees local lettings plans with PRPs on certain estates, usually to promote sustainable mixed communities: again, fixed-term tenancies may be considered, in order to help maintain a satisfactory balance.

#### 4.9 Assistance in Local Authority monitoring

The flexibilities introduced under the Localism Act will result in changing outcomes for applicants and new tenants, and a change over time in the nature of the subsidised housing stock in East Cambridgeshire. PRPs are requested to assist the Council by providing statistical and other information to help assess these outcomes, and the kind of information is described in section 5.2 below.

## 5 Governance

### 5.1 Consultation and Adoption of the Tenancy Strategy

The Localism Act requires Local Housing Authorities to allow PRPs with homes in their district to comment on the Tenancy Strategy, and any proposed future amendments. Accordingly, this draft Strategy is being made available to:

- A2 Dominion Homes
- Axiom Housing Association Ltd
- Bedfordshire Pilgrims Housing Association Ltd
- Circle Thirty-Three Housing Trust Ltd
- Colne Housing Society Ltd
- Flagship Housing Group
- Granta Housing Society Ltd
- Hastoe Housing Association Ltd
- Hundred Houses Society Ltd
- Jephson Homes Housing Association Ltd
- Kings' Forest Housing Ltd
- Muir Group Housing Association Ltd
- Orbit Group Ltd
- Papworth Trust
- Sanctuary Housing Association
- Saffron Housing Trust
- Sovereign Housing Group
- The Cambridge Housing Society Ltd
- The Cambridgeshire Cottage Housing Society Ltd
- The Havebury Housing Partnership
- Wherry Housing Association Ltd

The Tenancy Strategy will also be made available to PRPs who acquire or propose to acquire homes in East Cambridgeshire in the future.

Additionally, East Cambridgeshire DC will consult with other organisations and individuals interested in affordable housing in the District, including:

- Applicants on the Housing Register
- Parish Councils and the public (by way of Neighbourhood Panel meetings<sup>19</sup>) and via the Council's website
- Cambridgeshire County Council
- Partner District Councils in the Cambridge Housing subregion
- The Homes and Communities Agency
- The regional HomeBuy Agent
- The PCT
- Partners providing services to vulnerable residents and those threatened by homelessness, including Stonham Housing Association, King Street Housing Society Ltd, East Cambridgeshire Family Project
- Charitable and voluntary organisations providing housing support, including Citizens Advice Bureaux

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<sup>19</sup> [Neighbourhood Panels | East Cambridgeshire District Council](#)

## 5.2 Monitoring and reviewing the strategy

East Cambridgeshire DC wants to ensure that the new flexibilities as far as possible meet the objectives set out in Section 1.2 above, and accordingly we will monitor the outcomes and consider adaptations to this Tenancy Strategy. Items for monitoring will include:

- Conversions of relets to Affordable Rent – numbers, sizes and types, location of homes.
- Affordable Rent levels compared to Social Rent levels.
- Choice-based lettings bids and allocations, including Housing Needs bands of successful applicants.
- Numbers of new tenancies that are fixed-term rather than lifetime.
- Lengths of fixed-term tenancies.
- Outcomes at end of fixed-term tenancies.
- Trends in homelessness, transfers including mutual exchange, overcrowding, and underoccupation.
- Trends in rent arrears, tenancy failures and repossessions.
- Number of new tenants in receipt of HB and trend in total HB payments.
- New affordable homes being built and trends in new-scheme viability.

## Appendices

### Appendix A – Statistical Background

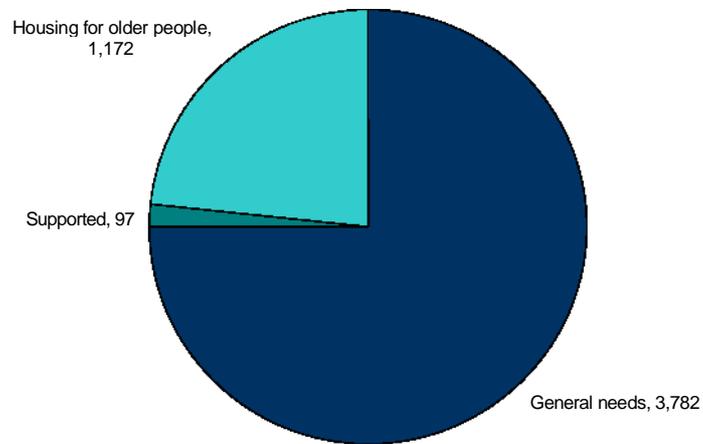
#### ***Part : 1 Stock and turnover***

##### **1.1 Total HA stock**

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
HA stock	4,830	4,969	5,093	5,005	5,051

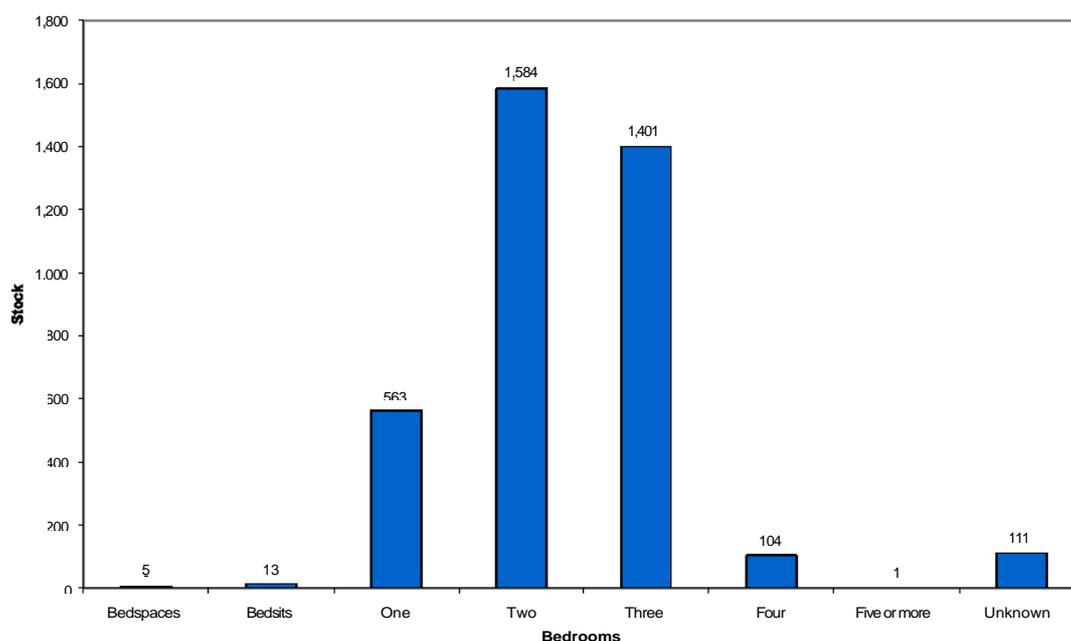
[CLG Table 115](#)

##### **1.2 HA stock by type, March 2011**



[NRQSH \(2011\)](#)

### 1.3 General needs HA stock by size, March 2011



[NROSH \(2011\)](#)

### 1.4 General Needs Lettings and turnover 2007-2011

	2007	2008	2009	2010	2011
Lettings per year	367	336	431	377	350
Turnover	7%	8%	12%	11%	9%

[NROSH \(2011\)](#)

### 3.1.5 Reason for social rented vacancies, 2007/8-2009/10

	Number	Percentage
First let	188	22%
Vacant due to transfers	235	27%
Vacant for other reasons	449	51%

*CORE (2007/8-2009/10)*

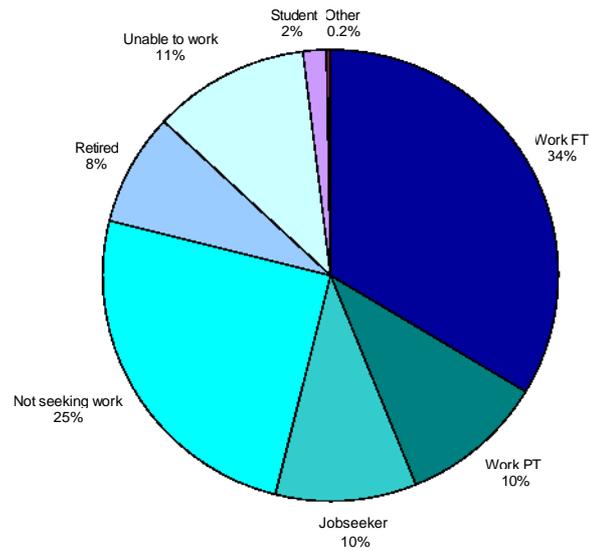
## Part : Tenants

### 2.1 Total records of recently moved tenants, 2007/8 to 2009/10

	2007/8	2008/9	2009/10	Total
HA tenants	325	331	216	872

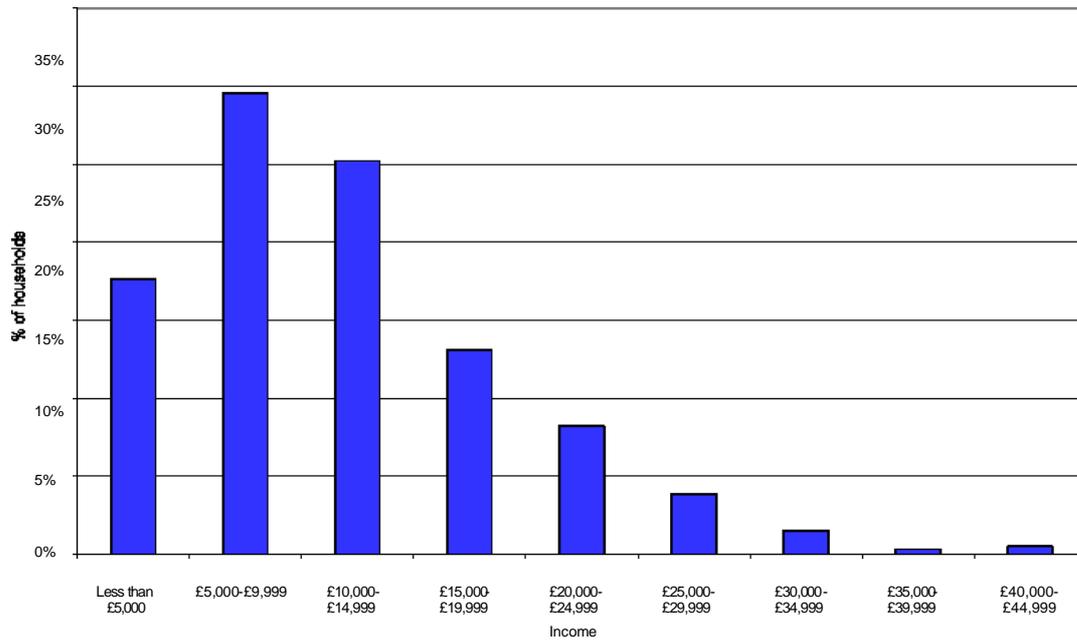
*CORE (2007/8-2009/10)*

## 2.2 Economic status of recently moved general needs tenants, 2007/8-2009/10



CORE (2007/8-2009/10)

## 2.3 Net annual income of recently moved social tenants, 2007/8 -2009/10



CORE (2007/8-2009/10)

## Part 3 Housing needs register

### 3.1 District housing needs register by band and existing tenure, 20<sup>th</sup> March 2012

	Existing social tenant	Other	Unknown	All
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Band A	22	72	1	95
Band B	73	86	15	174
Band C	289	463	44	796
Band D	102	202	53	357
All bands	486	823	113	1,422

Locata (20<sup>th</sup> Mar 2012)

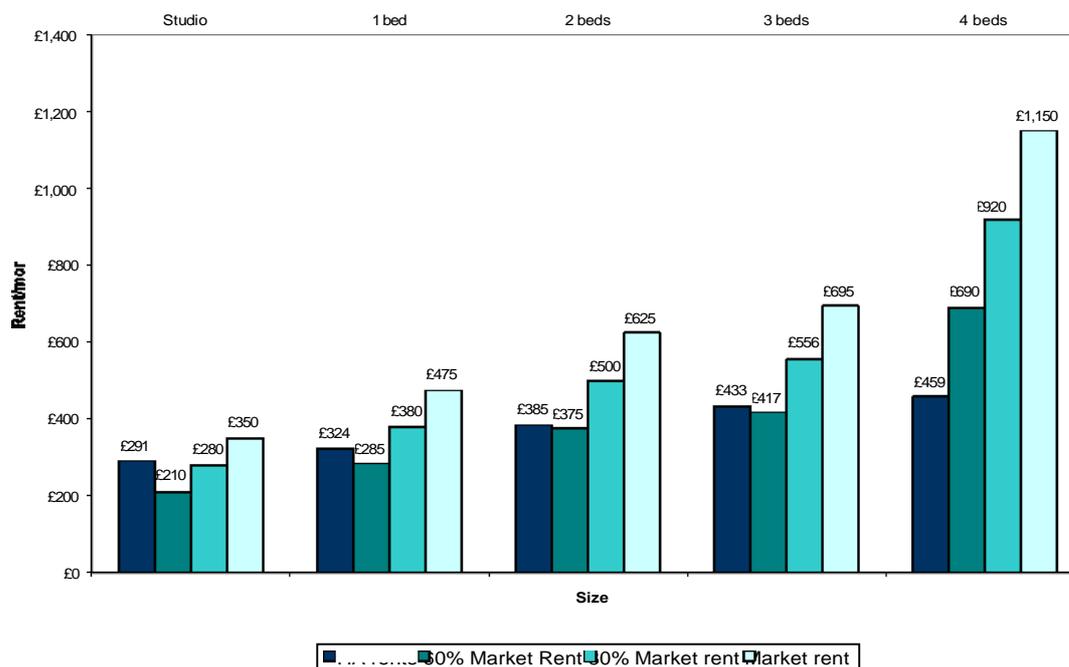
### 3.2 Existing social tenants by band reason, 20<sup>th</sup> March 2012

Band A		Band B		Band C	
Statutory homeless	7	High health and safety risk	1	Homeless other	6
Statutory overcrowding	1	High medical need	30	Housing conditions	14
Urgent medical need	1	High multiple needs	11	Lacking 1 bedroom	103
Urgent multiple needs	8	Homeless prevention	3	Medium medical need	27
Urgent transfer	5	Lacking 2 bedrooms	6	Social reasons	103
		Under occupying by 2 bedrooms	11	Under occupying by 1 bedroom	36
		Victim of harassment, violence or abuse	11		
Total	22		73		289

Locata (20<sup>th</sup> Mar 2012)

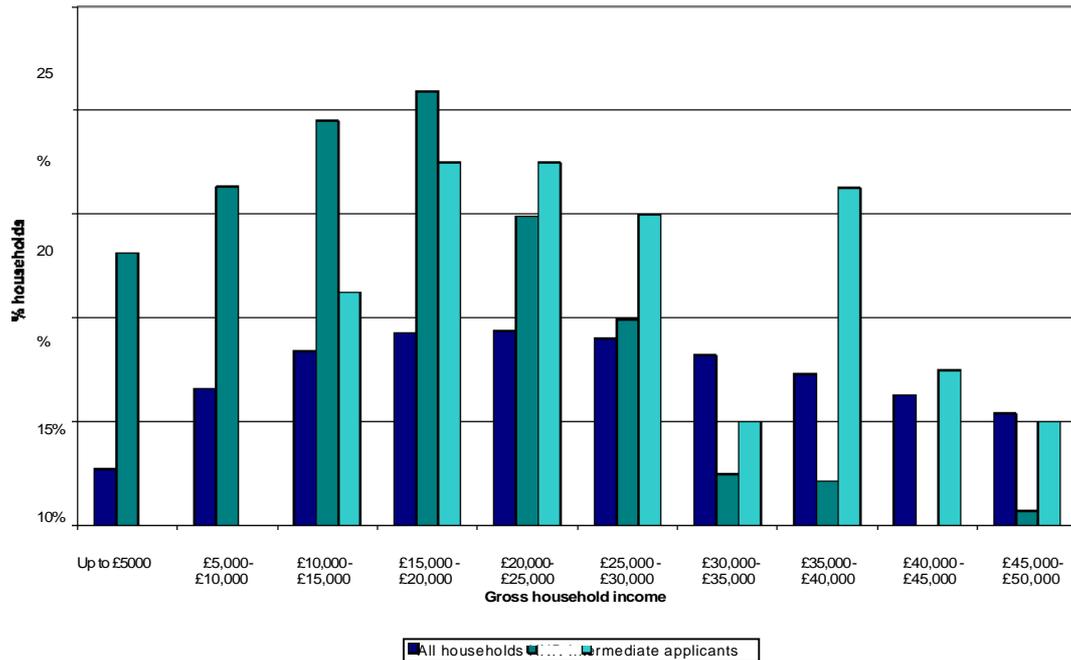
## Part 4: Costs and affordability

### 4.1 Rent per month (HA, median market rent and estimated affordable rents)



[NROSH \(2011\)](#) and [VOA \(Jan 2012\)](#)

## 4.2 Gross annual income by household type



CACI (2010), Orbit (March 2012) and Locata (March 2012) – Please see 9.2.1 for cautionary note about this data

## 4.3 Income required to afford different tenures based on 1/3<sup>rd</sup> gross household income on housing costs

	HA rents	60% Market Rent	80% Market rent	Market rent
Studio	£10,491	£7,560	£10,080	£12,600
1 bed	£11,654	£10,260	£13,680	£17,100
2 beds	£13,860	£13,500	£18,000	£22,500
3 beds	£15,580	£15,012	£20,016	£25,020
4 beds	£16,518	£24,840	£33,120	£41,400

[NROSH \(2011\)](#), [VOA \(Jan 2012\)](#)

## 4.4 Percentage of all households able to afford different rented tenures

	HA rents	60% Market Rent	80% Market rent	Market rent
Studio	91%	93%	91%	86%
1 bed	87%	91%	84%	79%
2 beds	84%	84%	77%	67%
3 beds	80%	82%	73%	64%
4 beds	79%	64%	50%	38%

[NROSH \(2011\)](#), [VOA \(Jan 2012\)](#) and [CACI \(2010\)](#)

## 4.5 Percentage of HNR applicant households able to afford different rented tenures

	HA rents	60% Market Rent	80% Market rent	Market rent
Studio	71%	76%	71%	56%
1 bed	61%	71%	54%	37%
2 beds	54%	54%	35%	22%
3 beds	40%	51%	30%	15%
4 beds	37%	15%	4%	1%

[NROSH \(2011\)](#), [VOA \(Jan 2012\)](#) and [Locata \(Mar 2012\)](#)

**4.6 Percentage of intermediate housing applicant households able to afford different rented tenures**

	<b>HA rents</b>	<b>60% Market Rent</b>	<b>80% Market rent</b>	<b>Market rent</b>
Studio	100%	100%	100%	95%
1 bed	96%	100%	90%	81%
2 beds	90%	90%	76%	61%
3 beds	85%	89%	71%	54%
4 beds	81%	54%	36%	15%

*[NROSH \(2011\)](#), [VOA \(Jan 2012\)](#) and [Orbit \(Mar 2012\)](#)*

## Appendix B – Glossary of terms

Term	Definition
Affordable Housing	<p>Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.</p> <p><a href="http://www.communities.gov.uk/documents/planningandbuilding/pdf/2116950.pdf">http://www.communities.gov.uk/documents/planningandbuilding/pdf/2116950.pdf</a></p>
Affordable Rent	<p>Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).</p> <p><a href="http://www.communities.gov.uk/documents/planningandbuilding/pdf/2116950.pdf">http://www.communities.gov.uk/documents/planningandbuilding/pdf/2116950.pdf</a></p>
Broad Rental Market Area	<p>An area within which a person could reasonably be expected to live having regard to facilities and services for the purposes of health, education, recreation, personal banking and shopping, taking account of the distance of travel, by public and private transport, to and from those facilities and services. BRMA's are used to calculate Local Housing Allowance.</p> <p><a href="http://www.voa.gov.uk/corporate/downloads/pdf/LHAGuidanceBRMA_January2009.pdf">http://www.voa.gov.uk/corporate/downloads/pdf/LHAGuidanceBRMA_January2009.pdf</a></p>
Fixed-term tenancy	<p>'Fixed term tenancy' is a term used for any tenancy offered for a specified period of time, compared to more traditional 'lifetime tenancies' for social housing. The Regulatory Framework requires PRPs to offer a tenancy for a fixed term of at least 5 years, other than in exceptional circumstances where they may offer a tenancy for no less than 2 years. The provider must set out such "exceptional circumstances" in their tenancy policy.</p>
Homes & Communities Agency (HCA)	<p>The Agency with responsibility for funding and regulating Affordable Housing and PRP's in England (outside London)</p> <p><a href="http://www.communities.gov.uk/homesandcommunitiesagency">Homes and Communities Agency (HCA)  </a></p>
Housing Association	<p>In the United Kingdom, housing associations are private, generally non-profit making organisations that provide low-cost "social housing" for people in need of a home. Some provide supported housing for those with particular needs and many also run shared ownership schemes to help those who cannot afford to buy a home outright. Although independent, most are regulated by the state (through the Homes &amp; Communities Agency) and commonly receive public funding. Those registered with the HCA are called Private Registered Providers or Registered Social Landlords. They are the United Kingdom's major providers of new affordable housing for rent.</p>
Intermediate Affordable Housing	<p>Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.</p> <p><a href="http://www.communities.gov.uk/documents/planningandbuilding/pdf/2116950.pdf">http://www.communities.gov.uk/documents/planningandbuilding/pdf/2116950.pdf</a></p>

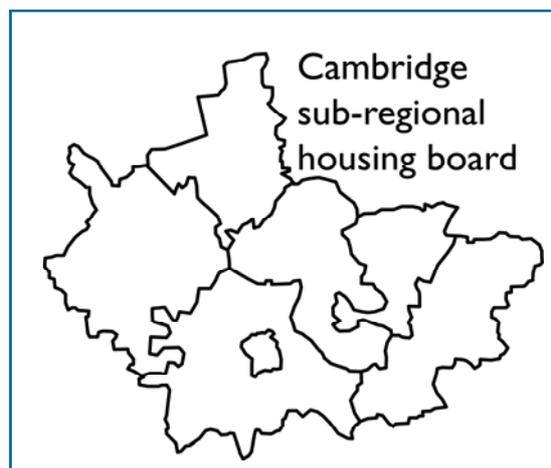
Local Housing Allowance	The Local Housing allowance sets the maximum Housing Benefit a tenant can receive in a particular BRMA. LHA's are set at different levels for different sizes of home.
Local lettings plans	Details of how homes will be let in a particular area or development. <a href="http://www.communities.gov.uk/documents/housing/pdf/2060702.pdf">http://www.communities.gov.uk/documents/housing/pdf/2060702.pdf</a>
Nomination Agreement	An Agreement between the Local Authority and a PRP detailing how homes will be let on a particular development
Private Registered Provider (PRP)	A Housing Association that is registered with the HCA. PRPs are defined in section 80 of the Housing and Regeneration Act 2008.
Regulatory Framework/	Statutory Guidance for PRPs <a href="http://www.homesandcommunities.co.uk/ourwork/regulatory-framework">http://www.homesandcommunities.co.uk/ourwork/regulatory-framework</a>
Social Rent	Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency. <a href="http://www.communities.gov.uk/documents/planningandbuilding/pdf/2116950.pdf">http://www.communities.gov.uk/documents/planningandbuilding/pdf/2116950.pdf</a>
Strategic Housing Market Assessment (SHMA)	A collection of data and survey information about all parts of the local housing market. The Cambridge SHMA covers the Cambridge housing sub-region, and helps in planning for housing and related services in the area. <a href="#">SHMA   Housing   Our challenge   Cambridgeshire Horizons</a>
Tenancy Policy	A policy which, under the Regulatory Framework, Registered Providers are required to have in place showing various information, including: the types of tenancy they will grant, the length of any fixed terms, circumstances in which fixed term tenancies will/will not be renewed etc
Universal Credit	A single welfare payment for working age claimants, to be introduced from 2013 to replace the range of existing benefits payable

# HOUSING PROJECTIONS PART I: EFFECT ON FUTURE AFFORDABLE TENURE MIX

PUBLISHED  
NOVEMBER 2011

## BACKGROUND

- The Cambridge housing sub-region covers seven district council areas: Cambridge, East Cambridgeshire, Fenland, Forest Heath, Huntingdonshire, South Cambridgeshire and St Edmundsbury. These districts work closely with Cambridgeshire County Council over recent years to identify housing needs and issues for our area, particularly through our strategic housing market assessment (SHMA).
- The housing board webpage can be found at [www.cambridge.gov.uk/crhb](http://www.cambridge.gov.uk/crhb)
- The SHMA is available at [www.cambridgeshirehorizons.co.uk/shma](http://www.cambridgeshirehorizons.co.uk/shma)



## INTRODUCTION

- Since coming to power in 2010, the government has introduced a range of policies affecting housing, including the introduction of a new affordable tenure – Affordable Rent under which up to 80% of private rent levels may be charged.
- Affordable housing in the UK currently consists mostly of social rented housing and some intermediate tenures such as shared ownership.
- The new Affordable Rent model is very different to traditional social rent in terms of cost and may meet the needs of some housing applicants and tenants better than others.
- The aim of this Housing Projections Project is to consider overall changes to the affordable housing sector across the Cambridge housing sub-region over the next ten years, and the effect of changes to tenure on meeting housing need based on each district's new build trajectories.
- This first phase of the project looks to establish an estimate of the number of homes of each affordable tenure in each district, that is, social rented (local authority and housing association), shared ownership and new Affordable Rent in ten years time.
- Six scenarios are modelled testing the extremes of what may be developed and what the affordable housing mix may look like by 2021, based on district dwelling trajectories. Scenario 6 is an attempt to model the likely behaviour rather than the extremes. None of the scenarios are intended to be predictive.
- In reality, different providers will use different approaches. Some may choose to develop affordable rented homes, others may choose to focus on traditional social rent.
- This is a live model so assumptions about the number of homes developed in each district and of each tenure, along with changes to existing social stock can be tested.
- The second phase of the project will consider the affordability of different tenures and how well they meet local need. This work will be completed in Winter 2011/12.

## KEY FINDINGS

- Without the introduction of Affordable Rent, an additional 13,737 general needs social rented homes and 5,887 additional shared ownership homes were previously planned to be delivered across the sub-region by 2021.
- The model estimates the number of Affordable Rented homes from the six scenarios ranging from 13,737 to 21,321 homes by 2021 across the sub-region. This represents at least 21% and possibly up to 32% of the sub-region's affordable housing mix: a significant proportion (see Fig 1).
- Based on current new build trajectories, the total stock of affordable homes across the sub-region is assumed to rise by 42.5% from 46,179 to 65,803 dwellings over the ten year period.
- Cambridge and South Cambridgeshire are two districts which own and manage their own social housing stock. Council stock in these districts represent a significant proportion of the overall affordable housing mix, and around 28% of social housing across the sub-region. It is estimated that with a small build programme relative to housing associations, the proportion of social stock managed by local authorities may decrease to 20% of total social stock across the sub-region by 2021.
- Scenario 3 assumes provision in future of 70% Affordable Rented, 30% shared ownership and no new build social rented, alongside 40% of social stock turnover involving a conversion from social rented to Affordable Rented. This scenario described the biggest decrease in both the number and proportion of social rented homes ten years from now (see Fig 4). In Cambridge City, East Cambridgeshire, South Cambridgeshire and Forest Heath in Scenario 3 less than 50% of the stock would be social rent by 2021.

## ASSUMPTIONS

- Overall numbers of new build are based on 2010 trajectories as expressed in district's Annual Monitoring Reports of December 2010.
- 40% of new build will be affordable housing: that is, social rent, affordable rent or shared ownership.
- No significant change to current levels of local authority housing stock which stand at 12,869 homes in Cambridge and South Cambridgeshire.
- No significant additions to local authority rented stock through new build and no significant conversions from LA social to affordable rent.
- No significant losses of local authority stock through the Right to Buy, demolitions or conversions. Changes to the Right to Buy scheme announced by CLG in October 2011 may have an effect and will need to be monitored closely in future.
- In fact, just over 400 new local authority homes are planned to be built by Cambridge City Council, including a number of affordable rented homes. These are not included in the model as specific plans on tenure mix were not available at the time of running the model. Their inclusion would alter then overall number of homes by around 3% by 2021, again assuming no losses through Right to Buy.
- South Cambridgeshire District Council is also considering a local authority new build programme, but any significant number of new dwellings will be delivered in the period after 2021.

# THE SIX SCENARIOS MODELLED

Table 1	New build			% conversions social to affordable rent
	HA social rent	Affordable rent	Shared ownership	
Scenario 1	70%	0%	30%	0%
Scenario 2	0%	70%	30%	0%
Scenario 3	0%	70%	30%	40%
Scenario 4	0%	70%	30%	20%
Scenario 5	0%	50%	50%	40%
Scenario 6	5%	65%	30%	20%

**Scenario 1** describes the current broad current tenure mix, i.e. no new build affordable rent and no conversions to affordable rent.

**Scenario 2** models what happens if affordable rent completely replaces new build social rent. No conversions included.

**Scenario 3** repeats scenario 2, this time including 40% conversion of existing stock from social to affordable rented.

**Scenario 4** reduces the conversion rate to 20%.

**Scenario 5** changes the balance between affordable rent and shared ownership, moving from a 70/30 to a 50/50 mix.

**Scenario 6** models 5% social rent remaining in the build programme, alongside 65% affordable rent and 30% shared ownership. 20% conversions are included in this scenario.

## FACTS AND FIGURES

Fig 1 Comparison of outcomes of all scenarios by 2021, whole sub-region

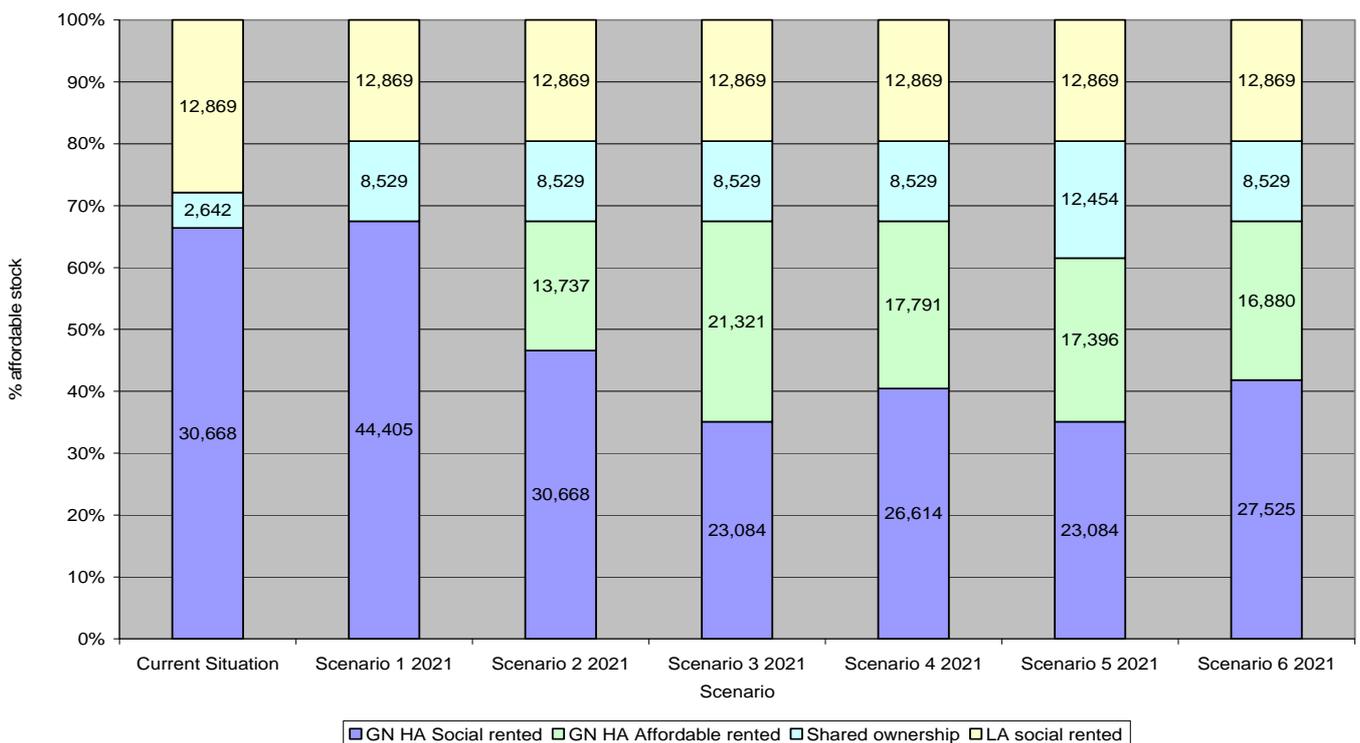


Fig 2 All scenarios: Projected general needs social rented stock 2010-2021, whole sub-region

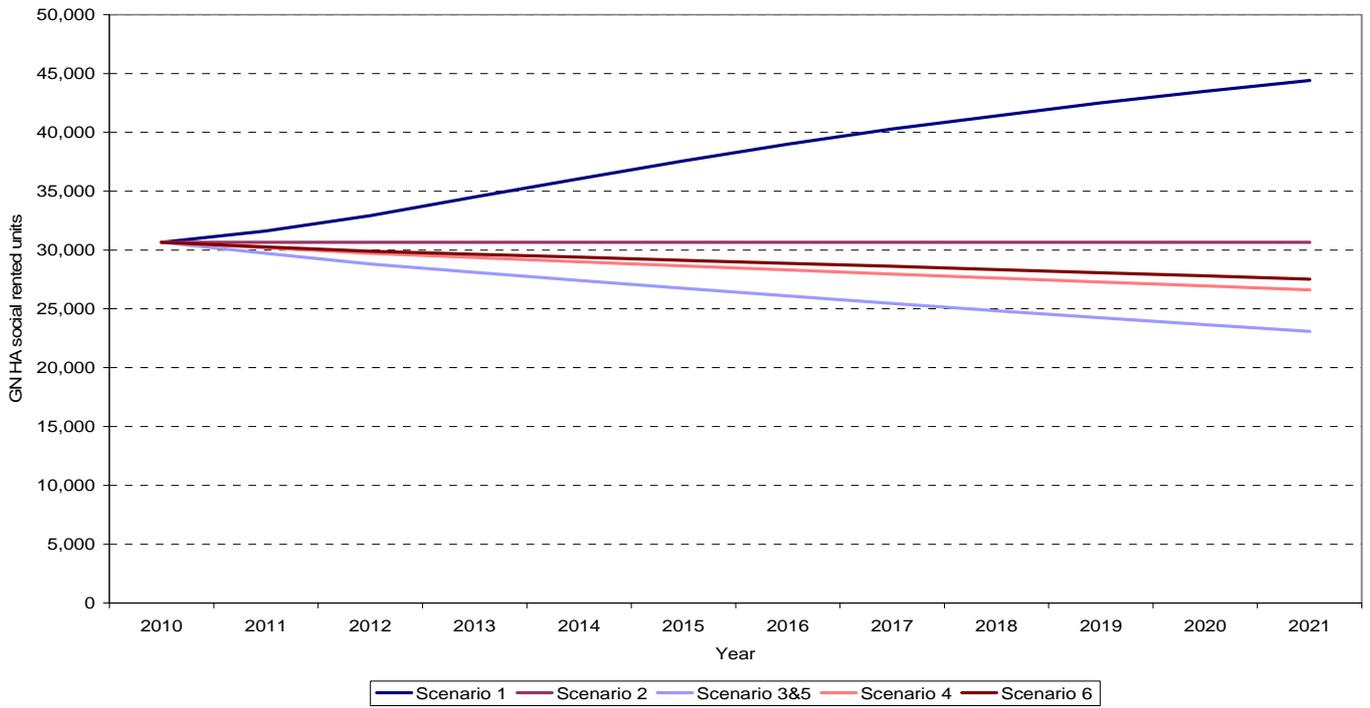
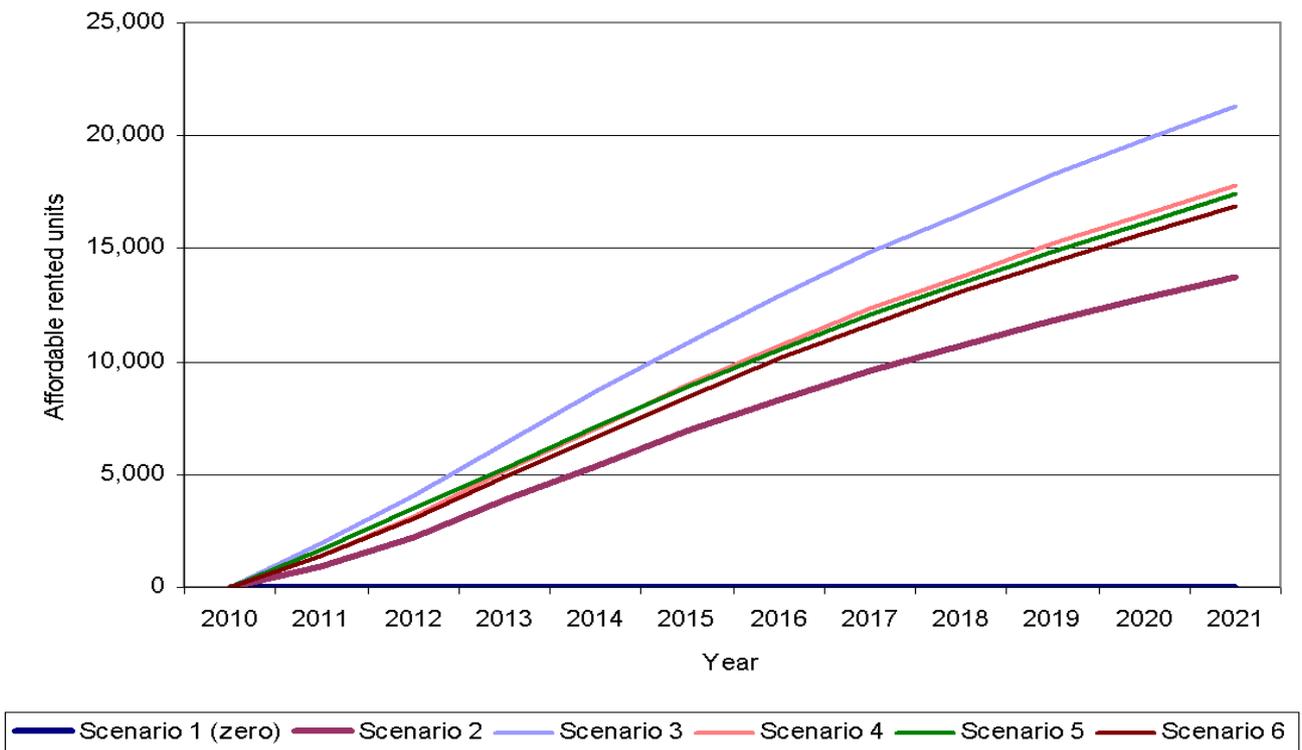
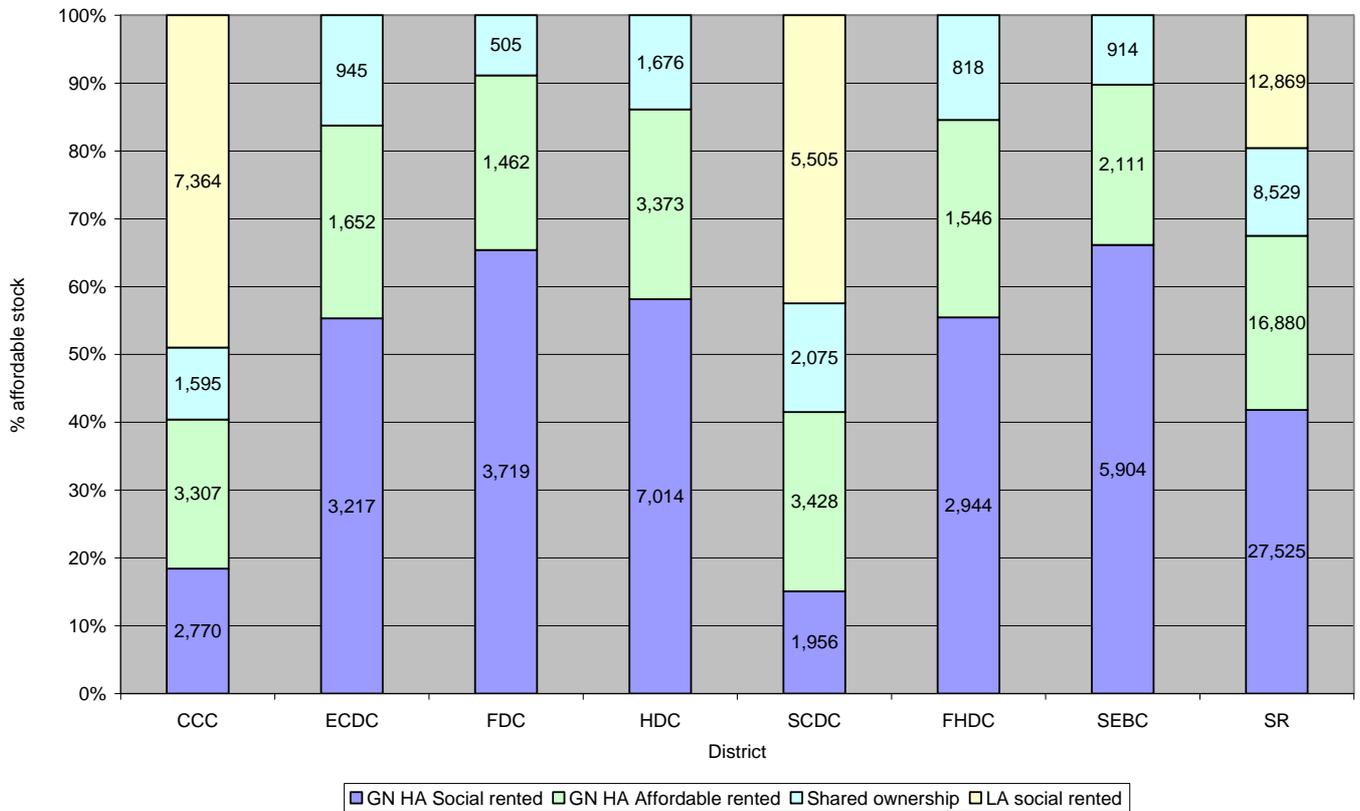


Fig 3 All scenarios: Projected affordable rented stock 2010-2021, whole sub-region



**Fig 4 Scenario 6: the affordable housing mix by 2021 based on 5% social rent, 65% affordable rent and 30% shared ownership with 20% tenure conversions**



**SCENARIOS 2 TO 6: CURRENT AND 2021 MINIMUM AND MAXIMUM NUMBER OF HOMES BY TENURE**

Table 2	Social Rented			Affordable rent			Shared ownership		
	Current	Min (2021)	Max (2021)	Current	Min (2021)	Max (2021)	Current	Min (2021)	Max (2021)
CCC	10,409	9,528	10,134	0	3,032	3,913	296	1,595	2,462
ECDC	3,578	2,734	3,217	0	1,291	2,135	392	945	1,314
FDC	4,342	3,085	3,719	0	839	2,096	145	505	744
HDC	7,698	6,056	7,014	0	2,689	4,331	524	1,676	2,445
SCDC	7,764	6,859	7,461	0	3,125	4,030	736	2,075	2,968
FHDC	3,300	2,483	2,944	0	1,191	2,008	308	818	1,158
SEBC	6,446	5,208	5,904	0	1,569	2,807	241	914	1,362
Sub-Region	30,668	23,084	27,525	0	13,737	21,321	2,642	8,529	12,454

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## NOTES

- Table 2 does not include the outcome of Scenario 1 (the scenario with no affordable rent introduction). The overall sub-regional impact on the social rented stock is shown in Figure 2.
- Scenario 5 gives the highest number of shared ownership properties as it models 50% of new build being shared ownership, compared to 30% in other scenarios.
- Scenario 6 gives the highest number of social rented homes and the lowest number of affordable rented homes as shown in see Figure 4.
- Scenario 3 and Scenario 5 give the lowest number of social rented homes by 2021 and Scenario 3 gives the highest number of affordable rented homes by 2021 due to the assumed 40% conversion rate.

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## SUMMARY

- This modelling shows that the “shape” of the affordable housing sector in the sub-region may be quite different ten years from now, based on district house building trajectories.
- The scenarios tested estimate a reduction of between 3,100 and 7,600 homes which are social rented by 2021. There could be between 13,737 and 21,321 affordable rented homes by 2021.
- The new Affordable Rent scheme provides a different kind of tenure to social rented and shared ownership, and is likely to meet some level of housing need in a highly pressurised housing market.
- However, the difference in cost between social rent and affordable rent is likely to be significant in some districts. So Affordable Rent may meet the needs of a different segment of the population to those who are currently registered and in need of social rent housing.
- Phase 2 of this project will consider this question in more detail by looking at local income data, cost and affordability of the different affordable tenures, and thus how well they meet local need.

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## ABOUT THE PROJECT

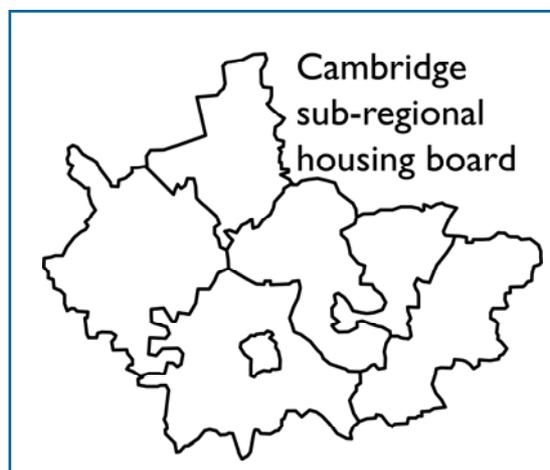
- The project was commissioned by Cambridge sub-Regional Housing Board (CRHB) and carried out by Cambridgeshire County Council’s LGSS Research and Performance Group.
- The model was built using existing data sources, including the most recent available district building trajectories (December 2010), the Housing Strategy Statistical Appendix and Dataspring (2010) for the shape of the current market and CORE data for stock turnover levels.
- Test scenarios were suggested by South Cambridgeshire District Council. As stated above, the aim was to look at the extremes, and further scenarios based on different assumptions about number of new build/proportions of different affordable tenures built and tenure change through turnover and conversion can be run on request.
- The full report on Phase 1 can be found at [www.cambridge.gov.uk/crhb](http://www.cambridge.gov.uk/crhb)
- This is the first stage of a project to examine the effect of these changes on the future shape of the affordable sector in the Cambridge housing sub-region and how this is likely to meet local housing need. Results of the next stage will become available in Winter 2011/12.
- For more information contact Polly Jackson, Research Officer (Housing) Tel: (01223) 715308 or e-mail [polly.jackson@cambridgeshire.gov.uk](mailto:polly.jackson@cambridgeshire.gov.uk)

# HOUSING PROJECTIONS PART 2: AFFORDABILITY

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## BACKGROUND

- The Cambridge housing sub-region covers seven district council areas: Cambridge, East Cambridgeshire, Fenland, Huntingdonshire, South Cambridgeshire, Forest Heath and St Edmundsbury. These districts have worked closely with Cambridgeshire County Council over recent years to identify housing needs and issues for our area, particularly through our strategic housing market assessment (SHMA).
- The housing board webpage can be found at [www.cambridge.gov.uk/crhb](http://www.cambridge.gov.uk/crhb)
- The full, current SHMA is available at [www.cambridgeshirehorizons.co.uk/shma](http://www.cambridgeshirehorizons.co.uk/shma)



## INTRODUCTION

- The first part of this project looked at the possible mix of affordable tenures available ten years from now, in light of the introduction of the “Affordable Rent” model. Please click [here](#) to find the summary of Part 1, and [here](#) for the full report.
- This note summarises Part 2 of our project looking at the future of affordable housing across the Cambridge housing sub-region. The full report can be found [here](#).
- It considers the income levels of residents across our sub-region, and compares this to property prices to give an assessment of affordability for different housing tenures. In this paper, housing affordability is assessed for:
  - \* All households
  - \* Households on the housing needs register (referred to in this note as Home-Link applicants, for simplicity) ; and
  - \* People who are applying for intermediate housing, for example shared ownership housing via Orbit, our HomeBuy agent. Again for simplicity these households are referred to as “Orbit applicants” in this note.
- The tenures covered include social rent, “affordable rents” charged at 80% of private rent levels, shared ownership, private rent and entry level (lower quartile) ownership.
- Housing affordability expresses the relationship between housing costs and incomes. Housing costs form a substantial proportion of household outgoings. If people are struggling to meet their housing costs, they may also be struggling to pay for other essentials such as heating and food.
- For the Cambridge housing sub-region we define a home as affordable if the monthly costs of housing is less than a third of monthly gross income (includes benefits); or less than 45% of net income (that is, income excluding benefits).
- For ease we have used some abbreviations in this paper. These are:

CCC	Cambridge City Council
ECDC	East Cambridgeshire District Council
FDC	Fenland District Council
HDC	Huntingdonshire District Council
SCDC	South Cambridgeshire District Council
FHDC	Forest Heath District Council
SEBC	St Edmundsbury Borough Council

## KEY FINDINGS

- Fenland has the highest proportion of households on very low incomes, that is less than £10,000 a year (see Fig 3).
- Between 25% and 35% of Home-Link applicants are on incomes of less than £10,000 each year excluding income from benefits (see Fig 4).
- There are very few Orbit applicants who have a gross income of less than £10,000. The median income for these households is £24,000 across the sub-region compared to the median income for all households of £32,500 (see fig 5).
- Looking at the monthly cost of each housing tenure, Cambridge is the most expensive area for private rent and lower quartile purchase. Fenland is the cheapest for both. There is considerable difference in monthly cost between social renting and “affordable rents” when affordable rents are set at 80% of average private rents. Fenland sees the smallest difference at £85 per month. The greatest difference is seen in Cambridge at £366, where social rents average £334 and affordable rent at 80% could average £700 (see Table 1).
- “Affordable rents” are least affordable for Home-Link applicants in South Cambridgeshire (see Table 3).
- In some areas, purchasing a small share in a shared ownership home may be cheaper than the affordable rent (though this assumes households can access a deposit to secure shared ownership).
- Between 20% and 45% of all households currently living in the sub-region cannot afford lower quartile (market entry) private rents. The proportion of Home-Link applicants and Orbit applicants who are unable to afford market entry is considerably higher (see tables 2, 3 and 4).
- Home-Link applicants have lower incomes than the population as a whole. Between 44% and 83% of Home-Link applicants cannot afford lower quartile private rents, depending on district. In five out of seven districts, more than half the Home-Link applicants who have provided income data cannot afford “affordable rents” at the 80% level. Fenland and Huntingdonshire are the two exceptions (see Table 3).
- Households with incomes above £60,000 are not eligible for the Orbit register. Using the thinking from the *Resolution Foundation*, which says that households on incomes of more than £12,000 tend not to be dependent on benefits, we can infer that very few Orbit applicant households on our area depend on benefits as very few earn less than £12,000.

## ASSUMPTIONS

- While this report focuses on the monthly cost of housing, saving for a deposit is an affordability challenge in itself.
- For purchase and shared ownership, a mortgage loan to value ratio of 90% is assumed as some level of deposit (10%) is generally required to obtain a mortgage.
- A property is assumed to be unaffordable if the monthly cost is greater than a third of monthly gross income, or greater than 45% of net income. These levels (33% and 45%) leave a similar level of monthly income after housing costs.
- To assess the position of new “affordable rent” homes in our market, we have used “up to 80% of private rent levels” as our guideline, though this may vary subject to local market conditions, negotiations with the Homes and Communities Agency and the housing provider involved on a new housing scheme. These are complex negotiations, so we have followed the “80% rule” so we can draw out general principles for our sub-region.
- Information on incomes for all households in a district and for Orbit applicants is fairly comprehensive. Income data for Home-Link applicants is less comprehensive, but is adequate for robust statistical analysis. Please see page 5 for an assessment of robustness of these data.

# FACTS AND FIGURES

**Fig 1: Comparing average private rents and average incomes across the sub-region** Source: CACI 2010, VOA 2012

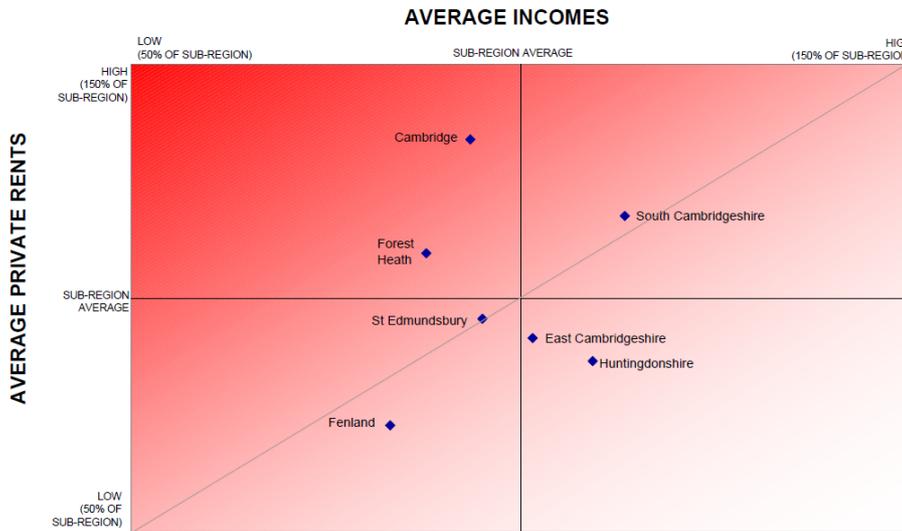


Fig 1 compares average incomes and housing costs across the sub-region, to those of each district. This figure shows that Cambridge and Forest Heath have lower-than-average incomes and higher-than-average private rents compared to the rest of the sub-region. These areas may therefore be more severely affected by the introduction of “affordable rents”. Because of high private rent levels, some new housing in Cambridge is being delivered at 65% of the market rent, to ensure affordability. Fenland sees lower-than-average incomes and lower-than-average private rents. South Cambridgeshire is the only district showing higher-than-average incomes and higher-than-average private rents.

**Fig 2: Comparing household incomes across the sub-region for all residents, home-link applicants and Orbit applicants**

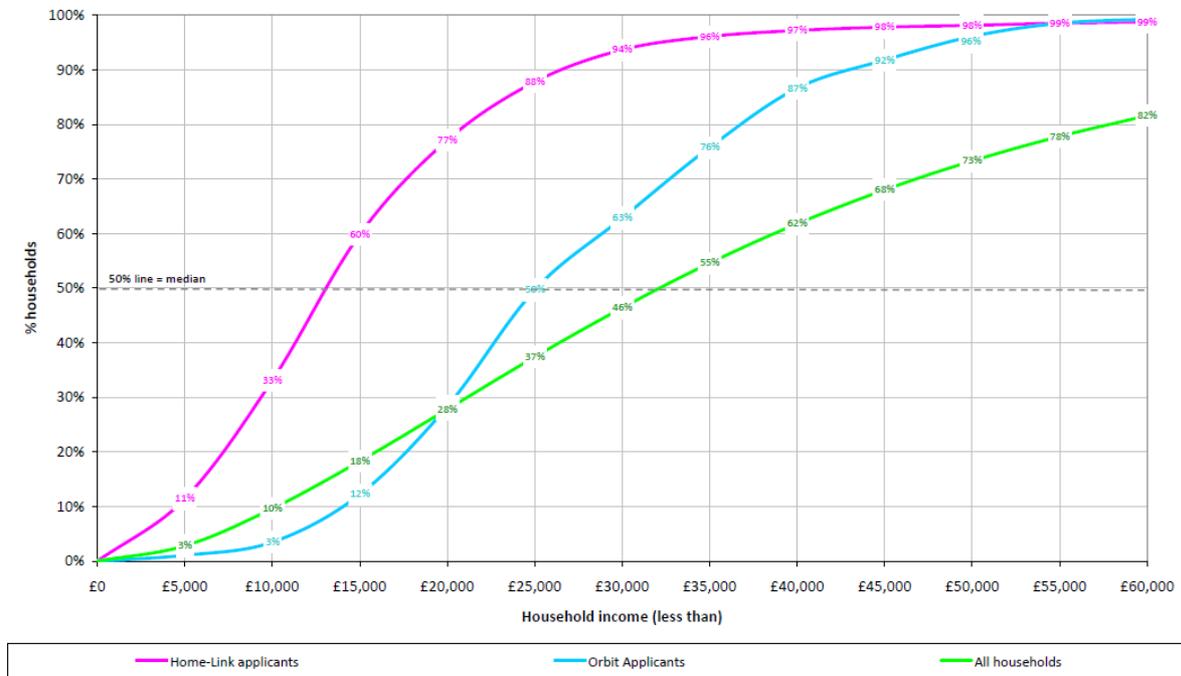
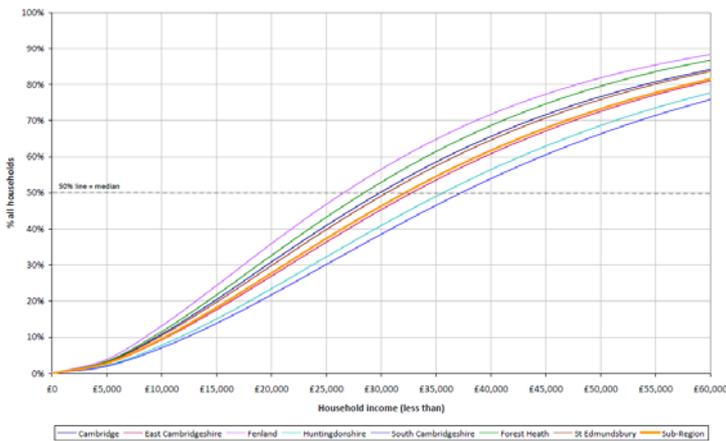


Fig 2 compares income distribution for all households (green line) Home-Link applicant households (pink) and Orbit applicant households (blue). These three lines clearly show the difference in income distribution, though please note that data for Home-Link applicants is slightly less robust than the other two data sources, and that Home-Link data excludes benefits while the other two data sources include benefits. The extremes are clear to see: across the sub-region, while 73% of all residents have incomes of up to £50,000 only 4% of Orbit applicants and 2% of Home-Link applicants earn more than £50,000. At the other end of the scale, while 18% of all households earn up to £15,000 some 60% of Home-Link applicants earn less than £15,000.

**Variation across the sub-region**

Figures 3, 4 and 5 set out income distribution curves for each district, and for the sub-region (the orange line) to show variations between our seven districts. Although there is some variation, the shape of the curve is similar for each district. The patterns confirm that a greater proportion of Home-Link applicants are on lower incomes than Orbit applicants, and Orbit applicants in turn are on lower incomes than “all residents”. A very tiny proportion of applicants to either Home-Link or Orbit registers earn more than £40,000 per year.

**Fig 3: Household incomes for all households** (based on gross income including benefits, excludes savings) Source: CACI 2010



Overall, 50% of all households across the sub-region have incomes up to £32,500 (shown where dashed grey and thick orange lines cross).

In South Cambridgeshire, only 42% of households earn up to £32,500; in fact, 50% of households earn less than £37,200 in South Cambridgeshire. At the other end of the spectrum, 61% of households in Fenland have an income of up to £32,500.

**Fig 4: Household income for Home-Link applicant households** (based on net income excluding benefits) Source: Locata 2011

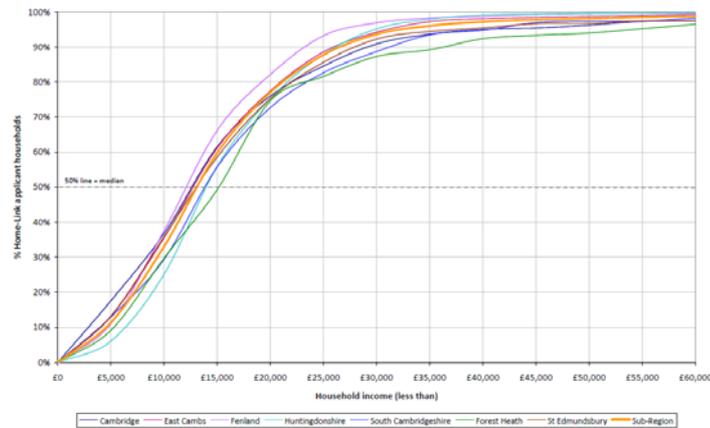


Fig 4 shows the income profile for Home-Link applicants in each district. A significant proportion of households registered on Home-Link earn up to £10,000 a year, ranging from 25% in Huntingdonshire to 38% in Fenland.

The proportion of Home-Link applicants earning up to £20,000 a year varies from 73% in South Cambridgeshire to 82% in Fenland.

Please also take note of commentary on data reliability provided on page 5.

**Fig 5: Household incomes for Orbit applicant households** (gross incomes including benefits, excluding savings). Source: Orbit 2011

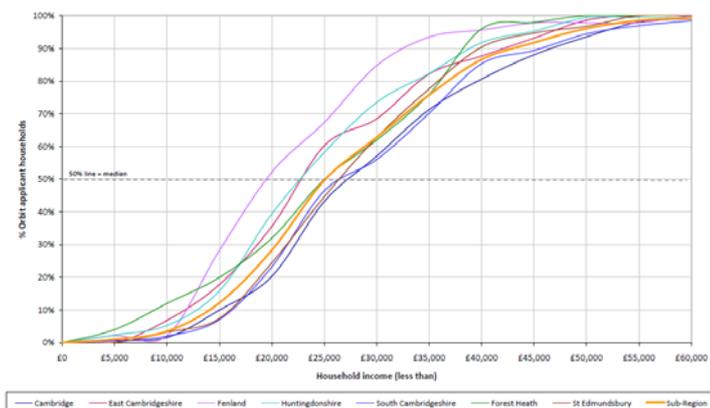


Fig 5 shows gross household incomes for Orbit applicants. A very low proportion of households have incomes up to £10,000 per year. The median income of Orbit applicants at £25,000 (found where the thick orange line crosses the grey dashed line) is considerably lower than the median income for the sub-region as a whole, at £32,500 (see Fig 3). The proportion of Orbit applicant households earning up to £20,000 varies significantly, from 20% in Cambridge to 52% in Fenland.

**TABLE 1: AVERAGE MONTHLY HOUSING COSTS BY TENURE (ALL SIZES)**

	CCC	ECDC	FDC	HDC	SCDC	FHDC	SEBC
Local authority rent	£320	-	-	-	£324	-	-
Housing Association rent	£379	£399	£315	£343	£396	£322	£325
25% shared ownership	£497	£399	£348	£421	£534	£319	£371
50% shared ownership	£620	£498	£435	£527	£668	£399	£463
75% shared ownership	£744	£598	£522	£632	£801	£478	£556
Affordable Rent (@80%)	£700	£508	£400	£476	£600	£636	£500
Lower quartile private rent	£750	£550	£449	£495	£695	£550	£550
Average private rent	£974	£665	£529	£629	£855	£797	£695
Lower quartile market sale	£1,055	£803	£589	£753	£964	£661	£755

**TABLE 2: PERCENTAGE OF ALL HOUSEHOLDS UNABLE TO AFFORD**

	CCC	ECDC	FDC	HDC	SCDC	FHDC	SEBC
Local authority rent	15%	-	-	-	10%	-	-
Housing Association rent	19%	16%	15%	11%	13%	16%	14%
25% shared ownership	27%	16%	20%	15%	20%	14%	16%
50% shared ownership	35%	23%	27%	22%	29%	20%	24%
75% shared ownership	45%	31%	34%	29%	37%	26%	30%
Affordable Rent (@80%)	41%	23%	22%	18%	25%	39%	26%
Lower quartile private rent	45%	27%	27%	20%	30%	33%	30%
Average private rent	59%	35%	34%	29%	40%	51%	40%
Lower quartile market sale	63%	44%	38%	36%	47%	41%	44%

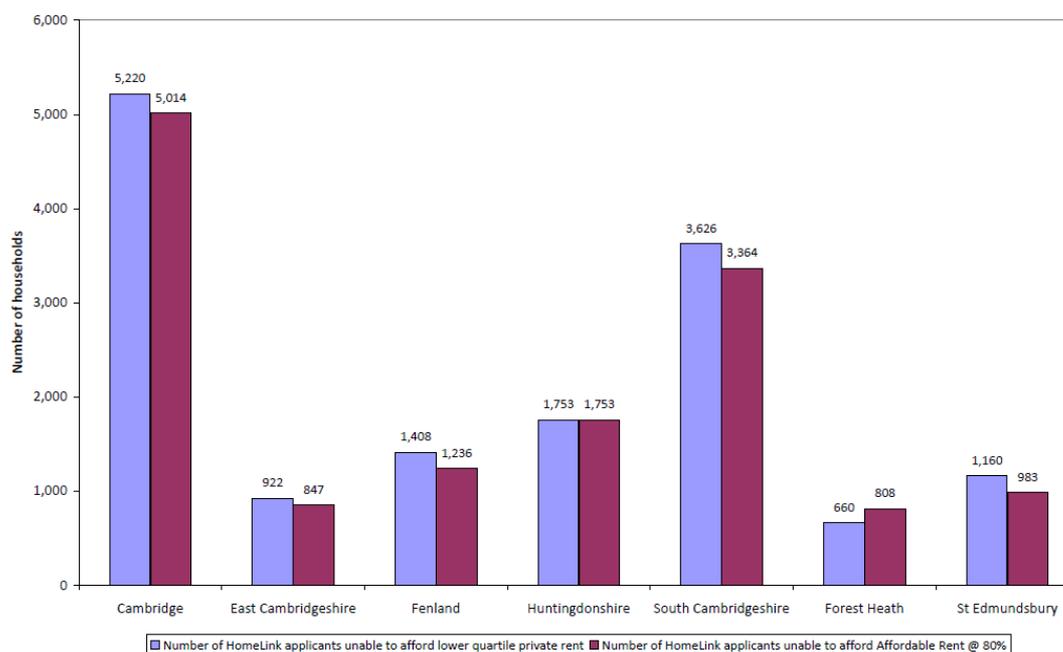
**TABLE 3: PERCENTAGE OF HOME-LINK APPLICANTS UNABLE TO AFFORD**

	CCC	ECDC	FDC	HDC	SCDC	FHDC	SEBC
Local authority rent	33%	-	-	-	40%	-	-
Housing Association rent	37%	41%	27%	21%	51%	26%	31%
25% shared ownership	52%	41%	32%	31%	69%	26%	36%
50% shared ownership	67%	51%	49%	50%	81%	34%	45%
75% shared ownership	76%	64%	61%	64%	88%	42%	59%
Affordable Rent (@80%)	73%	56%	43%	44%	77%	60%	50%
Lower quartile private rent	76%	61%	49%	44%	83%	49%	59%
Average private rent	86%	71%	61%	64%	90%	76%	72%
Lower quartile market sale	88%	80%	69%	75%	94%	65%	75%

**TABLE 4: PERCENTAGE OF ORBIT APPLICANTS UNABLE TO AFFORD**

	CCC	ECDC	FDC	HDC	SCDC	FHDC	SEBC
Local authority rent	5%	-	-	-	4%	-	-
Housing Association rent	8%	16%	7%	10%	6%	15%	5%
25% shared ownership	16%	16%	18%	16%	20%	14%	6%
50% shared ownership	29%	28%	33%	35%	42%	18%	14%
75% shared ownership	49%	45%	47%	51%	54%	25%	25%
Affordable Rent (80%)	43%	28%	23%	25%	33%	43%	18%
Lower quartile private rent	49%	36%	33%	30%	47%	32%	25%
Average private rent	71%	55%	47%	51%	59%	60%	45%
Lower quartile market sale	77%	67%	55%	64%	70%	46%	52%

**Fig 6: Comparing affordability of lower quartile private rents and Affordable Rents set at 80% for Home-Link applicant households**



## A NOTE ON ROBUSTNESS

	CCC	ECDC	FDC	HDC	SCDC	FHDC	SEBC	Total
Number on Home-Link (March 2011)	6,000	1,500	2,900	2,944	4,400	1,300	2,000	21,044
Number on Home-Link providing income information (Nov 2011)	969	730	1,332	1,520	231	316	936	6,034
Percentage represented	16%	49%	46%	52%	5%	24%	47%	29%
Error level at 95% confidence	2.9%	2.6%	2.0%	1.8%	6.3%	4.8%	2.3%	1%
Orbit numbers (Feb 2011)	362	136	60	301	328	71	153	1411
Orbit numbers providing income data (Feb 2011)	348	130	54	292	318	69	143	1353
Percentage represented	96%	96%	90%	97%	97%	97%	93%	96%
Error level at 95% confidence	1.0%	1.8%	4.2%	1.0%	1.0%	2.0%	2.1%	0.5%

The statistical robustness of income information provided by housing applicants has been tested using confidence intervals. These are a guide as to how confident we can be in the data. However the dates for different data sets are not the same, so the error levels can only be used as a guide rather than as a definitive judgement.

So, for example, in Cambridge around 6,000 people were on the Home-Link register at March 2011. In November, when the income data was gathered, 969 of these applicants had provided income data (that is, 16%). This means that we can be reasonably confident that the information provided by these 969 households is representative of all 6,000 households, if we allow a plus or minus 2.9% margin of error.

Overall, what this testing shows is that Orbit data is generally more robust than Home-Link data (as more people have completed this question during the application process); and that Home-Link data is robust for five districts in our sub-region with the margin of error falling between 2% and 2.9%. However data for South Cambridgeshire and Forest Heath are slightly less robust at margins of 6.3% and 4.8% respectively. Using sub-regional totals means there is a very small margin of error.

All seven districts continue to work to improve income data gathered through Home-Link, to help us get a more accurate picture of incomes across the whole sub-region to guide our thinking on the affordability and cost of housing most needed.

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## NOTES

- Tables 2,3 and 4 show a percentage of households unable to afford local authority and housing association rents in the first two rows. These households are on lower income households and are likely to be entitled to some level of housing benefit. They may include some older home owners who have paid off their mortgage (income poor, equity rich). Housing affordability may not be a pressing issue for them, unless or until they need to move.
- The full report also provides monthly costs and affordability assessment for 1, 2 and 3 bedroom homes.
- Source of housing cost data for Tables 1 to 4: Hometrack 2010; Cambridgeshire LGSS Review of private rents 2010; CORE sales 2009/10; RSR 2009/10; Dataspring 2008/9. Income data sources as Figs 3, 4 and 5.
- Cambridge and South Cambridgeshire are the only two districts who own and manage their own housing stock.
- Although the tables show shared ownership shares of 25%, 50% and 75%, mortgage lenders are likely to be more willing to lend for a 50% share than for a 25% share. Including different “shares” in the table does not mean there is a ready supply of these such homes.

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## SUMMARY

- The move from social rents to “affordable rents” will have an impact across the housing sub-region, with many households struggling to afford 80% of current private rent levels.
- Based on the affordability modeling in this stage of the project which uses currently available data, some 43% of Home-Link applicants in Fenland may be unable to afford “affordable rents” without recourse to benefits. As many as 77% of Home-Link applicants may be unable to afford these rents in South Cambridgeshire. This may increase competition for lower-priced social rented homes, and increase the public sector borrowing required to meet the benefit bill for “affordable rents”.
- Affordable Rent may be attractive for some households; either those who rely consistently on benefits to help meet their housing costs and are not on the “cusp” of qualifying for benefit; or those who are traditionally intermediate housing customers including people on incomes above benefit levels but struggling to secure housing on the open market. This could include key workers.
- Securing a range of housing options is important if households unable to meet their housing needs on the open market are to succeed, whichever situation they are in. These options include traditional social renting at the most affordable level, and higher levels of shared ownership and maximum affordable rents at the “near market” level, alongside an array of other options.
- Phase 1 of this project looked at the potential changes to the supply of new affordable housing and the levels of conversion to affordable rent which might occur in coming years. This revealed the potential for between 21% and 32% of our social housing stock being let on “affordable rents” by 2021, across the sub-region. When combined with this affordability modeling, the figures raise concerns about meeting future housing need, about long-term housing affordability, the increasing cost to the public purse and the long-term sustainability of the housing solutions being made available for residents.

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## ABOUT THE PROJECT

- This project was commissioned by [Cambridge sub-regional housing board](#) and carried out by Cambridgeshire County Council's [LGSS Research and Performance Group](#).
- Affordability modeling has been used for the past 4 years in the Strategic Housing Market Assessment which is available at [www.cambridgeshirehorizons.co.uk/shma](http://www.cambridgeshirehorizons.co.uk/shma).
- The next stage of this project will look at people in housing need who are “likely to move” so we identify households in need who are likely to move home. We aim to publish Phase 3 in August 2012. The final phase of the project will bring together all the previous stages, and will help us consider how much existing and new social housing products will help meet housing need across the Cambridge sub-region in future. This report will be published in late 2012.
- For more information please contact Polly Jackson, Senior Research Officer (Housing) on (01223) 715308 or e-mail: [polly.jackson@cambridgeshire.gov.uk](mailto:polly.jackson@cambridgeshire.gov.uk)