

# Public Document Pack

## NOTICE OF COUNCIL MEETING - 23 MARCH 2016

Dear Councillor,

A meeting of Cambridge City Council will be held in the Council Chamber - Guildhall on Wednesday, 23 March 2016 at 6.00 pm and I hereby summon you to attend.

Dated 15 March 2016

Yours faithfully

A handwritten signature in black ink, appearing to read 'AP Jackson', written in a cursive style.

Chief Executive

### **Agenda**

- 1 Mayors Announcements**
  
- 2 Public Questions Time - see at the foot of the agenda for details of the scheme**
  
- 3 To consider the recommendations of the Executive for Adoption**
  - 3a Cambridge Local Plan - Proposed Modifications - Report on Consultation March 2016**

Appendices separate to this agenda are as follows:

Appendix A: Proposed Modifications - Report on Consultation  
March 2016

Supplement to Appendix Ai

Appendix B: Cambridge Local Plan Proposed Modifications (March  
2016)

Appendix C: South Cambridgeshire Local Plan Proposed  
Modifications (March 2016)

Appendix D: Summaries of Representations to the Consultation on  
Proposed Modifications - December 2015,  
**Online Only**

Supplement to Appendix Di  
**Online Only**

Appendix E: Supplement to the Sustainability Appraisal Addendum -  
November 2015 (March 2016)

Appendix F: Supplement to Objectively Assessed Housing Need:  
Further Evidence - November 2015 (March 2016)  
**Online Only**

Appendix G: Supplement to Cambridge Inner Green Belt Boundary  
Study - November 2015 (March 2016)  
**Online Only.**

Appendix H: City Deal and the Cambridge and South  
Cambridgeshire Local Plans (RD/MC/110)  
**Online Only**

Appendix I: A428 Constraints Report (March 2016) (RD/MC/073),  
**Online Only**

Appendix J: A10(N) Corridor Constraints Study (March 2016)  
(RD/MC/074)  
**Online Only**

## 3b Devolution

(Pages 19 - 40)

### Information for the Public

**Location** The meeting is in the Guildhall on the Market Square (CB2 3QJ).

After 5 p.m. access is via the Peas Hill entrance.

All the meeting rooms (Committee Room 1, Committee 2 and the Council Chamber) are on the first floor, and are accessible via lifts or stairs.

**Public Participation** Some meetings may have parts that will be closed to the public, but the reasons for excluding the press and public will be given.

Most meetings have an opportunity for members of the public to ask questions or make statements.

**Public questions will only be taken on matters that are on the agenda. This decision is in line with Council Procedure Rule 5.2.**

For information Council Procedure Rule 5.2 states the following:

“The business at extraordinary meetings shall be confined to consideration of the matter or matters in respect of which the meeting has been called, unless the Mayor agrees to the consideration of other matters where, in his or her view, it is expedient to do so.”

For questions and/or statements regarding items on the published agenda, the deadline is the start of the

meeting. However it is good practice to inform the Committee Manager in advance of the meeting.

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**General**

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To: Executive Councillor for Planning Policy and Transport: Councillor Kevin Blencowe  
Report by: Head of Planning Services  
Relevant scrutiny committee: FULL COUNCIL 23 March 2016  
Wards affected: All wards

## **CAMBRIDGE LOCAL PLAN Proposed Modifications – Report on Consultation March 2016**

### **Key Decision**

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#### **1. Executive summary**

- 1.1 This report follows on from the consultation on Proposed Modifications to the Cambridge Local Plan and South Cambridgeshire Local Plan held between 2 December 2015 and 25 January 2016.
- 1.2 The Councils have considered all the representations received and assessed (in light of the issues raised) whether the Proposed Modifications should be submitted to the Inspectors as consulted on, with amendments, or not at all. Any new Proposed Modifications considered necessary in response to issues raised during the consultation have also been identified. Appendix A (Proposed Modifications - Report on Consultation, March 2016) identifies the number of representations received to each proposed modification, provides a summary of the key issues raised, and the Councils' assessment. The Councils have assessed the representations and key issues for each modification and topic area and taken the appropriate action to:
  - a) carry forward the proposed modification as consulted on;
  - b) carry forward the proposed modification with amendments, and/or;
  - c) include a new proposed modification.
- 1.3 The proposed modifications to the Cambridge Local Plan, as recommended for submission to the Local Plan Inspectors, are contained in Appendix B.
- 1.4 The report and its appendices were presented to the Joint Strategic Transport and Spatial Planning Group on 14 March 2016; South

Cambridgeshire District Council's Planning Portfolio Holder meeting on 14 March 2016; and Development Plan Scrutiny Sub Committee on 14 March 2016. Paragraphs 3.11 to 3.17 of this report provide a summary of the meetings.

## **2. Recommendations**

2.1 The Executive Councillor for Planning Policy and Transport recommends that Full Council approves:

- a) the Report on Consultation (Appendix A and the Supplement to Appendix A (i)), the Proposed Modifications (Appendix B), and the Supplement to the Sustainability Appraisal Addendum (Appendix E) be approved for submission to the Inspectors examining the Local Plan.
- b) agrees that the documents attached to this report as Appendices F to J are noted and submitted as part of the evidence base for the Local Plan;
- c) agrees that delegated authority be given to the Director of Environment to make any subsequent minor amendments and editing changes, in consultation with the Executive Councillor for Planning Policy and Transport, the Chair and Spokesperson.

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## **3. Background**

3.1 The Councils submitted the Cambridge and South Cambridgeshire Local Plans for examination on 28 March 2014. The separate plans were prepared in parallel with joint working throughout the process in recognition of the close functional relationship between the two areas and reflecting the duty to cooperate.

3.2 Joint examination hearings on strategic issues were held between November 2014 and April 2015 on topics such as: housing and employment needs, development strategy, Green Belt, transport, infrastructure and housing supply.

3.3 Subsequently, the Inspectors wrote to the Councils on 20 May 2015 in relation to three main issues (objectively assessed need for new housing, overall development strategy and conformity with revisions to National Planning Policy since the Local Plans were submitted for examination) and invited the Councils to undertake additional work to address those issues before the examinations progress further. The Councils agreed to undertake additional work and the examinations were formally suspended on 28 July 2015 until March 2016.



- 3.4 Additional work was carried out in response to the Inspectors' issues, which fed into the creation of the Councils' Proposed Modifications consultation document. The consultation document and supporting documentation was discussed at Joint Strategic Transport and Spatial Planning Group on 16 November 2015 and approved by the Councils for consultation on 30 November 2015. Consultation on proposed modifications to the Cambridge Local Plan and South Cambridgeshire Local Plan and associated Sustainability Appraisal Addendum Report was held between 2 December 2015 and 25 January 2016.
- 3.5 The consultation received a total of 1,037 representations. This comprises 894 representations to the Proposed Modifications Consultation Document (249 supports and 645 objections) and 143 to the Sustainability Addendum Report (9 supports and 134 objections). In total, 222 individuals, groups and organisations responded to the consultation. All representations can be viewed in full at: <http://scambs.jdi-consult.net/localplan/index.php>.
- 3.8 In terms of the representations received, whilst there is support for the Local Plans, there continues to be challenges to the overall development strategy and objectively assessed need for new housing. Objectors consider that the housing numbers in the plans should be higher and that development should be directed towards the edge of Cambridge in the Green Belt and at villages instead of new settlements due to delivery issues. In addition, the Councils' further work and evidence base has been criticised specifically in relation to Green Belt, approach to objectively assessed need for new housing, delivery of new settlements, transport and the overall development strategy.
- 3.6 Following consultation, the Councils have assessed the representations and key issues for each modification and topic area and taken the appropriate action:
- a) carry forward the proposed modification as consulted on;
  - b) carry forward the proposed modification with amendments, and/or;
  - c) include a new proposed modification.
- 3.7 A summary of key issues and the Councils' assessment are provided in chapters 3, 4 and 5 of the Report on Consultation (see Appendix A). Assessment tables for each proposed modification are also provided in the Report on Consultation. A standalone summary of responses is also provided for information at Appendix D. A small number of representations have been updated, following clarification from representors. These are shown in Appendix D (i) the Supplement to the Summaries of Representations.

3.8 All of the representations received have been assessed and considered alongside the Councils' evidence base. As part of this process, the consultants who prepared the evidence documents that support the response to the Inspectors' letter have considered issues raised on their reports and in the case of housing needs and Green Belt, they have prepared supplements to their reports to assist the Inspectors. Further evidence to support the response has also been provided. The City Deal Executive Board agreed on 3 March to a position statement that confirms its commitment to deliver its infrastructure programme for the benefit of existing and future residents including supporting and securing development identified in the Local Plans through the delivery of key infrastructure schemes. Additional evidence base documents have also been prepared to provide evidence of the deliverability of transport schemes on the A10 and A428 corridors to serve the major new developments proposed in the development strategy. In bringing these considerations together, it is considered that the Councils' approach to objectively assessed need for new housing and overall development strategy remains appropriate.

3.9 The majority of the proposed modifications consulted on remain unchanged. However, a few amendments are proposed in light of the consultation. A summary of the proposed modifications that have been amended and new proposed modifications that are proposed is provided below:

#### Cambridge Local Plan:

- Additional text relating to the Development Strategy to reflect the further work undertaken (PM/CC/2/E);
- New modification to include Newbury Farm (0.9ha) within the GB2 allocation. This extends the line of the eastern boundary down to Babraham Road and is consistent with the finding of the Cambridge Inner Green Belt boundary study (2015) (PM/CC/2/A(i), PM/CC/B/B, PM/CC/Policies Map/B);
- Correction to the housing number relating to the total housing provision in the Cambridge urban area to read 6828 not 6282 (PM/CC/2/l(i);
- Additional text relating to listed buildings and the application of Policy 27 (Sustainable Design and Construction) in order to ensure no harm to heritage assets (PM/CC/4/A(i)).

#### South Cambridgeshire Local Plan:

- Provisional Modification to allocate land south of the Cambridge Biomedical Campus (Policy E/1B) is recommended to be deferred, in order to obtain further evidence (PM/SC/8/A). The deferment will also apply to the following proposed modifications insofar as they relate to the proposed allocation on land south of the CBC (PM/SC/2/G, PM/SC/2/O, PM/SC/2/P, PM/SC/3/F, PM/SC/8/B);
- Additional text relating to the Development Strategy and the further work undertaken (PM/SC/2/C);
- Correction to the housing number relating to the total housing provision in the Cambridge urban area to read 6828 not 6282 (PM/SC/2/E);
- Policy H/8 Housing Mix - additional wording added to sub section (g) in relation to self and custom build houses to reflect that self and custom build is not likely to be practical in high density multi storey flatted developments (PM/SC/7/G).

3.10 The final proposed modifications for the Cambridge Local Plan responding to the Inspectors' letter are contained in Appendix B. The proposed modifications relating to the South Cambridgeshire Local Plan are provided for information only at Appendix C. A Supplement to the Sustainability Appraisal Addendum has also been prepared and is set out in Appendix E. Additionally, in some instances, further evidence has been provided to support the proposed modification, or a new/amended proposed modification. This further evidence can be found in Appendices F to J.

### **Consideration by the Joint Strategic Transport and Spatial Planning Group and Development Plan Scrutiny Sub Committee**

3.11 The Joint Strategic Transport and Spatial Planning Group on 14 March 2016 recommended that the Councils agree the officer recommendation. Main issues raised in discussion were:

- Proposed deferment of provisional modification relating to land South of Cambridge Biomedical Campus –There was support for completing the additional work, but queries regarding timescales. Concern expressed that there was not a risk of slowing the overall examination timescales by undertaking the work.
- Transport – clarification was sought in relation to the Councils' approach to the transport assessment work undertaken last year along with wanting to understand if there was any evidence on the

costs of transport schemes associated with sites on the edge of Cambridge as a comparison to new settlements.

- Development strategy - general comment that the plans are not over reliant on the delivery at new settlements with a substantial amount of overall development planned in and on the edge of Cambridge.
- Changes to national policy in relation to housing – concern expressed about the implications of the loss of the code for sustainable homes and starter homes.
- Joint housing trajectory - query about whether the Memorandum of Understanding relating to the joint trajectory could be used prior to the Inspector reaching a decision on 5 year land supply given the particular issues being experience in South Cambridgeshire.
- Overall timescales of the examinations - recognition that the Plans need to be found sound but general concern about wanting to move forward as swiftly and efficiently as possible.

3.12 Following the Joint Strategic Transport and Spatial Planning Group meeting, the report and its appendices were presented to the Council's Development Plan Scrutiny Sub Committee. Points raised by Members of the committee included:

- Support for the further work undertaken and the overall development strategy proposed in the Local Plans.
- Concern expressed about Appendix I: A428 Constraints Report and the relationship with the City Deal work. Officers explained that the Appendix I addresses specific concerns raised by the Inspectors in respect of delivery of infrastructure to support new settlements and is separate from the City Deal work currently being undertaken.
- Members sought confirmation that vehicular access to the proposed allocation on land North of Cherry Hinton (allocation R47) would be from Coldham's Lane and Cherry Hinton Road rather than through the existing residential area south of the proposed allocation in Cherry Hinton. Officers confirmed this and agreed to review the proposed modification in order to make sure that this was clear.
- Concerns were also raised in relation to the masterplanning for the proposed allocation and the relationship with land at north of Coldham's Lane (allocation R41) which has outline planning permission for up to 57 dwellings. Officers agreed to review the supporting text to the policy.

- Support for the further work proposed in relation to student accommodation and for the scope of the work to include wider issues such as the type and affordability of student accommodation along with understanding demand and supply issues.

3.13 The Development Plan Scrutiny Sub Committee and the Executive Councillor for Planning Policy and Transport agreed the recommendations and for the reports to be considered for approval at Full Council on 23 March 2016.

3.14 The reports were also considered by South Cambridgeshire District Council on 14 March 2016 at the Planning Portfolio Holder Meeting, chaired by the Leader in the absence of the Planning Portfolio Holder. Issues raised by Members attending the meeting included:

- Support for the further work undertaken.
- Proposed deferment of provisional modification relating to land South of Cambridge Biomedical Campus – comment was made that it was wise to defer a decision to allow further work to undertaken on technical issues, and that it was important to ensure that the work is of a good standard, but that deferment should not have any impact on the timing of the rest of the examination.
- Overall timescales of the examinations - Members were concerned at the length of time the examination is taking and for all efforts to be made to ensure as speedy completion of the examinations as possible, particularly in the context of a lack of five-year housing land supply.

3.15 The Leader agreed the recommendation and the Reports will be considered for approval by South Cambridgeshire at Full Council on 23 March 2016.

### **Further proposed amendments to modifications**

3.16 In responding to issues raised at Development Plan Scrutiny Sub Committee, an amendment is proposed to proposed modifications PM/CC/3/A and PM/SC/3/A relating to the Land North of Cherry Hinton, to state that vehicular access to the site will only be permitted via the new spine road (unless required for emergency access). A further amendment is proposed to the supporting text (PM/CC/3/C and PM/SC/3/D), adding that the masterplan for Land North of Cherry Hinton will take into account the context of the surrounding area, including the allocation north of Coldham's Lane, R41. The amendment has been agreed with the Executive Councillor for

- 3.17 The amendments proposed have been reflected in the Modification Schedules (Appendices B and C). Consequential amendments to Appendix A are outlined in a supplement to Appendix A (Appendix A (i)).
- 3.18 In addition to the changes above, two other appendices have been updated following the meetings above:
- Appendix D Summaries of Representations – A small number of representors requested changes to the way their representations were summarised and registered. A supplement capturing these changes is provided (Appendix D (i) Supplement to Summaries of Representations).
  - Appendix E Sustainability Appraisal Addendum Supplement – for completeness, an updated screening table of proposed modifications has been added (including the suggested amendment to the North of Cherry Hinton Policy). An update of site assessment summary table to include new or amended sites has been added, as well as a letter from Natural England confirming that they do not consider the Proposed Modifications alter the outcome of the Habitats Directive Assessments which were completed for the Submission Local Plans. Minor amendments to Appendix 1 of Appendix E have been made to clarify the Councils' response on a small number of issues.

### **Next steps**

- 3.19 Once approved, the Councils will submit material to the Planning Inspectors for consideration. It is anticipated that examination sessions will recommence shortly after this information is submitted to the Inspectors.

### **Other Issues – Student Accommodation**

- 3.20 Following submission of the Local Plan for examination in March 2014, issues relating to the provision of student accommodation have been raised. The policy approach in the emerging Local Plan, which allows a wider range of institutions to use student accommodation than the existing Local Plan approach, is proving to be a particular point of concern locally. Furthermore, the Council recently received an appeal decision for 315 - 349 Mill Road, where an appeal was allowed for student accommodation on a housing allocation. Consequently, the Council is commissioning a study to investigate the

levels of demand and supply of student accommodation in Cambridge and its impact on the local housing market.

- 3.21 The outcomes of this study will be reported to Development Plan Scrutiny Sub-Committee along with any proposed modifications. It is likely that consultation relating to any proposed modifications will need to be undertaken. However, officers will take advice on the procedure for taking the issue forward, as appropriate from the Inspectors via the Programme Officer.

## **4. Implications**

### **(a) Financial Implications**

There are no direct financial implications arising from this report. The costs of preparing the local plan has already been budgeted for and included in the budget for 2015-16 and 2016-17.

### **(b) Staffing Implications (if not covered in Consultations Section)**

There are no direct staffing implications arising from this report. The review of the Local Plan has already been included in existing work plans.

### **(c) Equality and Poverty Implications**

There are no direct equal opportunity implications arising from this report. The Local Plan has been subject to an Equalities Impact Assessment, which demonstrates how potential equalities issues have been, and will be addressed.

### **(d) Environmental Implications**

The new Local Plan for Cambridge will assist in the delivery of high quality and sustainable new development along with protecting and enhancing the built and natural environments in the city. While national policy changes have had some impact on the level of ambition that can be included in the plan in relation to the reduction of carbon emissions from new housing developments, wider policies in the plan related to climate change and sustainable development mean that the plan should still overall have a positive climate change impact.

### **(e) Procurement**

There are no direct procurement implications arising from this report.

**(f) Consultation and communication**

The consultation and communication arrangements for the Local Plan are consistent with the agreed Consultation and Community Engagement Strategy for the Local Plan Review, 2012 Regulations and the Council's Code of Best Practice on Consultation and Community Engagement.

**(g) Community Safety**

There are no direct community safety implications arising from this report.

**5. Background papers**

The following background papers were used in the preparation of this report:

- Localism Act 2011:  
<http://www.legislation.gov.uk/ukpga/2011/20/contents/enacted>
- National Planning Policy Framework 2012:  
<https://www.gov.uk/government/publications/national-planning-policy-framework--2>
- Cambridge Local Plan 2014: Proposed Submission:  
[https://www.cambridge.gov.uk/public/ldf/draft\\_submission/Full%20Plan/Full%20Draft%20Plan%20with%20title%20pages%20reduced%20size.pdf](https://www.cambridge.gov.uk/public/ldf/draft_submission/Full%20Plan/Full%20Draft%20Plan%20with%20title%20pages%20reduced%20size.pdf)
- South Cambridgeshire Local Plan 2014:  
<https://www.scambbs.gov.uk/localplan>

**6. Appendices**

Appendix A	Report on Consultation
Appendix A (i)	Supplement to Report on Consultation
Appendix B	Modifications Schedule to the Cambridge Local Plan (Revised)
Appendix C	Modifications Schedule to the South Cambridgeshire Local Plan (Revised)
Appendix D	Summaries of Representations
Appendix D (i)	Supplement to Summaries of Representations
Appendix E	Supplement to the Sustainability Appraisal Addendum (November 2015) (Revised)
Appendix F	Supplement to Objectively Assessed Housing Need: Further Evidence (November 2015)
Appendix G	Supplement to Cambridge Inner Green Belt Boundary



Appendix H Study (November 2015)  
City Deal and the Cambridge and South  
Cambridgeshire Local Plans  
Appendix I A428 Constraints Report  
Appendix J A10(N) Corridor Constraints Study

To inspect the background papers or if you have a query on the report  
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## COUNCIL MEETING - 23 MARCH 2016

### DEVOLUTION - RECOMMENDATIONS TO COUNCIL FROM THE LEADER

#### 1. Purpose

- 1.1 This report provides an account of negotiations with Government on a proposed East England Devolution deal and to bring to full Council the recommendations of the Leader on this issue, including a recommendation that the current proposal should not be supported.
- 1.2 The Government has been pursuing a number of devolution deals across England, which would create combined authorities, led by an elected Mayor, with responsibility for functions that potentially strengthen economic performance.
- 1.3 They have set out their proposals for devolution based on the geography of Norfolk, Suffolk, Cambridgeshire and Peterborough. They have asked all Leaders to take this proposal to their Councils for full debate and consultation with stakeholders no later than the end of June. Secondary legislation will be prepared to set up a combined authority with an elected Mayor to be in place by 2017.

#### 2. Background

- 2.1 Cambridge City Council has been engaged, since late 2014, in developing a devolution proposal with government covering all the councils in Cambridgeshire and Peterborough. The main themes of this have been ensuring the continued economic success of the region; addressing deficits in transport; jobs and skills and housing. In mid-February the Government announced an intention to seek a wider devolution agreement which could join Cambridgeshire and Peterborough with Norfolk and Suffolk.
- 2.2 The chronology of events is as follows:
  - 20 July 2015 – Leaders of Cambridgeshire and Peterborough councils, the Greater Cambridge Greater

Peterborough Enterprise Partnership, the Police and Crime Commissioner, Fire Authority and the Clinical Commissioning Group wrote to Greg Clark, Secretary of State for Communities and Local Government, confirming their intention to explore a devolution proposal together.

- 2 August 2015 – Greg Clark responded to encourage those partners “to develop a compelling proposition for devolution powers which is jointly owned”.
- 19 January 2016 – Seventy representatives from local authorities, business networks and education and skills met to consider the Cambridgeshire and Peterborough devolution proposal and endorse the approach being pursued.
- 15 February – Cambridgeshire, Peterborough, Norfolk and Suffolk council representatives were called to a meeting with Greg Clark and Lord Heseltine. They are told that the only current devolution option for Cambridge and Peterborough would be one covering all three counties.
- 26 February – Cambridgeshire, Peterborough, Norfolk and Suffolk council representatives meet with Lord O’Neill to discuss the new devolution proposal.
- 2 March – first confidential draft of the East Devolution deal is shared with Leaders.
- Week commencing 7 March – Council Leaders given a deadline of Thursday 10 March to respond to the Government’s latest version of the East Devolution document (this was 24 days after the Government announced the deal would need to be on a three county basis).

2.3 Council Leaders were asked to negotiate on the confidential proposed devolution deal on behalf of their Councils, with the final decision to be brought to each full Council in May or June. The East Devolution Deal document is currently embargoed. We believe that the government will announce a deal for the East in the Chancellor’s budget speech on 16

March 2016, and the East Devolution Deal document will be released following this statement, probably later that day. Thus it will be available prior to the Council meeting, but cannot be published at the same time as this Council agenda.

- 2.4 Following the budget statement, a copy of the Devolution Document will be circulated to Councillors as Appendix 1 to this report and made available on the Council's website.

### **3. The Leader's response to Government**

- 3.1 Leaders were given a deadline of Thursday 10 March 2016 to give a response to the Government and to say whether they were minded to recommend acceptance or not to their full Councils. Attached at Appendix 2 is the Leader's letter to Lord O'Neill, Commercial Secretary to the Treasury, who, together with the Secretary of State Greg Clark, has been leading the negotiations for the Government.

- 3.2 Councillor Herbert's letter expresses serious reservations about the current proposal, particularly in relation to geography, governance, the undermining of existing City Deals, the failure to address the severe housing crisis in Greater Cambridge, and the rushed timescales for negotiation on such fundamental change. He declined to endorse the devolution deal.

- 3.3 A report on the Greater Cambridge housing market was considered by Housing Scrutiny Committee and agreed by the Councillor Kevin Price, Executive Councillor for Housing, on 8 March 2016. This is also appended to this report (Appendix 3) as the "asks" in the report were the basis for discussions with Government about what was needed to address the lack of socially rented housing in particular.

### **4. Responses from other authorities and the two Enterprise Partnerships**

- 4.1 Of the 23 Authorities and two LEPs asked to approve the East Devolution document, 22 Leaders have now done so, several in principle prior to seeking the views of their Councils. The New Anglia Local Enterprise Partnership has also approved it.

4.2 The Greater Cambridge Greater Peterborough Enterprise Partnership has not given its approval, subject to this decision being considered at a Board meeting. They have shared concerns that this is not the right deal for the geography they cover including Greater Cambridge. Business networks serving Cambridgeshire and Peterborough, including Cambridge Ahead and Cambridgeshire and Peterborough Chamber of Commerce, have also expressed similar concerns.

## **5. Next steps**

5.1 The document allows for councils who are not currently signatories to join by June 2016. Discussions on the East Devolution Deal will continue until June and the Leader has expressed a willingness to be a part of these. In any event discussions will need to continue with our partners and stakeholders as it becomes clearer how the Government intends to implement the Deal without the endorsement of the City Council or the Greater Cambridge Greater Peterborough Enterprise Partnership.

## **6. Recommendations**

6.1 The Council is invited to consider the devolution proposal from the Government, the Leader's response to this document and his recommendations below

### **6.2 That the Council**

**a) endorses the response by the Leader and confirms that the Council does not agree to the proposed Three County Devolution Deal in the Government Offer Document;**

**b) confirms it is committed to continuing discussions on devolution with Cambridgeshire and Peterborough councils, our two city MPs, the Government, and others including Cambridge businesses to seek devolution that meets the needs of Cambridge, the Greater Cambridge economy, and Cambridgeshire and Peterborough;**

**c) undertakes a formal consultation with residents, employees, employers, community and business**

**organisations in Cambridge, as well as with the Greater Cambridge Greater Peterborough Enterprise Partnership, to put forward the Council's view on the Government proposals for a Combined Authority and Mayor covering Cambridgeshire, Norfolk and Suffolk and to enable responses to inform the Council's decisions;**

**d) continues to press Government for the funding and flexibilities set out in the Housing Statement report unanimously endorsed by Housing Scrutiny Committee on 8 March, to enable the City Council to replace the estimated 850 social homes lost in the City (1350 in the Greater Cambridge area) through Right to Buy and High Value Sales over the next five years, to at least maintain the number of council and other social rent properties in Cambridge until 2020 and beyond;**

**e) agrees to commission detailed independent analysis, building on the Housing Statement approved by Housing Scrutiny Committee on 8 March, on the current and projected housing affordability crisis experienced by Cambridge households on median and lower incomes in the social, intermediate and private rented sectors, and on the housing measures, policies and investment needed to address their needs and prevent damage to the Cambridge economy and its national contribution.**

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**Devolution Document from Government to follow,  
once it is made public**

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**Enquiries to:**

Councillor Lewis Herbert, Leader of Cambridge City Council

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**E:** lewis.herbert@cambridge.gov.uk



The Lord O'Neill of Gatley  
Commercial Secretary to the Treasury  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ  
Dear Lord O'Neill

Dear Lord O'Neill,

You will already have heard that our position on the Devolution Proposal document is different to other Councils responding.

I am writing, on behalf of Cambridge City Council, to say that we do not support the current regional Devolution Proposal document, because on overall balance our assessment is that it contains more potential detriment than potential gain to the Cambridge economy and its wider catchment and our residents and workers who depend on it.

The proposals on offer do not in our view provide for the best deal for Cambridge, Greater Cambridge, Cambridgeshire and Peterborough, and the document suffers from serious defects because it is a quickly assembled collection, not based on genuine economic and social analysis of our sub-region's needs.

We will where requested continue to discuss devolution. Other Councils will state their positions and we respect them and also their asks. We are also strong supporters of genuine devolution, we are partnership builders, and committed to partnerships with Government and we recognise the future opportunities from that.

I could rehearse a list of issues that we support, and equally I could list issues that are critical to the Cambridge economy that it has simply not been possible to discuss in the inadequate timescale available, or cover here.

We also ask why a Norfolk/Suffolk geography was not supported for a devolution offer?

Detailed analysis by Grant Thornton and Localis for the New Anglia LEP on Norfolk/Suffolk supported that proposal as being strong as an independent two county economy and evidenced the lack of connectivity with much of the Cambridgeshire and Peterborough economy, while recognising as we do vital eastern Cambs/western Suffolk/Norfolk links and current and future Agritech and Biotech and other potential.

## Enquiries to:

Councillor Lewis Herbert, Leader of Cambridge City Council

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Ahead of responding, we have undertaken our own rigorous assessment of what is in the best interests of Cambridgeshire and Peterborough, focusing on Cambridge and Greater Cambridge, assisted by analysis by others including the LEP, Cambridge Ahead, Grant Thornton, and the 'Centre for Cities'.

We and our business community have concluded that the proposed economic and infrastructure geography is not the right or best fit for the needs of Greater Cambridge and our Cambridge businesses and community – or in our view for the wider geography either.

The Government's offer has declined to respond or explain your position on council and other social and intermediate rental housing, home ownership or even shared equity. Your proposal is not going to help lower income residents and Cambridge workers in genuine housing need.

It is a critical challenge for us that the document does not address how we can house the growing number of lower income employees; essential so our businesses and public sector can prosper; essential so we can ensure all have the chance to share in the city's impressive prosperity. We need to thoroughly analyse the Cambridge housing market before sudden funding allocations and consider a wider strategy on the best way to extend the Cambridge benefits and geography.

Cambridge is at a crossroads in another way. The devolution offer ignores vital current and future growth in several directions, particularly other rail corridors, because it does not recognise the critical role of Harlow and Stevenage and London links.

Research by the Centre for Cities in their detailed analysis for the 'Fast Growth Cities' and in a further statement today concludes that in devolution deals, particularly with fast-growing cities such as Cambridge, it is important that the geography of the deal reflects the functional economy as much as possible, rather than encompassing too broad a geography.

They say that devolution deal policies need to be able to respond to specific urban opportunities and challenges and ensure limited money is invested in a targeted way in order to make the most of cities' economic potential.

We are also concerned that Cambridgeshire and Peterborough or Greater Cambridge will not get a share of the limited extra funding pro rata to GVA which is around 75% of the total of the three county economy, with 66% of GVA in Greater Cambridge alone.

While the aspiration of a regional transport board is very welcome, there is no direct mention of the major players, Network Rail and Highways England. We also believe that the Regional

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Transport Board needs to extend beyond the three counties to include Essex and Hertfordshire, and preferably Bedfordshire too, which represents the true region that Cambridge is interdependent on.

On the agreed City Deal, where we are very grateful to Government for support, transport resourcing and partnership, this is referenced in the document but there is no specific plan in the Devolution Proposal to build on Growth Centres like us and the other three in the area proposed. Particularly the £33bn Greater Cambridge economy, where there is no consideration of developing its geography or expanding its role or governance. The risk is that the City Deal will be diminished by this new proposal, by not being able to develop organically in discussion with Government, and with a Mayor and Combined Authority likely to be inclined to lift decision making up to region.

Specifically, Greater Cambridge's potential will be weakened given the proposed dominant regional planning and direction powers, totalling over ten new powers to be given to the new Mayor. Added to this is the poorly defined role of the regional Combined Authority.

On housing, we have had no acceptance from Government on our core 'Affordable Housing Ask', backed again by detailed analysis which we could evidence further. At the core of these asks is ensuring that there is at least the same number of social rent properties in Cambridge in 2020 as there is now. Without this, and given our fast growing population, our housing crisis will deepen as prices for market housing for rent as well as sale spiral beyond affordability for most households seeking to live in Greater Cambridge. Our community will be damaged if lower income working families are forced to move unnecessarily 30 or 60 miles from their current work, families and schools.

We plan on taking a report on Devolution and a recommendation to the first Full Cambridge City Council meeting on 23<sup>rd</sup> March. This will help to correct the democratic deficit on the recent closed-door discussions at the earliest opportunity for us, providing discussion and debate for the first time on this issue. We regret that full transparency is precluded by the confidentiality of the devolution proposal and pre-Budget process but will observe confidentiality on the document. The process to date has sadly denied our businesses and our community a proper say.

We are confident that, without the undue pressure, all Cambridgeshire and Peterborough councils and LEP would be able to complete a revised Devolution Plan proposal with our partners within a month, now we know the rules of the game. We accept some pressure is needed and it is notable that we have made more progress in a month than the previous six months. The LEP and Councils, working through the City Deal and building the 'Case for

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Cambridge', have also made equally impressive strides recently towards an integrated economic growth plan for Greater Cambridge, and that is the right local economic foundation.

The three councils locally - ourselves, South Cambridgeshire and Huntingdonshire - are also already delivering many shared services along with vital joint work with the County Council and the City Deal, and working as an outward facing partnership delivering real benefits to our region. As has happened in other parts of England, there is a real risk of damage to such partnerships and existing strong relationships in the rush to devolution.

The rush risks undermining our considerable achievements in joined up service delivery and joint economic delivery. We have to avoid that. Three weeks was never going to be enough time to get this right. Nevertheless, we are a partnership building Local Authority, and whatever happens in the next period that remains the case, alongside our determination to achieve the right outcomes for our area and our 'city of considerable magic'.

For all these reasons, we cannot support the proposed document but are keen to contribute as this letter evidences and to continued working with Government and others to deliver the best for Cambridge, our economy, Greater Cambridge, Cambridgeshire and Peterborough, and each of the adjacent counties we are interdependent with.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Lewis Herbert', is written over a light blue rectangular background.

Councillor Lewis Herbert  
Leader of Cambridge City Council

## The housing market in Greater Cambridge, access to affordable housing and the role of the councils

### 1. Introduction

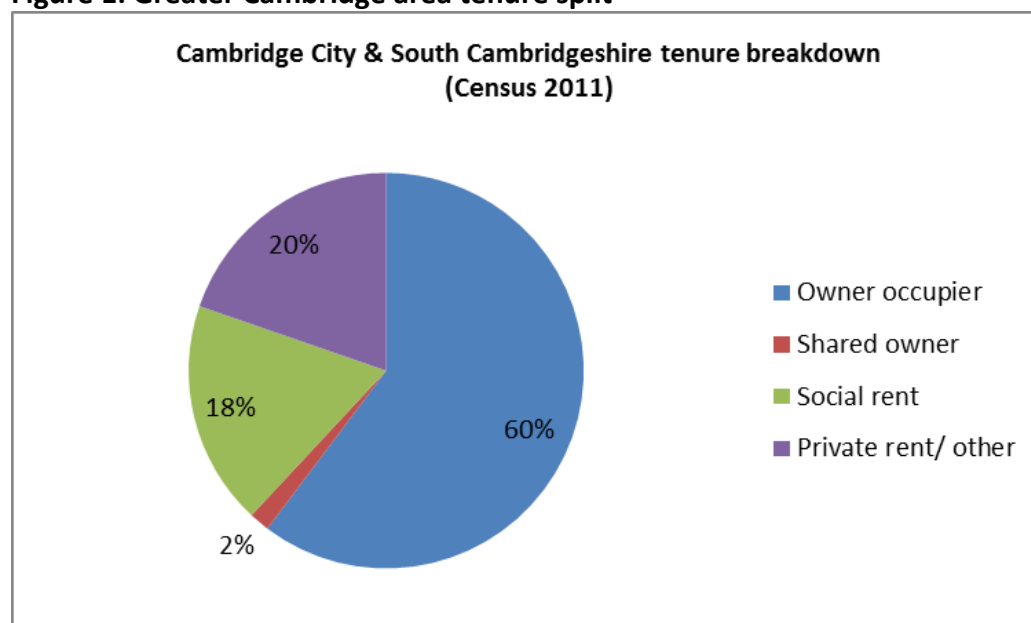
- 1.1 The City of Cambridge and the surrounding South Cambridgeshire district together represent an important national economic hub, and have a strong track record of working together working as Greater Cambridge, including on the successful City Deal bid. Alongside improved transport links and addressing the skills requirements of the booming economy, housing is recognized as an essential contributor to supporting economic growth, both locally and for national benefit. This paper looks at the Greater Cambridge housing market as the City's housing market and that of South Cambridgeshire are inextricably linked.
- 1.2 The City Council is very concerned about the combined effect of a number of Government policies which have the potential to compound the problems of housing affordability and housing supply in the Greater Cambridge area, in part, because of the particular characteristics of the local housing economy. This is likely to have a negative impact upon the health of local communities and the health of the local economy, and potentially damage economic growth.
- 1.3 This report:
- Sets out the key characteristics of current housing market and housing provision in Greater Cambridgeshire.
  - Analyses the potential impact of impending housing legislation on local affordable housing supply, and on the provision of new affordable housing – particularly homes for rent;
  - Summarises Cambridge City Council's 'asks' of government, to facilitate the local authorities' continued delivery of affordable housing.
- 1.4 The detail of much of the proposed legislative change has yet to be finalised. Cambridge City Council has been active in making representations to set out our case to Government and local MPs, and has taken the opportunity to describe the impact of legislation in our areas to various policy influencing bodies. This paper summarises the main points that have been made, and provides a statement of our current position. It will be used next to make our position clear to the House of Lords who will be considering the Housing and Planning Bill immanently.

## 2. The Housing Market

### *Current tenure split*

- 2.1 The 2013 Strategic Housing Market Assessment for Cambridgeshire sets out the tenure patterns for the estimated 106,674 households in the Greater Cambridge area.

**Figure 1: Greater Cambridge area tenure split**



- 2.2 The majority of households are owner-occupiers, with an even split between social and private renters. Only 2% are in shared ownership. Around two thirds of social rented households rent from local authorities.
- 2.3 In Greater Cambridge the demand for all tenures outstrips supply. There are just over 4,100 applicants on the two districts' housing registers;<sup>1</sup> it takes around two and a half weeks to sell a property in Greater Cambridge, despite the fact that house prices are increasing fast (see below) and average private rents have risen by 7% in South Cambridgeshire, and 11% in the City in the last year.<sup>2</sup>

### *Owner occupiers*

- 2.4 Table 1 below shows house prices in Cambridge City and South Cambridgeshire compared with the rest of the Eastern region and England as a whole.

	Average prices		Lower quartile prices	
	Average prices	% increase over past 12 months	Lower quartile prices	% increase over the past 12 months
<b>Cambridge City</b>	£483,625	12%	£315,000	17%

<sup>1</sup> Home-Link housing register data, February 2016

<sup>2</sup> VOA rental market statistics April-March 2013-14 and April to March 2014-15.



<b>South Cambridgeshire</b>	£385,742	15%	£250,000	9%
<b>East of England</b>	£303,900	10%	£179,000	8%
<b>England</b>	£300,147	7%	£150,000	3%

Source: Hometrack, September 2015 data (based on sales and valuations)

2.5 This shows that average house prices in both districts are well above those in both the East of England and nationally. It also shows that recent increases in both average and lower quartile prices outstrip those both regionally and nationally.

2.6 Houses for sale are now unaffordable for anyone on average incomes, unless they have access to a substantial deposit. The median house price in Cambridge City is 11.9 time median earnings, and 8.2 times median earnings in South Cambridgeshire.<sup>3</sup> The picture is even more extreme for those on lower quartile earnings, with lower quartile house prices to earnings standing at 17.9 in the City, and 12.0 in South Cambridgeshire.<sup>4</sup>

### **Private rental**

2.7 The private rental market presents a similar picture in terms of affordability.

2.8 Research carried out by Cambridge City Council in 2014 found that only around 10% of rooms, and 2% of one bedroom properties were advertised in the City at or below Local Housing Allowance rates. No larger properties were available at or below LHA rates. Even in the surrounding area, which included most of the villages in South Cambridgeshire, plus the rail-commuting towns of Littleport, Ely and Royston, only around 8% of one bedroom properties, and 2% of larger properties were advertised at or below LHA rates. This means for people on lower incomes the options for living in the Greater Cambridge area are heavily reliant on housing provided by the local District Councils and Housing Associations.

2.9 High private rent levels also affect those not reliant upon housing benefit. Table 2 below shows typical local rents and average local earnings.

**Table 2: Monthly median private rents compared with take-home pay**

District	1 bed	2 beds	3 beds	Median gross pay (annual)	Median take-home pay (annual)	Median take-home pay (monthly)*	Lower quartile take-home pay (monthly)*
Cambridge	£850	£1,038	1,200	£31,700	£24,643	£2,053	£1,530
South Cambridgeshire	£665	£785	£885				

\* Approximate monthly take-home pay for full-time workers resident in Greater Cambridge area.

Source: VOA rental market statistics April-March 2014-15, Annual Survey of Hours & Earnings (ASHE) 2015, and [incometaxcalculator.org.uk](http://incometaxcalculator.org.uk).

<sup>3</sup> Hometrack, September 2015 data (based on sales and valuations)

<sup>4</sup> Hometrack, September 2015 data (based on sales and valuations)

2.10 Table 2 illustrates that in Cambridge City, the monthly median rent for a one bedroom property represents 41% of annual median take-home pay for full-time workers living in the City, and for two bedrooms it is 50%. Rents are a little more affordable in South Cambridgeshire, at 32% and 38% respectively. Those on lower incomes would have to pay over half their take-home pay on a two bedroom property at median rents in either district. This means that for many single residents, house or flat sharing may be the only option, and that private rent is difficult to access for families.

### ***Affordable housing***

2.11 Providing affordable house for rent for in the City is therefore vital. Currently the City Council provides 29% of all rented housing in the district and 65% of all affordable rented homes, whilst South Cambridgeshire District Council provide 33% of all rented homes and 64% of all affordable rented. The demands on this housing are considerable. In the City, of the 601 council and housing association properties let in 2014-15 through Home-Link, 84% were to households in the two highest bands of need. In South Cambridgeshire the figure is over 90%. The numbers of homeless applications in the City is rising steeply. Homeless applications rose from 112 in 2011-12 to 146 in 2014-15. Last year in the first three quarters of the year 143 households had been accepted as homeless. The figures have also risen in South Cambridgeshire. The ending of a private rented tenancy is one the main reasons for new homeless applications in the Greater Cambridge area.

## **3. The national agenda**

3.1 We recognize that housing is high on this Government's agenda.

3.2 The Welfare Reform and Work Bill introduces

- A 1% rent cut to social housing rents, each year for the next four years.
- Other welfare reforms that will impact on household income

3.3 Proposals in the Housing and Planning Bill include:

- Reference to a voluntary agreement with Housing Associations for their tenants to have the Right To Buy (RTB)
- The expectation that local authorities will dispose of 'high value' properties to pay for the extension of RTB to Housing Associations
- A requirement for tenants earning over £30,000 outside London (£40,000 within London) to pay market or near-market rents, compulsory for Local Authorities but voluntary for Housing Associations. (Otherwise known as 'Pay to Stay).
- Fixed term tenancies for new social housing tenants, compulsory for Local Authorities but voluntary for housing associations.

3.4 The Government have also announced an intention to build 1 million new homes by 2020 of which 400,000 will be affordable including;

- 200,000 Starter Homes for purchasers aged under 40, which will count as Affordable Housing.
- 135,000 shared ownership

- 10,000 rent to buy
- 50,000 from existing commitments
- 8,000 specialist homes for older people and disabled.

3.5 Specialist housing therefore represents only 0.8% of the national target for new homes, and there is no commitment to new general needs affordable rented housing. In addition, scarce affordable housing land will have been used to build the 345,000 affordable owner occupied homes, all of which have the potential to become market housing within 5 years.

#### **4. The Impact of Government Policy – and the Challenges we Need Resolved**

4.1 We have serious concerns about how national policy will affect both the current supply of affordable housing, and our ability to deliver new homes.

##### **The 1% cut in rents**

4.2 The requirement for an annual 1% cut in all social rents will result in a reduction in income for the Housing Revenue Account in Cambridge City of £15 million over 4 years. The major impact has been, aside from those schemes already committed, to put on hold any further development of affordable housing whilst financing remains uncertain. We have been delivering schemes which include affordable housing, and potentially have the capacity to deliver more. The City Council have a strong track record of delivering new homes, completing a programme of 280 new social rented homes together with 217 for market sale.

4.3 The Greater Cambridge local authorities, including Cambridgeshire County Council, have set up a Housing Development Agency to facilitate and speed up development of our own sites. The earlier statistics in this paper show the importance of providing affordable housing for rent in this mix, including social rents at or below local housing allowance levels.

##### **Welfare Reform**

4.4 Welfare reforms will impact on households' ability to access the Greater Cambridge housing market, making it more important than ever that we provide new homes which are affordable to those on low incomes.

4.5 As already stated, Local Housing Allowance (LHA) rates, and therefore the housing element of Universal Credit – both for in and out of work claimants - are considerably lower than private sector rents across the Greater Cambridge area. Rising rents, combined with a four-year freeze on LHA rates, lowering the overall benefit cap, and the range of other welfare benefit cuts, will make it even more difficult for those on lower incomes to access private rented housing.

4.6 Capping LHA rates at social housing levels will also affect the ability of those on low incomes to sustain social housing tenancies.

##### **Disposal of high value stock, Right to Buy, and one for one replacement**

4.7 With high local property values, we anticipate that we will have to sell a significant proportion of our stock to fund the Right to Buy for Housing Association tenants.

Research by the Chartered Institute of Housing (CIH)<sup>5</sup> and the more recent Parliamentary Select Committee on Housing Associations and the Right to Buy (to which South Cambridgeshire was called as a witness)<sup>6</sup> have raised a number of concerns which we share. We accept the need to actively manage assets and have been reinvesting the proceeds for the sale of high value stock into new homes for several years. But the current proposals give much cause for concern:

- The overall impact of the extension of the RTB to Housing Association tenants and the sale of High Value Assets for local authorities will deplete the availability of affordable housing for rent if one to one replacement is not facilitated. The CIH estimate that “almost 7,000 council homes could be lost if no extra funding is provided by central government”. In the City this could see the sale of over 170 homes per year, and more if homes are not re-provided in the local area.
- The Government is proposing an up-front levy based on an assumed level of disposals. The CIH analysis suggests that property turn-over and levels of sales are likely to be considerably less than government estimates, so that local authorities could be required to pay out more than they receive in receipts.
- Whilst the flexibility that a levy provides is welcome, we will not be in a position to make a substantial upfront payment of what could amount to tens of millions of pounds, as we do not hold anything close to this level of reserves in our HRA accounts.
- It is inescapable that Local Authorities will need the ability to borrow more through their HRA to provide the full funding required for replacement of homes sold, cover historic debt, and contribute to compensating housing associations. The CIH analysis shows that local authority replacement cannot be achieved without increasing the ability of HRAs to borrow by raising the debt caps.

4.8 Although we do not yet know precisely how the formula will work, on a cautious estimate, using the regional thresholds published by the Conservative Party in April 2015, the City Council expects to lose around 130 homes each year through the sale of high value assets, in addition to the 40 or so anticipated Right to Buy sales. In South Cambridgeshire it is estimated that high value sales will be in excess of 80 per year with a further 20 being sold through Right to Buy. This amounts to a loss of around 270 homes per year.

4.9 The Housing and Planning Bill includes provision for London to keep an element of the sale price from the compulsory disposal of high value stock to replace each home

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<sup>5</sup> Chartered Institute of Housing: Selling off the Stock - An interim analysis of the proposals for sales of council houses in high-value areas to finance a new right to buy for housing association tenants October 2015

<sup>6</sup> Communities & Local Government Committee report - Housing Associations and the Right to Buy, 2016: <http://www.parliament.uk/business/committees/committees-a-z/commons-select/communities-and-local-government-committee/inquiries/parliament-2015/housing-association-sector-and-right-to-buy/>

lost with two more. Government guidance on the Bill suggests that they are open to consideration of similar deals with local authorities who can re-provide housing. It would be possible to deliver a one for one replacement programme locally within the City and at affordable rent if the funding was available, although two for one would be much harder to achieve because of land and planning constraints.

- 4.10 Right to Buy receipts are still available to us to spend on new affordable housing, but with the 1% rent cut and sale of high value assets we cannot provide the required match funding of 70% as we do not have access to funding streams. The 1% rent cut has effectively removed any surplus to use for this purpose and the sale of high value assets takes away another previous source of funding.
- 4.11 Importantly, any homes built in a replacement programme would need to be exempt from the Right to Buy, or from the high value calculation, for at least 30 years to allow the investment debt to be fully repaid. Historic Right to Buy sales have, in most cases, been of properties for which the debt has already been paid off. Without such protection, we could risk becoming insolvent if sales less statutory discounts exceeded the debt to be repaid.

### **Pay to Stay**

- 4.12 The details of how the government's proposals on Pay to Stay will operate are not yet clear. We have responded to the government's consultation expressing our concerns on the potential impact on households on low to middle incomes. Annual median gross pay is £31,778 for Cambridge residents who are full time workers, and for South Cambridgeshire it is £31,609. This means that households with single median incomes would be required to pay higher rents, as would those with two full time workers on lower quartile earnings.
- 4.13 In Cambridge and South Cambridgeshire the private sector rents are at least double those of socially rented properties. It is estimated that a household earning £30,000, if required to pay full market rent, would need to spend 43% of their take-home pay on rent in Cambridge City, and 34% in South Cambridgeshire - just for a one-bedroom home. For a three bedroom home it would be around 61% and 45% respectively.<sup>7</sup>
- 4.14 Given the context of high market rents in the Greater Cambridge area, this policy has the potential to displace hard working families. It also has implications for people with carers, for children attending local schools, and for the economy if lower paid workers are forced out of their homes. We also have concerns about using a single income threshold for potentially very different household compositions.
- 4.15 Locally determined income thresholds need to be introduced, which reflect local incomes and rents, to ensure that households are not hit with a sudden huge rise in rent in our high cost area. Sliding tapers also need to be set at the right level to meet local needs, to avoid some of the unintended consequences.

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<sup>7</sup> Based on HMRC take-home pay calculator and VOA rental data.

### Delivering a range of tenures

- 4.16 The City Council is committed to contributing to meeting local housing need in the city, alongside Housing Associations and the private sector. We have a good track record of delivering housing of all tenures, and together with Housing Associations, are the major providers of affordable housing for rent.
- 4.17 We are in agreement with the conclusions of the Communities and Local Government Committee report on Housing Associations and the Right to Buy. The Committee concluded that “The Government has ambitious plans to address the severe housing shortage and is seeking to do so by prioritizing affordable home ownership. Nonetheless rented housing at full market rents and sub-market rents will continue to be essential to meet the needs of many in our society and should exist alongside other forms of housing”.
- 4.18 In Greater Cambridge, Starter Homes will only provide homes for those on higher incomes. Indeed, Shelter calculates that many households even on high incomes would be unable to afford a Starter Home in Cambridge or South Cambridgeshire by 2020.<sup>8</sup>
- 4.19 As stated above, annual median gross earnings for Greater Cambridge residents are around £31,700, which equates to around £24,640 per year take-home pay.<sup>9</sup> Although lenders may have different criteria, using Barclays current lending policy as an example, a single earner earning £31,700 would require a deposit of over £100,000 to purchase a home valued at £250,000. Dual earners on median incomes would require a deposit of around £11,300 to be eligible for a loan.<sup>10</sup> (This is on the assumption of lending criteria being similar for Starter Homes as for ordinary market homes).
- 4.20 Shared ownership homes are also out of reach for many. For example, a 40% share of a median priced two bedroom home in Cambridge would cost around £233 a week (around £12,150 a year), equating to around 49% of median take-home pay. In South Cambridgeshire it would be lower, at £149 a week (around £7,800 a year), representing around 31% of median take-home pay. However, this is before taking into account ground rent and service charges, and is based on the assumption of a deposit of 15% of the share purchased.<sup>11</sup>
- 4.21 The City Council has been successful in developing options for the intermediate market for those unlikely to qualify for social housing, and would expect to continue to develop our contribution to this slice of the market. It is now the case that this ‘intermediate’ market represents in Greater Cambridge the majority of households requiring housing and a piece of detailed analysis is currently being undertaken to demonstrate the full scale and significance of this issue. Cambridge City have set up a lettings agency, Town Hall lettings, aimed at helping the single homeless with low

<sup>8</sup> Shelter: Starter Homes – Will they be affordable? 2015: [http://england.shelter.org.uk/professional\\_resources/policy\\_and\\_research/policy\\_library/policy\\_library\\_folder/research\\_starter\\_homes-\\_will\\_they\\_be\\_affordable](http://england.shelter.org.uk/professional_resources/policy_and_research/policy_library/policy_library_folder/research_starter_homes-_will_they_be_affordable)

<sup>9</sup> Annual Survey of Hours & Earnings (ASHE) 2015, and HMRC take-home pay calculator <https://www.incometaxcalculator.org.uk/>

<sup>10</sup> Barclays mortgage calculator: <http://www.barclays.co.uk/mortgages/mortgage-calculator>

<sup>11</sup> Hometrack, Cambridge sub-regional housing market bulletin December 2015.

levels of need find shared accommodation in the city and surrounding districts. Cambridge Housing Company recently set up by the City Council provides sub-market rents in the city for a broader range of households including families.

- 4.22 We are keen to contribute to the availability of intermediate rents and rented accommodation for those on middle incomes. Early discussions are being held with the LEP and with local employers to identify the options to take this forward. We will also need to reach an agreement with central government on the levers that would enable us to do this.
- 4.23 However, there is still a significant proportion of households who are unable to afford intermediate housing, and we therefore need to ensure the availability of affordable housing for rent. This is not to the exclusion of other tenure but needs to be in the mix. Research by Savills shows that the “shift in policy drive from Affordable Rent to one of the other tenures, and particularly the classification of Starter Homes as a form of Affordable Housing, is likely to leave a gap in provision for those on lower incomes.”<sup>12</sup>

## 5. What are we asking for?

- 5.1 In order to be able to make the best use of our resources and continue to build housing at affordable rents and for the intermediate market, Cambridge City has the following asks of government:
1. Approval for a higher level of borrowing against our Housing Revenue Account
  2. Flexibility to set council housing and housing association rents to better reflect local conditions
  3. Exemption for new build houses from Right to Buy and sale through the disposal of high value assets for 30 years
  4. To retain a proportion of the receipts from the sale of high value assets, to fund one for one replacement of properties lost through sale, a concession that has already been given in London
  5. Approval to use Right to Buy receipts to match against borrowing and the ability to spend RTB receipts within a five year period to take account of land supply
  6. The planning powers to agree the appropriate tenure mix on sites to meet local housing need (which we will set out in a complementary planning focused statement).
- 5.2 We have estimated that if we could use our RTB receipts in full, borrow beyond the debt cap to fund investment and utilise at least 25% of the receipts from high value sale we could sustain a one for one replacement build programme for homes lost through the right to buy and sale of high value assets, exempting these from RTB sale for 30 years.

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<sup>12</sup> Savills – The Impact of New Housing Measures on Development, February 2016:  
[http://www.savills.co.uk/research\\_articles/141280/198958-0](http://www.savills.co.uk/research_articles/141280/198958-0)

- 5.3 Council housing plays a critical role in Greater Cambridge area providing over 30% of all rental homes. The forced sale of a significant number of these homes therefore risks damaging the local housing market.
- 5.4 Only the top 20% of households have incomes that enable them to access owner occupation. Starter Homes will add supply to meet the needs of this section of the community but not the 80% of households with lower incomes including the majority of those on average earnings.
- 5.5 Cambridge City Council, working with other Local Authorities and Housing Associations is willing to lead on the development of new housing that is affordable to rent and buy across this wide range of households and deliver housing to address this otherwise unmet need. The provision of new council housing is a key part of meeting this need. We have therefore set out the housing asks that we will continue to request from Government.