

## Additional note on affordable housing need and supply in East Cambridgeshire

### East Cambridgeshire District Council – Forward Planning team

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#### 1.0 Introduction

- 1.1 The National Planning Policy Framework (Examination Document NR/1) states that Local Planning Authorities should use their evidence base to meet the 'full objectively assessed needs for market and affordable housing in the housing market area' (paragraph 47).
- 1.2 At the Local Plan Examination Hearing session on the 6<sup>th</sup> February 2014 the Planning Inspector raised concerns about the methodology which had been used to assess the available supply of affordable housing within East Cambridgeshire over the Plan period, including the use of re-lets. A request for further clarification was made by the Inspector in his post-hearing note dated 19<sup>th</sup> February 2014. This paper is intended to provide clarification relating to the methodology which has been used, and to supplement the Council's Hearing Statement on Matter 6.1 (housing mix and types) in respect of the provision of affordable housing.

#### 2.0 Affordable housing need

- 2.1 The most recent data relating to the need for additional affordable housing within East Cambridgeshire is set out in the Chapter 13 supplement of the Cambridge Sub Region Strategic Housing Market Assessment (SHMA) (Examination Document HE/8). Table 2 of this chapter shows the affordable housing need during the Plan Period (2011 – 31) to be **6,171 households** (page 8 of this chapter). This figure include new entrants into the social housing sector, and also existing occupants of social housing who need to move because their current home is unsuitable for their needs. It forms part of the objectively assessed need of 13,000 dwellings over the period 2011-31 identified in the SHMA and Technical Report (Examination Document SE/10). The affordable housing need is the sum of:
- Existing need for affordable housing: 1,911 households (line 5.1.4 of Table 2) and
  - Newly arising need: 213 per year x 20 = 4,260 households (line 5.2.4 of Table 2).
- TOTAL = 6,171 households**
- 2.2 The existing affordable housing need of 1,911 households includes the following categories:
- i. Homeless households: there were 21 households registered homeless within the district as at 2011/12. The District Council's Development and Transport Committee agreed on the 14<sup>th</sup> January 2014 that the private rented sector could be used to enable the Council to discharge its Homelessness Duty. It is anticipated that this could be used in the future to avoid an increase in the number of homeless households.
  - ii. Overcrowded households: there were an estimated 194 overcrowded households within the district as at 2011/12. Overcrowding occurs when there are insufficient bedrooms in the property based on the number of residents and their age/sex/marital status composition. This is more common in the public sector than the private sector.
  - iii. Concealed households: there were an estimated 222 concealed households within the district as at 2011/12. This is where someone living within a household wants to move into their own accommodation and form a separate household (e.g. adult children living with their parents).

- iv. Home-Link and Intermediate Housing Registers: all persons on the Home-Link and Intermediate Housing Registers (Housing Register). This includes all four Bands of housing need, including those in Band D who have a low level of housing need. Such people have no immediate need for affordable housing but have merely expressed the desire to be accommodated within the social sector and whose needs might not be met by the market without recourse to Housing Benefit or the Local Housing Allowance. The total number of people within Band D at 31<sup>st</sup> March 2012 was 350 (see line 5.1.3e, Table 2, page 8 of supplement to Chapter 13 of the SHMA). The housing register also includes former and current members of the armed forces who have no connection to the district but have indicated they would consider housing in the social sector (based on groupings of local authorities).

2.3 It can therefore reasonably be concluded that the existing affordable housing need of 1,911 households is a robust figure based on the Government's SHMA guidance - but as it includes all 'priority' bands on the housing needs register, may lead to some element of policy choice by the district on how and over what time period to meet the needs of all households counted in this total. For this reason, Table 2 in the Chapter 13 supplement identifies the number of households in each band on the housing register, to enable a local decision on such matters, and to ensure the SHMA does not stray into policy-making itself.

2.4 The newly arising affordable housing need of 4,260 households includes the following categories:

- i. Amount of newly arising households unable to afford: the number of newly arising households is estimated (based on natural growth from existing households together with those anticipated to move to the district based on household projections). An affordability test is applied to the newly forming households to estimate the proportion unable to access open market housing without some form of subsidy. It is anticipated there will be 105 households per year who will fall into this category within East Cambridgeshire.
- ii. Existing households falling into need: this is an estimate of the number of existing households currently living in East Cambridgeshire who will come onto the housing register. The SHMA uses the number of households who enter the register and are housed within the year as a proxy for the number of existing households falling into need over the whole year. It is anticipated that there will be 108 households per year who will fall into this category in East Cambridgeshire (based on the average between 2009/10 and 2011/12).

2.5 Detailed figures are set out in Table 2 in Chapter 13 (section 13.2) of the SHMA. A summary of the calculations is also included in Appendix 1 of this note (Table 1).

### **3.0 Need for new build affordable dwellings**

3.1 Only a proportion of the affordable housing need will be provided through new build properties. Two other main sources exist:

- 1. Re-lets/re-sales of affordable housing stock
- 2. Private sector lettings

#### 1. Re-lets/re-sales

3.2 There is already an amount of affordable housing in the district. It is inevitable that during the Plan period some of this will become available for re-let or, in the case of intermediate

housing, for re-sale. An example of which is where a person dies or a household moves to another rented property which is better suited to their current housing needs e.g. sheltered housing or a larger property, or indeed become able to access market housing and move out of affordable housing altogether. It is estimated that of the existing stock, 3,460 dwellings will become available for re-let or re-sale over the 20 year plan period. This is based on the average number of properties which have been re-let in the last 5 years or re-sold over the past 3 years in East Cambridgeshire. It should be noted that the use of fixed term tenancies introduced by the Localism Act is predicted to increase the number of re-lets after 2016 – but this has not been incorporated within the calculations. The figures are included in Table 2 of the SHMA, and a summary is included in Appendix 1 to this note (table 2). The total supply is estimated as:

- Social re-lets: 142 dwellings per annum (line 5.3.6 of Table 2)
- Intermediate housing available for re-let or re-sale: 31 dwellings per annum (line 5.3.7 of Table 2)

Total for Plan period =  $(142 + 31) \times 20 = 3460$  dwellings.

- 3.3 This re-let/re-sales total should therefore be subtracted from the total need for affordable housing. However, account also needs to be taken of the fact that some households already in the social sector who take up re-lets and re-sales may not be in affordable housing need at all – and therefore cannot be counted as helping to meet affordable housing needs. This relates to households already in the social housing sector who move to a smaller property as they are under occupying their current home. It is estimated that approximately 780 households in this category may take up re-lets or re-sales over the Plan period (line 5.3.1 of Table 2 in the SHMA where the annual estimate of -39 is multiplied by 20 to produce -780) (see also table 2 in Appendix 1 below). This figure needs to be subtracted from the total re-let/re-sales figure of 3,460 dwellings. Therefore a total of **2,680 re-lets/re-sales** will help to meet affordable housing needs over the Plan period.

## 2. Private sector lettings

- 3.4 This source of housing plays an important role in meeting the needs of certain households who fall within the category of requiring affordable housing (as identified in the SHMA). It includes households on the Housing Register who are within Band D and are therefore not in immediate need of housing. However, records are not kept of where people move to when they no longer wish to remain on the Housing Register. It is therefore difficult to quantify the proportion of households on the Housing Register who subsequently take up private rented housing rather than require a new build affordable property.
- 3.5 However, data exists in relation to one particular source of households – that is, persons dealt with under the provisions of the 1996 Housing Act who present themselves as ‘homeless’ to the District Council. The District Council has a statutory responsibility to assist people who are homeless, and the Housing team actively work with people to try and meet their housing needs. Records show that in the early part of the Plan period between 1<sup>st</sup> April 2011 and 31<sup>st</sup> December 2013 **a total of 99 households were prevented from homelessness by being accommodated in the private rented sector**. These households are newly arising need and therefore included in the SHMA estimate of affordable housing need. The figure of 99 households can therefore be subtracted from the total affordable housing need. The calculations are included in Table 2 in Appendix 1 below.
- 3.6 This data source represents a small proportion of households in housing need who have met their accommodation needs in the private sector over the last 2 and half years (as explained in paragraph 3.4 above). It also does not take account of the future supply of private sector rented properties taken up by people in affordable housing need. The private rented sector will continue to be an important source of accommodation over the Plan period. Indeed, it is likely to increase in light of the Localism Act provisions which allow

Councils to use the private rented sector to discharge its homeless duty (as referred to in paragraph 2.2 (i) above). However, a future projection has not been attempted within this paper due to inherent uncertainties and lack of suitable data.

### Overview

- 3.7 Taking account of the two alternative sources of supply, it can therefore be estimated there is a need for **3,392 new build affordable dwellings** in the district during the Plan period 2011-31. This is calculated as follows:

SHMA identified affordable housing need	6,171
Minus re-lets/re-sales	2,680
Minus homeless households accommodated in private rented sector (2011-13)	99
<b>Total need for new build affordable dwellings over Plan period</b>	<b>= 3,392</b>

## **4.0 New build affordable housing supply**

- 4.1 The total estimated supply of new build affordable housing during the Plan period is 3,430 dwellings. This is taken from the Council's affordable housing trajectory, as set out in the Council's Housing Supply Paper March 2014. It includes the following sources:

1. Completions 2011/12 – 2012/13	96 dwellings
2. Outstanding commitments on large sites	319 dwellings
4. Large potential sites within settlements	198 dwellings
6. Large potential rural exception sites	35 dwellings
7. Windfall estimates (rural exception sites)	256 dwellings
8. Local Plan allocations	1836 dwellings
9. Broad locations	690 dwellings
<b>Total:</b>	<b>3,430 dwellings</b>

- 4.2 The number of affordable dwellings in sources 1 and 2 is taken from existing planning permissions.
- 4.3 The estimated number of affordable dwellings in sources 4, 8 and 9 have been informed by Policy HOU 3 of the draft Local Plan which requires an affordable housing provision of 30% affordable housing in the north of the district<sup>1</sup> and 40% in the south<sup>2</sup> of the district to be made on open market schemes of 5 or more dwellings. The expectation is that affordable housing will be provided on open market sites including the proposed allocation sites as outlined in Policy GROWTH 4 of the Local Plan.
- 4.4 Sources 6 and 7 relate to rural exception schemes, as promoted by Policy HOU 4 and Policy GROWTH 6 of the draft Local Plan.

## **5.0 Impact of the Memorandum of Cooperation on affordable housing need and supply**

- 5.1 The SHMA identifies an objectively assessed need for 13,000 dwellings in East Cambridgeshire between 2011 and 2031. However, an element of this provision (1,500 dwellings) will be re-distributed and met elsewhere in Cambridgeshire and Peterborough –

<sup>1</sup> The north of the district comprises the parishes of Coveney, Ely, Haddenham, Isleham, Little Downham, Littleport, Little Thetford, Mepal, Soham, Stretham, Sutton, Wentworth, Wicken, Wilburton, Witcham, Witchford.

<sup>2</sup> The south of the district comprises the parishes of Ashley, Bottisham, Brinkley, Burrough Green, Burwell, Cheveley, Chippenham, Dullingham, Fordham, Kennett, Kirtling, Lode, Reach, Snailwell, Stetchworth, Swaffham Bulbeck, Swaffham Prior, Westley Waterless and Woodditton.

as set out in the Memorandum of Cooperation agreed by Cambridgeshire and Peterborough authorities (Examination Document SD/18). This re-distribution of housing could have an impact on the level of future affordable housing need in East Cambridgeshire, and the estimated amount of new build affordable homes likely to be provided for East Cambridgeshire residents – as explained in the following paragraphs.

- 5.2 Firstly, in terms of affordable housing need, much of the need for affordable housing for East Cambridgeshire identified in the SHMA relates to current specific East Cambridgeshire needs arising from existing households. However, a lower overall housing target for the district (arising from the Memorandum of Cooperation) does mean that the amount of in-migration will be less – and therefore there will be a reduction in the amount of newly arising affordable housing need from in-migration. Based on a lower estimated housing supply of 11,982 dwellings (as set out in the Council's Housing Supply Paper March 2014), it can be broadly estimated that the requirement for affordable dwellings will be reduced by 60 households over the Plan period. This means that the overall need for new build affordable housing in East Cambridgeshire between 2011 and 2031 can be re-adjusted to a need for **3,332 new-build affordable dwellings**. These calculations are set out in Table 3 in Appendix 1 below.
- 5.3 Secondly, the estimated future supply of affordable properties. A proportion of the 1,500 dwellings provided elsewhere in Cambridgeshire and Peterborough will be affordable, and an element of these could help to meet the needs of East Cambridgeshire residents who are willing to be located near, but not necessarily within the borders of East Cambridgeshire. However, this potential supply is difficult to quantify, and it is not clear the extent to which these properties would be made available to East Cambridgeshire residents through the Homelink scheme.

## 6.0 Conclusion

- 6.1 Taking account of the adjustments to affordable housing needs set out above, it is concluded that:
- There is a **need for 3,332 new build affordable dwellings** to be provided in East Cambridgeshire between 2011 and 2031.
  - An estimated **supply of 3,430 new build affordable dwellings** will come forward during this period to meet the needs of East Cambridgeshire residents.
- 6.2 On this basis it can be calculated that **approximately 103% of affordable housing need will be met over the Plan period 2011-31** (3,430 divided by 3,332 x 100). It is therefore concluded that the need for affordable housing in the district will be met in full over the Plan period between 2011 and 2031, as required by the NPPF. These calculations are also included in Appendix 1 below (Table 4).
- 6.3 It is also noted that an element of the affordable housing need relates to households who do not have an immediate affordable housing need (relating to Band D applicants, as identified in paragraph 2.3 above). Whilst these households are included as 'need' in terms of national guidance, there are options relating to meeting their needs which may not necessarily involve the provision of new build affordable dwellings.

## Appendix 1 – Calculations

Table 1 – Total affordable housing need 2011-31

Ref.	Source	Per year	Total 2011-31
A	Current housing need	-	1,911
B	Newly arising need	213	4,260
C	TOTAL affordable housing need 2011-31 (A + B)	-	<b>6,171</b>

Table 2 – 'Residual' affordable housing need (need for new-build affordable dwellings) 2011-31

Ref.	Source	Per year	Total 2011-31
D	Social re-lets	142	2,840
E	Intermediate housing available for re-let or re-sale	31	620
F	Households who take up re-lets/re-sales who are not in affordable housing need	39	780
G	Households in affordable housing need who were accommodated in the private rented sector between April 2011 and December 2013	-	99 (2011-13)
H	TOTAL residual need for new-build affordable dwellings 2011-31 (C – D - E + F – G)	-	<b>3,392</b>

Table 3 – Impact of Memorandum of Cooperation on affordable housing need

Ref.	Source	Per year	Total 2011-31
I	SHMA total objectively assessed need for housing	650	13,000
J	Estimated housing supply 2011-31 (in Local Plan)	-	11,982
K	% decrease in the amount of housing 2011-31 (100 – (J divided by I x 100))	-	7.83
L	In-migrants unable to afford – social rent	37	-
M	In-migrants unable to afford – other (LCHO)	1	-
N	Total in-migrants unable to afford per year	38	760
O	Decline in the number of in-migrants unable to afford over the Plan period, taking account of lower housing supply (N divided by 100 x K)	-	60
P	TOTAL revised residual need for new-build affordable dwellings 2011-31 (H – O)	-	<b>3,332</b>

Table 4 – Ability to meet affordable housing needs over the Plan period

Ref.	Source	Total 2011-31
P	TOTAL revised residual need for new-build affordable dwellings between 2011 and 2031	3,332
Q	TOTAL estimated supply of new-build affordable dwellings between 2011 and 2031	3,430
	% of affordable housing needs likely to be met over the Plan period 2011-31 (Q divided by P x 100)	<b>103%</b>