

Cambridgeshire, Peterborough & West Suffolk

Diamond affordability analysis update 2022

Summary for East Cambridgeshire

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 East Cambridgeshire, and how East Cambridgeshire 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.

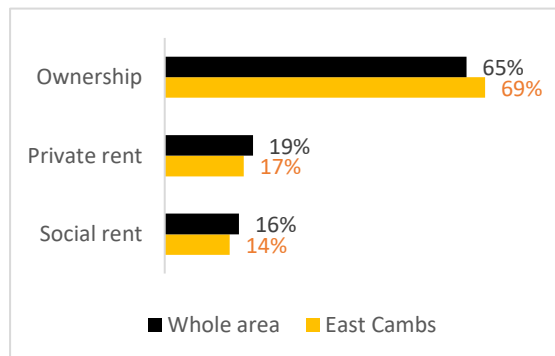
Census data is used mainly as background to provide some context for the rest of the diamonds report but can be updated as and when Census 2021 detail is released. This can be fed in as soon as it becomes available, we anticipate late in 2023.

Tenure of dwellings

In 1993 East Cambridgeshire council housing was transferred to Hereward, now Sanctuary Housing (classed as a Private Registered Provider housing in the pie chart)

Comparing East Cambridgeshire to the whole study area, East Cambridgeshire has a “not unusual” stock picture for a stock transfer area.

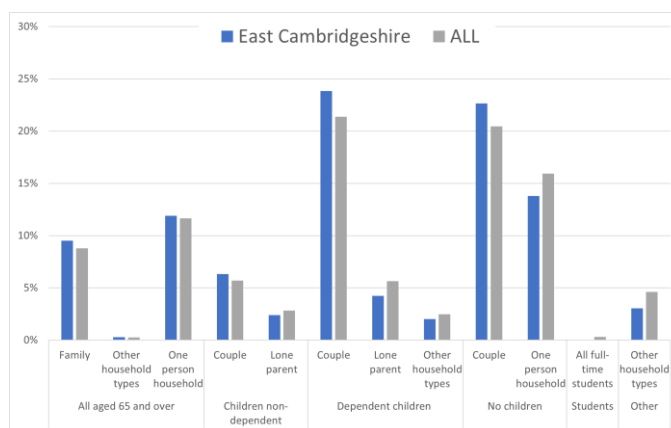
- Slightly more ownership (69% compared to 65%)
- Slightly less private rented (17% compared to 19%)



Household and family types

Comparing East Cambridgeshire to the whole study area, East Cambridgeshire has:

- More couples with and without dependent children
- Fewer 1 person, child-free households
- Fewer lone parents.
- Slightly more households aged 65+ than the whole study area



Household tenure and number of bedrooms

This pie highlights the broad tenure and size breakdown in East Cambs, with more owned homes than rented.

- 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
- There are very few 4 or 5 bed social rented homes

Comparing East Cambridgeshire to the whole study area, East Cambridgeshire has more owned homes of all sizes, fewer social and private rented of all sizes.

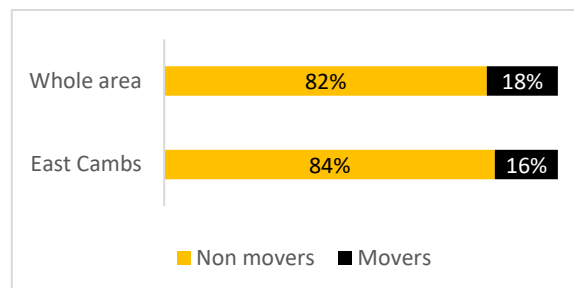


How many households might move in a year?

In the year leading up to the 2011 Census, East Cambridgeshire saw:

- 84% non-movers
- 16% movers.

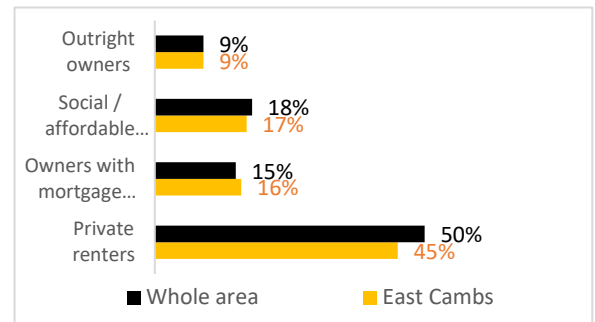
Comparing East Cambridgeshire to the whole study area, East Cambridgeshire had a lower % of households likely to move, with 16% movers compared to 18% across the study area.



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 East Cambridgeshire:

- 45% of renters moved (study area total was 50%)
- 16% of owners with a mortgage or shared owners moved (study area total was 15%)
- 17% of social renters moved (study area total was 18%)
- 9% 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.

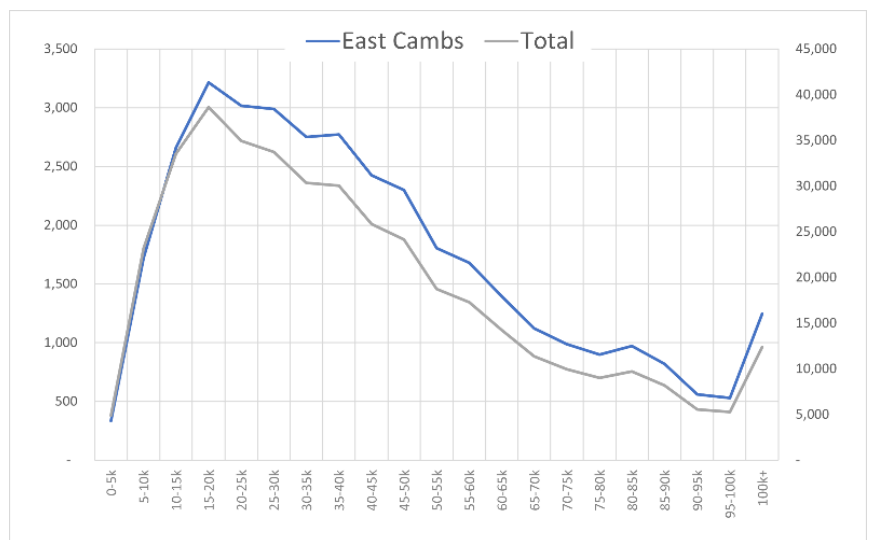
Income distribution

Comparing East Cambridgeshire to the whole study area, East Cambridgeshire has:

- a similar proportion of households on incomes up to £20K to the whole area
- more households on incomes of more than £20K.

Comparing 2016/17 and 2020/21:

- The number of households on incomes of less than £20K has fallen.
- The number on incomes above £20K and above has held steady or increased.
- 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).

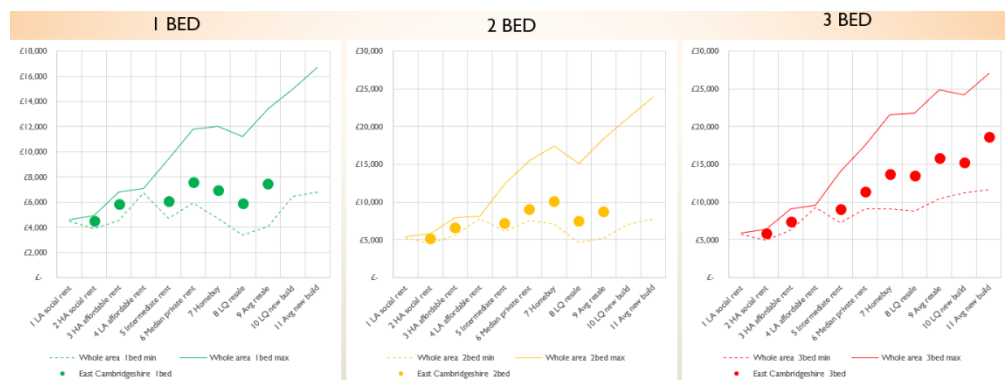


Housing costs

Identify the range of housing costs

East Cambs housing costs fall towards the middle of the housing cost range for the study area.

Please note: there is no data for 1 and 2 bed new build.



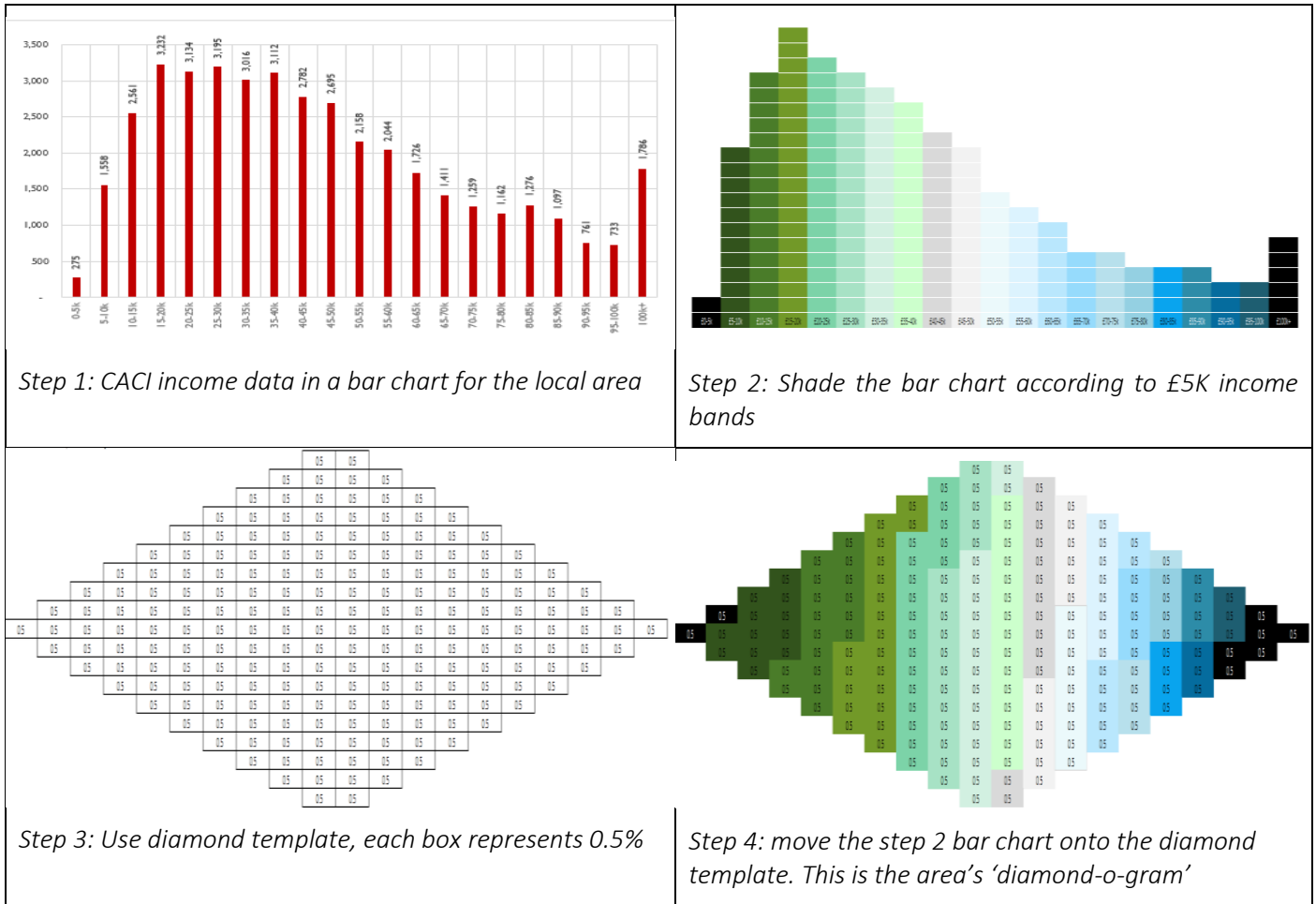
Across the study area, fairly consistently:

- 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.

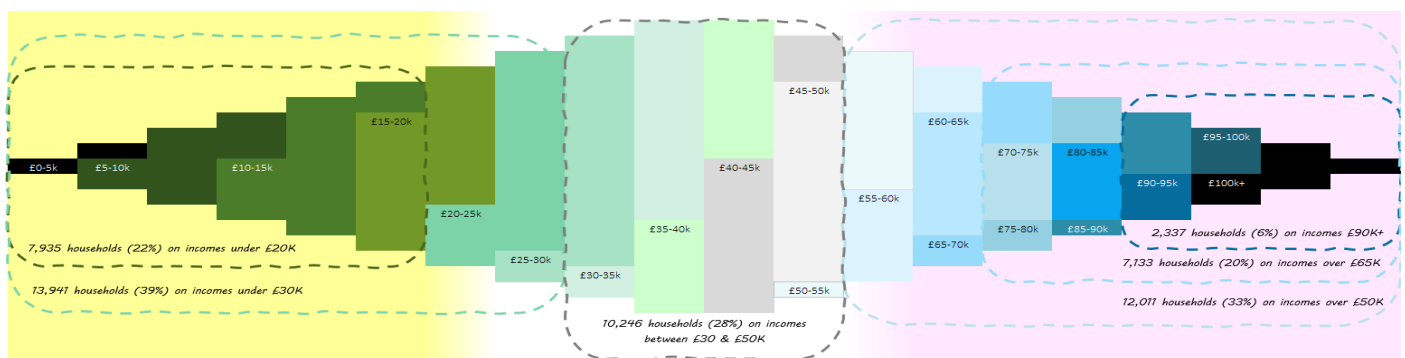
The diamond-o-gram

Creating the diamond-o-gram



The diamond-o-gram for East Cambridgeshire

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

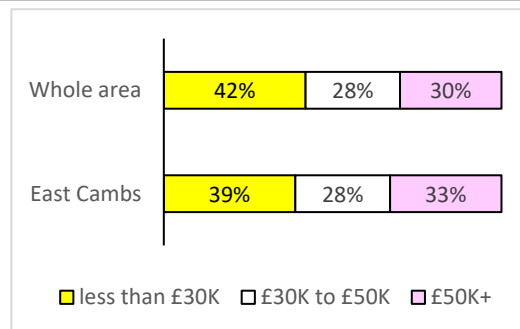


This table sets out the approximate income levels for the three shaded areas (the lowest 25%, middle 50% and upper 25% of households)

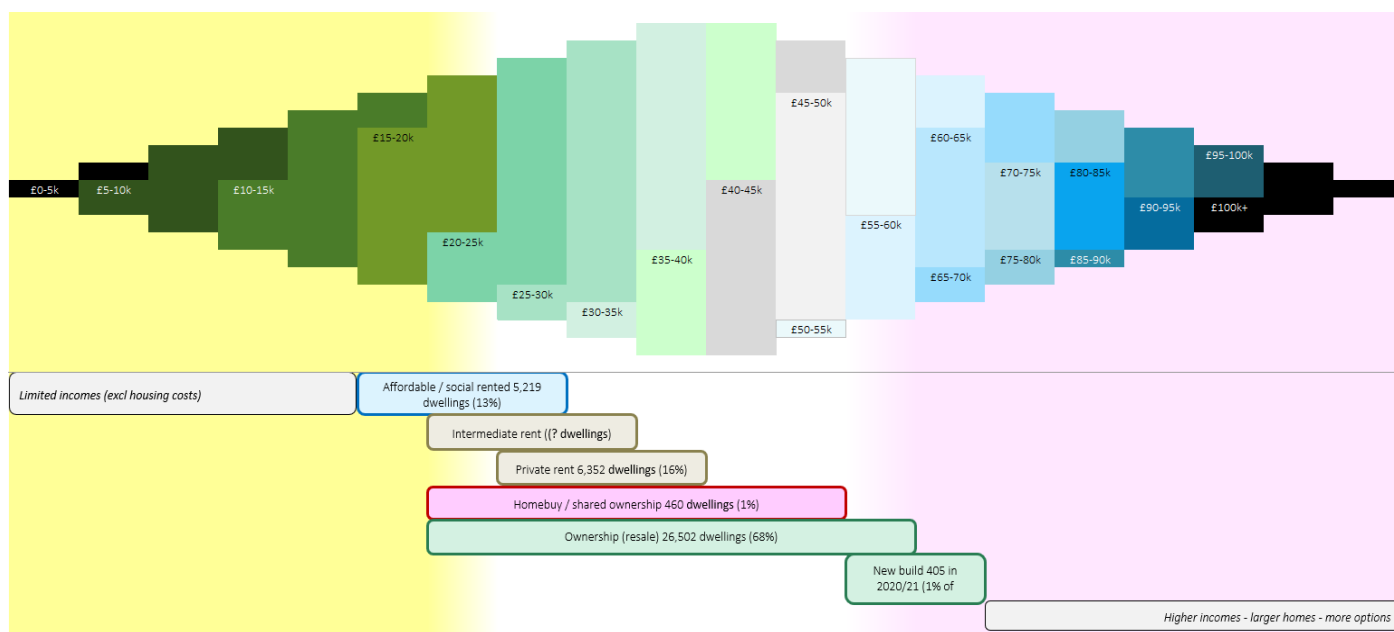
	In East Cambridgeshire
Households on the lowest 25% of incomes	incomes up to c.£20K
Households on the middle 50% of incomes	incomes between £20K and £55K
Households on the highest 25% of incomes	incomes over c.£55K

Comparing East Cambridgeshire to the whole study area, East Cambridgeshire sees:

- Slightly fewer households on incomes less than £30K (39% compared to 42%)
- The same proportion of households (28%) in the £30K to £50K bracket
- Slightly more households on incomes over £50K (33% compared to 30%).



Minimum income needed for broad tenures

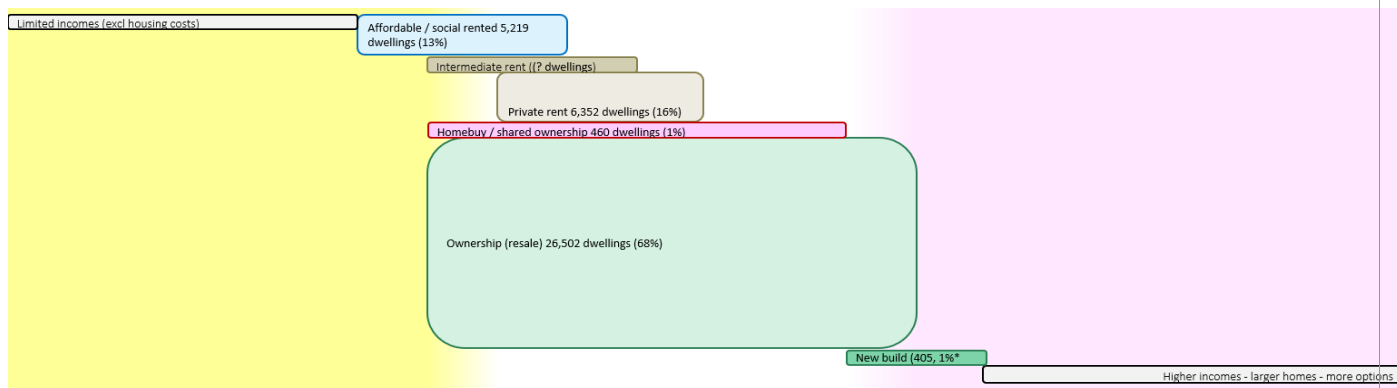


This gives a picture of how broad tenure groups compare to the local income distribution.

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. First, we use the diamond-o-gram to visualize the income distribution in East Cambridgeshire 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.

The scale and cost of housing



In East Cambridgeshire we see:

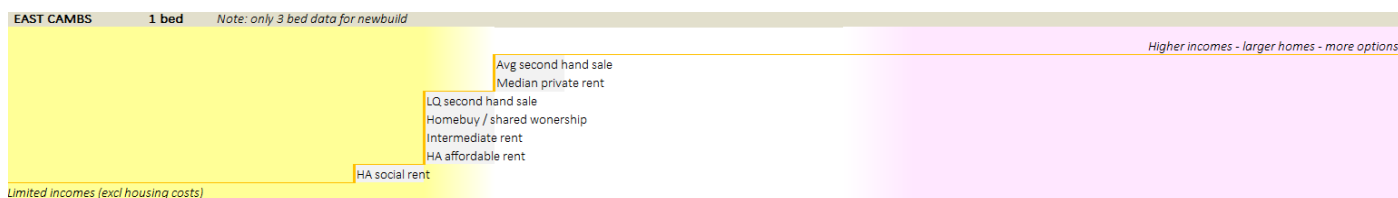
- Relatively small proportion of affordable / social rented dwellings at 13%. Affordable / social rented is affordable for lower income households on around £15-20K however other tenures do not require a markedly higher income, a number starting at £20-25K
- Intermediate rent could provide useful dwelling supply in East Cambs, however incomes needed appear to be similar to Homebuy and ownership levels - so worth comparing other factors such as access (deposits), mobility (shorter term commitment than purchase) and availability
- Private rented makes up only 16% of dwellings in East Cambs. Incomes required start at £25-30K, more than the income for 1 bed Homebuy or home ownership, resales
- Income required for Homebuy appears similar to ownership with only income needed for 3 beds being slightly lower. However lower deposits than traditional ownership may prove very useful, alongside flexibility to purchase a higher share in time
- Ownership dominates the dwelling supply at 68%. A wide range of incomes are covered by home ownership & Homebuy, starting at £20-25K and reaching up to around £55K
- New build data only available for 3 beds – possible lack of supply for 1 and 2 bed new build homes? 3 beds require an income of between around £55K and £65K.

Comparing income needed for different sizes and tenures of homes

The staircase is built using the boxes created when looking at the “minimum income needed for broad tenures”.

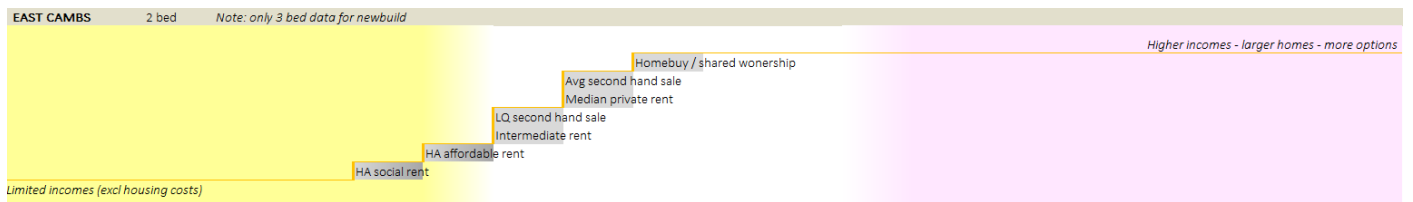
The boxes representing each tenure and size of home are arranged to form a staircase with the lowest income needed for 1 beds making the first step. The rows of boxes are arranged so next step ‘up’ is the tenure requiring a little more income. Some tenures need roughly the same incomes, so these steps 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 East Cambridgeshire:

1 bed



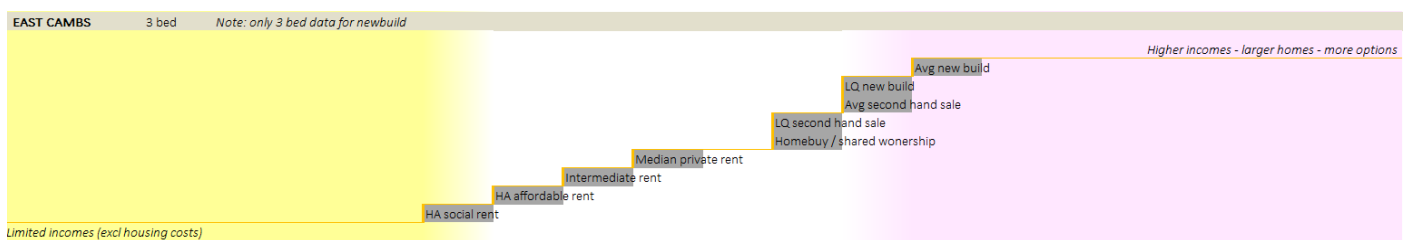
- The income needed for a 1 bed in East Cambs covers a remarkably narrow range, meaning that while HA social rent is the most affordable, all other tenures require only a small amount more income and do not stray far above the yellow zone.
- This means households on incomes up to around £20K should be able to afford a 1 bed at a 35% ratio
- Private rents can require a similar income to average resales.
- There is no data for 1 bed new build

2 bed



- Incomes needed for 2 beds in ECDC varies more than for 1 beds.
- Incomes needed start in the yellow zone and moves to around the median income level (centre of the white zone).
- 2 bed LQ resales can require lower incomes than 2 beds private rents, and Homebuy
- There is no data for 2 bed new build.
- Unusually Homebuy takes the top “step” for 2 beds.

3 bed



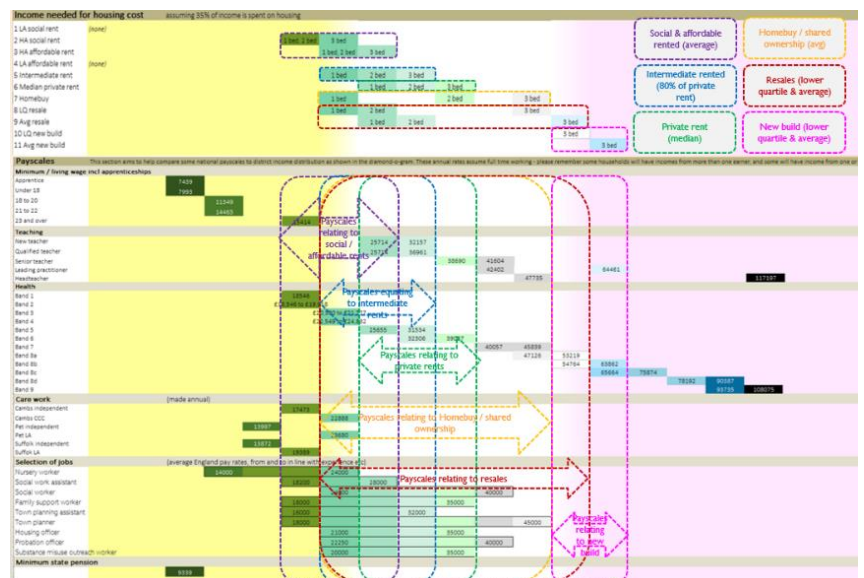
- A broad range of incomes needed for 3 beds in East Cambs, spreading from the top of the yellow zone, across the white zone and touching on the pink zone
- There is a noticeable gap between the income needed for a 3 bed private rent and 3 bed ownership or Homebuy.
- New build takes the “top step” for 3 beds

Broad tenure and pay scales

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

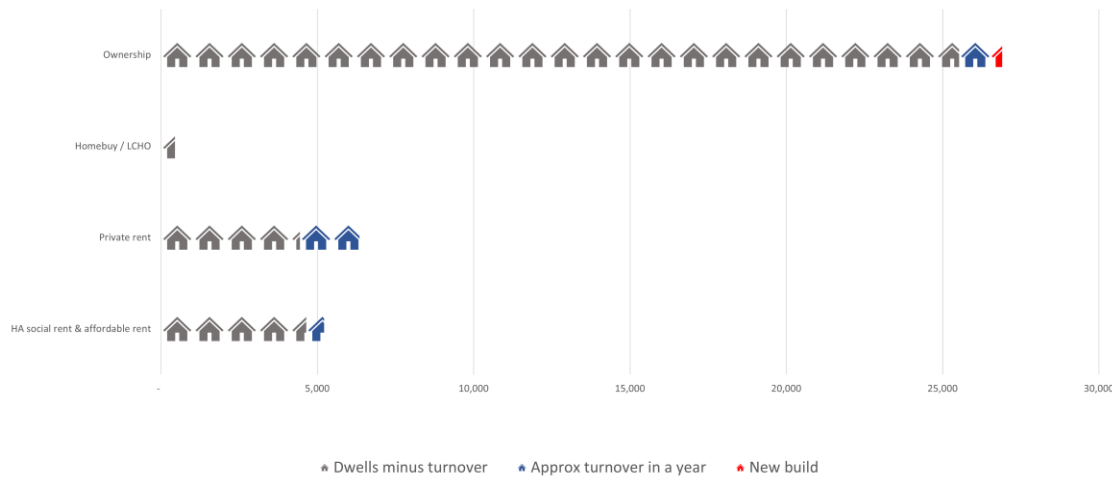
Please note the income needed for housing cost is based on CACI income data, so payscales (quoted salaries) and not strictly comparable. So this diagram can only give an indication of how national and local pay rates compare to housing costs; but we hope help to indicate pressures.

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

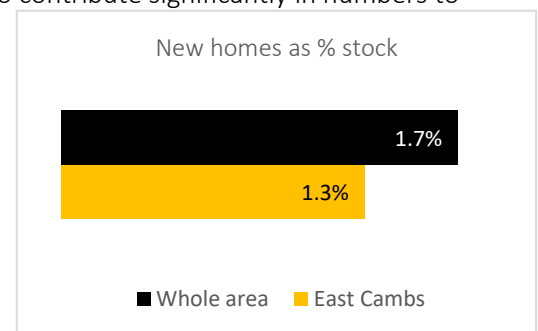


Sets out the dwellings in each of five broad tenure groups. This highlights the relatively small number of homes built compared to the overall housing stock in each broad tenure group, which may mean the new build homes (in red) are too small to clearly see in the pictogram.

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

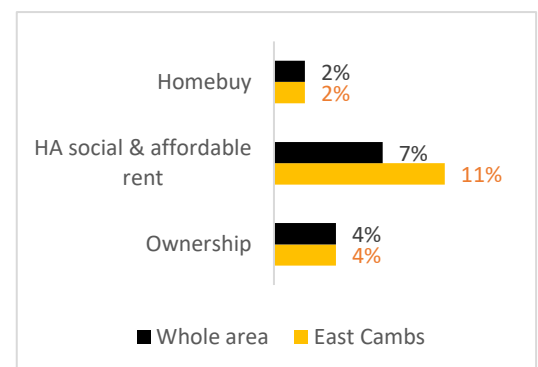
- East Cambridgeshire delivered 496 new homes, representing 1.3% of East Camb's stock of around 38,500 dwellings.
- For comparison, across the whole study area, new homes represented around 1.7% of the dwelling stock of 453,863 dwellings.



Turnover in 2021/2022

In East Cambs the % turnover for

- HA social/affordable rent is higher at 11% than the whole area turnover rate of 7%
- Homebuy rate matches the whole area turnover rate at 2%
- Ownership turnover matches the whole area turnover rate at 4%.



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 616 new homes in East Cambridgeshire. Delivering these homes would lead to a population increase of 24,442 between 2020 and 2040.

Based on the CACI income distribution for 2020-21 we could imagine that, in 2040:

- 39% of the new population (9,413) might have incomes of less than £30K
- 28% of the new population (6,918) might have incomes of £30-50K
- 33% of the new population (8,110) might have incomes of more than £50