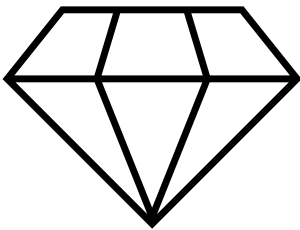# Cambridgeshire, Peterborough & West Suffolk

Diamond affordability analysis update 2022

Executive Summary

Published July 2023

Cambridgeshire, Peterborough & West Suffolk: Diamond affordability analysis update 2022: executive summary

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 centrepiece is a diamond-shaped diagram we have called a 'diamond-o-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.

1 Introduction

This note outlines some overall highlights of the work across the whole study area of Cambridgeshire, Peterborough and West Suffolk. To see
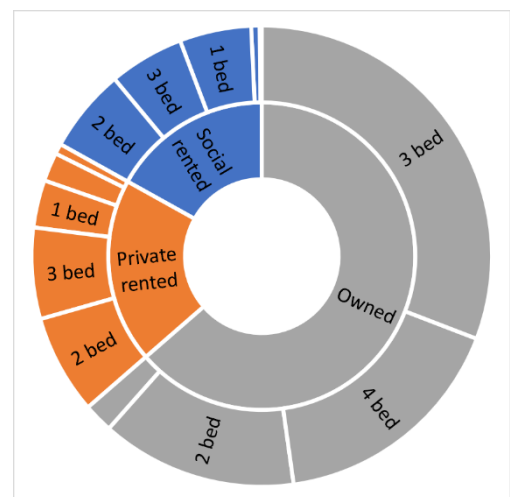
- The executive summary

- 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/

This executive summary is based on summary points from the whole study area report.

2 Context

- Tenure breakdown varies with each district, with Cambridge standing out as having the highest proportion of social and private rented housing and the lowest proportion of home ownership. Other districts tended to confirm to a similar range.

- There are a variety of household types across the study area. The largest proportion of household types are couples with and without children, one person households with no children and one person households aged 65+.

- Household and family type affect the homes needed and the make-up of communities, however there is not a wide variation, except for the noticeable student population found mainly in Cambridge. The 2021 Census will provide updated information on household and family type which we will use in an update to this work once available.

1 Tenure and size, total across study area

- In terms of size, overall, 3 bed homes are most common, followed by 2 beds then 4 beds. 5+ beds make up the smallest share of the market, followed by 1 beds. When combining size and tenure data

we see a relatively small proportion of social and private rented housing with 4 or 5+ bedrooms. The majority of larger homes are owned; there are few 1 bedroom homes to own.

- Looking at households most likely to move, based on moves in the year coming up to Census night 2011, 82% of households across the study area did NOT move and 18% of household did. There was a variation within tenure groups:

  o 50% of private renters moved

  o 18% of social renters moved

  o 15% of owners with a mortgage or shared owners moved

  o 9% of outright owners moved

- Looking at each district:

  o Cambridge saw a higher proportion of movers in all tenures.

  o East Cambridgeshire saw slightly more moves by owners with a mortgage, and fewer moves by both social and private renters.

  o Huntingdonshire shows slightly fewer owners and private renters moving than the total for the whole study area.

  o Fenland and Peterborough both see a lower proportion of movers across all tenures than across the study area.

  o South Cambridgeshire saw more owners with a mortgage and more private renters moving but fewer social renters.

  o West Suffolk reflects the whole study area moves except for a lower percentage of moves by private renters.
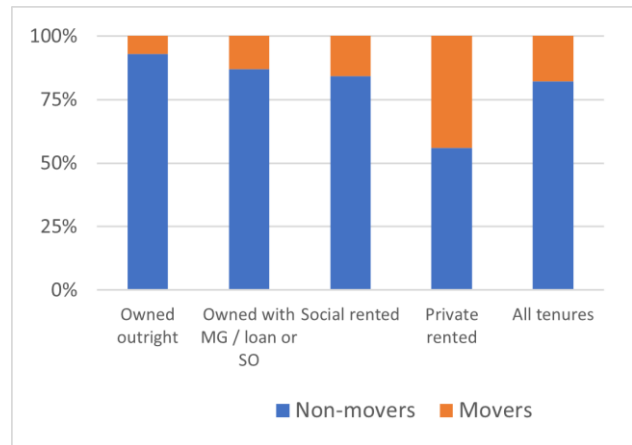

2 Movers & non-movers by tenure
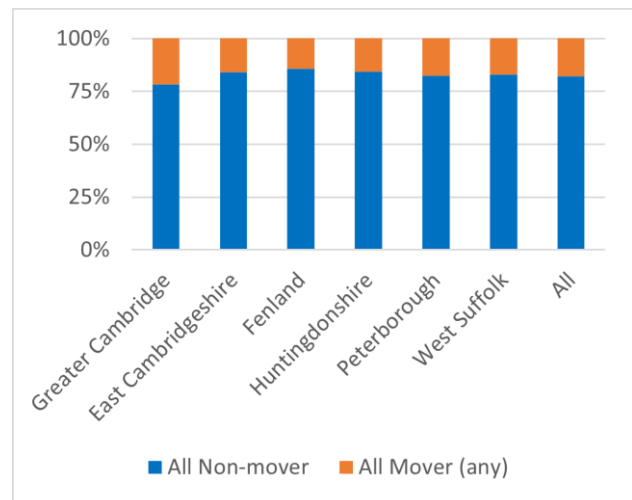
3 Movers and non-movers by area

3 Income

Districts across the study area can be broken into three broad income groups:

- Cambridge and South Cambridgeshire are similar, with a lower % of households on lower incomes and a higher % of households on higher incomes than the other districts.

- Fenland and Peterborough have identical % breakdowns into the 5 bands, despite their number of
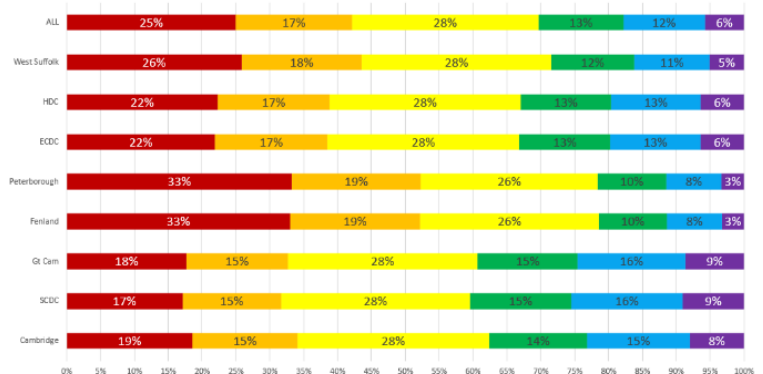

4 Five income bands by area

households being very different. In summary, both areas have a higher % of households on lower incomes and a lower % of households on higher incomes.

- East Cambridgeshire and Huntingdonshire are very similar. Less similar is West Suffolk, which has a slightly different breakdown on income bands to the other areas covered. On balance West Suffolk most closely reflects HDC and ECDC, all three having a mid-range % of households on both lower and higher incomes.

- All districts had a similar % of households in the middle group (£30 to £50K) at either 26% or 28%.

- Across the whole study area, comparing 2016/17 and 2020/21 CACI data the number of households on incomes of less than £35K has fallen a good deal, the number on incomes above £35K has held fairly steady and the number on more than £100K has decreased (for reasons not entirely clear).
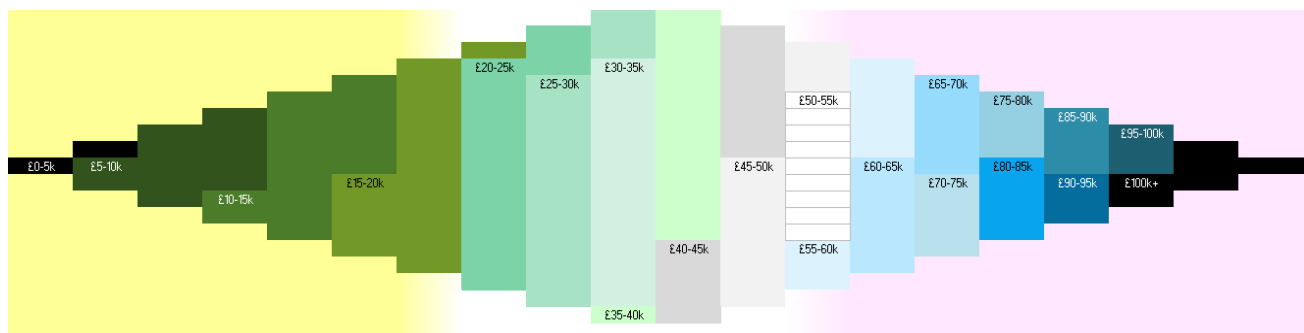
4 Housing Costs

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.
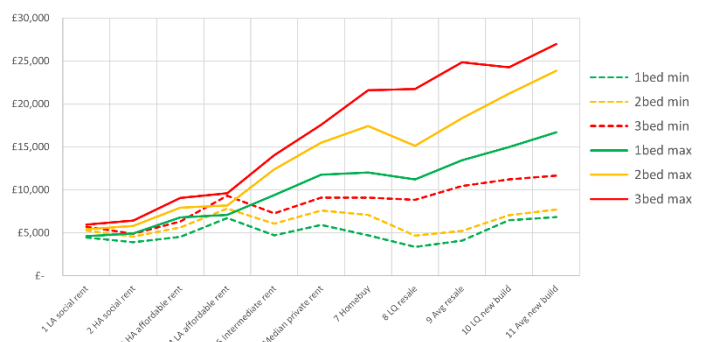
*5 Max and min housing costs across area*

5 The diamond-o-gram

6 Diamond-o-gram for whole study area

Comparing incomes in the diamond-o-gram to housing cost: by district

- The income needed at 35% affordability covers a range of income bands, reaching the highest 'high point' in Cambridge.

- More than £10K annual income is needed as a minimum in all areas, for all tenures including social / affordable. However there are benefits to support housing costs which should help people on the lowest income groups, who may not currently be claiming.
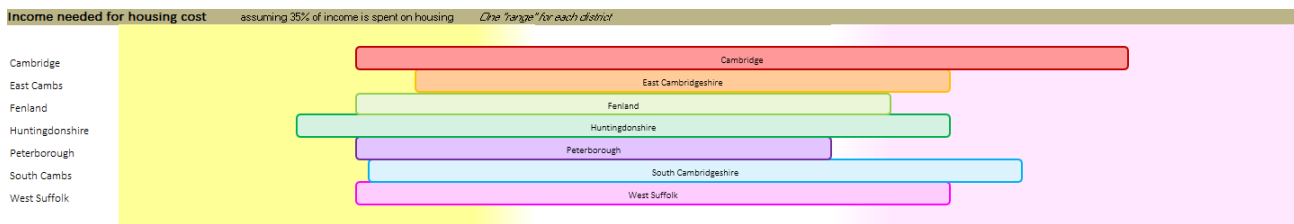
7 Housing costs by district, in relation to diamond-o-gram

Comparing incomes in the diamond-o-gram to housing cost: by tenure across the study area

- Smaller Housing Association and Local Authority social rent and affordable rent form an option for lower income households; but 3 beds need incomes around £35K, and supply is limited due to scarcity.

- Next comes intermediate rented housing (which is included using a mathematical formula based on median private rents, not reflecting local availability) however useful to indicate its role in the market should some more become available. Private rents generally come next on the price scale.

- A wide range of incomes are covered by home ownership and Homebuy / shared ownership, where the income needed for a 1 bed start a little lower than 1 bed median private rents, however 3 bed shared ownership homes can require more income than 3 bed private rents.

- Second hand sales come next up the scale, covering a huge range of prices across the study area, followed by new build usually at highest income levels, although the range of incomes needed is perhaps broader than might be expected.
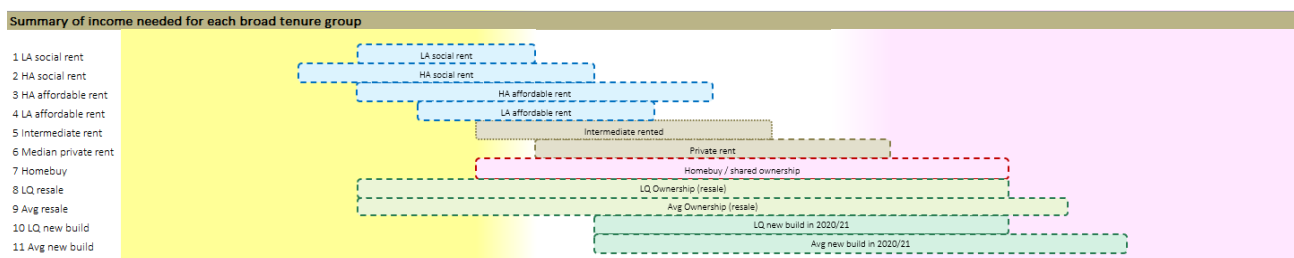
8 Housing costs by tenure, in relation to diamond-o-gram

Comparing incomes in the diamond-o-gram to housing cost: by size

- Unsurprisingly larger homes tend to require higher incomes than smaller homes. However the overlaps when comparing one tenure and size to another may mean there are more housing options for people on different incomes if they can consider a move to a different district. However in reality, households may not be free to move 'to anywhere', so the fact a home exists at a lower price in a different part of the study area may not help. The more mobile people are, the more choice they can take advantage of.

- Family, work and other ties are significant and will influence the housing choices each household will make. Supply of homes, turnover and new build may also have an effect.
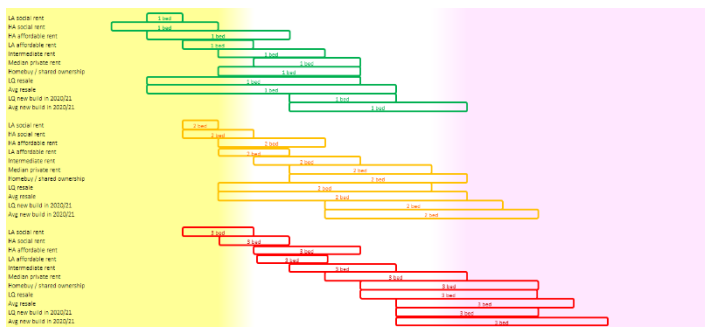
*9 Housing costs by 1, 2 3 bed, in relation to diamond-o-gram*

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

The scale and cost of housing: looking at each tenure group

- Affordable / social rented dwellings make up around 15% of the area's dwellings. Smaller affordable / social rented may be an affordable option for lower income households.

- Intermediate rent could provide useful dwelling supply. Work to compare factors such as access (deposits), mobility (shorter term commitment than purchase) and availability could prove valuable.

- Private rented makes up 19% of dwellings across the area. Smaller private rented homes can require higher incomes than as resales and Homebuy.

- Income required for smaller Homebuy is level with intermediate rent levels, and less than a private rent. Lower deposits than home ownership may prove very useful, alongside flexibility to purchase a higher share in time.

- Ownership is dominant across the area at 64%. A wide range of incomes are covered by home ownership and Homebuy, reaching well into the highest 25% of households by income particularly for larger homes. New build can start at below the median income level, but larger new build can take the highest incomes.

Three "zones" of income

- The lower 25% of incomes: Across the study area, affordable / social rented particularly smaller size homes are an affordable option. However ownership may also be affordable for some on the lowest 25% of incomes – mainly in Fenland.

- The middle 50% of incomes: There are housing options across the study area, including larger affordable/social rented, intermediate / private rented, many Homebuy dwellings, home ownership and some newbuild. As positive as this looks, it is important to bear in mind that choice of home location is affected by work, family and other issues.

- The top 25% of incomes: Options here include larger private rents, larger Homebuy, home ownership resales and new build. As might be expected, the upper end of incomes needed tend to be found in Cambridge and the lower end in Fenland, Huntingdonshire and Peterborough.
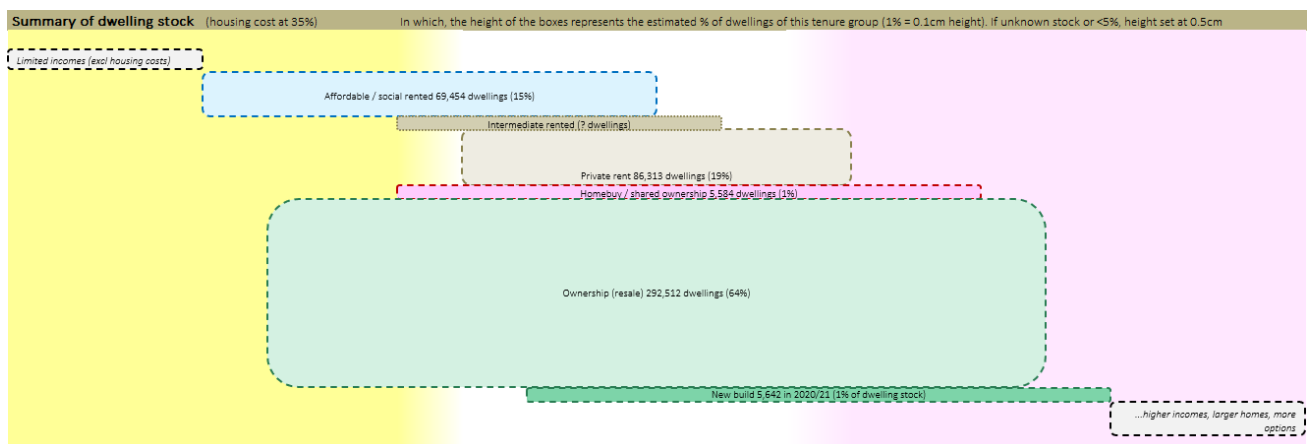

10 Income needed at 35% affordability and indication of number of dwellings (whole study area) showing the three "zones" of income

Visualization bubbles

- Higher incomes are needed for private rents and home ownership in Cambridge. There may be a good supply of affordable / social rented dwellings but there is a lack of options for people on lower incomes. Conversely, home ownership in Fenland looks more affordable at 35% affordability rate to households at the lower end of the income zone than the other districts.

- The price of new build varies; the pattern of income needed being higher for new build than for resales is not universal, which might have been expected.

- Across the study area many tenures look affordable at 35% of income to households in the "middle income" zone. However there are fewer housing options available and accessible to the lower 25% of households by income. Not only is there a limited supply of these homes but they tend to be let under a prioritized system, which is necessary to limit access to a scarce resource, but means that when comparing affordability and availability, we must remember it is not a "free market".

"Staircases"

- Social and affordable rents from the first step on our area's housing staircase. Maybe surprisingly, in some districts 1 bed resales can be affordable (at 35%) to a similar income group. However, resales do need much higher incomes when looking at 2 and 3 beds.

- Intermediate rents and Homebuy start at similar income levels, though larger Homebuy requires more income than intermediate rented.

- Private rents form the next "step" on the staircase, followed by new build homes.

- The staircases highlight the range of incomes needed across the study area, for 1 2 and 3 beds. The range of incomes needed is narrower for 1 beds than for 2 beds, with the widest range of income needed is seen for 3 beds.
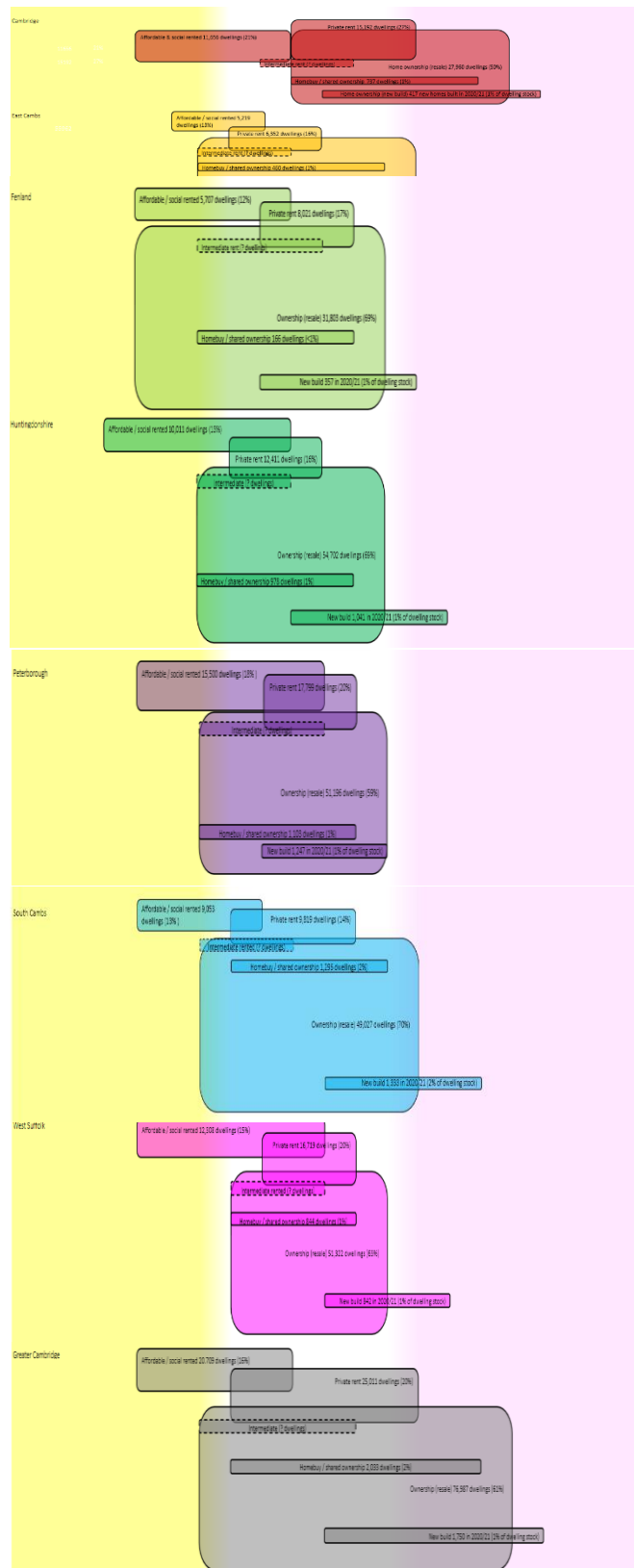
11 Visual representation of "overlapping" tenures by income needed (bubbles)
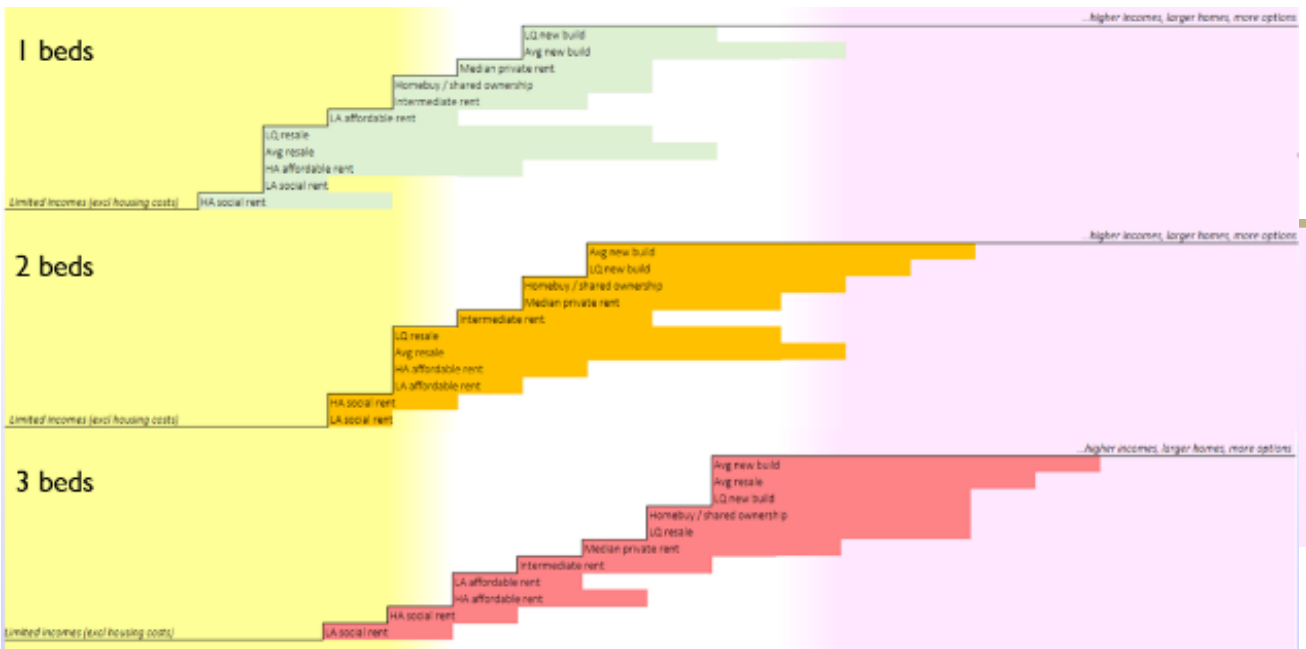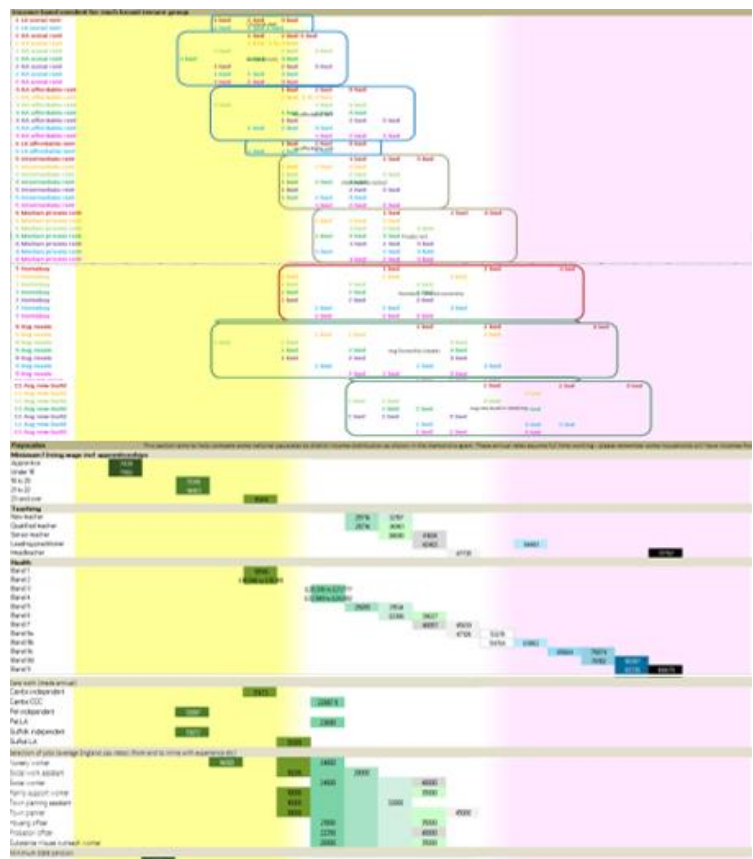
12 Staircase showing 1 2 3 beds in relation to diamond-o-gram

Broad tenure and payscales

A rather complex graphic enables us to summarize housing options across the study area in relation to some specific payscales. Bearing in mind some issues about the comparability of data, some brief summary points about the hosing options for these workers are:

13 Comparing tenures and sizes to payscales

- Zone 1 Lowest incomes including minimum wage apprentices and under 18s, and the minimum state pension. A lack of housing options (see note about benefits below).

- Zone 2 Low incomes which include minimum wage all 18+, Health Band 1 and 2, independent care workers and lower scale nursery worker. Housing options include affordable tenures and smaller size rented, Homebuy & resales

- Zone 3 Middle incomes which include many teacher grades (excluding upper lead practitioner and headteacher), Health Bands 3 to 8a, Local Authority care workers, higher scale nursery worker, Social

work assistant, social worker, family support worker, town planning assistant, town planner, housing officer, probation officer, substance misuse outreach worker. Housing options include larger affordable, bulk of private rented and Homebuy, middle size ownership, smaller new build
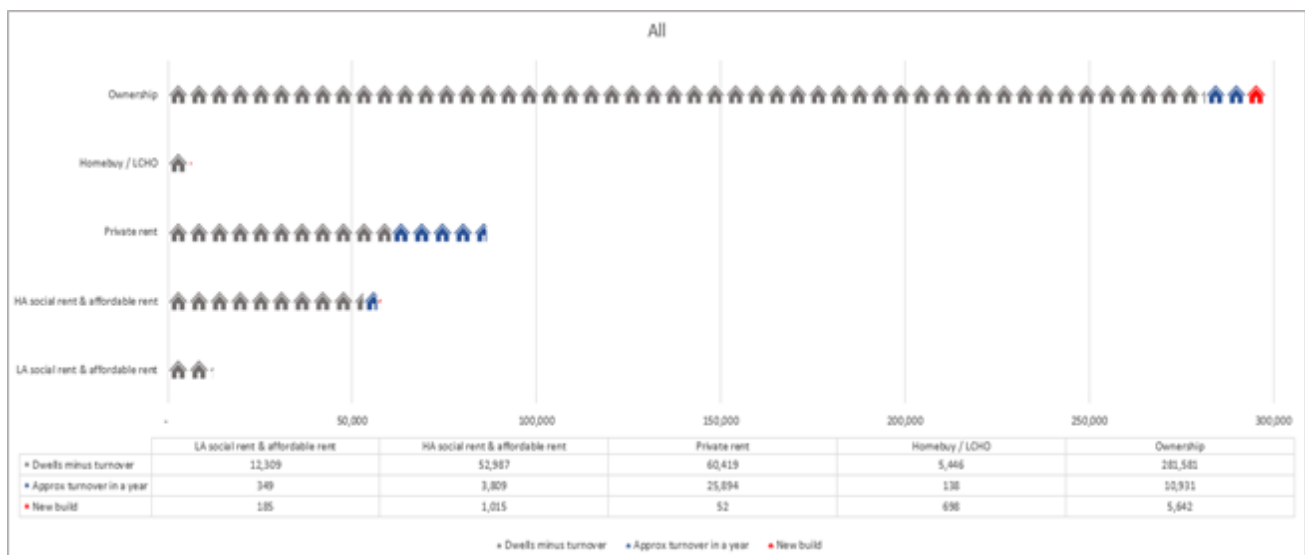
- Zone 4 Higher incomes which include upper lead practitioner grade teacher and Health Band 8b to start of 9. Housing options include larger Homebuy and private rent in Cambridge, larger resales in Cambridge, East Cambs & South Cambs, and larger new build

- Zone 5 Highest incomes which include Upper headteacher grade and Health upper end of Band 9. Housing options include more expensive choices including larger homes, homes with land and higher specification homes than covered by the housing cost data collated in this report.

7 Dwelling stock, turnover and new build

- Much of our housing stock does not change hands in the course of a year.

- Private rented housing shows the highest turnover though this is based on a national figure of 30% turnover, so needs to be used carefully when drawing local conclusions.

- New build forms a tiny proportion of the market compared to the overall housing stock. However when you consider the new build as a proportion of each broad tenure group, some patterns show up. Local Authority and housing association social and affordable rent, along with home ownership, show a similar percentage of new build compared to stock (LA = 1.5%, HA = 1.8%, ownership = 1.9%) where Homebuy/shared ownership shows a much larger 12.5% of the stock as new build in 2020/21.

- Comparing turnover and new build figures, we can see the importance of both in terms of the supply of new lets / entry into the housing market each year. Total annual turnover would be around 40,000 homes or 9% of the housing stock; and new build would be around 7,500 homes in a year, or 1.7% of the dwelling stock.

	LA social rent & affordable rent	HA social rent & affordable rent	Private rent	Homebuy / LCHO	Ownership
Dwells minus turnover	12,309	52,987	60,419	5,446	281,581
Approx turnover in a year	349	3,809	25,894	138	10,931
New build	185	1,015	52	698	5,642

14 Dwelling stock (grey) turnover (blue) and new build (red), whole study area

8 Applying CACI income bands to Local Plan housing figures

- This section gives an idea of the approximate population in each of three broad income bands, if the homes identified in needs studies were delivered, by 2036/2040. Based on CACI data for 2020-21, a total population of 102,779 might be on incomes of less than £30,000. By district, the percentage of households varies from 32% to 52%.

- Although £30K may be enough to afford some sizes and tenures of homes in some districts, it does not cover many of the market and larger size homes. Diagrams in this section highlight what may, and may not be affordable, based on 2020-21 incomes and housing costs.