

Cambridgeshire, Peterborough & West Suffolk

Diamond affordability analysis update 2022

Summary for Cambridge

Background

In 2022, a range of data was collated to help visualize how housing markets work across Cambridgeshire, Peterborough and West Suffolk, their household income distribution, weekly housing cost, pay scales for local workers, and supply of dwellings through turnover and new build.

The data has been converted to a series of tables and diagrams for each district. The centre-piece is a diamond-shaped diagram we have called a 'diamond-a-gram' which shows number and percentage of households in different income groups.

This is presented in a diamond shape which can be visually aligned with other data to show the sizes, types and tenures of housing those households may be able to access locally.

In this summary, thumbnails of various charts are presented to give the idea of the layouts and how they have been used. To see larger versions of the charts, please look at the slides or the compendium.

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Introduction

This note outlines some highlights of the work for Cambridge, and how Cambridge compares to the rest of the study area. To see

- The executive summary
- A report covering the whole study area and a slide deck for the whole study area
- Individual district summaries and a slide deck for each district
- A methodology note
- The compendium of data behind these documents (in excel format)

...please follow this link <https://cambridgeshireinsight.org.uk/housing/local-housing-knowledge/our-housing-market/affordability-analysis/>

Context

Using Census 2011 data

To help put this all into context, Census 2011 has been used. Although Census 2021 results have started being released, at time of publication there was not enough detailed data published to make use of in the diamond analysis.

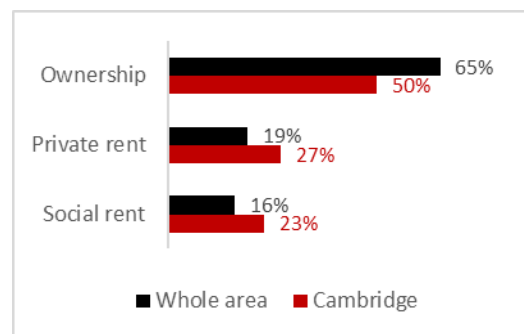
Census data is used mainly as background to provide some context for the rest of the diamonds report but can be updated as and when Census 2021 detail is released. This can be fed in as soon as it becomes available, we anticipate late in 2023.

Tenure of dwellings

Cambridge is one of only 2 districts to have retained ownership of council housing. Private Registered Providers (aka Housing Associations) own & manage other social housing in the City.

Comparing Cambridge to the whole study area, Cambridge has:

- A bigger % of social rented (council and housing association) than “all” at 23% compared to 16%.
- More private renting at 27% compared to 19%.
- Ownership takes an unusually low proportion of dwellings at 50%, compared to 65% across the whole study area.

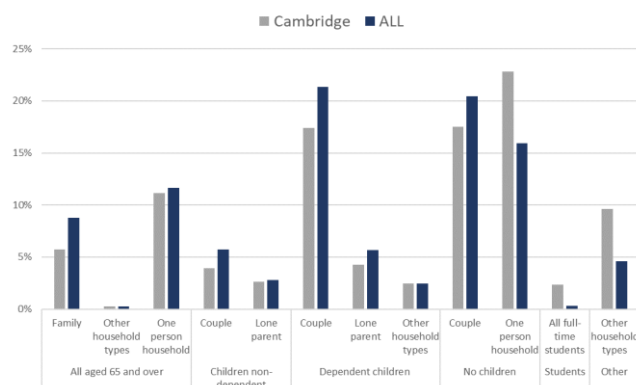


Household and family types

Comparing Cambridge to the whole study area, Cambridge has:

- Fewer families and couples (older, with and without children)
- More one person households
- More all student households and
- More “other” households

Other households are classified by the number of people, the number of dependent children, or whether the household consists only of students or only of people aged 65 and over. Households not falling into these categories is classed as “other”



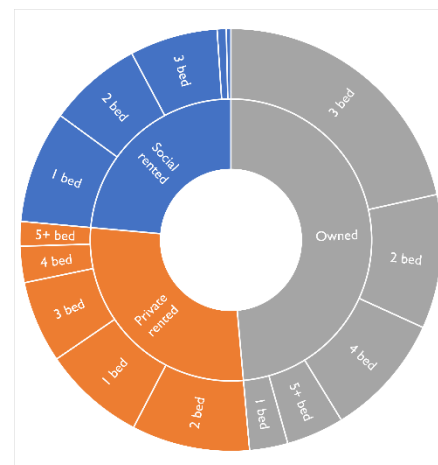
Household tenure and number of bedrooms

This pie highlights the broad tenure and size breakdown in Cambridge, with far more private and social rented homes than other districts.

- Owned homes see a good number of 2, 3 and 4 beds but few 1 beds
- Private and social rented tend to favour 1, 2 and 3 beds.
- Very few 4 and 5 bed social rented, but a number of private rented 4 and 5 beds.

Comparing Cambridge to the whole study area, Cambridge has:

- Fewer 2, 3 & 4 bed owned homes
- More private rented of all sizes
- More social rented of all sizes



How many households might move in a year?

In the year leading up to the 2011 Census, Cambridge saw:

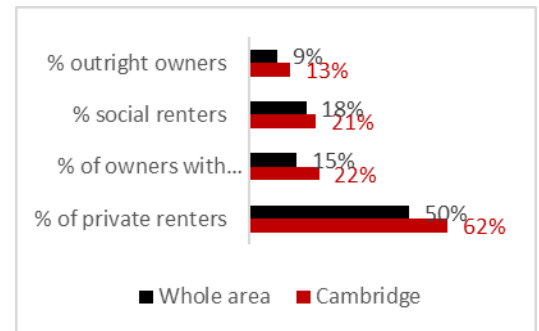
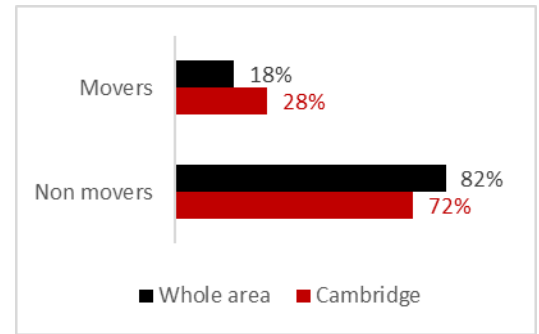
- 72% non-movers
- 28% movers

Comparing Cambridge to the whole study area, Cambridge had a high % of households likely to move, with 28% movers compared to 18% movers across the study area. Partly moving households and moves out of the area are a good deal higher (in % terms).

A 'wholly moving household' is one where all members of the household have moved from the same address. A 'partly moving household' is where one or more members of the household have moved in the last year but not all members have moved from the same address.

For all those that moved in the year before Census day 2011 (including wholly moving and partly moving households) across Cambridge:

- 62% of renters moved (study area total was 50%)
- 22% of owners with a mortgage or shared owners moved (study area total was 15%)
- 21% of social renters moved (study area total was 18%)
- 13% of outright owners moved (study area total was 9%)



Income

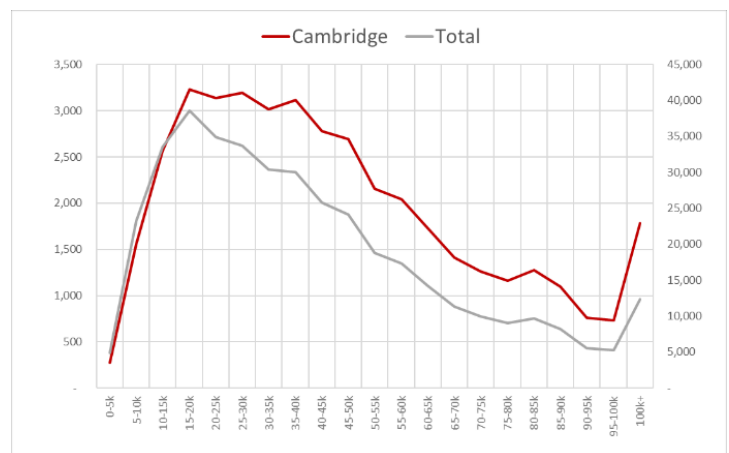
The diamond-o-gram uses income data to create a visual chart enabling us to look at the households on different broad income levels, and to compare the diamond graphic to other data. The primary aim is to compare annual income distribution to annualized housing costs.

Income distribution

Comparing Cambridge to the whole study area, Cambridge has:

- Slightly fewer households on incomes up to c.£15K
- Markedly more on incomes higher than £15K.

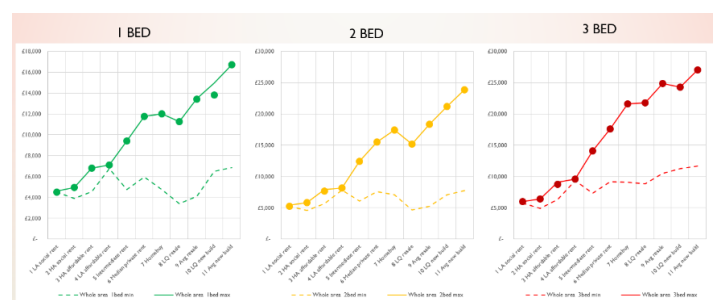
Comparing 2016/17 and 2020/21 the number of households on incomes of less than £45K has fallen since 2016-17. The number on incomes above £45K has held fairly steady; some bands slightly more, some slightly less. The number on more than £100K has decreased a good deal (as it has in other areas, though the reasons for this are not entirely clear)



Housing costs

Identify the range of housing costs

Cambridge housing costs are the highest for almost all tenures and sizes, shown by the Cambridge "dots" in the charts for 1 2 and 3 beds sitting on the "max" line (the solid line on each chart).



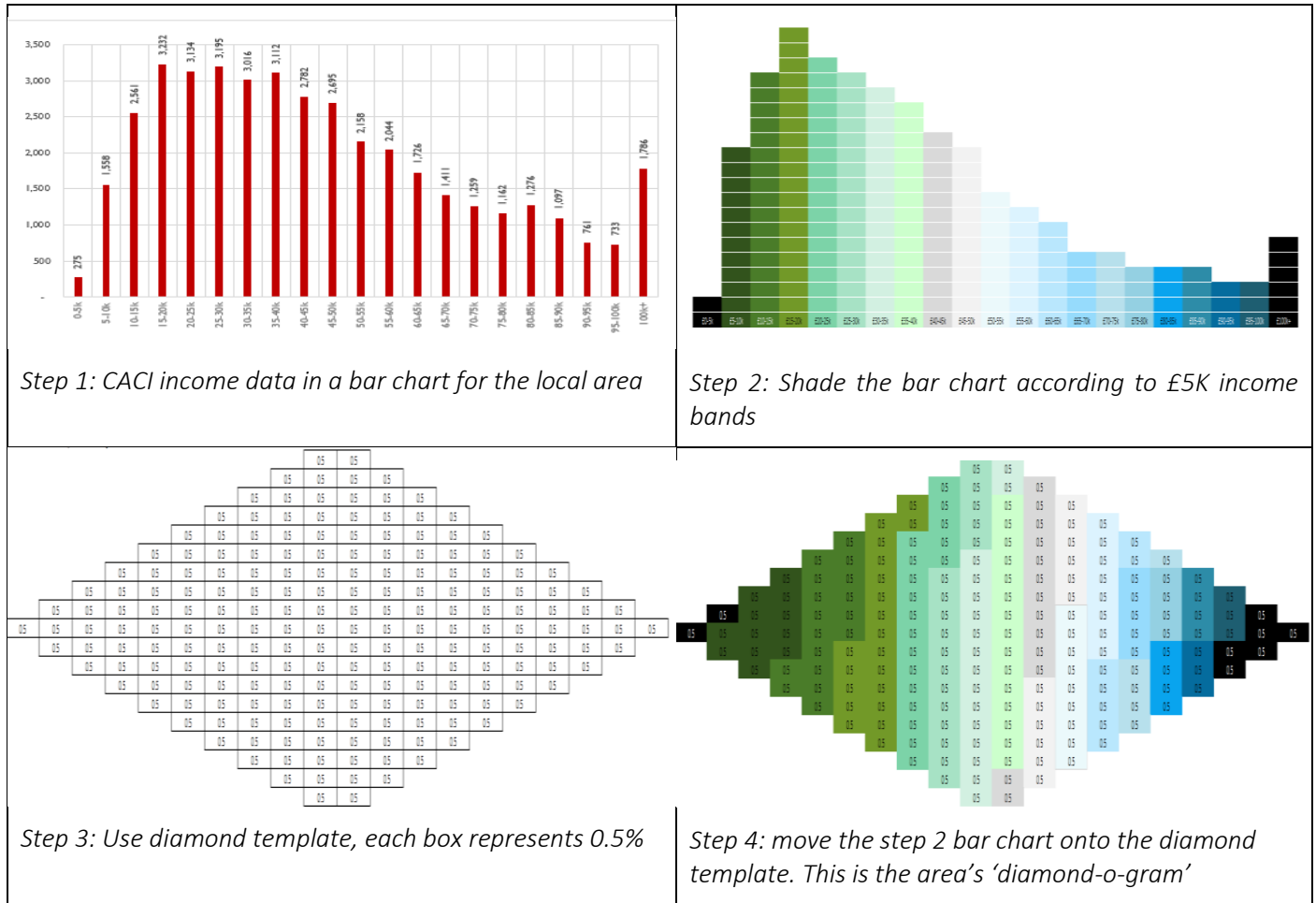
Across the study area, fairly consistently:

- Cambridge & South Cambridgeshire housing costs are the highest.
- East Cambridgeshire, Huntingdonshire and West Suffolk housing costs consistently form a group towards the middle of the study area values.
- Fenland & Peterborough see the lowest housing costs.

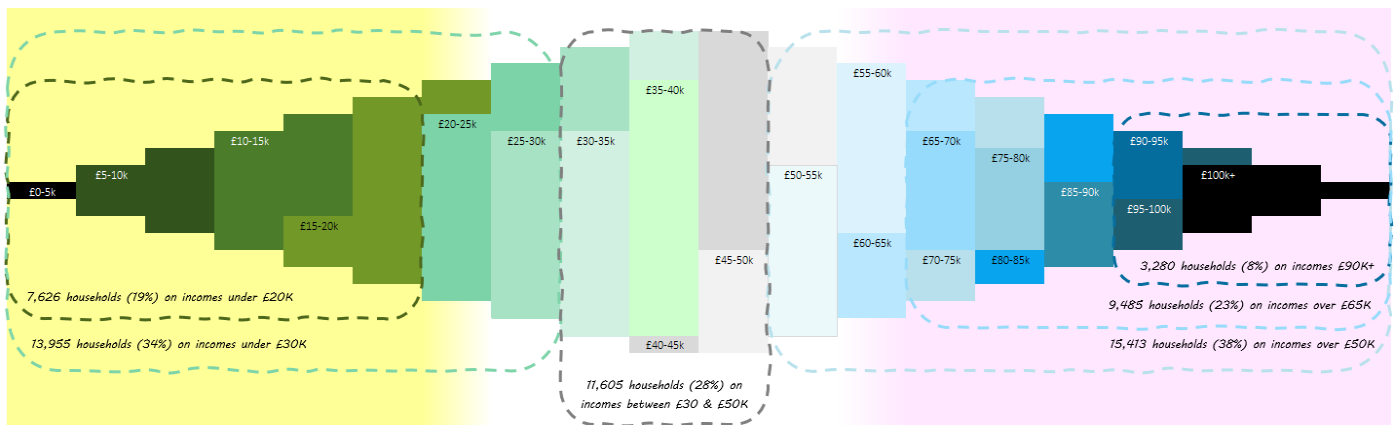
A more detailed comparison of costs is set out in the “whole area” report.

The diamond-o-gram

Creating the diamond-o-gram



The diamond-o-gram for Cambridge



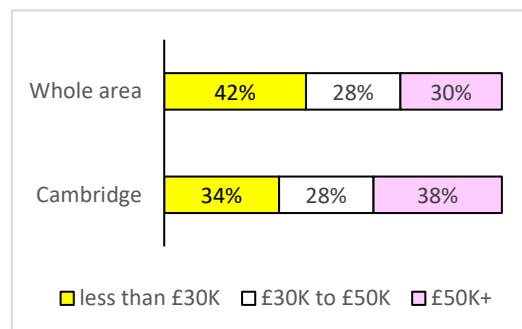
Here we see the diamond-o-gram, with yellow shading around to denote households on the lowest 25% of incomes, and pink shading to denote households on the highest 25% of incomes. The white area in the middle denotes the “middle 50%” of households.

This table sets out the approximate income levels for the three shaded areas (the lowest 25%, middle 50% and upper 25% of households)

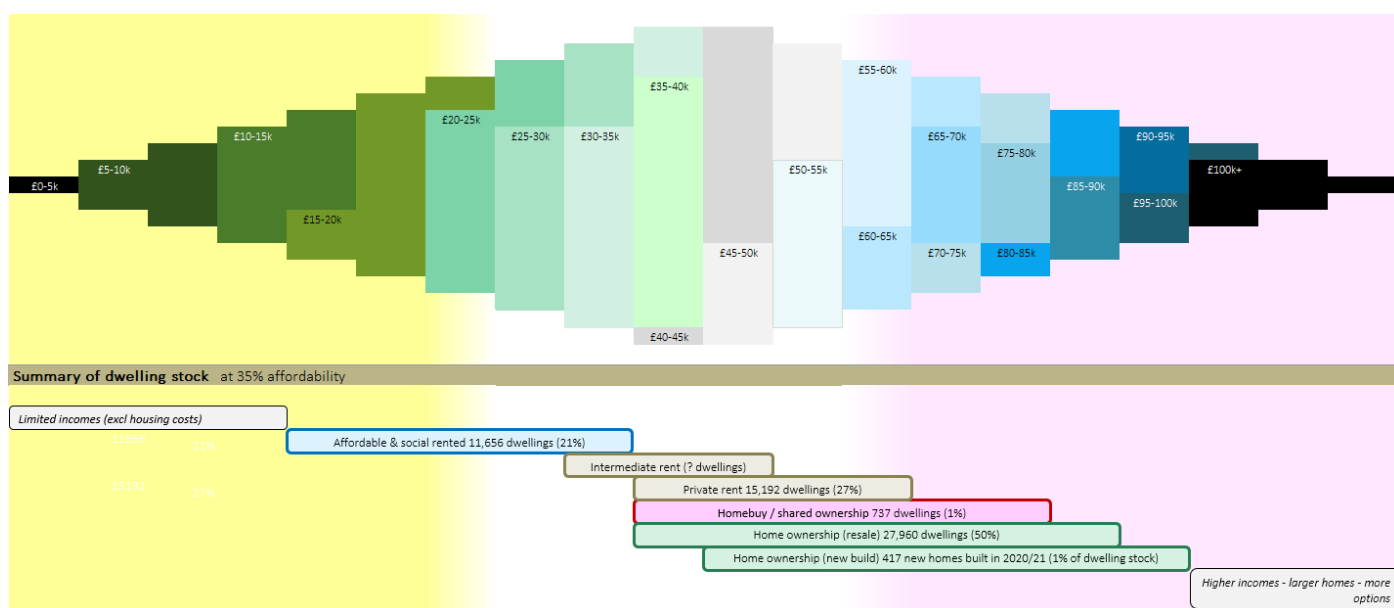
	In Cambridge
Households on the lowest 25% of incomes	incomes up to c.£20K
Households on the middle 50% of incomes	incomes between £20K and £60K
Households on the highest 25% of incomes	incomes over c.£60K

Comparing Cambridge to the whole study area, Cambridge sees:

- A lower proportion of households in the lower income range (34% on less than £30K compared to 42%)
- The same proportion of households (28%) in the £30K to £50K bracket
- A higher proportion of households in the higher income range (38% on £50K+ compared to 30%)



Minimum income needed for broad tenures



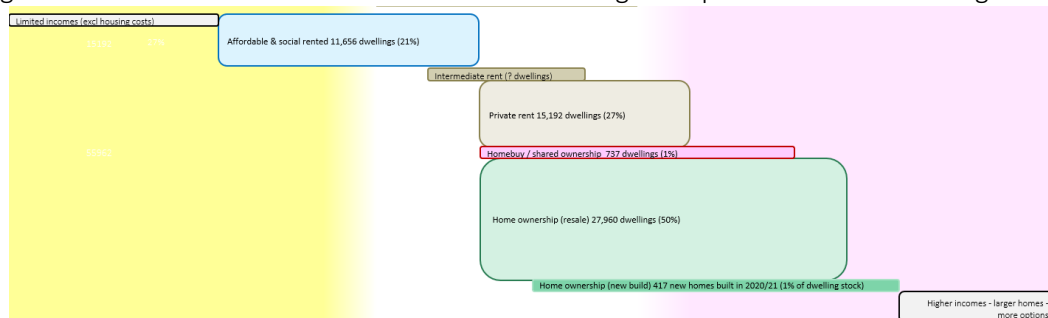
This gives a picture of how broad tenure groups compare to the local income distribution.

Using the diamond-o-gram to look at other aspects of the housing market

In this section we use the diamond-o-gram and how it aligns with housing costs, to develop new insights into the local housing market.

The scale and cost of housing

First, we use the diamond-o-gram to visualize the income distribution in Cambridge compared with local housing costs, and add a further dimension to indicate how many homes there are in each broad tenure group. This enables us to see how costs fit with incomes, as well as an idea of the supply of these homes and whether they are plentiful or scarce.



In Cambridge we see:

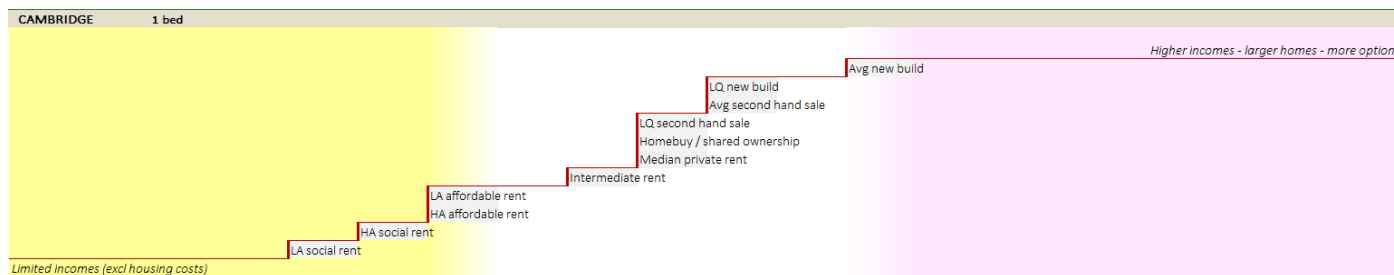
- A good supply of affordable / social rented dwellings at c21%. Affordable / social rented is the only option for households on incomes from £15-20K up to around £30K.
- Private rented makes up 27% of dwellings in Cambridge. Private rents require a similar income as resales and Homebuy, all starting at around £35-40K.
- Intermediate rent could provide useful dwelling supply in Cambridge, requiring a slightly lower income than rented or sales tenures resales - so work to compare factors such as access (deposits), mobility (shorter term commitment than purchase) and availability are invaluable. Intermediate rented may help those who require a 1 bed on incomes of £30-35K
- Income required for smaller Homebuy is level with private rents and second hand ownership. Lower deposits than traditional ownership may prove very useful, alongside flexibility to purchase a higher share in time.
- Ownership is less dominant in Cambridge than other districts at c.50% of dwellings. A wide range of incomes are covered by home ownership & Homebuy, reaching from Homebuy around £35-40K, to £85K or so for 3+ beds.
- New build requires the highest incomes (though not markedly higher than resales).

Comparing income needed for different sizes and tenures of homes

The 'staircase' diagram is built using the boxes created when looking at the "minimum income needed for broad tenures".

The boxes representing each tenure and size of home are arranged to form a staircase with the lowest income needed for 1 beds making the first step. The rows of boxes are arranged so next step 'up' is the tenure requiring a little more income. Some tenures need roughly the same incomes, so these steps are "taller". In other places there is a gap in the incomes needed between tenures, which leads to a long "tread" on our staircase. A tall step demonstrates a number of products at the same income level, a long step indicates a gap between prices of tenures. This staircase is presented for all sizes and tenures of homes, and is then split out into 1 2 and 3+ beds. In Cambridge:

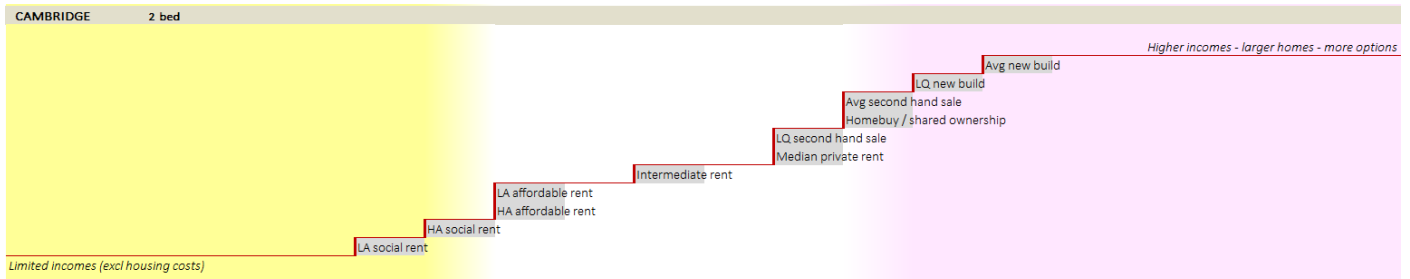
1 bed



- The income needed for 1 bed homes varies greatly, indicated by the spread of the stairs across the page.
- The income needed for a 1 bed starts with LA social rented in the yellow zone, moving up to the pink zone for a 1 bed new build.

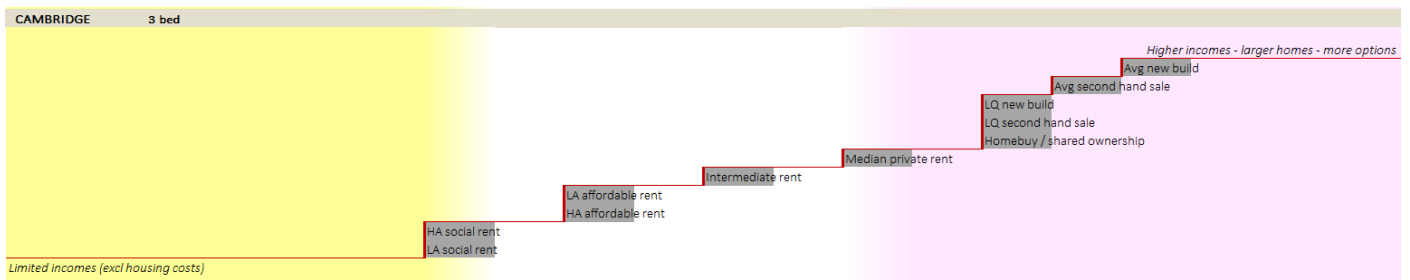
- There is a noticeable gap between the income needed for social rented and private rented, ownership and Homebuy. Intermediate rent might step in to fill some of that gap.
- There is also a gap between the income needed for social rented and private rented, ownership and Homebuy. Intermediate rent might step in to fill some of that gap.

2 bed



- The income needed for 2 beds also varies widely. Income needed for a 2 bed starts with LA social rented, moving right across to lower quartile and average new build in the pink zone.
- Again there is a big difference between income needed for affordable / social and other tenures, with intermediate rent the only step “between”.

3 bed



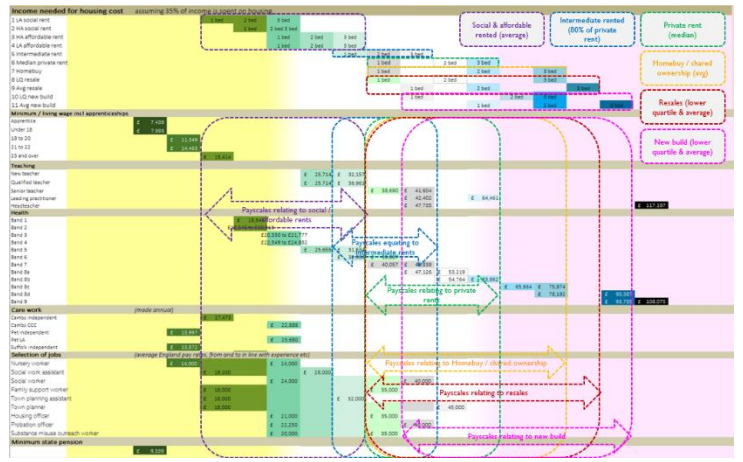
- The income needed for 3 beds varies even more than 1 and 2 beds. Income needed for affordable and social rents is higher and ownership options may only be affordable to those on the top 25% of incomes.
- The highest incomes are needed for 3 bed new build, Homebuy and resales for Cambridge. These are also the highest across the study area.

Broad tenure and pay scales

Dwelling stock by tenure, size and income needed is compared to pay-scales for various jobs.

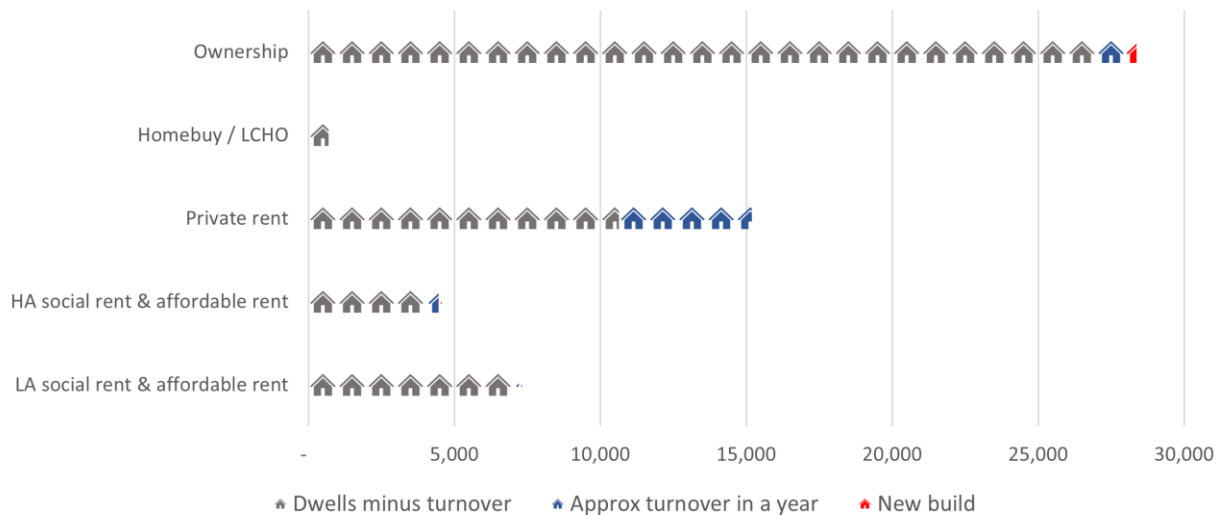
Please note the income needed for housing cost is based on CACI income data, so payscales (quoted salaries) and not strictly comparable. So this diagram can only give an indication of how national and local pay rates compare to housing costs; but we hope help to indicate pressures.

This is a complex diagram, which is made easier to “read” in the slide format, so we strongly recommend you view the slides to help make sense of all the various boxes.



In brief, at the top of the diagram is set out the tenures and sizes of homes, aligned to the diamond-o-gram; below are added the pay scales for various jobs, with “dotted lines” helping to highlight the tenure and sizes of homes which more closely align with each pay scale represented.

Dwelling stock, turnover and new build

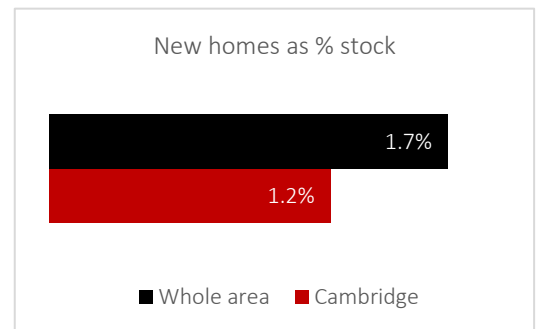


Sets out the dwellings in each of five broad tenure groups. This highlights the relatively small number of homes built compared to the overall housing stock in each broad tenure group, which may mean the new build homes (in red) are too small to clearly see in the pictogram.

However the additional homes alongside turnover (highlighted in blue) do contribute significantly in numbers to housing availability, providing new supply at first let, and then when re-let or re-sold later down the line.

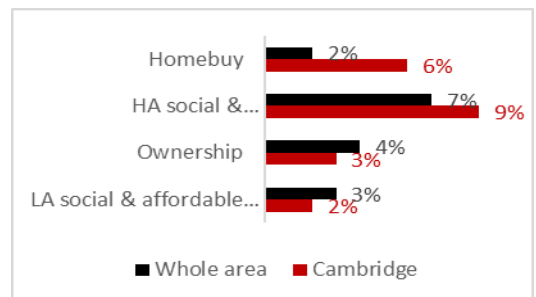
New build in 2021/2022

- Cambridge delivered 689 new homes, representing 1.2% of Cambridge's stock of around 55,545 dwellings. For comparison, across the whole study area, new homes represented around 1.7% of the total stock of 453,863 dwellings.



Turnover in 2021/2022

- In Cambridge the turnover for LA social/affordable rent at 2% is similar to South Cambs at 4%. Ownership turnover of 3% is similar to the whole area's turnover at 4%. HA rent sees higher turnover at 9% compared to 7% for the whole area. Homebuy also sees higher turnover at 6% compared to 2% for the whole area.



Applying CACI income bands to Local Plan figures

In 2021 GLHearn (consultants) provided the Cambridgeshire and West Suffolk authorities with evidence to inform their local plans, around housing needs. This evidence is used to inform Local Plan making. GLHearn set out an annual requirement for 662 new homes across Cambridge. Delivering these homes would lead to a population increase of 28,318 between 2020 and 2040. Based on the CACI income distribution for 2020-21 we could imagine that, in 2040:

- 34% of the new population (9,645) might have incomes of less than £30K
- 28% of the new population (8,021) might have incomes of £30-50K
- 38% of the new population (10,653) might have incomes of more than £50K.