Council new build programme needs analysis

July 2020 (v3.0) DRAFT REPORT

INTRODUCTION

This needs analysis presents evidence to help inform decisions around the Cambridge City Council's new-build programme going forwards. It outlines the main relevant policy background, and makes recommendations based on policy and identified needs. It also looks at the broader housing market, both currently and how it might change particularly in the light of the Covid-19 pandemic.

Recommendations may change as new and/or updated evidence emerges.

NEED FOR NEW HOMES

The council's Local Plan identifies a forecast of housing need in the City of around 14,000 new homes between 2011 and 2031. This is being reviewed as part of the work to inform the proposed new Greater Cambridge Local Plan.

NEED FOR AFFORDABLE HOUSING

Strategy requirements

Minimum 25% of homes on sites of 11-14 units and 40% on sites of 15 or more to be affordable housing. (Local Plan 2018)

Greater Cambridge Housing Strategy Vision = Healthy, Safe, Affordable: Homes & Communities for All.

Increasing the number of affordable homes is a priority in the council's Anti-Poverty Strategy .

Market rents and house prices (see also affordability of affordable housing below)

Table 1 below shows how house prices in Cambridge are well above the regional and national average. This puts home ownership out of reach for many.

Table 1: Average and lower quartile house prices, December 2019

	Average	Lower quartile

Cambridge	£496,170	£340,000
East of England	£352,758	£217,845
England	£322,496	£165,000

Source: [Cambridge sub-region housing market bulletin](), from Hometrack. Based on sales and valuations

Table 2 below shows that private rents are also above the regional and national average. High market rents locally mean private rent is unaffordable to those on low incomes.

Table 2: Average and lower quartile monthly rents by property size, April 2018 to March 2019

	Average (mean) monthly rents			**Lower quartile monthly rents**		
	Cambridge	**Eastern Region**	**England**	**Cambridge**	**Eastern Region**	**England**
Room	**£527**	£442	£411	**£450**	£370	£349
Studio	**£810**	£564	£668	**£725**	£450	£445
1 bed	**£997**	£666	£731	**£850**	£540	£475
2 bed	**£1,256**	£819	£800	**£1,075**	£650	£540
3 bed	**£1,451**	£968	£916	**£1,230**	£750	£615
4 bed +	**£2,070**	£1,467	£1,611	**£1,600**	£1,080	£925

Source: Valuation Office

Until this financial year, Local Housing Allowance rates were well below lower quartile rents. With Covid-19, rates have increased to make rents more affordable to those on housing benefit/ the housing element of Universal Credit. Although for many this will make private rent more affordable, more households are expected to be caught by the benefit cap. In addition to larger families, single people over 35, single people with 2 children or a couple with one child could all now be affected by the cap, leaving few categories of people who aren't affected by the cap.

These rates will remain at least until 2020/21, although the longer term picture is not clear. The Valuation Office has confirmed that there are no current assumptions around what levels future rates will be set at.

Affordable housing delivery

Table 3 below shows the number of affordable homes (excluding 'key worker' housing) delivered since 2015/16 and projected for 2020/21

Table 3: Number of new affordable homes delivered and projected. Cambridge City

	2015/16	2016/17	2017/18	2018/19	2019/20	Projected 2020/21*
Council social homes	62	75	143	34	12	73
Social homes (non-Council) on strategic growth sites	137	236	238	93	106	105
Social homes on other sites	0	104	50	0	22	0
Total	**199**	**415**	**431**	**127**	**140**	**178**

Source: Strategic housing key facts, from information supplied by Registered Providers

This shows that around 1,300 affordable homes were delivered between 2015/16 and 2019/20, around one third of which were built by the council. With around 1,600 applicants on the housing register this clearly demonstrates the importance of the council's role in bringing forward new affordable homes.

Recommendations

- With limited potential for delivery through s106 agreements and by other registered providers, the council should continue to intervene in the market to deliver affordable housing.

AFFORDABLE TENURES NEEDED

Housing Strategy

The Greater Cambridge Housing Strategy highlights the scarcity of housing options for those with a reliance on social/affordable rent housing. For this group, even so called 'affordable rent' at up to 80% of market rents is unaffordable to many. Council stock numbers have reduced dramatically over time, particularly through Right to Buy sales. *…We will continue to prioritise social housing for rent to meet the needs of those on low incomes who are unable to afford alternative accommodation.*

However, the Strategy recognises that there is also a growing 'affordability gap' where middle income households are being squeezed out of the market; with limited housing options for low cost home ownership or the private rented sector. The demand for housing for these groups far outstrips the current supply. Shared ownership and other newly emerging 'intermediate' models (such as Rent to Buy and Affordable Private Rent) can help support the needs of those on middle incomes who work in the area but cannot afford to live locally.

The Strategy seeks 75% of affordable housing delivered on sites to be social housing for rent, and 25% to be intermediate tenure.

Cambridgeshire & Peterborough Independent Economic Review 2018

We Need to Build Truly Affordable Housing. There is a need for a significant increase in affordable housing across a range of sizes, types and tenures. Social housing is a key part of this, but there is strong evidence that the needs of many who would not qualify for social housing are not being met by open market housing, either for sale or rent. Intermediate tenures are therefore an important element of the overall mix, requiring the development of new housing approaches. These are likely to include seeking investment partners and using local authority-owned land creatively.

Current social housing stock

Tables 4 & 5 below shows the current tenure breakdown of social and affordable rented housing in Cambridge. They show provision through the council and private registered providers of just over 13,000 homes. This includes approximately: 10,750 general needs; 1,000 homes for older people; 790 low cost home ownership homes; and 670 units of temporary and supported accommodation.

Table 4: Tenure breakdown of Cambridge City Council housing stock April 2017 to April 2020

	Apr-17	Apr-18	Apr-19	Apr-20	Net change Apr 19-20
General housing	6,428	6,481	6,455	6,464	9
Sheltered/ extra care housing	511	511	510	512	2
Supported housing	22	19	22	17	-5
Temp housing (indiv.units)	47	49	57	65	8
Temp housing (HMOs)	24	27	24	29	5
Miscellaneous leases	17	16	16	19	3
Total (excl. leasehold & shared ownership)	**7,049**	**7,103**	**7,084**	**7,106**	**22**
Shared ownership	87	110	109	97	-12
Leasehold	1,167	1,169	1,184	1,196	12

Source: Strategic Housing Key Facts, from Orchard

Table 5: Tenure breakdown of stock owned by private registered providers in Cambridge City, 2019

Tenure	Type	Number
Low cost rental	General needs	4,297

	Of which:	
	General needs self-contained	*3,687*
	General needs non-self-contained	*610*
	Supported housing	562
	Housing for older people	501
Low cost home ownership (LCHO)		689
Total Cambridge		**6,049**

Source: Private Registered Providers statistical return 2018-19, Geographic look up tool

Housing register

The Home-Link housing register identifies high levels of need for social/affordable rent homes, with 1,573 applicants on register at end March 2020.

Although around two thirds of register applicants are in Bands C & D (medium and low needs), table 6 below shows that the majority of lettings are to applicants in Bands A & B (urgent and high needs).

Table 6: Number of Home-Link lettings by band and, percentage breakdown 2017/18 to 2019/20 (council and housing association properties) Cambridge City

	2017-18		**2018-19**		**2019-20**	
	No of lets	**% of all lets**	**No of lets**	**% of all lets**	**No of lets**	**% of all lets**
Band A	237	37%	174	32%	237	44%
Band B	259	39%	232	43%	207	38%
Band C	104	16%	89	16%	64	12%
Band D	56	8%	38	7%	33	6%
Unknown	5	0%	7	1%	0	0%
Total	**661**	**100%**	**540**	**100%**	**541**	**100%**

Source: Strategic Housing key facts, from Home-Link

Intermediate (Help to Buy) housing register

There is some identified need for intermediate tenures also, although numbers registered are lower. At May 2019, 548 applicants lived in and wanted to remain living in Cambridge, and 456 worked in and wanted to live, or remain living in Cambridge. Overall numbers will be lower than this as there are likely to be overlaps between the two. (See tables 9 & 10 under Social/affordable rent sizes section below).

Although there appears to be demand for shared ownership, council and other providers have had some trouble selling in Cambridge over the last few years, and have had to switch tenures of some properties. Full reasons not clear, but are thought to have included a combination of: affordability; suitability of shared ownership to meet needs; understanding of shared ownership as a model amongst potential purchasers; and a number of properties coming on the market at the same time.

Affordable Private Rent

Affordable Private Rent accommodation at up to 80% of market rents would be expected to be delivered as part of any new Build to Rent schemes.

Research is under way to get a better understanding of Build to Rent and Affordable Private Rent market. Results so far suggest there is likely to be demand, but with no established method of doing so, understanding the extent of this demand is proving challenging.

Local Lettings Plans

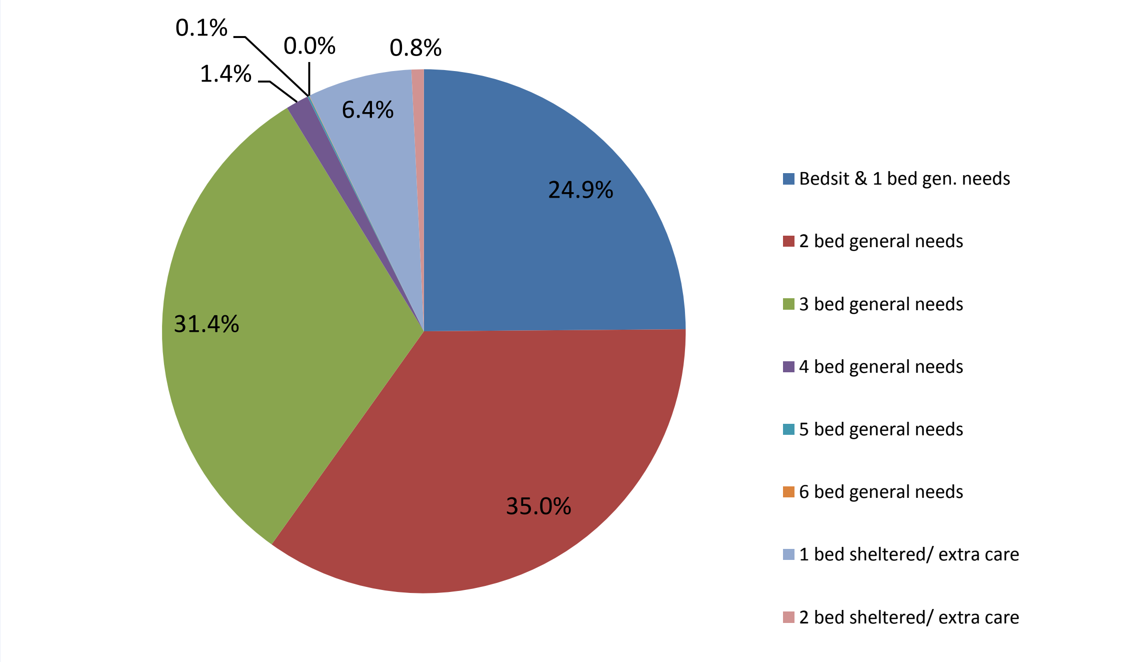
Increasing the supply of social/affordable rent also presents opportunities for those on moderate incomes who would not normally be high priority to secure a home at a rent they can afford. The vehicle for this is development of Local Lettings Plans, tailored to individual developments, aimed primarily at creating mixed communities.

SOCIAL/AFFORDABLE RENT SIZES NEEDED

Sizes of current council housing stock

Chart 1 shows that around a quarter of council homes are 1-beds, one third 2-beds, and one third 3-beds.

Chart 1: Cambridge City Council housing stock size breakdown, April 2020



Source: Strategic housing key facts, from Orchard

(No similar data appears to be available for homes owned by private registered providers)

Housing register size requirements

Table 7 below shows that the main demand on the housing register over recent years has been for 1 beds, followed by 2 beds.

Table 7: Proportion of households on register each year eligible for each property size, March 2015 to March 2020, Cambridge City

	Mar 15	Mar 16	Mar-17	Mar-18	Mar-19	Mar-20
1 bed	55%	55%	61%	67%	67%	57%
2 beds	35%	34%	28%	25%	24%	26%
3 beds	8%	9%	8%	6%	7%	14%
4 beds +	2%	2%	2%	2%	2%	3%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Strategic housing key facts, from Home-Link. Eligibility for each property size based on household size compared with national bedroom standard

However, as shown in table 8, turnover of 1 and 2 beds is higher than larger properties.

Table 8: Number of lettings and percentage breakdown, by number of bedrooms 2017/18 to 2019/20, council and housing association lets, Cambridge City

	2017-18		2018-19		2019-20	
	No. of lettings	% of all lets	No. of lettings	% of all lets	No. of lettings	% of all lets
1 bedroom	280	42%	216	41%	233	43%
2 bedrooms	259	39%	243	46%	232	43%
3 bedrooms	105	16%	71	13%	71	13%
4 bedrooms+	17	3%	10	2%	4	1%
Total number of lets	**661**	100%	**540**	100%	**540**	100%
Of which were in schemes aimed at people aged 55+	82	12%	53	10%	81	15%

Source: Strategic housing key facts, from Home-Link

So although there is a need to focus largely on 1 & 2 beds, there is clearly some need for larger properties. This is also important in creating a mixed community.

Intermediate tenure sizes needed

Highest demand for the range of products available through the Help to Buy Agent is also for 1-2 bed homes. Tables 9 &10 below show applicants applying for some or all of the available Help to Buy products including shared ownership, shared equity, Help to Buy equity loans, intermediate rents, other sub-market rents/ sales, etc.

Table 9: Number of applicant households on Help to Buy housing register living in, and wanting to remain living in Cambridge, by size of home required, May 2019.

Size required	Number of applicant households	Proportion of applicant households
1-2 beds	354	65%
2-3 beds	134	24%
3-4 beds	49	9%
4-6 beds	11	2%
Total	**548**	**100%**

Source: Strategic housing key facts, from Help to Buy Agent. Includes applicants living in the City, and wanting to live in the City, regardless of current place of work. Some applicants will have listed Cambridge as just one of their areas of choice. Likely to overlap with table 10 below

Table 10: Number of applicant households on Help to Buy register, working in, and wishing to live or remain living in Cambridge, by size of home required, May 2019

Size required	Number of applicant households	Proportion of applicant households
1-2 beds	277	61%
2-3 beds	118	26%
3-4 beds	58	13%
4 -6 beds	3	1%
Total	**456**	**101%**

Source: Strategic housing key facts, from Help to Buy Agent. Includes applicants working in the City, and wanting to live in the City, regardless of current place of residence. Some applicants will have listed Cambridge as just one of their districts of choice. Likely to overlap with table 9 above

Recommendations

- Due to shortage of, and high levels of need for, social/affordable rent housing, this tenure should be given highest priority within the programme.

- The main focus for social/affordable rent housing should be on one and two bedrooms, although there also needs to be some provision of larger homes to help address the lower turn-over of larger homes, and to help ensure mixed communities.

- Local Lettings Plans for social/affordable rent homes should be used to help meet the needs of households on a range of incomes and contribute towards balanced communities.

- Although lower priority, ‘intermediate’ tenure homes should also be considered to meet the needs of those unable to access social housing but also unable to buy on the open market. Again, the main focus should be on 1 and 2 bedrooms but some larger homes may also be required.

- Any consideration of intermediate tenures should look beyond more traditional shared ownership, and also take into account new emerging models of and routes to low cost home ownership.

AFFORDABILITY OF AFFORDABLE HOUSING

There are various ways of assessing housing affordability, but the council's Housing Strategy currently favours Shelter's approach that, as a rough guide, affordability should be assessed on the basis of around 35% of net household income being considered affordable.

Affordable rents

Tackling poverty is a high priority for the council. For those on low incomes, helping people with high housing costs is a key objective in the council's Anti-Poverty Strategy, and in the Housing strategy the council's preference is for social rather than affordable rents to maximise affordability.

The Housing Strategy currently requires all affordable rent homes to have rents, including service charges, capped at the Local Housing Allowance Rates. However, following the unprecedented increase in LHA rates for 2020-21 in response to the Covid-19 crisis, setting affordable rents at current rates is likely to pose affordability issues.

Table 11 below shows the difference between 2019/20 and 2020/21 LHA rates, and how they compare with median rents.

Table 11: Local Housing Allowance rates 2019/20 and 2020/21 compared with weekly median rents and 80% of market rent. Cambridge.

	2019/20 LHA rate	New 2020/21 LHA rate	Increase 2019/20 to 2020/21	% increase 2019/20 to 2020/21	Cambridge median weekly rent	2019/20 LHA rate as a % of median market rent	New 2020/21 LHA rates as a % of median market rent	80% of median market rent
1 bed	£135.99	£178.36	£42.37	31%	£219.00	62%	81%	£175.20
2 bed	£156.40	£195.62	£39.22	25%	£294.00	53%	67%	£235.20
3 bed	£181.75	£218.63	£36.88	20%	£334.00	54%	65%	£267.20
4 bed	£242.43	£299.18	£56.75	23%	£438.00	55%	68%	£350.40

Source: Valuation Office LHA rates; & Hometrack median market rents

There are different ways of assessing median rents. However, in this scenario, if current LHA rates were used, 1 bed homes would be set at 80% of market rent (the maximum level for affordable rents); 2 beds at 67% etc. This is considerably higher than in 2019/20, and represents a 31% increase on rates for 1 bedroom, and 25% for 2 bedroom properties.

Table 12 below illustrates the lack of affordability of rents based on LHA rates for Home-Link housing applicants who are working (ie less likely to have their full rent covered by benefits).

Table 12: Incomes of working applicants on Cambridge City housing register compared with Local Housing Allowance Rates, by size of properties required

No. of bedrooms required	No. of applicants	Average weekly income	35% of weekly income	LHA rates 2019/20 (1,2,3 & 4 beds)	LHA rates 2020/21 (1, 2, 3 & 4+ beds)
Studio or 1 bed	534	£403	£141	£133.72	£178.36
1 or 2 beds	2	£338	£118	n/a	n/a
2 beds	333	£481	£168	£153.79	£195.62
3 beds	167	£556	£195	£178.71	£218.63
3 or 4 beds	2	£673	£236	n/a	n/a
4 beds	31	£636	£223	£238.38	£299.18
5 beds	5	£529	£185	n/a	n/a
Total	**1074**	**£458**			

Source: Home-Link July 2020 and Valuation Office

So for example, the Local Housing Allowance rate for a one bedroom property is currently £178.36; whereas 35% of the average weekly income for working applicants requiring a studio or one bedroom property is £141.

Evidence of housing affordability against local incomes more widely is available through the affordability ladders in the Cambridge sub-region strategic housing market bulletins This suggests that around 20% of Cambridge residents have incomes of £15-£20k. At December 2019, residents would need to be at or above the middle of this range (based on housing costs at 35% of income) to be able to afford a 2 bed Housing Association rent or a 3 bed Affordable Rent (at a housing cost of around £120 pwk). To afford a 3 bed affordable rent at £160pwk they would need an income of around £25k.

A number of Home-Link applicants have 'failed' affordability assessments carried out to establish whether they could be reasonably expected to afford the rent on an available affordable rent home – particularly in relation to larger properties.

The council is reviewing its policy on how affordable rent levels should be set in light of the changes to Local Housing Allowance rates.

Intermediate tenures (shared ownership, affordable private rent etc)

Local analysis in 2017 showed:

- Around 39% of households in Cambridge have incomes of less than £30k
- Around £35-£40k as the Cambridge median household income (based on 2016/17 data) with around 26% of local households having incomes of £30k-£50k.

Again, housing affordability ladders in Cambridge sub-region strategic housing market bulletins give more up to date information. For example, at December 2019:

- Around 43% of Cambridge households have incomes of £35k or lower. Households on up to £30k would only be able to afford a council or housing association affordable rent, or a 1 intermediate rent based on 35% of net income. Between £30k & £35k they could, in theory, afford a 1 bed private rent, 2 bed intermediate rent, a 1 bed lower quartile sale, or a minimum share of a 1 bed shared ownership property.
- To purchase a 1 bedroom average or a 2 bed lower quartile resale property would require around £40-£45k income: around half of all households are on incomes below that level.
- An average 3 bed resale would require £70-£75k income

(NB These figures do not take into account access to capital)

Recommendations

- Social/affordable rents should continue to be set at or below 2019/20 LHA rates, with rents for larger properties being set below that level, until the council has agreed a revised approach to setting rent levels.

- Intermediate tenure should be targeted at those unlikely to be housed through the housing register but also unlikely to be able to afford to rent or buy on the open market.

- Rent levels and or purchase prices should be assessed based on up to date affordability evidence, to help ensure that housing costs are as affordable as possible to the target market.

HOUSING NEEDS OF DIFFERENT GROUPS

A key objective in the Housing Strategy is that there be a wide and varied choice of good quality, sustainable homes of different sizes, types and tenures, including new provision of council homes, to meet the needs of a wide range of different households and age groups.

Research is under way to assess the needs of different groups to support the new Greater Cambridge Local Plan. In the meantime, the following applies.

Housing for older people

With a rapidly ageing population, the Housing Strategy identifies the need to promote a range of housing of options to enable people to live safely and independently for as long as possible. ‘Downsizer’ accommodation can provide choice to those who want to move to somewhere smaller and more suitable and remain in their local community. It can also help free up family sized homes. Local Lettings Plans for social/affordable rent housing may also be used to give priority to older people wanting to move to smaller homes in particular new developments.

Both councils (Cambridge City and South Cambridgeshire) are interested in exploring other options, including new models of older people’s housing. However, any new provision must take into account any impacts on costs and provision of social care.

The Strategy identifies the following potential need, based on forward projections of current supply.

Table 13: Projections of future recommended supply based on current provision, Greater Cambridge

Projections of future recommended supply in Greater Cambridge based on current provision

	Current supply	Recomm-ended supply 2016	Difference (shortfall)	Recommended future supply 2020	2025	2030	2035
Age exclusive	**239**	**1,145**	**-906**	**1,321**	**1,619**	**1,835**	**2,062**
Specialist housing	**3,280**	**3,422**	**-142**	**3,950**	**4,839**	**5,485**	**6,163**
Care beds	**1,825**	**2,152**	**-327**	**2,484**	**3,043**	**3,449**	**3,876**

Source: Older People’s housing, care and support needs in Greater Cambridge 2017 – 2036 [Tables 4.3 & 4.6 combined]: Sheffield Hallam University [November 2017]

The Strategy proposes that, based on current evidence, approximately 5% of new supply should be age exclusive homes - likely to take the form of mainstream housing built with older people in mind, i.e. meeting Building Regulations Part 4 (2 or 3).

However, it is recognised that the two bed homes on the Anstey Way development it has proved difficult to let some of the two bedroom age exclusive homes. The reasons for this need to be better understood, but it suggests that there should be some flexibility when it comes to letting if there is insufficient demand from older people.

In addition to the Local Plan research on housing for particular groups currently under way, Cambridgeshire County Council is also researching needs in relation to residential care beds. The figures above will need to be reviewed based on the outcome of these two pieces of work.

Recommendations

- Guidance on provision of age exclusive older people's housing in the housing strategy should be followed until further evidence is available. However, this should not be tied into any s106 agreement, and some flexibility should be built in to ensure that if there is insufficient demand from older people, there is the opportunity to let to other household types.

- To ensure appropriate revenue funding is available, any proposals to provide extra care accommodation will need to be approved by Cambridgeshire County Council at an early pre-planning stage.

Family homes

As identified under 'Social/affordable Rent Sizes Needed' section above, although the main demand is for one bedroom homes, there is clearly a need also for homes for families. The impact of Covid-19 has highlighted the importance of access to private external space, particularly for families with children.

Recommendation

- When designing flats of two bedrooms or more, either downstairs or upstairs where lifts are provided, give consideration to provision of well designed, child-safe external private space.

Accessible homes

The Local Plan 2018 requires the following:

> In order to create accessible homes:
>
> a) all housing development should be of a size, configuration and internal layout to enable Building Regulations requirement M4 (2) 'accessible and adaptable dwellings' to be met; and

b) 5 per cent of the affordable housing component of every housing development providing or capable of acceptably providing 20 or more self-contained affordable homes, should meet Building Regulations requirement M4(3) ‘wheelchair user dwellings’ to be wheelchair accessible, or be easily adapted for residents who are wheelchair users.

(Mobility 1,2 & 3 Home-Link applicant information to follow).

The Occupational Therapy service reports that, at July 2020, most of the unmet need for homes build to M4(3) wheelchair accessible homes is for 3 or more bedroom homes. Historically it is these families who often wait many years to be rehoused.

Recommendations

- The programme should continue to meet the Local Plan requirement of 5% of the affordable housing on developments of 20 or more self-contained homes to be wheelchair accessible or easily adapted for wheelchair use. Particular priority should be given to providing 3 or more bedroom homes for families in need.

- The Housing Development Agency should continue to liaise closely with the Housing Advice service, Occupational Therapists and County Council Specialist Housing Advisors to ensure that the development programme can help meet the specific needs of households identified requiring wheelchair accessible homes.

Specialist housing for people with disabilities

Recent county-wide research identifies the following need for specialist accommodation based on current provision.

Table 14: Estimate of future specialist housing need for people with disabilities

District	Estimated number of units by client group in 2036						Total number of units
	Learning disability	Dementia	Mental health	Physical disability	Autism	Sensory impairment	
Cambridge	37	0	207½	9½	0	0	254
East Cambs	19	0	0	56½	28½	0	104
Fenland	26½	½	77½	51½	49	0	205
Huntingdonshire	68	0	41½	51	27½	0	188
South Cambs	21½	0	51	19½	35½	½	128
Cambridgeshire	**172**	**½**	**377½**	**188**	**140½**	**½**	**879**

Source: Cambridgeshire County Council Research Group: Cambridgeshire & West Suffolk Specialist Housing Need Autumn 2019

This is a 'policy off' position: it does not take into account any policy decisions around the required future balance between specialist and mainstream provision.

Recommendation

- Specialist housing for people with disabilities (other than wheelchair accessible) should only be considered where a specific requirement for that type of accommodation has been identified by Cambridgeshire County Council.

Temporary homelessness accommodation

The council has a statutory duty to provide temporary accommodation to households it believes are homeless and in priority need, whilst it investigates what duties are owed under homelessness legislation.

Prior to the Covid-19 lockdown, the council had capacity (outside of Bed & Breakfast) to accommodate 123 households, using the council's own stock and hostel type accommodation from other providers. At that point 87 properties were occupied. 81 were City Council owned stock in Cambridge; 3 were Bed & Breakfast (B&B) in Peterborough; and 3 were B&B in Harlow.

There was a significant peak in placements during 2019/20, at considerable cost to the council, although this had reduced again by the time lockdown started.

During lockdown, the numbers of people approaching the council and requiring 'traditional' statutory interim accommodation has dropped, probably due mainly to the stay on court proceedings for evictions. When the stay is lifted (expected in August 2020), we are expecting a second peak of approaches, and some of these will result in priority need placements.

On top of this, a substantial increase in unemployment numbers (due to potential economic downturn) is expected to increase demand. For example, Universal Credit claimant count data shows the Cambridge unemployment rate at 3.9% at May 2020 (similar to the UK-wide figure of 3.8%). The Guardian has reported on a Bank of England estimate that unemployment nationally could double this year. Statista says it could spike at 10% in 2020 quarter 2, but should full lockdown end after three months then they would expect unemployment to gradually fall throughout late 2020 and 2021.

The Housing Advice team estimates that there could be an increase in demand for TA in the order of 15% over pre-lockdown numbers. This would mean a requirement of 100 units, pushing demand back up close to maximum capacity.

Recommendation

- Whether there is a need for provision of temporary homelessness accommodation on particular sites should be explored with the council at an early stage of development of the new programme and early in the planning of individual sites

Accommodation for single homeless and rough sleepers

(More information to follow)

Single homelessness and rough sleeping are major issues in Cambridge. Table XXX shows that in 2019-20, 166 individuals in the City were assessed by the Street Outreach Team.

Table 15: Number of assessed individuals sleeping rough each year, 2015/16 to 2019/20

	2015-16	2016-17	2017-18	2018-19	2019-20
No. of individuals assessed as sleeping rough	152	240	175	158	166

Source: Strategic housing key facts, from Cambridge Street Outreach Team Annual Reports

There are additional individuals who may have been seen rough sleeping but were not assessed, who are excluded from the figures to avoid the risk of overcounting.

The national annual autumn street count provides further evidence of the extent of rough sleeping. Table 16 below shows the number of rough sleepers counted in the City on the night of the count over the last three years. The Cambridge figure for 2019 (33) is the third highest in the Eastern region, behind Luton (43) and Peterborough (37).

Table 16 National rough sleeper count autumn 2019: number of people found sleeping rough (snapshot)

	2017	2018	2019

Number of people sleeping rough	26	27	33

Source: ***Autumn street count figures.***

The council's Homelessness & Rough Sleeping Review 2019 gives further background to the issue of rough sleeping**.** One of the issues identified in the review is access to move-on accommodation. The maximum stay is normally expected to be two years, but residents often stay longer than that. Lack of suitable accommodation to move on to is a major part of the problem.

Another issue is unwillingness amongst some rough sleepers to use move-on accommodation in the first place. Consultation with rough sleepers and service providers has strongly indicated that prevalence of substance misuse and mental health problems have a part to play in this, especially the need to be on the streets at night raising money. Other reasons include: unwillingness to share accommodation; not wishing to be amongst people less advanced in their progress out of addiction; and hostel rules and regulation.

Up to 40 social tenancies a year (in the form of the award of an 'A' banding through Home-Link) are exclusively available for people leaving hostels who can demonstrate that a social tenancy is critical to their future housing stability. However, this is insufficient to facilitate the desired level of move-on.

To help tackle these issues, the Housing Strategy supports the piloting of Housing First models of accommodation on some of its own new developments. This offers accommodation to rough sleepers directly without any intervening period in a hostel, with no requirement to follow a prescribed pathway or to accept the support made available as a condition of residence.

The council is keen to continue with this model at present, although results need to be monitored to inform whether it should continue to be brought forward as an alternative to hostel accommodation in the longer term.

During Covid-19 rough sleepers have been taken off the streets and into temporary accommodation, including hotels. Work is under way to try to find either move-on or permanent accommodation for as many of these people as possible, to help keep people off the streets longer term and to work towards the national target of eliminating rough sleeping by 2027. An increase in provision of both temporary and permanent accommodation is likely to be required to meet needs going forward.

Recommendations

- The programme should continue to support delivery of homes to meet the council's Housing First objectives.

- Decisions around whether other forms of accommodation should be provided specifically to tackle rough sleeping will need to be made once longer term needs following Covid-19 have been identified.

Build to Rent

(See also 'Homes for Local Workers' section below)

Conditions in the private rented sector

Local stock modelling research published in 2015 indicated that around 18% of private rented homes in Cambridge had HHSRS Category 1 hazards[1] compared with 13% of owner occupied homes. 6% were in disrepair and around a fifth of private rented sector households were in fuel poverty.

Housing Strategy

The Housing Strategy recognises that Build to Rent housing, as well a meeting the needs of households on a range of incomes, can accelerate the overall housing build-out rates on large strategic sites. Subject to clear evidence of need, we may consider proposals for new PRS as part of a wider housing mix. Any such homes provided should remain available as PRS for an agreed period.
Any homes delivered as build to rent need to be of high quality, well managed and offer longer term tenancies, as well as options for tenants to end tenancies sooner where it meets their needs. A range of unit sizes will also be required to meet needs of different household types and income levels, including appropriate provision of Affordable Private Rent. They need to be part of the mix to be provided through the development; in single ownership and management; held under covenant for a minimum of 15 years; be self-contained and provide acceptable maintenance and management arrangements.

Build to Rent research

Research is currently under way to explore the potential local demand for Build to Rent, and to understand how it might with fit with the need to create settled and

[1] Housing Health & Safety Rating System

cohesive communities. This is taking somewhat longer than anticipated to complete and is not yet ready for publication, but preliminary findings have been used to help inform the draft North East Area Action Plan. (See below). Evidence suggests that there is likely to be some demand for Build to Rent and Affordable Private Rent units, although insufficient information is available to establish numbers.

Further research is also being carried out sub-regionally on the housing needs of particular groups. This is expected to give more information on the likely need for provision for people who wish to rent.

Draft North East Cambridge Area Action Plan (AAP)

Although there is likely to be some need for such accommodation, the current proposal is that no more than 10% of all homes on the site should be Build to Rent. This is to ensure it is provided in a balanced way across the development without being the dominant typology of homes in any location, so that mixed housing types and tenures can be available across different parts of the site.

The draft AAP also states that any build to rent scheme must comply with the following:

a) individual schemes to be under common ownership and management control for the long term;

b) dwellings to be retained as Build to Rent under a covenant for at least 15 years with a clawback mechanism and compensation mechanism if the covenant is broken;

c) include a minimum of 20% affordable private rent units, which will be counted towards overall 40% affordable housing requirement

d) ensure all units are self-contained

e) offer rent certainty for the period of the tenancy;

f) offer longer tenancies (three years or more) to all tenants and break clauses for tenants, which would allow a tenant to end the tenancy with a month's notice any time after the first six months;

g) have on-site management, this does not necessarily mean full-time dedicated on-site staff, but all schemes need to have systems for prompt resolution of issues and some daily on-site presence; h) ensure providers have a complaints procedure in place.

At least 20% of units developed as part of Build to Rent schemes in North East Cambridge will be affordable private rent delivered on site. This will contribute to the 40% affordable homes target … These should be targeted to local workers where possible.

Under the AAP, affordable private rent is considered to be:

- a minimum rent discount of 20% for equivalent local private rent homes, inclusive of service charges, taking into account up to date evidence on local rent levels and incomes;
- held under common management control together with the market homes;
- evenly distributed throughout the development physically; indistinguishable from market rent units in terms of quality and size; and
- maintained as affordable in perpetuity.

National Build to Rent guidance
National guidance provides further information on requirements around Build to Rent schemes

Future council policy

A project is shortly to get under way to develop a set of evidence based policy annexes to the housing strategy, including one on Build to Rent. This is expected to be adopted during 2021.

Recommendations

- Any proposals for Build to rent would need to demonstrate that they meet local need and can be brought forward as part of a mixed and balanced community. The draft North East Cambridge Area Action Plan should be used as guidance until research is complete and a more detailed policy is in place.

- A minimum of 20% of any build to rent scheme should be available as Affordable Private Rent, targeted at groups agreed by the council.

Homes for local workers

The current Local Plan allows for employers providing housing specifically for their employees, but only as part of schemes for employment development. Affordable housing requirements apply on these sites.

The Housing Strategy highlights the need for a better understanding of the potential need for housing for local workers to support local services, the local economy and further economic growth. The council is keen to avoid the terms ‘key’ or ‘essential’ workers, on the basis that all workers have an important role to play. Rather than providing accommodation specifically for particular groups of workers, the council’s preference is to use the tools already available, such as Local Lettings Plans, to enable local workers more generally to access available homes.

A key focus in relation to work on the new joint Local Plan is the importance of tackling the climate change emergency and working towards achieving zero carbon. The need to reduce reliance on private vehicle journeys has a key part to play, and providing a mix of housing types and tenures, and allowing some priority to people working locally can help support this.

The Cambridgeshire & Peterborough Independent Economic Commission (CPIER) report 2018 concluded that the area can continue to deliver rapid growth with the right support, and that the aim of doubling economic output (as measured by Gross Value Added) by 2040 is realistic. However, as well as employment growth, higher productivity would be required.

It remains to be seen what the long term impact of different ways of working triggered by Covid-19 will be on the need to live close to places of work and travel to work patterns.

A more detailed policy on homes for local workers is due to be developed as new annex to Housing Strategy during 2021.

Cambridge University Hospitals (CUH) research: Assessing the needs of hospital workers 2020
A survey was carried out of CUH staff to understand household income, levels of satisfaction with current housing and attitudes to alternative options, including priorities around commuting and amenities.

The research estimated that there are approximately 3,900 lower income households (under £60k per annum) working for CUH with ‘stretched’ housing affordability. It identified six household types, broken down into income bands, numbers of bedrooms likely to be required, rental budget per month, likely preferred tenure, and budget available for ownership. ‘Tenure attitudes ‘of five of the six groups included Rent to Buy, rent through council/housing association, and/or shared ownership. It also made recommendations for each group on housing size mix, current rental options, etc. The research found some positivity in receptiveness to having other CUH staff as neighbours. Connectivity to CUH and Cambridge city centre were of key importance in any future housing provision.

Carter Jonas Housing Market Report 2018 for South Cambridgeshire District Council
This was commissioned in relation to a development site at Orchard Park. Primary research through surveys and interviews of local employers indicated there was a 'very strong' need for good quality, local rented accommodation whereby travel to work does not involve a long commute into the workplace. Affordable accommodation, as well as helping employees, would also go some way to recruiting and retaining staff for local employers including recruiting overseas 'relocators' who provide key functions in some specialised areas of work. Further indications are that security of tenure (longer tenancies) as well as high speed broadband and shower facilities (as opposed to bath-only) are the key amenities sought in rented accommodation.

Cambridgeshire & Peterborough Independent Economic Review (CPIER) 2018
This highlighted Cambridge as an attractive location, but lack of affordable housing for employees was identified as a limitation on company growth. Companies may be deterred from setting up in the area if they do not believe the houses their workers require will be available.

Cambridge Ahead research
Cambridge Ahead recently carried out some local research to help understand the housing needs of employees of local organisations. with local organisations. The research has not been published to date. However, following the Cambridge University Hospitals research, Cambridge Ahead are commissioning some additional work to try to quantify the number of households in the Cambridge Travel to Work area with incomes of around £25k to £45k who they consider make up those less likely to access social housing but for whom market housing is too expensive. They are aiming for completion in September 2020.

Lettings Policy income and savings thresholds review
Work is under way to review the income and savings thresholds used to assess Cambridge Home-Link applicants' financial resources, to help determine their level of priority on the register. In view of lack of supply and worsening affordability over recent years, consideration is being given to raising income thresholds for each household size, and allowing applicants to have higher levels of savings. This could help to enable a wider range of applicants, including local workers on low to moderate incomes, to access social & affordable rent housing.

Recommendations

- Local Lettings Plans should generally be the main vehicle for giving local workers some priority for new homes.

- If any Build to Rent is brought forward, consideration should be given to prioritising allocations to the required Affordable Private Rent element in favour of local workers.

Houses in Multiple Occupation (HMOs)

The Housing Strategy recognises that well managed HMOs have an important part to play in the City, offering a more affordable housing solution for single low income households.

The Local Plan supports provision of good quality, larger HMOs, in appropriate locations; although at the same time the council will seek to avoid over concentration of provision in an area, and to minimise any potential adverse impact on neighbouring occupiers through its registration scheme.

With differing definitions of HMOs in the context of housing, planning and council tax, and no way of capturing accurate data it is difficult to assess exact numbers. However, it is estimated that there are currently around 3,800 HMOs in Cambridge. These are distributed throughout the City, although the main wards appear to be Romsey, Market and Petersfield.

There is no data around the level of need for Houses in Multiple Occupation in Cambridge.

A report by Shawbrook Bank (date not clear but possibly 2016) highlights benefits of HMOs as including an increasing desire to: be mobile, social and have more disposable income; travel; and spend more on gadgets and experiences.

HMO Hub highlights that gross yields are higher than for a standard buy to let property, and that HMOs are becoming increasingly attractive to investors, with gross yields increasing during 2018 to 2019.

However, clearly some of the demand will be driven by lack of supply and affordability of self-contained accommodation. HMO Hub quotes Spareroom statistics showing that nationally only 31% of adults in the UK living in shared accommodation could afford to rent on their own if they wanted, and only 12% could afford to buy their own property. The Shawbrook Bank report says that 57% of HMO tenants claim to share for financial reasons, 37% say they share for both social and financial reasons and 3% purely for social reasons.

Recommendation

- HMOs should not be prioritised unless specifically required to meet single homelessness or rough sleeping needs

Community led housing

The Housing Strategy states that the council is keen to explore new ways of delivering different types of housing - such as community-led development, including cooperative-housing & Community Land Trusts.

The government has been actively promoting community led housing over the last few years. It identifies benefits for local authorities as including: reducing reliance on public services; diversifying the housing market and unlocking small sites and landowners; helping to meet requirements around provision for applicants on councils' custom-build registers; and promoting community cohesion and resilience.

Benefits cited for participants include: skills, training and jobs which can be targeted at particular groups (eg care leavers and young unemployed); improved sense of community and connection; high quality homes and neighbourhoods, and mutual support within neighbourhoods – especially for older and vulnerable young people.

Award winning Marmalade Lane, the new co-housing scheme on Orchard Park, has attracted considerable positive attention nationally and has been held up as a successful example of the benefits that such housing can bring.

In 2016/17 the council received Community Housing Fund grant which was used to employ CLT East (now East Cambs Trading Company) to identify and support community groups interested in bringing forward schemes, and to provide grant funding to help groups bring forward their plans.

One community group is currently interested in delivering community-led housing in the City. The council has provided the group with a small grant to set up as a legal entity, but their main barrier is acquiring land.

Recommendation

- The council should consider whether any council land should be made available to support delivery of community led housing as part of a mixed community. There is the potential for such provision to be brought forward as custom-build housing. (See section below)

Self/custom build housing

2019 data showed that around 600 applicants were registered as having in interest in self and/or custom build housing across Cambridge City and South Cambridgeshire, and approximately 450 related units have been granted planning permission.

The Local Plan is silent on self and custom build, but the Greater Cambridge Housing Strategy states that the councils will seek around 5% of homes on large sites to be for self or custom build.

Smaller units

The Local Plan 2018 says that new residential units will be permitted where their gross internal floor areas meet or exceed the residential space standards set out in the Government's Technical Housing Standards – nationally described space standard (2015).

Table 17: Cambridge Local Plan 2018 residential space standards

Number of bedrooms (b)	Number of bed spaces (persons)	1 storey dwellings	2 storey dwellings	3 storey dwellings	Built-in storage
1b	1p	39 (37)[13]			1.0
	2p	50	58		1.5
2b	3p	61	70		2.0
	4p	70	79		
3b	4p	74	84	90	2.5
	5p	86	93	99	
	6p	95	102	108	
4b	5p	90	97	103	3.0
	6p	99	106	112	
	7p	108	115	121	
	8p	117	124	130	
5b	6p	103	110	116	3.5
	7p	112	119	125	
	8p	121	128	134	
6b	7p	116	123	129	4.0
	8p	125	132	138	

Source: Cambridge Local Plan 2018

The CPIER report refers to a Cambridge Ahead workshop with young people to discover their living preferences. This found that they had little interest in suburban living, but were willing to trade living space for proximity to the city centre. Although it is not clear how small they would be prepared to go before homes become less desirable.

Recommendation

- Local Plan requirements around space standards need to be followed.

LOCATION OF HOMES

Both the Local Plan and the Housing Strategy point to the importance of location of homes in relation to jobs, facilities and infrastructure.

The Housing Strategy aims for homes to be located in high quality sustainable environments, served by jobs and neighbourhood facilities, appropriate green space, effective and sustainable transport links and other necessary infrastructure.

Clustering of affordable homes

The council's policy, in the Affordable Housing SPD 2008, has historically been to provide affordable housing in multiple groups normally of between 6 and 25 dwellings depending upon the size and design of the development and the nature of the affordable housing. *In flatted schemes no more than 12 affordable dwellings should normally have access from a common stairwell or lift.*

'*The affordable housing should be provided in prominent parts of a site to aid integration. A buffering technique can be used to integrate a mix of tenures and house types from larger market housing through to small social rented housing provided that there is no physical segregation and no tenure monocultures are created. At its simplest this technique could involve using intermediate housing to unite the social rented housing and the open market housing.'*

Consideration needs to be given as to whether current clustering policy remains an appropriate approach across the board for Cambridge. The current move towards higher density urban development in is making it more difficult to deliver blocks of this size.

A revised policy on clustering is to be developed, seeking Executive Councillor approval during 2021.

Recommendation

- Current clustering policy should be followed where possible until a revised policy is adopted (expected 2021)

Ward profiles

A set of local Ward profiles provide the following information:

- Ward maps
- Population estimates 2017
- Ethnicity
- Age (five year age groups)
- Economic activity and employment status
- Education levels
- Deprivation scores from Index of Multiple Deprivation
- Food banks - use 2018-19 & location
- Benefit population percentage by ward in 2013 and 2017 (from Mapping Poverty Report)
- Number of homes, median prices and overcrowding rates
- Tenure (2011 Census)
- Household sizes, number of bedrooms and number of rooms per household (2011)
- Sheltered housing – schemes, number of units and social activities
- Services and facilities available including GP surgeries, dentists, schools nurseries, sports and recreation, open spaces other community facilities etc
- Health – self reported from Census
- Crime and anti-social behaviour case numbers 2018-19, and crime rates by type
- Loneliness risk levels
- Community groups and residents associations
- Expected future housing growth
- Community strengths and assets, and gaps in provision
- Ward maps
- Recommendation: Information in the local ward profiles should be used to help inform the sizes, types and tenures of homes to be provided on each site.

Recommendation

- Information in the local ward profiles should be used to help inform the sizes, types and tenures of homes to be provided on each site.

POTENTIAL IMPACT OF COVID-19 ON THE HOUSING MARKET

Various commentators reported that the housing market is slowing down following the start of the lockdown. For example:

A Savills report published in April showed that national home sales activity had dropped away, potentially hitting house prices by 5% to 10% in the short term. Lettings were also restricted. Another Savills report produced with JLL said that the impact of the crisis could see total housing sales transactions across all UK markets halve to around 600,000 in 2020. However, it also stated that there was little impact on affordable housing valuations at that point and that the social housing sector remained in good financial health. Their Head of Housing said: ‘Housing providers have the strong financial base from which to ensure the UK housing market hits the ground running as the lockdown is lifted.’ (Inside Housing 5/5/20)

The Construction Products Association’s senior economist has said that work occurring short term would be to tie up completions, and that house builders will be reluctant to begin new developments until they are certain of demand. It was estimated that housebuilding will not return to 2019 levels until after 2021. Housing associations could be more insulated, although organisations relying heavily on market sale transactions will still feel a big impact. (Inside Housing 1/5/20)

The BBC reported in June that the Nationwide house prices index showed UK house prices for May falling 1.7% from the previous month, the largest decline for 11 years. However, their chief economist said that there were signs of this starting to stabilise.

The article also cited reports from Rightmove of a significant rise in the number of people looking for homes further from town and city centres, with larger gardens and space for a home office. It is not clear whether this change will be permanent, but coronavirus is making many people think about how and where they work and live.

Reports are starting to come through of developers wanting to change tenures of new homes. For example, Cardiff Council has agreed in principle to acquire around 100 homes from its development partner Wates, with the council to purchase unsold market sale units at ‘build costs and agreed overheads’ (Inside Housing 15/6/20)

Councils have been given an additional six months to spend 2017/18 Right to Buy receipts.

The current Shared Ownership & Affordable Housing Programme 2016-2021 has been extended for a year. Construction now needs to have started by March 2023 rather than March 2022. A new £12bn programme will start in 2022.

A further package of measures to boost construction was issued on 22nd June, including speeding up the planning system and allowing flexible construction working hours.

Other potential Covid issues identified include:

- Shortage of building supplies

- Increase in construction costs
- Reduced rental income due to job losses
- Impact of a second coronavirus wave

More specific issues have been identified elsewhere in this report.

SUMMARY OF RECOMMENDATIONS

- With limits on delivery through s106 agreements and by other registered providers, the council should continue to intervene in the market to deliver affordable housing.
- Due to shortage of, and high levels of need for, social/affordable rent housing, this tenure should be given highest priority within the programme.
- The main focus for social/affordable rent housing should be on one and two bedrooms, although there also needs to be some provision of larger homes to help address the lower turn-over of larger homes, and to help ensure mixed communities.
- Local Lettings Plans for social/affordable rent homes should be used to help meet the needs of households on a range of incomes and contribute towards balanced communities.
- Although lower priority, 'intermediate' tenure homes should be considered to meet the needs of those unable to access social housing but also unable to buy on the open market. Again, the main focus should be on 1 and 2 bedrooms but some larger homes may also be required.
- Any consideration of intermediate tenures should look beyond more traditional shared ownership, and also take into account new emerging models of and routes to low cost home ownership.
- Social/affordable rents should continue to be set at or below 2019/20 LHA rates, with rents for larger properties being set below that level, until the council has agreed a revised approach to setting rent levels.
- Intermediate tenures should be targeted at those unlikely to be housed through the housing register but also unlikely to be able to afford to rent or buy on the open market.

- Rent levels and or purchase prices should be assessed based on up to date affordability evidence, to help ensure that housing costs are as affordable as possible to the target market.

- Guidance on provision of age exclusive older people's housing in the housing strategy should be followed until further evidence is available. However, this should not be tied into any s106 agreement, and some flexibility should be built in to ensure that if there is insufficient demand from older people, there is the opportunity to let to other household types.

- To ensure appropriate revenue funding is available, any proposals to provide extra care accommodation will need to be approved by Cambridgeshire County Council at an early pre-planning stage.

- When designing flats of two bedrooms or more, either downstairs, or upstairs where lifts are provided, give consideration to provision of well designed, child-safe external private space.

- The programme should continue to meet the Local Plan requirement of 5% of the affordable housing on developments of 20 or more self-contained homes to be wheelchair accessible or easily adapted for wheelchair use. Particular priority should be given to providing 3 or more bedroom homes for families in need.

- The Housing Development Agency should continue to liaise closely with the Housing Advice service, Occupational Therapists and County Council Specialist Housing Advisors to ensure that the development programme can help meet the specific needs of households identified requiring wheelchair accessible homes.

- Specialist housing for people with disabilities (other than wheelchair accessible) should only be considered where a specific requirement for that type of accommodation has been identified by Cambridgeshire County Council.

- Whether there is a need for provision of temporary homelessness accommodation on particular sites should be explored with the council at an early stage of development of the new programme and early in the planning of individual sites.

- The programme should continue to support delivery of homes to meet the council's Housing First objectives.

- Decisions around whether other forms of accommodation should be provided specifically to tackle rough sleeping will need to be made once longer term needs following Covid-19 have been identified.

- Any proposals for Build to rent would need to demonstrate that they can be brought forward as part of a mixed and balanced community. The draft North East Cambridge Area Action Plan should be used as guidance until research is complete and a more detailed policy is in place.

- A minimum of 20% of any build to rent scheme should be available as Affordable Private Rent, targeted at groups agreed by the council.

- Local Lettings Plans should generally be the main vehicle for giving local workers some priority for new homes.

- If any Build to Rent is brought forward, consideration should be given to prioritising allocations to the required Affordable Private Rent element in favour of local workers.

- Houses in Multiple Occupation should not be prioritised unless specifically required to meet single homelessness or rough sleeping needs

- The council should consider whether any council land should be made available to support delivery of community led housing as part of a mixed community. There is the potential for such provision to be brought forward as custom-build housing.

- Local Plan requirements around space standards need to be followed.

- Current clustering policy should be followed where possible until a revised policy is adopted (expected 2021)

- Information in the local ward profiles should be used to help inform the sizes, types and tenures of homes to be provided on each site