



To: Executive Councillor for Housing: Councillor Kevin Price

Report by: Liz Bisset, Director of Customer & Community Services

Relevant scrutiny committee: Housing 8/3/2016  
Scrutiny Committee

Wards affected: Abbey Arbury Castle Cherry Hinton Coleridge  
East Chesterton King's Hedges Market Newnham  
Petersfield Queen Edith's Romsey Trumpington  
West Chesterton

## **Housing Market Statement**

### **Key Decision**

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

- 1.1. Cambridge City and South Cambridgeshire district together represent the important economic hub of Greater Cambridge. Housing is an essential contributor to supporting economic growth and this paper shows why this must include a mix of tenures including affordable housing and housing for social rent. The key characteristics of the housing market in greater Cambridge and the impact of Government legislation are examined using local data and national studies. This supports the asks to Government in the final section of the paper. These asks would enable the City Council to continue to develop housing that is affordable to rent and buy across a range of tenures. This includes new council housing, to address a growing need as access to housing in the Greater Cambridge area moves rapidly out of the reach of many households.
- 1.2. At the time of writing this paper legislation affecting housing is going through the final stages of the parliamentary process, namely the Welfare Reform and Work Bill and the Housing and Planning Bill. The details of how aspects of the Housing and Planning Bill will work in practice has yet to be finalised. The terms of a potential devolution deal are also under discussion. The asks in this paper contribute to making the case for a better housing deal for Cambridge in our

ongoing discussions with Government about the impact of legislation and devolution.

## **2. Recommendations**

The Executive Councillor is recommended:

1. To adopt this statement as a summary of the Cambridge Housing Market and the impact of impending legislation.
2. To agree the asks in paragraph 3.5 as the foundations for negotiation with Government

## **3. Background**

3.1. The government has, over recent months, announced a number of unprecedented changes to national housing policy. Much of the detail is still not clear, but it is apparent that the combined effect of these policies will have significant implications for both the council and its residents. Access to housing is critical to economic success, and it is important that we do all we can to ensure that homes are available to all sectors of the housing market including affordable housing for those on lower incomes.

3.2. The City Council has been actively making representation to seek to influence how housing policies and legislation might impact on the Greater Cambridge area.

3.2. Appendix 1 to this report pulls together the arguments we have been making. It:

- Sets out the key characteristics of the current housing market and housing provision in the Greater Cambridge area;
- Analyses the potential impact of the impending changes on local affordable housing supply, and on the provision of new affordable housing; and
- Summarises our 'asks' of government in order to facilitate the continuing delivery of council housing at affordable rents and intermediate rents.

3.3. The main policy changes are currently going through the parliamentary process as part of the Welfare Reform and Work Bill, and the Housing and Planning Bill, both of which are due to receive Royal Assent in 2016. Many of these changes will severely affect the retention of housing stock and the delivery of new social housing. The delivery of affordable housing is also important in any negotiation with Government over a

potential devolution deal, which under discussion. The major areas of concern in relation to the delivery of affordable housing are:

- A policy and funding shift away from social housing for rent and towards home ownership which does not address the continued need for affordable housing across tenures including for those on lower incomes.
- A 1% social housing rent cut each year for four years, which will result in an income loss to the Council's Housing Revenue Account (HRA) of £15 million over 4 years, and puts which puts our HRA new build programmes on hold.
- The requirement for local authorities to dispose of 'high value' social housing, to fund the implementation of the Right to Buy for Housing Associations, which reduces the overall availability of social housing in Greater Cambridge
- Welfare reform which will reduce household income and impact on the affordability particularly of rented accommodation.
- A mandatory 'Pay to Stay' scheme, whereby council tenants with a household income of £30,000 or more will be required to pay market or near-market rents, representing a very high proportion of take home pay.

3.4. Greater Cambridge is a high value area, with high – and rising - rents and house prices. Many people already find it difficult to access housing of all tenures, and the combined effect of these changes is likely to make it even more challenging. The City Council is committed to contributing to meeting local housing need, alongside Housing Associations and the private sector.

3.5. 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 have the following asks of government:

1. Approval for a higher level of borrowing against both districts' Housing Revenue Accounts
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 the High Value Levy for thirty years. 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

4. 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
5. 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).

3.6. 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 sales we could deliver a one for one replacement programme for council housing lost through the right to buy or the compulsory disposal of high value assets.

3.7. Council housing plays a critical role in Cambridge providing over 29% of all rental homes and 65% of all affordable rented homes. The forced sale of a significant number of these homes therefore risks damaging the local housing market.

3.8. Houses for sale are unaffordable for anyone on average incomes, unless they have access to a substantial deposit. The median house price in Cambridge City is 11.9 median earnings and the ration of house prices to earnings for the lower quartile is even more extreme at 17.9.

3.9. Cambridge City Council 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 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.

## **4. Implications**

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

The statement attached as the Appendix asks for greater financial freedoms and flexibilities.

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

The availability and accessibility of affordable housing is a critical component to addressing poverty and inequality, recognising that people of all incomes require access to affordable housing that meets their needs.

(d) **Environmental Implications**

- Nil.

(e) **Procurement**

None directly

(f) **Consultation and communication**

The housing statement provides a summary position statement that will be used in further communications with Government and others.

(g) **Community Safety**

**None**

## **5. Background papers**

Appendix 1 includes footnotes that reference the background papers used to compile the Housing Statement.

## **6. Appendices**

Housing statement entitled – The Housing Market in Cambridge, access to affordable housing and the role of councils.

## **7. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact:

Author's Name: Liz Bisset /Helen Reed  
Author's Phone Number: 01223 - 457801  
Author's Email: [liz.bisset@cambridge.gov.uk](mailto:liz.bisset@cambridge.gov.uk)  
[helen.reed@cambridge.gov.uk](mailto:helen.reed@cambridge.gov.uk)