Indication of affordable tenures

Chapter 30. Indication of affordable tenures

30.1 Introduction

This chapter summarises the number of people currently listed on the social rented and shared ownership registers, and the number of newly arising households and their ability to be able to afford different forms of tenure for each district in Cambridgeshire.

At this stage (December 2007) the registers of housing need and intermediate housing are our most reliable source to summarise tenure requirements.

We have, as a result of consultation responses, added an overall guide to current expressed need for rented and intermediate tenures. By bringing the two sets of figures together, an overall percentage of rented and intermediate tenure homes can be provided as a guide. We are particularly aware of two issues:

- the register for shared ownership homes is growing rapidly, which has a significant effect on these proportions as the expressed need changes. A summary at March 2008 is included in Chapter 19, *Applications for intermediate housing*.
- the change to Choice Based Lettings may have an effect on the expressed need for rented homes following its launch in February 2008.

® In future we will work to update the information used and revise this chapter as appropriate. The first update was possible in March 2008, and is noted in the text and in Table 3 at the end of this Chapter. Further information on this update is provided at the end of Chapter 19.

Note on reading both chapters 27 and 30 in conjunction:

In this chapter, housing register figures are used to identify those in need of rented housing. These figures are also used in Chapter 27 *Identifying housing need*, at stage 5.1.3 "other groups total", combined with figures for transfers and extracting homelessness (as per CLG guidance). The table below shows the figures used and how they differ between the chapters.

® In future we will seek ways to bring the two chapters together, so the numbers more clearly relate to each other and the overall housing need figure expressed in Chapter 27 can be divided into affordable tenure types.

Table 1: Comparing figures used in Chapter 27 and 30.

	Chapter 27				Chapter 30
	a. Number on housing register	b. Transfers	c. Homeless	Total 5.1.3 = a + b - c	Number on housing register
Cambridge City	4,743	452	117	5,078	4,743
East Cambridgeshire	1,442	64	52	1,454	1,442
Fenland	2,032	37	81	1,988	2,032
Huntingdonshire	1,617	185	72	1,730	1,617
South Cambridgeshire	3,432	-	144	3,288	3,432

Source: Chapters 27 and 30

® In future when developing our approach to the need for different tenure types, we will look to improving our use and prioritization of data, rather than simply referring to the number of people on a register for a specific tenure, we may be able to build in a measure of priority. However it is also important to grasp the "coverage" of registers and the effect of publicity and promotion – people may not be registered even though they are in need, as they are not aware of the housing available. On the other hand, they may be registered but not in very pressing housing need. We will look to the development of CBL and the further promotion of intermediate products via KHE, and monitor their effects on registers of housing need and interest in housing products, in future.

A few principles to note:

- The figures used are all based on current housing costs and current incomes.
- These figures can and will change over time.
- The data on income relates to all households, including people aged over 65 and students who are not in Halls. Some sensitivity testing is provided at the end of this chapter to show the effect these households may have on the overall tenure percentages.

30.2 Cambridge City

Rented housing

There are currently 4,743 households on the social rented housing needs register. To clear this backlog over 5 five years would require an additional 949 rented homes in the City.

For Cambridge, the County Council Research Groups (CCRG) population model projects some 1,540 new households per year in the City; 340 through natural growth and 1,200 due to people migrating into the City. Chapter 21, *Affordability in the current market*, identifies 43% of current residents being unable to afford private rented housing, who we would identify as potentially needing affordable housing. This equates to 662 households.

These two groups (those on the register and those we anticipate moving to the City who cannot afford private rents) total 1,611 households per year.

Intermediate housing

There are currently 277 households on the Key Homes East register for intermediate tenures. To clear this backlog over 5 five years would require an additional 55 intermediate homes in the City.

Again, using Chapter 21, *Affordability in the current market*, the CCRG population model projection of 1,540 new households can be multiplied by 18%, which we have identified as the prime market for intermediate tenure homes. This equates to 277 households.

Overall, this totals 332 households per year for intermediate tenures.

Overall tenure split

We can summarise that in the City, for the first 5 years the need for rented and intermediate tenures is balanced 1,611 to 332, or 83% to 17%.

At March 2008 updated information from KHE was added to the formula (see Table 3 at end of this chapter) and the overall tenure split re-calculated. For Cambridge City, the split changed to 82% to 18%.

Projecting forward 15 years

In line with the projection used in Chapter 27 *Identifying housing need* to relate housing need to the 15 year horizon of the East of England Plan (RSS), we must remember that the previous three paragraphs relate only to the first 5 years of the 15 year period. After 5 years, in theory our backlog of housing need has been cleared, and we only need to deal with housing need arising from newly forming households. This equates to:

Table 2: Projecting tenure split over 15 years – Cambridge City

Projecting tenure split over 15 years – Cambridge City		
FIRST FIVE YEARS		
Rented	Housing needs register	4,743
	Total new households	1,540
	Total new hhs for 1st 5 years	7,700
	% Unable to Afford Private Rent	43%
	Population growth x Unable to Afford Private Rent	3,311
	Total rented need first 5 yrs	8,054
LCHO	Number on LCHO Register	385
	Prime Market for intermediate tenures	18%
	Population growth x prime market for intermediate	1,386
	Total inter need first 5 years	1,771
	Total Affordable	9,825
%s for first 5 years	**% affordable rented**	**82%**
	% intermediate	**18%**
NEXT 10 YEARS - ASSUMING BACKLOG CLEARED		
Rented	Housing needs register	0
	Total new households	1,540
	Times 10	15,400
	% Unable to Afford Private Rent	43%
	Population growth x Unable to Afford Private Rent	6,622
	Total rented need next 10 years	6,622
LCHO	Number on LCHO Register	0
	Prime Market for intermediate tenures	18%
	Population growth x prime market for intermediate	2,772
	Total intermediate need next 10 years	2,772
	Total Affordable	9,394
%s for next 10 years	**% affordable rented**	**70%**
	% intermediate	**30%**
TOTAL FOR ALL 15 YEARS		
Rented	Housing needs register	4,743
	Total new households	23,100
	Check	23,100
	% Unable to Afford Private Rent	43%
	Population growth x Unable to Afford Private Rent	9,933
	Check	9,933

Projecting tenure split over 15 years – Cambridge City		
	Total rented need 15 years	14,676
LCHO	Number on LCHO Register	385
	Prime Market for intermediate tenures	18%
	Population growth x prime market for intermediate	4,158
	Total inter need first 5 years	4,543
	Total Affordable	19,219
%s for all 15 years	**% affordable rented**	**76%**
	% intermediate	**24%**

30.3 East Cambridgeshire

Rented housing

There are currently 1,442 households on the social rented housing needs register. To clear this backlog over 5 five years would require an additional 288 rented homes in East Cambridgeshire.

For East Cambridgeshire, the County Council Research Groups (CCRG) population model projects some 560 new households per year; 340 forming through natural growth and 220 due to people migrating in to the district. Chapter 21, *Affordability in the current market*, identifies 31% of current residents being unable to afford private rented housing, who we would identify as potentially needing affordable housing. This equates to 174 households per year.

These two groups (those on the register and those we anticipate moving to the City who cannot afford private rents) total 462 households.

Intermediate housing

There are currently 110 households on the Key Homes East register for intermediate tenures. To clear this backlog over 5 five years would require an additional 22 intermediate homes in East Cambridgeshire.

Again, using Chapter 21, *Affordability in the current market*, the CCRG population model projection of 560 new households can be multiplied by 29%, which we have identified as the prime market for intermediate tenure homes. This equates to 162 households.

Overall, this totals 184 households per year for intermediate tenures.

Overall tenure split

We can summarise that in East Cambridgeshire, for the first 5 years the need for rented and intermediate tenures is balanced 462 to 184, or 71% to 29%.

At March 2008 updated information from KHE was added to the formula (see Table 3 at end of this chapter) and the overall tenure split re-calculated. For East Cambridgeshire, the split changed to 70% to 30%.

Projecting forward 15 years

In line with the projection used in Chapter 27 *Identifying housing need* to relate housing need to the 15 year horizon of the East of England Plan (RSS), we must remember that the previous three paragraphs relate only to the first 5 years of the 15 year period. After 5 years, in theory our backlog of housing need has been cleared, and we only need to deal with housing need arising from newly forming households. This equates to:

Table 3: Projecting tenure split over 15 years – East Cambridgeshire

Projecting tenure split over 15 years – East Cambridgeshire		
FIRST FIVE YEARS		
Rented	Housing needs register	1,442
	Total new households	560
	Total new hhs for 1st 5 years	2,800
	% Unable to Afford Private Rent	31%
	Population growth x Unable to Afford Private Rent	868
	Total rented need first 5 yrs	2,310
LCHO	Number on LCHO Register	186
	Prime Market for intermediate tenures	29%
	Population growth x prime market for intermediate	812
	Total inter need first 5 years	998
	Total Affordable	3,308
%s for first 5 years	**% affordable rented**	**70%**
	% intermediate	**30%**
NEXT 10 YEARS - ASSUMING BACKLOG CLEARED		
Rented	Housing needs register	0
	Total new households	560
	Times 10	5,600
	% Unable to Afford Private Rent	31%
	Population growth x Unable to Afford Private Rent	1,736
	Total rented need next 10 years	1,736
LCHO	Number on LCHO Register	0
	Prime Market for intermediate tenures	29%
	Population growth x prime market for intermediate	1,624
	Total intermediate need next 10 years	1,624
	Total Affordable	3,360
%s for next 10 years	**% affordable rented**	**52%**
	% intermediate	**48%**
TOTAL FOR ALL 15 YEARS		
Rented	Housing needs register	1,442
	Total new households	8,400
	Check	8,400
	% Unable to Afford Private Rent	31%
	Population growth x Unable to Afford Private Rent	2,604
	Check	2,604
	Total rented need 15 years	4,046
LCHO	Number on LCHO Register	186
	Prime Market for intermediate tenures	29%
	Population growth x prime market for intermediate	2,436
	Total inter need first 5 years	2,622
	Total Affordable	6,668
%s for all 15 years	**% affordable rented**	**61%**
	% intermediate	**39%**

30.4 **Fenland**

Rented housing

There are currently 2,032 households on the social rented housing needs register. To clear this backlog over 5 five years would require an additional 406 rented homes in Fenland.

For Fenland, the County Council Research Groups (CCRG) population model projects some 400 new households per year; 240 forming through natural growth and 160 due to people migrating in to the district. Chapter 21, *Affordability in the current market*, identifies 26% of current residents being unable to afford private rented housing, who we would identify as potentially needing affordable housing. This equates to 104 households per year.

These two groups (those on the register and those we anticipate moving to Fenland District who cannot afford private rents) total 510 households.

Intermediate housing

There are currently 34 households on the Key Homes East register for intermediate tenures. To clear this backlog over 5 five years would require an additional 7 intermediate homes in Fenland.

Again, using Chapter 21, *Affordability in the current market*, the CCRG population model projection of 400 new households can be mulitiplied by 22%, which we have identified as the prime market for intermediate tenure homes. This equates to 88 households.

Overall, this totals 95 households per year for intermediate tenures.

Overall tenure split

We can summarise that in Fenland, for the first 5 years the need for rented and intermediate tenures is balanced 510 to 95, or 84% to 16%.

At March 2008 updated information from KHE was added to the formula (see Table 3 at end of this chapter) and the overall tenure split re-calculated. For Fenland, the split remained unchanged at 84% to 16%.

Projecting forward 15 years

In line with the projection used in Chapter 27 *Identifying housing need* to relate housing need to the 15 year horizon of the East of England Plan (RSS), we must remember that the previous three paragraphs relate only to the first 5 years of the 15 year period. After 5 years, in theory our backlog of housing need has been cleared, and we only need to deal with housing need arising from newly forming households. This equates to:

Table 4: Projecting tenure split over 15 years – Fenland

Projecting tenure split over 15 years – Fenland		
	FIRST FIVE YEARS	
Rented	Housing needs register	2,032
	Total new households	400
	Total new hhs for 1st 5 years	2,000
	% Unable to Afford Private Rent	26%
	Population growth x Unable to Afford Private Rent	520

Projecting tenure split over 15 years – Fenland		
	Total rented need first 5 yrs	2,552
LCHO	Number on LCHO Register	54
	Prime Market for intermediate tenures	22%
	Population growth x prime market for intermediate	440
	Total inter need first 5 years	494
	Total Affordable	3,046
%s for first 5 years	**% affordable rented**	**84%**
	% intermediate	**16%**
NEXT 10 YEARS - ASSUMING BACKLOG CLEARED		
Rented	Housing needs register	0
	Total new households	400
	Times 10	4,000
	% Unable to Afford Private Rent	26%
	Population growth x Unable to Afford Private Rent	1,040
	Total rented need next 10 years	1,040
LCHO	Number on LCHO Register	0
	Prime Market for intermediate tenures	22%
	Population growth x prime market for intermediate	880
	Total intermediate need next 10 years	880
	Total Affordable	1,920
%s for next 10 years	**% affordable rented**	**54%**
	% intermediate	**46%**
TOTAL FOR ALL 15 YEARS		
Rented	Housing needs register	2,032
	Total new households	6,000
	Check	6,000
	% Unable to Afford Private Rent	26%
	Population growth x Unable to Afford Private Rent	1,560
	Check	1,560
	Total rented need 15 years	3,592
LCHO	Number on LCHO Register	54
	Prime Market for intermediate tenures	22%
	Population growth x prime market for intermediate	1,320
	Total inter need first 5 years	1,374
	Total Affordable	4,966
%s for all 15 years	**% affordable rented**	**72%**
	% intermediate	**28%**

30.5 Huntingdonshire

Rented housing

There are currently 1,617 households on the social rented housing needs register. To clear this backlog over 5 five years would require an additional 323 rented homes in Huntingdonshire.

For Huntingdonshire, the County Council Research Groups (CCRG) population model projects some 1,040 new households per year; 720 through natural growth and 320 due to people migrating in to the district. Chapter 21, *Affordability in the current market*, identifies

24% of current residents being unable to afford private rented housing, who we would identify as potentially needing affordable housing. This equates to 250 households per year.

These two groups (those on the register and those we anticipate moving to Huntingdonshire who cannot afford private rents) total 573 households.

Intermediate housing

There are currently 132 households on the Key Homes East register for intermediate tenures. To clear this backlog over 5 five years would require an additional 26 intermediate homes in Huntingdonshire.

Again, using Chapter 21, *Affordability in the current market*, the CCRG population model projection of 1,040 new households can be multiplied by 18%, which we have identified as the prime market for intermediate tenure homes. This equates to 187 households.

Overall, this totals 213 households per year for intermediate tenures.

Overall tenure split

We can summarise that in Huntingdonshire, for the first 5 years the need for rented and intermediate tenures is balanced 573 to 213, or 73% to 27%.

At March 2008 updated information from KHE was added to the formula (see Table 3 at end of this chapter) and the overall tenure split re-calculated. For Huntingdonshire, the split changed to 71% to 29%.

Projecting forward 15 years

In line with the projection used in Chapter 27 *Identifying housing need* to relate housing need to the 15 year horizon of the East of England Plan (RSS), we must remember that the previous three paragraphs relate only to the first 5 years of the 15 year period. After 5 years, in theory our backlog of housing need has been cleared, and we only need to deal with housing need arising from newly forming households. This equates to:

Table 5: Projecting tenure split over 15 years – Huntingdonshire

Projecting tenure split over 15 years – Huntingdonshire		
	FIRST FIVE YEARS	
Rented	Housing needs register	1,617
	Total new households	1,040
	Total new hhs for 1st 5 years	5,200
	% Unable to Afford Private Rent	24%
	Population growth x Unable to Afford Private Rent	1,248
	Total rented need first 5 yrs	2,865
LCHO	Number on LCHO Register	229
	Prime Market for intermediate tenures	18%
	Population growth x prime market for intermediate	936
	Total inter need first 5 years	1,165
	Total Affordable	4,030
%s for first 5 years	**% affordable rented**	**71%**
	% intermediate	**29%**

Projecting tenure split over 15 years – Huntingdonshire		
NEXT 10 YEARS - ASSUMING BACKLOG CLEARED		
Rented	Housing needs register	0
	Total new households	1,040
	Times 10	10,400
	% Unable to Afford Private Rent	24%
	Population growth x Unable to Afford Private Rent	2,496
	Total rented need next 10 years	2,496
LCHO	Number on LCHO Register	0
	Prime Market for intermediate tenures	18%
	Population growth x prime market for intermediate	1,872
	Total intermediate need next 10 years	1,872
	Total Affordable	4,368
%s for next 10 years	**% affordable rented**	**57%**
	% intermediate	**43%**
TOTAL FOR ALL 15 YEARS		
Rented	Housing needs register	1,617
	Total new households	15,600
	Check	15,600
	% Unable to Afford Private Rent	24%
	Population growth x Unable to Afford Private Rent	3,744
	Check	3,744
	Total rented need 15 years	5,361
LCHO	Number on LCHO Register	229
	Prime Market for intermediate tenures	18%
	Population growth x prime market for intermediate	2,808
	Total intermediate need first 5 years	3,037
	Total Affordable	8,398
%s for all 15 years	**% affordable rented**	**64%**
	% intermediate	**36%**

30.6 South Cambridgeshire

Rented housing

There are currently 3,432 households on the social rented housing needs register. To clear this backlog over 5 five years would require an additional 686 rented homes in South Cambridgeshire.

For South Cambridgeshire, the County Council Research Groups (CCRG) population model projects some 1,320 new households per year; 680 through natural growth and 640 due to people migrating in to the district. Chapter 21, *Affordability in the current market*, identifies 34% of current residents being unable to afford private rented housing, who we would identify as potentially needing affordable housing. This equates to 449 households per year.

These two groups (those on the register and those we anticipate moving to South Cambridgeshire who cannot afford private rents) total 1,135 households.

Intermediate housing

There are currently 258 households on the Key Homes East register for intermediate tenures. To clear this backlog over 5 five years would require an additional 52 intermediate homes in South Cambridgeshire.

Again, using Chapter 21, *Affordability in the current market*, the CCRG population model projection of 1,320 new households can be multiplied by 28%, which we have identified as the prime market for intermediate tenure homes. This equates to 370 households.

Overall, this totals 421 households per year for intermediate tenures.

Overall tenure split

We can summarise that in South Cambridgeshire, for the first 5 years the need for rented and intermediate tenures is balanced 1,135 to 421, or 73% to 27%.

At March 2008 updated information from KHE was added to the formula (see Table 3 at end of this chapter) and the overall tenure split re-calculated. For South Cambridgeshire, the split changed to 71% to 29%.

Projecting forward 15 years

In line with the projection used in Chapter 27 *Identifying housing need* to relate housing need to the 15 year horizon of the East of England Plan (RSS), we must remember that the previous three paragraphs relate only to the first 5 years of the 15 year period. After 5 years, in theory our backlog of housing need has been cleared, and we only need to deal with housing need arising from newly forming households. This equates to:

Table 6: Projecting tenure split over 15 years – South Cambridgeshire

Projecting tenure split over 15 years – South Cambridgeshire		
FIRST FIVE YEARS		
Rented	Housing needs register	3,432
	Total new households	1,320
	Total new hhs for 1st 5 years	6,600
	% Unable to Afford Private Rent	34%
	Population growth x Unable to Afford Private Rent	2,244
	Total rented need first 5 yrs	5,676
LCHO	Number on LCHO Register	419
	Prime Market for intermediate tenures	28%
	Population growth x prime market for intermediate	1,848
	Total intermediate need first 5 years	2,267
	Total Affordable	7,943
%s for first 5 years	**% affordable rented**	**71%**
	% intermediate	**29%**
NEXT 10 YEARS – ASSUMING BACKLOG CLEARED		
Rented	Housing needs register	0
	Total new households	1,320
	Times 10	13,200
	% Unable to Afford Private Rent	34%
	Population growth x Unable to Afford Private Rent	4,488

Projecting tenure split over 15 years – South Cambridgeshire		
	Total rented need next 10 years	4,488
LCHO	Number on LCHO Register	0
	Prime Market for intermediate tenures	28%
	Population growth x prime market for intermediate	3,696
	Total intermediate need next 10 years	3,696
	Total Affordable	8,184
%s for next 10 years	**% affordable rented**	**55%**
	% intermediate	**45%**
TOTAL FOR ALL 15 YEARS		
Rented	Housing needs register	3,432
	Total new households	19,800
	Check	19,800
	% Unable to Afford Private Rent	34%
	Population growth x Unable to Afford Private Rent	6,732
	Check	6,732
	Total rented need 15 years	10,164
LCHO	Number on LCHO Register	419
	Prime Market for intermediate tenures	28%
	Population growth x prime market for intermediate	5,544
	Total intermediate need first 5 years	5,963
	Total Affordable	16,127
%s for all 15 years	**% affordable rented**	**63%**
	% intermediate	**37%**

Table 7: Supporting information

		Cambridge	ECDC	Fenland	Hunts	SCDC	Cambridge shire	Source data
	Rented							
	Housing register							
A	Number on housing needs register	4,743	1,442	2,032	1,617	3,432	**12,603**	HSSA*
B	To clear over 5 years	949	288	406	323	686	**2,521**	A / 5
	CCRG population growth model							
C	Natural Growth	340	340	240	720	680	**2,320**	
D	In Migrants	1,200	220	160	320	640	**2,540**	
E	Total	1,540	560	400	1,040	1,320	**4,860**	(C + D)
F	% Unable to Afford Private Rent	43%	31%	26%	24%	34%	**29%**	
G	Population growth x Unable to Afford Private Rent	662	174	104	250	449	**1,409**	E X F
H	**Total rented (annual)**	**1,611**	**462**	**510**	**573**	**1,135**	**3,930**	B + G
	Intermediate							
I	Number on LCHO Register	277	110	34	132	258	**811**	BPHA
J	To clear over 5 years	55	22	7	26	52	**162**	I / 5
K	Prime Market for intermediate tenures	18%	29%	22%	18%	28%	**18%**	
L	Population growth x prime market for intermediate	277	162	88	187	370	**875**	E X K
M	**Total shared ownership (annual)**	**333**	**184**	**95**	**213**	**421**	**1,037**	J + L
N	**Total Affordable**	**1,943**	**646**	**605**	**786**	**1,556**	**4,967**	H + M
O	% affordable rented	83%	71%	84%	73%	73%	**79%**	H / N
P	% intermediate	17%	29%	16%	27%	27%	**21%**	M / N

Notes

* The total housing needs register figure has been reduced by 5% to try to remove double-counting across registers for neighbouring districts.

Some totals may vary slightly due to rounding

Table 8: Supporting information using updated new KHE data on intermediate register (see Chapter 19), at March 2008

		Cambridge	ECDC	Fenland	Hunts	SCDC	Cambridge shire	Source data
	Rented							
	Housing register							
A	Number on housing needs register	4,743	1,442	2,032	1,617	3,432	**12,603**	HSSA*
B	To clear over 5 years	949	288	406	323	686	**2,521**	A / 5
	CCRG population growth model							
C	Natural Growth	340	340	240	720	680	**2,320**	
D	In Migrants	1,200	220	160	320	640	**2,540**	
E	Total	1,540	560	400	1,040	1,320	**4,860**	(C + D)
F	% Unable to Afford Private Rent	43%	31%	26%	24%	34%	**29%**	
G	Population growth x Unable to Afford Private Rent	662	174	104	250	449	**1,409**	E X F
H	**Total rented (annual)**	**1,611**	**462**	**510**	**573**	**1,135**	**3,930**	B + G
	Intermediate							
I	Number on LCHO Register	385	186	54	229	419	**1,273**	BPHA
J	To clear over 5 years	77	37	11	46	84	**255**	I / 5
K	Prime Market for intermediate tenures	18%	29%	22%	18%	28%	**18%**	
L	Population growth x prime market for intermediate	277	162	88	187	370	**875**	E X K
M	**Total shared ownership (annual)**	**354**	**199**	**99**	**233**	**454**	**1,129**	J + L
N	**Total Affordable**	**1,965**	**661**	**609**	**806**	**1,589**	**5,060**	H + M
O	% affordable rented	82%	70%	84%	71%	71%	**78%**	H / N
P	% intermediate	18%	30%	16%	29%	29%	**22%**	M / N

Notes

* The total housing needs register figure has been reduced by 5% to try to remove double-counting across registers for neighbouring districts.

Some totals may vary slightly due to rounding

Appendix 1: Affordability of the private rented market - testing the assumptions using the example of Cambridge City

This section presents the figures arising from an exploratory approach to alternative methods of assessing the figures used for private rented housing affordability and therefore the tenure split between affordable rented properties and the intermediate market. Cambridge City is used as an example.

The figure used in the calculation

A figure of 43% is used as the proportion of people migrating in to Cambridge City who could not afford private rented housing. This figure is based on CACI data (income by household) for all households living in the City. The CACI income data is compared to average lower quartile rents to give the figure of 43% of households unable to afford private rented.

The decision to use the 43% figure derived using CACI data is based on the fact that incoming migration is at all job levels including unemployment. It is assumed that the 43% affordability figure approximates to the proportion of incoming residents who cannot afford private rented housing.

The CACI data includes older, retired, people, many of whom who would not be expected to migrate into the City, and student households in private accommodation (usually rented, occasionally owned). The inclusion of these two groups in the City could distort the figure for affordability for in-migrants. To assess this the following assessments were carried out:

- An alternative method of finding household income that excluded older people.
- Considering students' ability to rent in the open market and the effect on affordability.
- Considering the proportions of the two groups in Cambridge City.

Assessing the appropriateness of the figure used in calculation

In considering these, it is important to note that the approaches used are exploratory and the figures approximate. They are intended to provide a broad assessment of whether the figure of 43% is reasonable.

Household income excluding older people

This is based on individual incomes of working age people derived from the Annual Survey of Hours and Earning (ASHE), 2007 data. Much of the data in this survey at district level is not robust or is missing and County level figures are used to provide a more robust estimate. Incomes were compared against one, two and three bedroom properties lower quartile rents per calendar month at October to December 2006 (Table 7, Chapter 15 of the SHMA). There are numerous different combinations of earnings which could be used to assess affordability. For this purpose the following were used:

- A male-female couple with both partners working full time, on the same percentile of earnings.
- A male-female couple with the man working full time and the woman working part time, on the same percentile of earnings (for full and part time respectively).
- For both of these, the figures were compared for both partners being on the 10th, 20th, 25th, 30th and 40th percentiles of earning.
- For the assessment of couples with the female partner working part time, the median (50th percentile) and 60th percentile were also used.

Affordability was judged on spending 30% of income on housing. The key results from these tests are shown in Table 8.

Table 8: Affordability of Private rented properties in Cambridge City

		Can afford to rent privately		
Percentile	**Joint income (Gross)**	**1 bed**	**2 bed**	**3 bed**
Both full time				
10 percentile	£27,451.00	Yes	No	No
20 percentile	£33,463.00	Yes	No	No
25 percentile	£35,988.00	Yes	Yes	No
30 percentile	£38,551.00	Yes	Yes	No
40 percentile	£44,265.00	Yes	Yes	Yes
Female part time				
10 percentile	#			
20 percentile	£22,870.00	No	No	No
25 percentile	£25,310.00	No	No	No
30 percentile	£26,922.00	Yes	No	No
40 percentile	£31,227.00	Yes	No	No
Median	£36,403.00	Yes	Yes	No
60 percentile	£41,747.00	Yes	Yes	Yes

Source: Annual Survey of Hours and Earnings 2007

Notes:

Data suppressed as not statistically reliable

These figures based on incomes at County level. This has some benefit in that it may reflect the incomes of people migrating in to the City better than incomes in Cambridge now.

Table 9: Rents in Cambridge City (Oct – Dec 2006)

	Rent pcm	**Rent annual**
1 bed	£672.00	£8,064.00
2 bed	£864.00	£10,368.00
3 bed	£973.00	£11,676.00

Source: SHMA Ch15 Table 7

The data shows that:

- Between 20% and 25% of full time working male-female couples in Cambridgeshire cannot afford to rent a two-bedroom property in Cambridge.
- Between 30% and 40% of full time working male-female couples in Cambridgeshire cannot afford to rent a three-bedroom property in Cambridge.
- Between 40% and 50% of male-female couples in Cambridgeshire, with the man working full time and the woman working part time cannot afford to rent a two-bedroom property in Cambridge.

- Between 50% and 60% of male-female couples in Cambridgeshire, with the man working full time and the woman working part time cannot afford to rent a three-bedroom property in Cambridge.

In broad terms, this information supports the figure of 43% of household incomes being unable to afford the mean lower quartile rent, or suggests a slightly, but not significantly lower figure. However, it must be noted that if 4-bedroom properties had been considered here then fewer people would have been able to afford them.

Students' ability to rent in the open market and the effect on affordability

The Students Income and Expenditure Survey 2004/05 carried out by the National Centre for Social Research found full-time undergraduate students in England to have a mean income of £8,333 and a median income of £7,705.

Based on the lower of these incomes, a student household of 4 sharing could be expected to have a joint income of around £30,820. This household would need to furnish a rent of around £1,250 per calendar month for 9 or 10 months of the year. The test of 30% of income does not apply to students, whose income is often more elastic than other households. The fact that students are renting in the private market demonstrates that in some sense they can afford it.

The proportions of the two groups in Cambridge City

The 2001 Census showed 798 "all student" households in Cambridge City compared to 42,658 households overall. Students resident in colleges and halls would not be included in the CACI figures. In general, nor would students lodging with families or living with relatives. Because of this, any effect students did have on the 43% affordability would be minimal.

The 2001 census showed 3,162 "one family and no others, all pensioner" households in Cambridge City compared to 42,658 households overall. From this we can estimate that around 7.4% of households in the City will be pensioners. As a broad estimate and assuming a small number of in-migrating older people the 43% could be lowered by 7% (of 43%). That would give a figure of 43%-3% = 40% affordability of non-pensioner households.

Again, this supports a figure broadly in the region of the 43%. As sensitivity analysis has shown, a move from 43% to 40% or even considerably lower has little effect on the overall figures for social rented and intermediate housing.