

Indication of affordable tenures

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Chapter 30. Indication of affordable tenures

30.1 Summary: split of affordable tenures

Social Rented and Intermediate balance by district

	Social Rented Need	Intermediate Need	% Social Rented	% Intermediate Tenures
Cambridge	1,802	343	84%	16%
East Cambridgeshire	450	133	77%	23%
Fenland	512	77	87%	13%
Huntingdonshire	481	218	69%	31%
South Cambridgeshire	994	263	79%	21%
Forest Heath	398	183	69%	31%
St Edmundsbury	1,166	213	85%	15%
Sub-Region	5,803	1,431	80%	20%

This methodology shows a need for 80% social rented to 20% intermediate tenures in the sub-region as a whole although there is considerable variation between districts. Some of this is due to the size of the needs registers, but is also affected by private rented affordability.

30.2 Introduction

This chapter summarises the number of people currently listed on social rented and shared ownership housing registers, and the number of newly arising households and their ability to be able to afford different forms of affordable tenure in each district of the housing sub-region. At this stage (September 2009) the registers of housing need and intermediate housing are the most reliable data sources to identify affordable tenure requirements. We have, as a result of partner consultation, added a guide to current expressed need for affordable rented and intermediate tenures, expressed as a percentage of rented and intermediate tenures. We are particularly aware of two issues:

- The register for shared ownership homes is currently growing rapidly, which potentially has a significant effect on the proportions of affordable tenures needed. For this reason, this chapter includes some sensitivity testing based on what would happen if the number of households on the intermediate register were to double.
- The change to HomeLink, our new Choice Based Lettings system, will give a better idea of the expressed need for rented homes, in terms of priority banding and bidding activity.
- ® In future we will work to update the information used and revise this chapter as appropriate, such as using Choice Based Lettings data.

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 (following CLG guidance). Table 1 shows the figures used and how they differ between the two chapters.

® In future we aim 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
	Number on housing register	Transfers	Homeless	Total 5.1.3	Number on housing register
Cambridge City	5,984	515	119	6,618	5,984
East Cambridgeshire	1,603	93	43	1,739	1,603
Fenland	1,802	224	65	2,091	1,802
Huntingdonshire	1,452	123	19	1,594	1,452
South Cambridgeshire	3,626	412	87	4,125	3,626
Forest Heath	1,230	103	122	1,455	1,230
St Edmundsbury	5,088	153	16	5,257	5,088

Source: SHMA 2009 update, Chapter 27 and Chapter 30

® In future when developing our approach to the need for different types of affordable tenures we will look to improve our use and prioritization of housing needs data. Using data gathered through the Choice Based Letting system (introduced in Feb 2008) will help build in a measure of priority, consistent between districts. It is also important to grasp the coverage of housing registers and the effect of publicity and promotion – people may not be registered even though they are in need. On the other hand households may be on a housing register, but not be in the most pressing housing need.

30.3 Affordability

The affordability test in this chapter used to identify the prime market for intermediate tenures has been slightly refined from the first version of the SHMA, published in June 2008. Intermediate tenures include shared ownership, shared equity and intermediate rent. These schemes aim to assist people who are unable to afford lower quartile market rent or purchase. In this chapter, newly arising households in need of social housing are classed as those unable to afford intermediate tenures including intermediate rent or 30% shared ownership.

The prime market for intermediate tenures is identified as those able to afford them, but not able to afford more than the average private rent.

The reason for this is that historically a large percentage of households registered for intermediate tenures were private renters. One of the target groups for LCHO is “aspirant first time buyers” with a household income of up to £60,000. Using the average rather than lower quartile private rent is also a way to take account of people who need to move to reduce or avoid overcrowding, e.g. a couple including a pregnant woman renting a 1 bedroom and in imminent need of but unable to afford a two bedroom property. This breaks down as follows:

Table 2: Percentage of households unable to afford intermediate tenures, and the intermediate “prime market”

	Unable to afford intermediate tenures	"Prime Market" Able to afford intermediate tenures, but not able to afford more than average private rent
Cambridge City	42%	18%
East Cambridgeshire	23%	17%
Fenland	23%	10%
Huntingdonshire	18%	16%
South Cambridgeshire	24%	16%
Forest Heath	23%	24%
St Edmundsbury	23%	27%

Source: SHMA 2009 update, Chapter 21 Current affordability by tenure and size, Tables 1-7

30.4 Social Rented Expressed Need and Newly Arising Need

Table 3: Expressed Housing Need (from housing needs registers)

	HNR	Amount to clear per year over 5 years
Cambridge	5,984	1,197
East Cambridgeshire	1,603	321
Fenland	1,802	360
Huntingdonshire	1,452	290
South Cambridgeshire	3,626	725
Forest Heath	1,230	246
St Edmundsbury	5,088	1,018

Source: HSSA 2007/08

There are more than 1,000 households on the housing needs register in each district. It would not be possible to clear this need in one year, so the second column shows how many households would have to be housed per year to clear it over a five year period.

As discussed above, this may include households who have their name down for “security” rather than because of genuine need. It is hoped that in the future more data will be available about this group through Choice Based Lettings, which will help to refine our understanding. Table 4 shows

- Household change per year between 2006 and 2011 in each district, based on County Council Research Group population model (see Chapter 10 *Demographic context and forecasting* for more detail on demographic projections)
- The proportion of households unable to afford the lowest cost intermediate tenure (either intermediate rent or 30% shared ownership) based on Chapter 21, *Current affordability and income*.
- The estimated increase in population per year, who may not be able to afford intermediate tenures.

Table 4: Population change and social rented affordability

	Population change per year	Unable to afford intermediate tenures	Newly arising social rented
Cambridge	1,440	42%	605
East Cambridgeshire	560	23%	129
Fenland	660	23%	152
Huntingdonshire	1,060	18%	191
South Cambridgeshire	1,120	24%	269
Forest Heath	663	23%	152

St Edmundsbury	644	23%	148
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Source: CCCRG Population model & EEDA, plus Table 2 (above)

Table 5: Expressed need and newly arising need

	Expressed need	Newly arising need	Total
Cambridge	1,197	605	1,802
East Cambridgeshire	321	129	450
Fenland	360	152	512
Huntingdonshire	290	191	481
South Cambridgeshire	725	269	994
Forest Heath	246	152	398
St Edmundsbury	1,018	148	1,166

Source: Table 3 + Table 4 above

30.5 Expressed and newly arising need for intermediate tenures

Table 6: Intermediate housing register

	Intermediate Register	Amount to clear per year over 5 years
Cambridge	419	84
East Cambridgeshire	189	38
Fenland	55	11
Huntingdonshire	241	48
South Cambridgeshire	421	84
Forest Heath	121	24
St Edmundsbury	196	39

Source: BPHA, Mar 2008

The intermediate register shows the expressed need for intermediate tenures at March 2008. Intermediate tenures include intermediate rent, shared ownership and shared equity. The eligibility criteria for intermediate tenures includes existing social tenants, keyworkers, aspirant first time buyers and existing homeowners leaving relationships. These groups have different affordability barriers, for example a homeowner leaving a relationship may have access to a large deposit but a smaller income and a keyworker may have a small deposit but a higher income. There are intermediate markets rather than a single intermediate market. Some intermediate tenures may be better fitted to one group than to others.

Table 7: Household increase and affordability

	Households per year	Able to afford intermediate tenures, but unable to afford more than average private rent.	Newly arising intermediate need
Cambridge	1,440	18%	259
East Cambridgeshire	560	17%	95
Fenland	660	10%	66
Huntingdonshire	1,060	16%	170
South Cambridgeshire	1,120	16%	179
Forest Heath	663	24%	159
St Edmundsbury	644	27%	174

Source: CCCRG Population model & EEDA, SHMA 2009 update Chapter 21, Tables 1-7

Table 7 shows the percentage of people able to afford intermediate tenures, but not able to afford private rents, the current cheapest open market tenure. The two Suffolk districts have

high rents compared to incomes and therefore these areas have quite high percentages of households able to afford intermediate tenures, but not private rents.

Table 8: Expressed and newly arising need

	Expressed Need	Newly arising intermediate need	Total
Cambridge	84	259	343
East Cambridgeshire	38	95	133
Fenland	11	66	77
Huntingdonshire	48	170	218
South Cambridgeshire	84	179	263
Forest Heath	24	159	183
St Edmundsbury	39	174	213

Source: Table 6 + Table 7

30.6 Split of affordable tenures

Table 9: Social Rented and Intermediate Need

	Social Rented Need	Intermediate Need	% Social Rented	% Intermediate Tenures
Cambridge	1,802	343	84%	16%
East Cambridgeshire	450	133	77%	23%
Fenland	512	77	87%	13%
Huntingdonshire	481	218	69%	31%
South Cambridgeshire	994	263	79%	21%
Forest Heath	398	183	69%	31%
St Edmundsbury	1,166	213	85%	15%
Sub-Region	5,803	1,431	80%	20%

Source: Table 5 + Table 8

This methodology shows a need for 80% social rented to 20% intermediate tenures in the sub-region as a whole although there is considerable variation between districts. Some of this is due to the size of the needs registers, but is also affected by private rented affordability.

30.7 Sensitivity test

On average housing registers across the sub-region have grown by 5% per year since 2001. There is no comparable data for the intermediate housing register over the same time period. However, between March 2008 and February 2009, this register increased by 30%. For this reason, concerns have been raised about how much the comparatively rapid change in the intermediate register would skew the need for intermediate tenures over time.

Figure 1 shows what would happen if the numbers on the intermediate register doubled while housing needs registers stayed the same.

Figure 1 shows the current percentage of intermediate housing need, as calculated using the method set out in this chapter. This is represented by the blue bars.

We have then doubled the figure for intermediate housing need as set out in Table 9, keeping the figure for affordable rented need the same as before.

The overall tenure balance has then been re-calculated and the red bars on Figure 1 represent the “new” percentage of intermediate housing – the “test percentage”.

This shows that if the intermediate register doubled and the social rented register stayed the same in the sub-region as a whole, this would increase the percentage of intermediate tenures needed across the sub-region by only 3%. On a district level, this would increase the percentage of intermediate tenures compared to social rented by between 2% and 5%.

Fig 1: Sensitivity test

