Cambridgeshire, Peterborough & West Suffolk

Diamond affordability analysis update 2022

Summary for Greater 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.

Contents

Introduction

This note outlines some highlights of the work for Greater Cambridge, and how Greater 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/

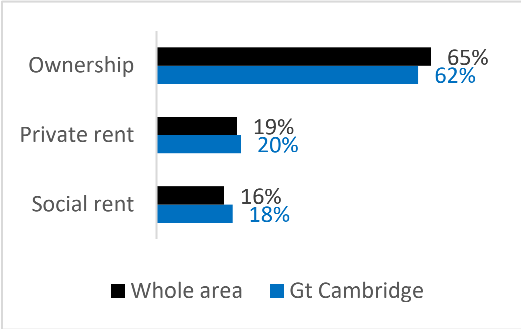
Context

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.

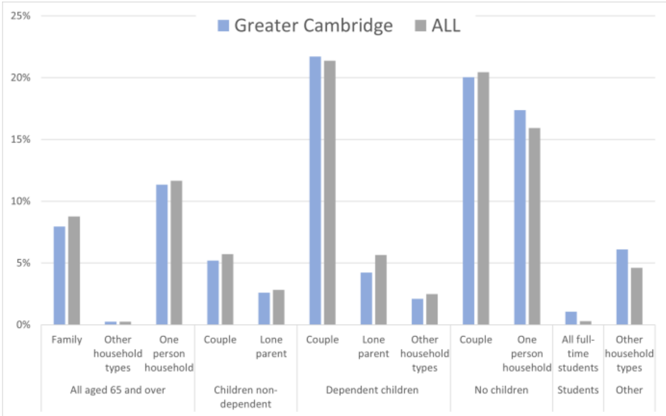
Tenure of dwellings



Cambridge and South Cambs are the only 2 districts in our area to have retained ownership of council housing. Private Registered Providers (aka Housing Associations) own & manage other social housing in Greater Cambridge.

Comparing Greater Cambridge to the whole study area, Greater Cambridge has slightly more social renters (council and housing association) than others, totalling 18% compared to 16% for "all"

Household and family types



Comparing Greater Cambridge to the whole study area, Greater Cambridge has no unusually large differences in % household & family type from the whole study area EXCEPT for students, who are mainly based in Cambridge

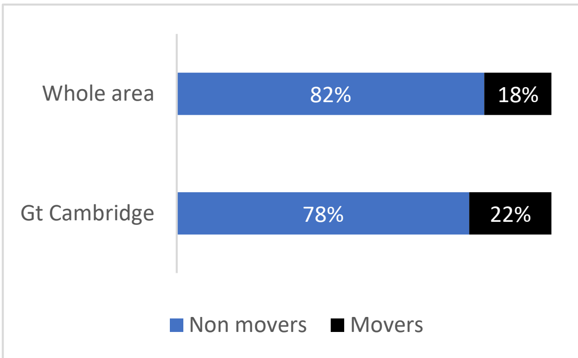
Household tenure and number of bedrooms

This pie highlights the broad tenure and size breakdown across Greater Cambridge. Because of the differences between Cambridge and South Cambs we suggest looking at this diagram for the two districts separately. However this combined pie may prove useful as it gives an overview.

Comparing Greater Cambridge to the whole study area, Greater Cambridge has:

- Fewer 2 & 3 bed owned homes
- More 1 bed private rented
- More 1, 2 & 3 bed social rented

How many households might move in a year?



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

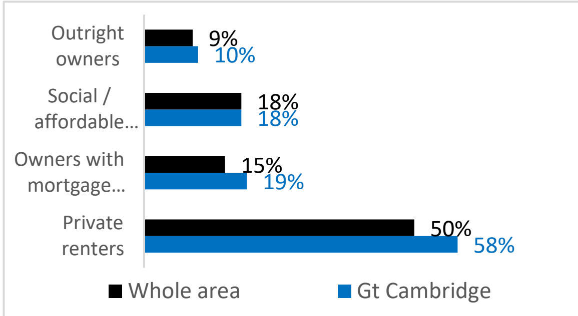
- 78% non-movers
- 22% movers

Comparing Greater Cambridge to the whole study area, Greater Cambridge had a higher % of households likely to move, with 22% movers compared to 18% movers across the study area, and a higher % of partly moving household is noticeable.

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 Greater Cambridge:

- 58% of renters moved (study area total was 50%)
- 19% of owners with a mortgage or shared owners moved (study area total was 15%)
- 18% of social renters moved (study area total was 18%)
- 10% of outright owners moved (study area total was 9%)



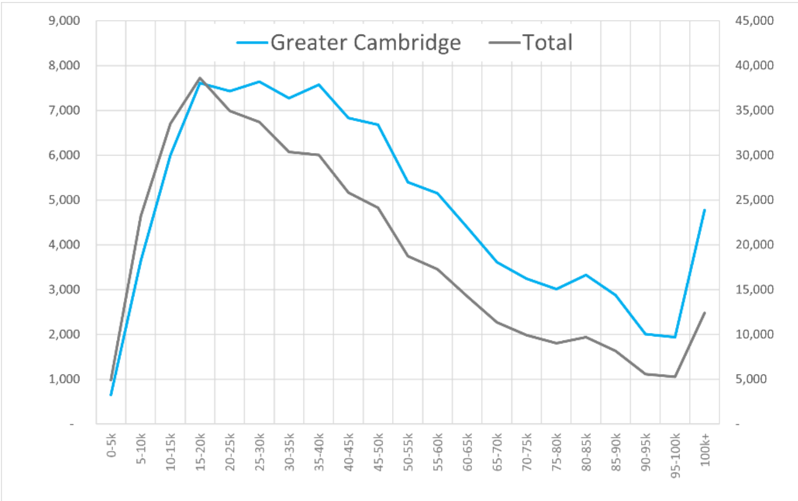
Income

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 Greater Cambridge to the whole study area, Greater Cambridge has:

- slightly fewer households on incomes up to £20K
- markedly more on incomes higher than £20K.



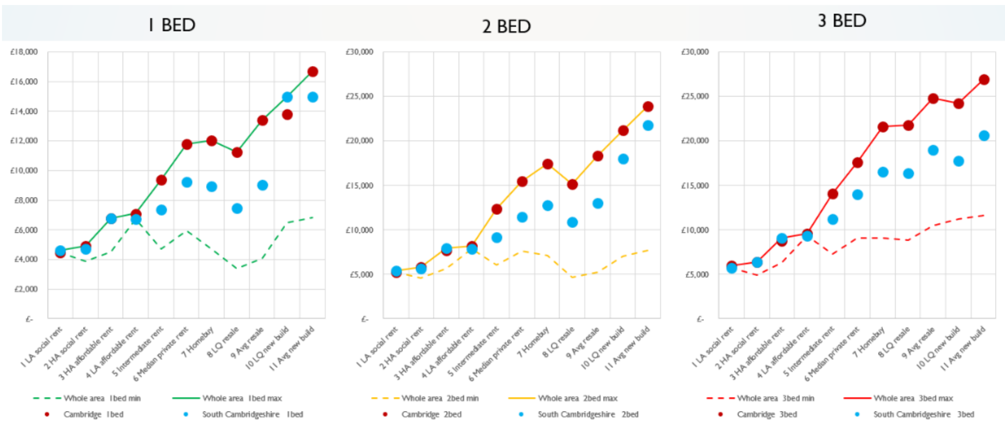
Comparing 2016/17 and 2020/21:

- 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.
- 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 sees the highest housing costs for almost all tenures and sizes.
- South Cambs is a fairly close second.
- The exception is the cost of 1 bed lower quartile new build which is higher in SCDC than in Cambridge.



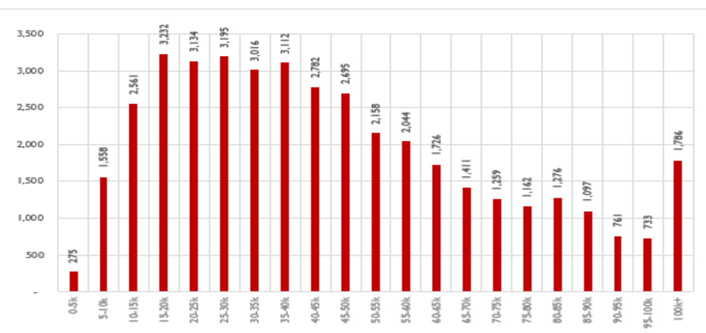
Across the study area, fairly consistently:

- 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.

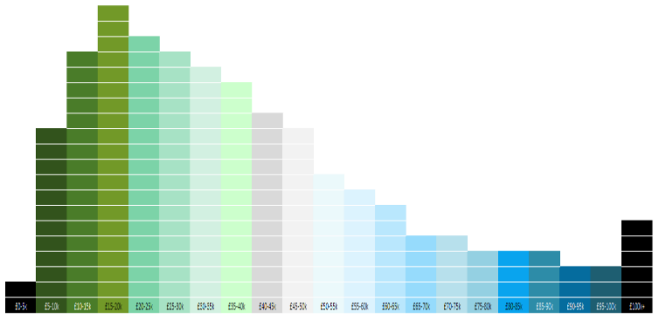
A more detailed comparison of costs is set out in the “whole area” report.

The diamond-o-gram

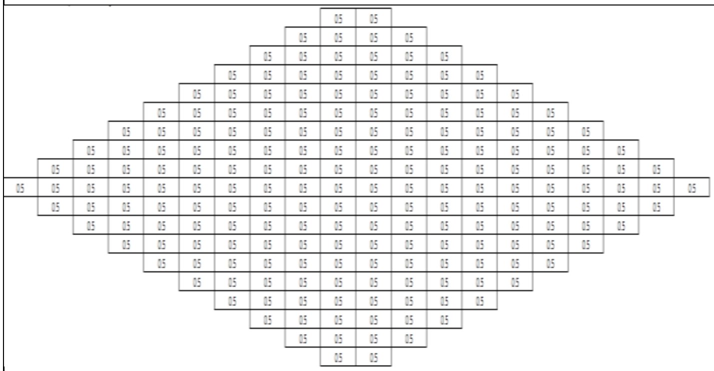
Creating the diamond-o-gram



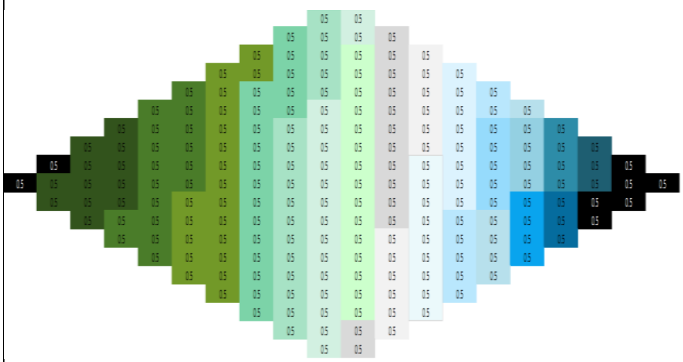
Step 1: CACI income data in a bar chart for the local area



Step 2: Shade the bar chart according to £5K income bands



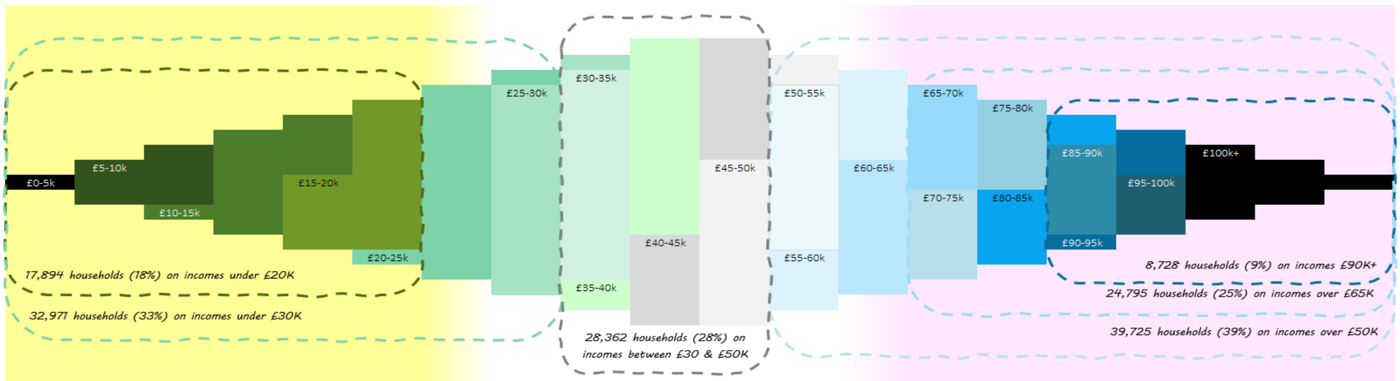
Step 3: Use diamond template, each box represents 0.5%



Step 4: move the step 2 bar chart onto the diamond template. This is the area’s ‘diamond-o-gram’

The diamond-o-gram for Greater 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

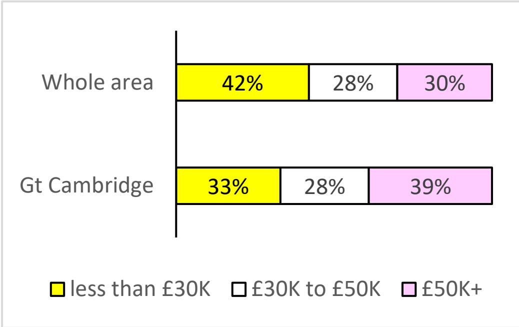


This table sets out the approximate income levels for the three shaded areas (the lowest 25%, middle 50% and upper 25% of households)

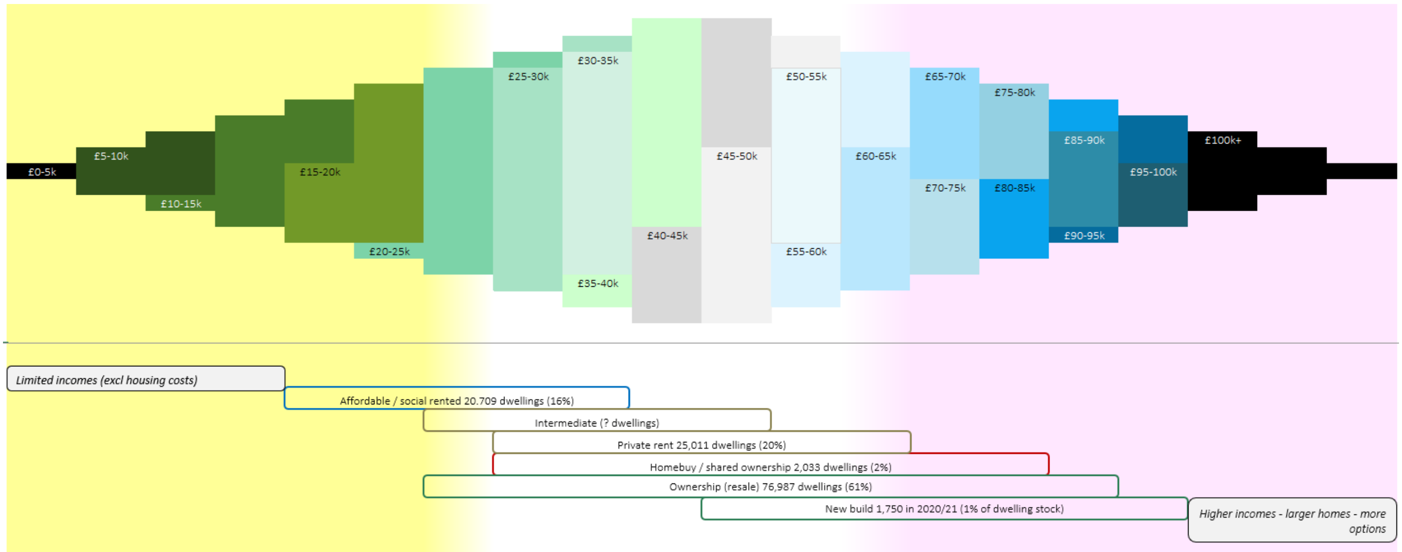
	In Greater Cambridge
Households on the lowest 25% of incomes	incomes up to c.£20K
Households on the middle 50% of incomes	incomes between £20K and £60K
Households on the highest 25% of incomes	incomes over c.£60K

Comparing Greater Cambridge to the whole study area, Greater Cambridge sees:

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

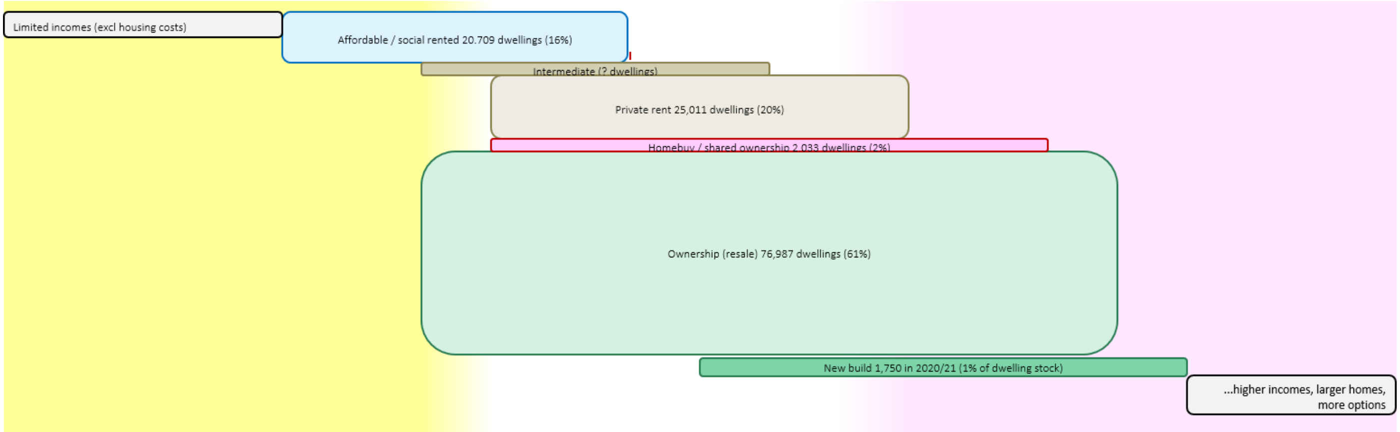
Using the diamond-o-gram to look at other aspects of the housing market

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.

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

The scale and cost of housing



In Greater Cambridge we see:

- Reasonable supply of affordable / social rented dwellings at c16%. Smaller affordable / social rented is an option for lower income households starting at £15-20K but larger homes can need incomes up to £35K
- Private rented makes up 20% of dwellings in Greater Cambridge. Private rented requires a similar income to Homebuy at around £25-30K. However larger rented may not require as high an income as larger Homebuy
- Intermediate rent could provide useful dwelling supply in Greater Cambridge, requiring a lower income than Homebuy and similar to resales - so worth comparing other factors such as access (deposits), mobility (shorter term commitment than purchase) and availability
- Income required for smaller Homebuy is level with private rents, slightly more than ownership. Lower deposits than traditional ownership may prove very useful, alongside flexibility to purchase a higher share in time
- Ownership dominates dwelling supply at c.61%. A wide range of incomes are covered by home ownership & Homebuy, reaching from incomes around £25K up to around £85K
- New build requires the highest income levels for all sizes, starting at around £45-50K income needed.

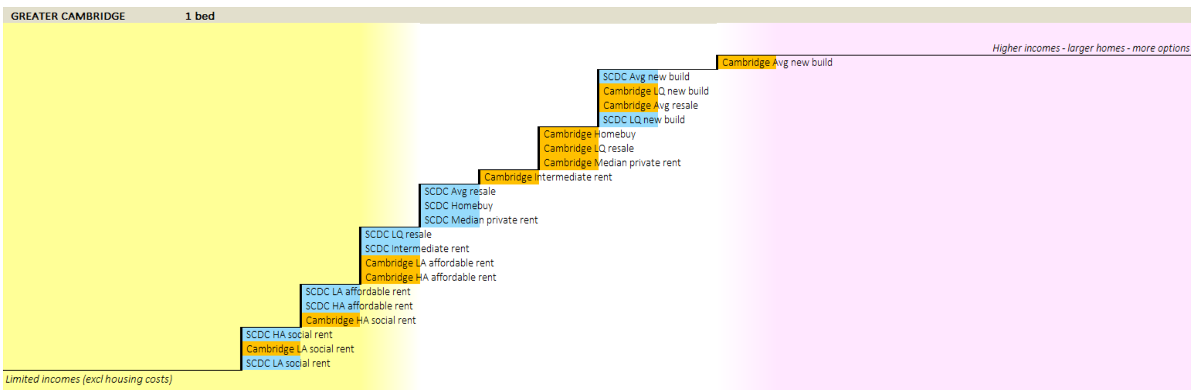
Comparing income needed for different sizes and tenures of homes

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.

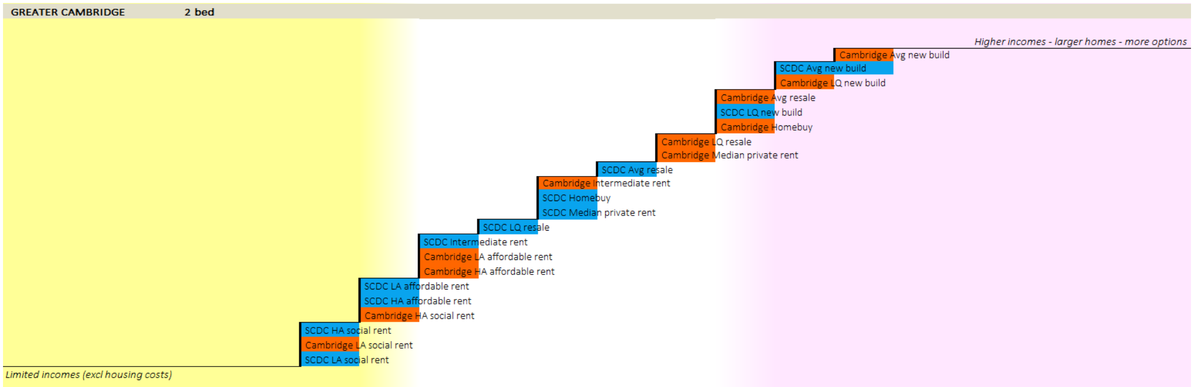
This staircase is presented for all sizes and tenures of homes, and is then split out into 1 2 and 3+ beds. Across Greater Cambridge:

1 bed



- There is a large range of housing costs across Greater Cambridge, meaning that different 1 bed tenures require different incomes and the incomes needed are higher than in other districts
- Income needed starts in the yellow zone, moving right across the white zone and touching the pink zone for 1 bed new builds in Cambridge
- There are some surprisingly big differences in income needed, e.g. for lower quartile resales in Cambridge compared to South Cambs, so the markets show similarities in social and affordable rent levels, but other products are much "less similar" when comparing the 2 areas.

2 bed

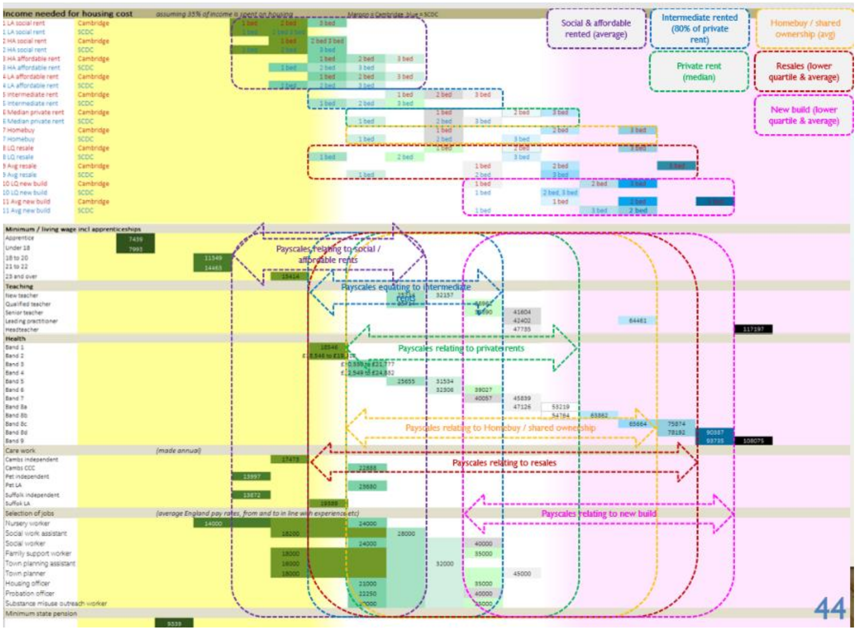


- There is a large range of income needed for 2 beds across Greater Cambridge, meaning that different tenure homes are priced differently.
- Prices reach higher than in other districts.
- Income needed starts in the yellow zone, moving right across the white zone and touching the pink zone for 2 bed new build in both Cambridge and South Cambs.
- Again there are some surprisingly big differences in income needed, e.g. for lower quartile resales in Cambridge compared to South Cambs

3 bed

- There is a large range of income needed across Greater Cambridge for 3 beds, meaning that different tenures are priced differently and the prices significantly reach higher in Greater Cambridge than in other districts
- Income needed starts in the yellow zone, moving right across the white zone and well into the pink zone for a whole raft of tenures.
- For 3 beds there is not such a range of prices as for 1 and 2 beds, so although there are differences, the income needed are more similar for 3 beds when comparing Cambridge and South Cambs
- Incomes needed for both new build and resales are higher in Cambridge than in South Cambs.

Broad tenure and pay scales



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

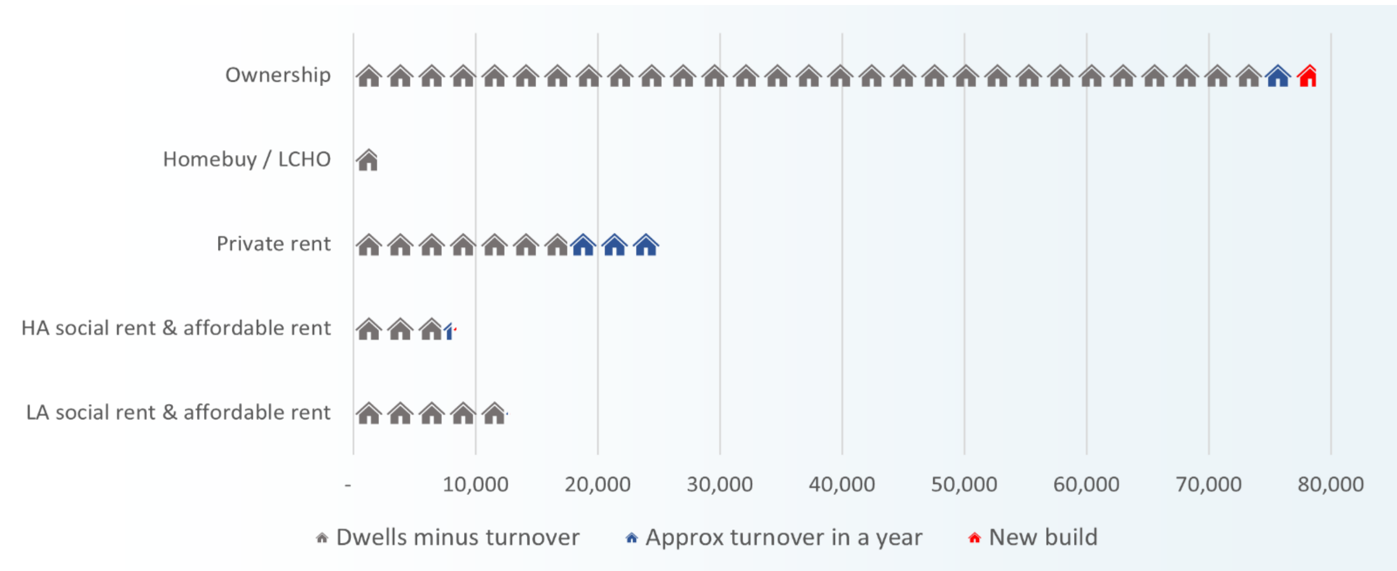
Please note the income needed for housing cost is based on CACI income data, so payscales (quoted salaries) and not strictly comparable. So this diagram can only give an indication of how national and local pay rates compare to housing costs; but we hope help to indicate pressures.

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.

THIS DIAGRAM IS THE MOST COMPLEX FOR GREATER CAMBRIDGE, AS IT ATTEMPTS TO COMBE THE DIFFERING HOUSING COSTS FOR CAMBRIDGE AND SOUTH CAMBS, WITH THE VAIROUS PAYSCALES COLLECTED. WE STRONGLY SUGGEST IT WILL BE MORE INFORMATIVE TO LOOK AT THE SEPARATE CAMBRIDGE AND SOUTH CAMBS DIAGRAMS INSTEAD OF THIS "COMBINED" ONE. (We have included it here for completeness.)

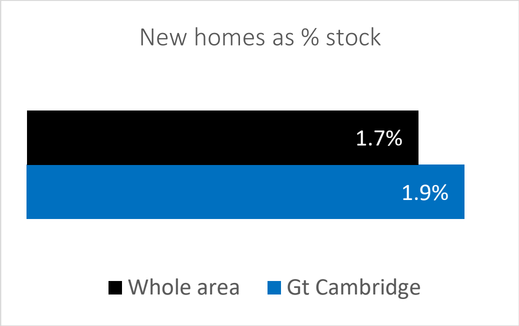
Dwelling stock, turnover and new build



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.

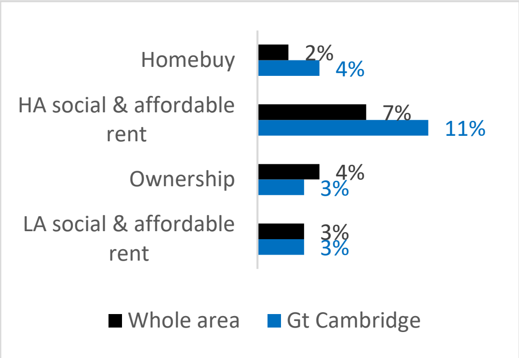
However the additional homes alongside turnover (highlighted in blue) do contribute significantly in numbers to housing availability, providing new supply at first let, and then when re-let or re-sold later down the line.

New build in 2021/2022



- Greater Cambridge delivered 2,409 new homes (689 in Cambridge, 1,720 in South Cambs), representing 1.9% of Greater Cambridge's stock of around 124,700 dwellings.
- For comparison, across the whole study area, new homes represented around 1.7% of the total stock of 45,863 dwellings.

Turnover in 2021/2022



In Greater Cambridge the turnover for

- LA social/affordable rent totals 3% (2% in Cambridge, 4% in South Cambs).
- HA social/affordable rent is higher at 11% than the whole area's 7%.
- Homebuy turnover is 4% compared to 2% across the whole area.
- Ownership turnover is similar, at 3% compared to 4% 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 1,745 new homes across Greater Cambridge. Delivering these homes would lead to a population increase of 70,260 between 2020 and 2040.

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

- 33% of the new population (22,923) might have incomes of less than £30K
- 28% of the new population (19,719) might have incomes of £30-50K
- 39% of the new population (27,619) might have incomes of more than £50K.