

## Introduction and context

Summary.....	1
1.1 What is a housing sub-region? .....	2
Map 1: Location of the Cambridge sub-region .....	2
Map 2: Districts within the Cambridge housing sub-region .....	3
1.2 How do housing and other sub-regions differ? .....	3
The old planning sub-region .....	4
Map 3: The old Cambridge Planning Sub-Region.....	4
The Regional Economic Strategy's engines of growth: "Greater Cambridge" .....	5
Map 4: "Engines of growth" .....	5
1.3 What is a Strategic Housing Market Assessment? .....	6
1.4 How did the SHMA come about? .....	6
1.5 Government guidance.....	7
1.6 Objectives of the guidance.....	8
1.7 What the guidance sets out .....	8
1.8 How the sub-region has organised the work.....	9
1.9 Partnerships.....	9
1.10 Outputs.....	9
1.11 How to use the SHMA documents .....	10
Section A: Introduction to the SHMA.....	10
Section B: Cambridge sub-regional context.....	10
Section C: The current housing market.....	10
Section D: The future housing market.....	11
Section E: Housing need .....	11
Section F: Housing requirements of specific household groups .....	11
Appendices .....	11
1.12 Life cycle of the SHMA .....	11

## Introduction and context

### Summary

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The Cambridge Sub-Regional SHMA is a report commissioned by the Cambridge Sub-Regional Housing Board (CRHB) to inform both future housing strategies and individual housing developments within the sub-region.

Taking on board the Government's draft guidance in 2006 promoting sub-regional rather than individual local authority housing assessments, and with the need to refresh several existing housing needs assessments, CRHB took the opportunity to commission this report to ensure they have a clear, up to date and robust understanding of our housing markets and how we can respond to them.

Communities and Local Government (CLG) published guidance on Strategic Market Assessments in 2007. This provides guidance and advice to sub-regions and others on what a SHMA is and how to carry one out that is both robust and credible. The guidance:

- Encourages local authorities to assess housing need and demand in terms of housing market areas. This could involve working with other local authorities in a sub-regional housing market area, through a housing market partnership.
- Sets out a framework for assessment that is relevant at regional, sub-regional and local level.
- Provides a step-by-step approach to assessing the housing market, housing demand and need.
- Focuses on what to do as a minimum to produce a robust and credible assessment, explaining how local authorities can develop their approach where expertise and resources allow.
- Sets out an approach which promotes the use of secondary data where appropriate and identifies key data sources at each step of the assessment.
- Considers how local authorities can understand the requirements of specific groups such as families, older and disabled people.

The Cambridge Sub-Region consists of five local authorities in Cambridgeshire and two in Suffolk. CRHB comprises these authorities together with Cambridgeshire County Council, Cambridgeshire Horizons, GO-East, the Homes and Communities Agency, EERA and RSL representatives.

CRHB commissioned Cambridgeshire County Council Research Group to assist with the research and analysis of the primary and secondary data and employed a full-time researcher to carry out the work.

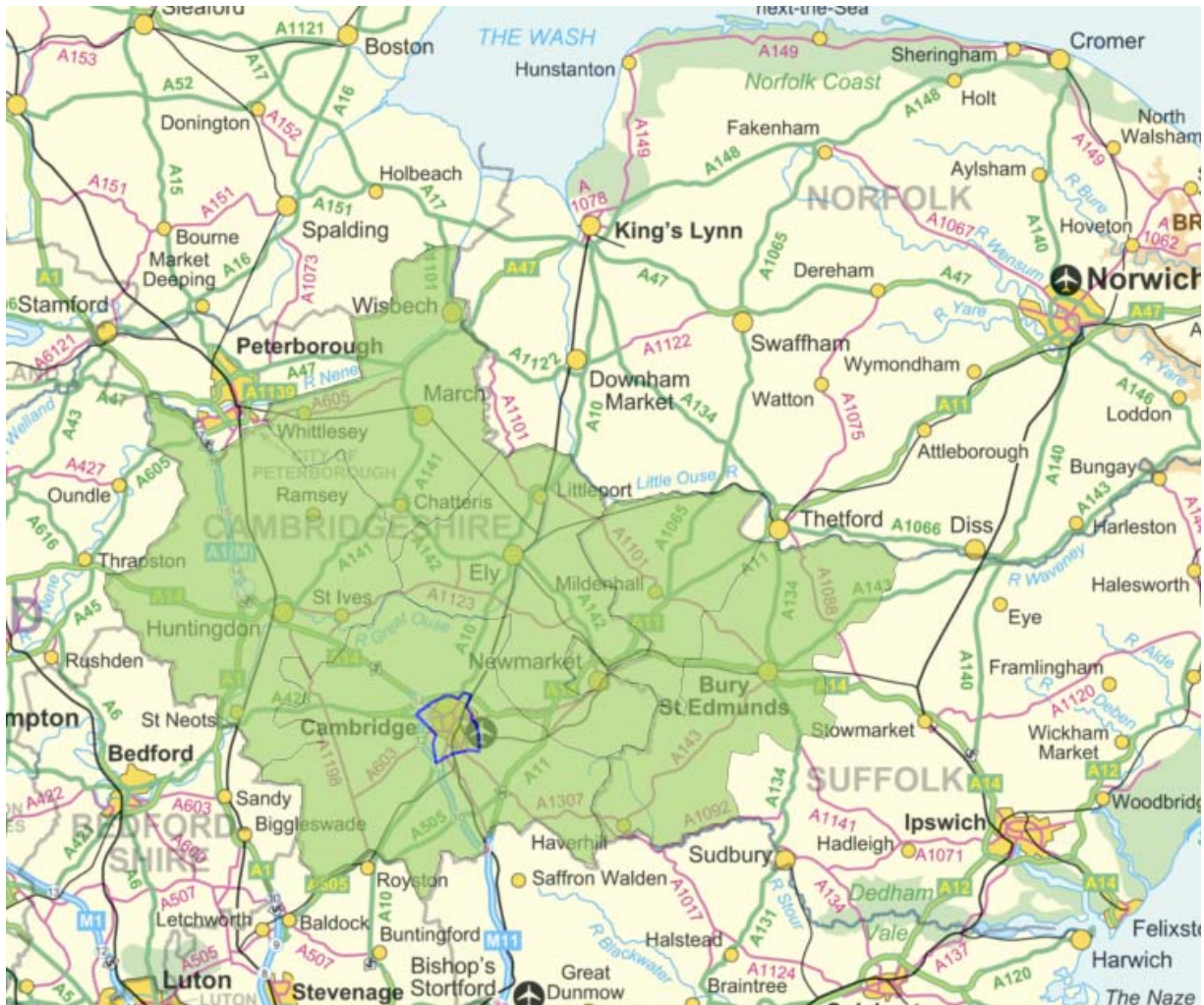
The first SHMA gave a robust view of the strategic housing needs of the sub-region which is being reviewed in 2009 to ensure it grows into a highly durable evidence base with which to plan future sub-regional housing strategies and growth.

## Chapter 1. Introduction and context

### 1.1 What is a housing sub-region?

Housing sub-regions are groups of local authorities working together to consider and address housing issues, to bid for resources and to work together to get the best results when using any public resources.

**Map 1: Location of the Cambridge sub-region**



The Cambridge sub-region is one of nine housing sub-regions in the East of England and is made up of seven district councils:

- Cambridge City
- East Cambridgeshire
- Fenland
- Forest Heath
- Huntingdonshire
- South Cambridgeshire
- St Edmundsbury.

**Map 2: Districts within the Cambridge housing sub-region**



It is important when assessing housing markets to realise that house price trends, popular areas and housing shortages do not stick within administrative boundaries. For this reason we have made it clear from the start of the Assessment process that we are working together as a group of authorities, to manage and administer the study. However the methods we have used and data gathered might indicate housing issues which cross all these borders. We have therefore taken a flexible approach to data and have tried, wherever possible, to ensure we can break information down to the smallest area possible for analysis.

However this has severe cost implications when commissioning household surveys, which need to be reliable and robust for the areas they survey. In future we aim to develop our assessment so it can be analysed at an increasingly local level.

Because of the nature of housing markets, we have ensured we compare notes with our neighbours and other housing sub-regions in the East of England. These include Peterborough, Thames Gateway (Essex), London Commuter Belt, the Greater Haven Gateway and Bedfordshire housing sub-regions.

Finally, it is worth noting that Forest Heath and St Edmundsbury districts lie in the county of Suffolk, while the other 5 districts lie within Cambridgeshire.

## **1.2 How do housing and other sub-regions differ?**

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Unfortunately, different agencies tend to work within different groups and within different boundaries. These rarely tie up together, which can lead to confusion.

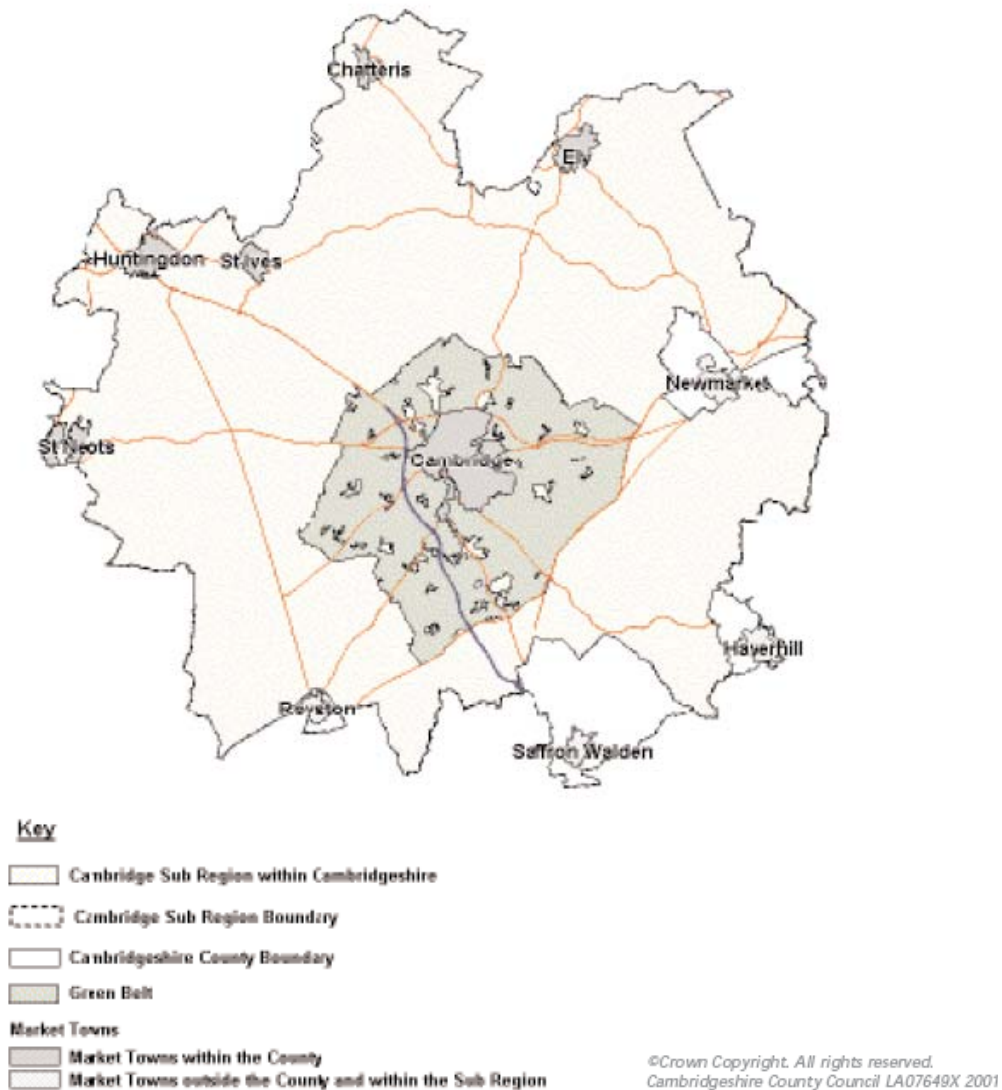
However it is helpful to clarify where different sub-regions are referred to and to include some of the relevant maps here to try to bring some clarity, even if we cannot make all the boundaries meet up.

Before the East of England Plan was adopted and published in May 2008, its precursor, the Cambridgeshire and Peterborough Structure Plan referred to planning sub-regions. Although largely outdated, the planning sub-region is still referred to so a map is provided below to show where its boundaries lie:

### The old planning sub-region

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**Map 3: The old Cambridge Planning Sub-Region**



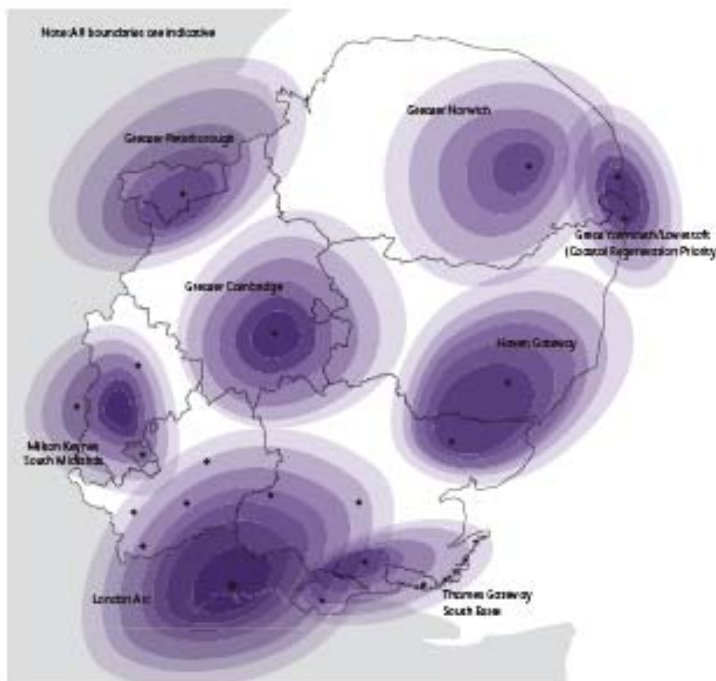
## The Regional Economic Strategy's engines of growth: "Greater Cambridge"

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The RES<sup>1</sup> identifies the following 'engines of growth':

- Thames Gateway South Essex
- Greater Cambridge
- Greater Peterborough
- the Milton Keynes South Midlands growth area focusing on Luton as a regional city
- London Arc
- Greater Norwich
- Haven Gateway.

Map 4: "Engines of growth"



*"The engines of growth are identified either in relation to the functional urban areas associated with the region's larger cities, or with the networks of interdependent urban areas that characterise much of the area closer to London. Additionally, we have taken a dynamic, forward-looking perspective, taking into account both the geography of planned growth and the potential impacts associated with major international gateways."*

*The engines of growth are impossible to demarcate precisely through boundaries on maps. Physically, many of the cities around which they are defined are under-bounded as the built-up area already extends beyond the local authority district and much future growth is in adjacent districts.*

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<sup>1</sup> "Inventing our future - The regional economic strategy for the East of England 2008–2031" from [http://www.eastofengland.uk.com/res/files/RES\\_Complete.pdf](http://www.eastofengland.uk.com/res/files/RES_Complete.pdf)

*However, the functional influence of the engines of growth has a broader geography, again particularly in relation to labour and housing markets.*

*It is also vital to recognise that many of the engines of growth have a strong relationship with London, in both directions. The geography of economic influence is therefore multi-layered and complex.*

*In this context, cross-boundary working will be vital within the engines of growth. Collaborative approaches will be needed in planning for future change and prioritising investment. In doing so, these urban areas and their functional hinterlands will maximise the benefits of agglomeration, ensure that the geographical concentration of assets is available to the widest population and engender stronger sub-regional governance and joint working.”*

Where we have referred to alternative regions and sub-regions, we have made every effort to make this as clear as possible to readers. Wherever possible we have referred to individual districts for clarity, and have included information to complete districts rather than parts of districts.

### **1.3 What is a Strategic Housing Market Assessment?**

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A strategic housing market assessment (SHMA) is a collection of data and survey information about all parts of the housing market in a particular area. It helps:

- Develop a long-term view of housing need and demand to inform planning policies, such as regional spatial strategies and regional housing strategies.
- Develop a sound approach to planning for the mix of different sizes and types of households in a market area.
- Identify a required level of affordable housing and decide how evidence of housing need translates into different sizes and types of affordable housing.
- Make decisions on issues like social housing allocation priorities, private sector renewal options and the valuation of new-build home ownership schemes such as shared ownership.
- Build an understanding of the different housing markets operating in a geographic area.
- Strengthen the links between housing demand and land availability, though use of Strategic Land Availability Assessments.

### **1.4 How did the SHMA come about?**

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The Cambridge sub-region local authorities and partners meet monthly as a strategic housing group, known as the Cambridge sub-regional housing board (CRHB). The meeting addresses a wide array of housing and housing-related issues across the sub-region. It includes senior representatives from each of the seven councils, together with Cambridgeshire County Council, Cambridgeshire Horizons, GO-East, the Housing Corporation, EERA and National Housing Federation.

It became clear in 2007 that the draft Guidance, released by CLG would be updated and released in the near future. With several of the districts' old Housing Needs Surveys approaching their "use by" dates, and with some major planning applications in the pipeline, the sub-regional housing board wanted to progress this vital area of work, if we were to have a clear understanding of our housing markets and how we could respond to them. The Sub-regional Housing Strategy was also due for review, and up to date information was required to inform future strategic direction and priorities. Naturally the Board also hoped that the

collaboration of the County, seven districts and all the other partners involved would be able to detect and test trends not previously identified or understood. Our objectives for the SHMA are:

### **Building sustainable communities**

We want to understand our housing markets, so we can deliver decent homes for all sections of the community, creating new places people value and can afford in the long term. The Housing Market Assessment will guide investment in all types of new homes and help plan attractive new communities.

### **Powerful evidence**

An Assessment will provide powerful evidence for planning and prioritising, and to build on in future. Commissioning it will build knowledge into our partnerships and provide the foundations of information to be used, added to, refined, updated and reviewed in years to come, feeding in to our planning and housing strategies. A strong evidence base enables us to benchmark, monitor, share data and identify good practice, innovations and efficiencies with others.

### **Working together**

We want to make the Assessment useful to as many different partners and stakeholders as possible, by sharing its aims and involving others in the research and its outputs, so we use and share the benefits as widely as possible and provide best value across all agendas.

## **1.5 Government guidance**

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The Government's Communities and Local Government (CLG) department published its detailed practice guidance on SHMAs in 2007. The guidance and annexes can be found at <http://www.communities.gov.uk/publications/planningandbuilding/strategichousingmarket>.

The final guidance brings together, builds upon and replaces existing guidance on housing market and housing needs assessment, including

- Local Housing Needs Assessment: A Guide to Good Practice, DETR, 2000
- Housing Market Assessment Manual, ODPM, 2004.

The latest guidance replaces the DETR and ODPM good practice guide and manual published in 2000 and 2004 respectively, and should be read in conjunction with:

- PPS3: Housing, at <http://www.communities.gov.uk/publications/planningandbuilding/pps3housing>
- Identifying sub-regional housing market areas: Advice note, at <http://www.communities.gov.uk/publications/planningandbuilding/identifyingsubregionalhousing>
- Identifying Submarkets at the Sub-Regional Level in England, at <http://www.communities.gov.uk/publications/planningandbuilding/identifyingsubmarkets>
- Planning for Housing: Market Signals - Summary of Research, at <http://www.communities.gov.uk/publications/planningandbuilding/planningforhousing>
- Homes for the future: more affordable, more sustainable - Housing Green Paper, at <http://www.communities.gov.uk/publications/housing/homesforfuture>



- Strategic Housing Land Availability Assessment: Practice Guidance, at <http://www.communities.gov.uk/publications/planningandbuilding/landavailabilityassessment>

The guidance sets out a framework to develop a good understanding of how housing markets operate. This will inform housing policies in local development documents and regional spatial strategies in future. The guidance helps local authorities and regional bodies (like the East of England Regional Assembly, EERA) develop a shared evidence base to inform their housing policies and strategies.

Housing delivery and strategy needs to respond to changes in housing need and demand, taking account of any resources available, both for housing and for other investment areas. A robust and credible SHMA also provides the evidence needed by local planning authorities to build local planning policies on, within local development frameworks and strategies which will influence what is built and where.

SHMAs will help:

- Enable regional bodies to develop their long-term strategic view of housing need and demand, and inform their strategies.
- Enable local authorities to think about the nature and influence of the housing markets in their areas.
- Provide robust evidence to inform the policies aiming to get the right mix of housing across the whole housing market.
- Provide evidence to inform policies about the level and sizes of affordable housing required.
- Support authorities in developing a strategic approach to housing, for example considering housing need and demand in all housing tenures, and assessing the key drivers and relationships within the housing market.
- Draw together the evidence required for local authorities to assess their housing options.
- Ensure the most appropriate and cost-effective use of public funds.

## 1.6 Objectives of the guidance

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The key objectives of the guidance are to:

- Provide clear and concise advice for practitioners on how to assess housing need and demand in their areas.
- Enable local authorities and regions to gain a good appreciation of the characteristics of housing market areas and how they function.

Separate guidance is available on identifying the accommodation requirements of Gypsy and Traveller communities, which should be considered alongside other groups identified.

## 1.7 What the guidance sets out

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- Criteria for a robust and credible assessment - see Chapter 5, *Robust and credible*.
- How to set up the housing market partnership and the assessment project plan.
- How to assess current housing markets, including existing housing demand.

- How to estimate changes in household numbers to assess total future housing demand.
- How to assess current & future levels of housing need.
- How to consider the requirements of particular household groups and the requirement for intermediate affordable housing.
- The need to monitor and update assessment findings and how these can inform the development of planning for housing policies.

## 1.8 How the sub-region has organised the work

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The sub-regional housing board agreed to work together to undertake our housing market assessment. However they were committed to involving partners to make sure the work is useful to all of us, and reflects the wealth of knowledge of housing and related issues for our sub-region. For this reason, the board set up a small project team to help organise the Assessment, arrange the budget and service level agreements for it's organisation and, most importantly, so set up a structure to consult a wider group of stakeholders who would be able to add to, inform, help interpret and challenge the findings of the Assessment.

Cambridgeshire County Council Research Group provides the necessary research and statistical expertise to the project. Research and intelligence expertise is essential, particularly with regard to maintenance, development and interpretation of information, which requires a degree of continuity of investment and specialist knowledge. The County Research Group also commissioned and managed the necessary primary research.

## 1.9 Partnerships

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The result of this new network of partnerships - building on old alliances and forging new - has been to help share ideas and plans for housing across all tenures, types; across sectors and industries, between different interest groups, commissioners and providers.

A full list of agencies who are currently participating in the Partnership Team and the project team are listed in Chapter 4, *The participation ladder*.

## 1.10 Outputs

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The model we have adopted is incremental, in that we have acknowledged the need to build a firm foundation first; both in terms of information and in terms of stakeholder and partner involvement.

Our plan is that, as time progresses, we will add to the foundation of data gathered for the first release of the SHMA. This is in three main ways:

- Updating the data used for the first release – for example when income information is updated on the national CACI and ASHE databases; or when a new Census is completed in 2011.
- Adding more data as it becomes available – for example new surveys being completed, data proceeding from the new Choice Based Lettings system once it is launched in February 2008 and additional primary research being completed by the County Research Group - see Appendix 16, *Summary of learning from first SHMA and plans for new research*.
- Other additional research.

So during all our research and consultation work, we have stressed that the SHMA is an evolving and growing piece of work. To this end, we have recruited a Housing Research Officer to work on the SHMA, including updating; keeping a record of changes made to the text; monitoring data releases and commissioning and managing research as necessary.

### **1.11 How to use the SHMA documents**

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The SHMA comprises several sections, each with its own use and purpose. These are provided on the Cambridgeshire Horizons website, and on memory sticks on request, organised in sections and chapters.

To help ensure everyone looking at the SHMA knows what they are reading, why, and that it is the most up-to-date version each page is labelled with:

- Header for the whole SHMA with section and chapter number, and title for that chapter.
- In the footer are the: page number, version number, prefixed by “consultation draft” until approved, then version 1.0 initially, in-year revisions numbered 1.1, 1.2, 1.3 etc; following annual review will issue version 2.0. Also, includes published date as a double-check.

Appendix 15 forms a Change Log, and gives a list of all the chapters issued, their reference numbers and dates, to ensure readers are confident they are looking at the most up-to-date version.

Throughout the SHMA, the symbol ® denotes where future research is planned or needed. The sections are arranged as follows:

#### **Section A: Introduction to the SHMA**

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Includes an introduction to the SHMA, reasons why we have done one and the difference it make, for example through planning policy. An outline of participation, the project structure and accountabilities and links to the CLG guidance.

#### **Section B: Cambridge sub-regional context**

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Gives a brief outline of the sub-regional geography, and work to define housing markets using travel to work data and house prices by postcode sector.

#### **Section C: The current housing market**

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Includes an overview of the economic context and links to economic strategies for the sub-region; demographic context, changes and forecasting; and the pressures on the building industry to deliver and at what pace. Then creates a detailed picture of the current dwellings in our sub-region; condition, prices and trends including affordability. It assesses changes in house prices over the past 6 years, social rented housing, housing registers and homelessness. It gives a picture of intermediate tenures including key worker housing; the private rented and the buy-to-let markets, and the affordability of different tenures for current households.

## **Section D: The future housing market**

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This section looks at the delivery of affordable housing in the past, the current and future supply of all homes, the future supply of affordable homes and their tenures and links housing supply to land availability in future.

Using context and current housing information, this part of the Assessment considers housing demand for the whole market, including household sizes and highlighting research needed to identify the bedroom sizes to be developed.

It also briefly review factors affecting the housing market, the pressures on the building industry to deliver, and the government's review of building by John Callcutt and the OFT.

## **Section E: Housing need**

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This section give a summary of the housing needs within for each district, and provides calculations on affordable housing for each Cambridgeshire district drawing together all the previous information gathered and following the CLG guidance. The section gives an overall view of the balance of housing need and supply across the sub-region and identifies further research needed to extend our understanding of housing need.

## **Section F: Housing requirements of specific household groups**

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The Assessment then looks into BME housing issues, an introduction to migrant worker issues, a summary of Gypsy and Traveller housing needs and plans for future site identification criteria.

There follows an outline of housing needs for young people, families and older people, and a review of the county's housing strategy for people with disabilities. There is a brief review of rural housing needs including the role of Park Homes, and a new chapter launched in 2009 about Frist Time Buyers.

As these are specialist areas and need careful research to draw reliable conclusions, the first SHMA will provide an outline rather than a detailed analysis of these more specific issues. However the Assessment should provide enough data at a sufficient level to inform planning policy, and provides a foundation on which to build future, more detailed, research.

## **Appendices**

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Includes the research brief; summaries of the primary research undertaken; SHMA briefing notes; outcomes of consultation, quality assurance, change log and plans for the future of the Assessment.

### **1.12 Life cycle of the SHMA**

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The initial SHMA was commissioned in mid 2006, the consultation draft launched in December 2007 and the initial report signed off by the CRHB in March 2008. This provides the foundation for future research, updating and monitoring of the housing market, to create a "live" picture of the housing markets in our sub-region and the factors having greatest effect on them.

It is vital to recognize that 2008 was the first time a SHMA was commissioned for the sub-region, and that we are developing our own model, based on the CLG guidance, in an attempt to create as full and in-depth an assessment as possible.

However we are constrained by the availability of detailed information on specific issues within our sub-region, by difficulties collating and comparing data sets, and by constant changes and improvements in data being gathered which will, in time, provide much more detailed data but which at present may only provide a partial view of the issue concerned. To counter these issues, we have taken care to provide detailed references to the data used and dates the data was collected, and to set out a programme for updating the assessment and the detailed information it depends upon. This can be found in Appendix 15, *The Change Log*.

At the outset we planned to undertake an annual review of the information available and how much the market, and the information, has changed since the SHMA was first launched. We also planned to re-publish once the outcomes of the Assessment had changed sufficiently to need re-stating. This needs to tie in with the review of districts' Local Development Documents if it is to provide the most up to date assessment of the market possible to support them. To tie in with other timeframes and with our Service Level Agreement, we anticipate needing a complete revision of the SHMA at least once every 5 years, and more frequently if the changes described above have a significant effect on the housing market.

During the course of developing the Assessment, we will review updates to data, new data, new information sources, alternative methods of analysing data such as Geographical Information Systems and databases, to develop our understanding and refinement of market data. Part of the SLA includes recruiting a full time housing researcher, who keeps all the data under review and, with sub-regional colleagues and partners, can assess how radically new data or changes in the housing market affect our assessment of it, and suggest whether the new information means a re-evaluation and re-publication of the Assessment is needed.

When such reviews are carried out, the Project Team will recommend to the Cambridge Sub-Regional Housing Board whether parts or all of the Assessment need to be re-published.

Future plans to update the SHMA are set out in full in Appendix 16, *Summary of learning from first SHMA and plans for new research*. To summarise:

- Data will be refreshed as it becomes available.
- Where this affects chapters significantly, they will be revised and updated versions posted on the website (suitably referenced to enable users to ensure they are using the correct version, see Appendix 15, *The Change Log*).
- Where further consultation and development of a chapter or specific issue is needed, the SHMA Partnership Team will be invited to get involved and contribute, and comment on the outcomes of this work.
- Each year, the whole SHMA will be revisited to check the effects of data changes and further development on the whole body of work. As needed, a new executive summary will be produced highlighting key changes and improvements.
- Every five years, the SHMA will be comprehensively reviewed and re-published, building on work undertaken in the preceding years.

Having set all these factors out, for the second iteration of the SHMA it became clear that major changes necessitated a review of our assessment of the need for affordable housing. For 2009, the team agreed to focus on the data used to prepare chapter 27, *Identifying housing need*. Data had changed between the first SHMA, baselined on 2005/6 data. The second version focuses on 2007/8 data, while referring to 2006/7 data where necessary. As we were busy publishing and publicizing the SHMA in the spring/summer of 2006/7 this meant that data updates for 2006/7 would be used, but not focused upon, in preparing the 2009 update.