

Cambridgeshire, Peterborough & West Suffolk

Diamond affordability analysis update 2022

Summary for South 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 South Cambridgeshire, and how South 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.

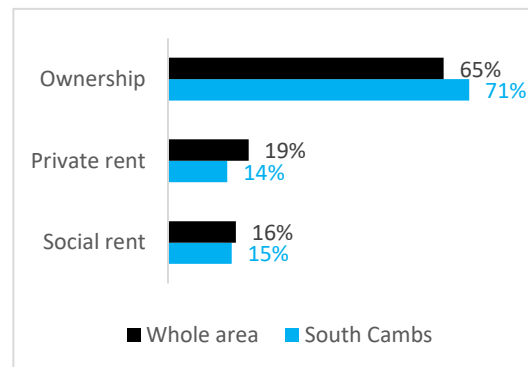
Census data is used mainly as background to provide some context for the rest of the diamonds report but can be updated as and when Census 2021 detail is released. This can be fed in as soon as it becomes available, we anticipate late in 2023.

Tenure of dwellings

South Cambs has retained ownership of its council housing (9% of dwellings). Private registered providers (aka Housing Associations) own & manage other social housing in the district

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

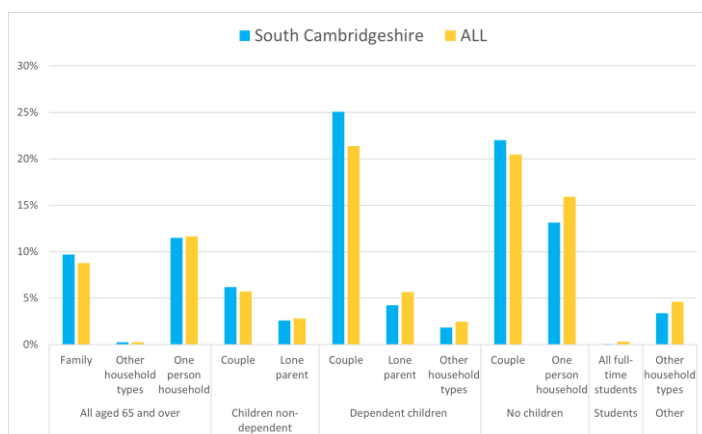
- a slightly lower % of social rented housing (council and housing association) at 15% than others which total 16%. There are also fewer private rented at 14% compared to 19% across the whole area. The pie emphasises the importance of home ownership as a tenure group in South Cambs (71% of dwellings)



Household and family types

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

- More families aged 65+
- More couples with and without dependent children
- Fewer one person households and lone parent households.



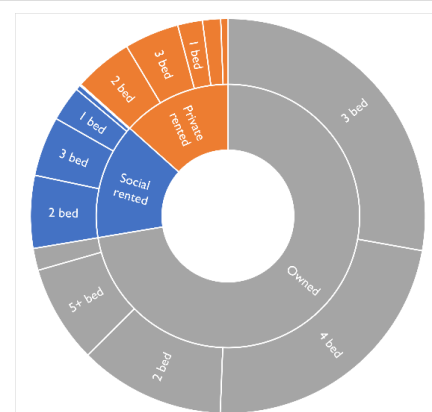
Household tenure and number of bedrooms

This pie highlights the broad tenure and size breakdown in South Cambs, with:

- Good availability of owned 3 & 4 beds but few 1 beds
- Private and social rented tending to be 1, 2 or 3 beds with very few 4 or 5 bed rented homes

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

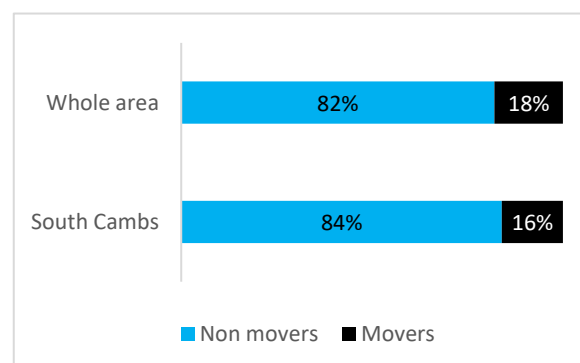
- More 4 & 5 bed owned homes
- Fewer 1 2 and 3 beds
- Fewer private rented of all sizes.
- More 2 bed social rented than elsewhere.



How many households might move in a year?

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

- 84% non-movers
- 16% movers

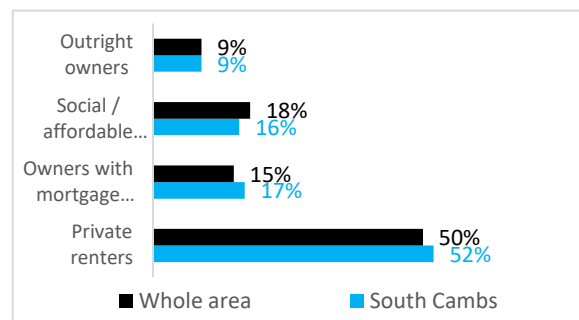


Comparing South Cambridgeshire to the whole study area, South Cambridgeshire had a lower % of households likely to move, with 16% movers compared to 18% movers across the study area.

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 South Cambridgeshire:

- 52% of renters moved (study area total was 50%)
- 17% of owners with a mortgage or shared owners moved (study area total was 15%)
- 16% 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.

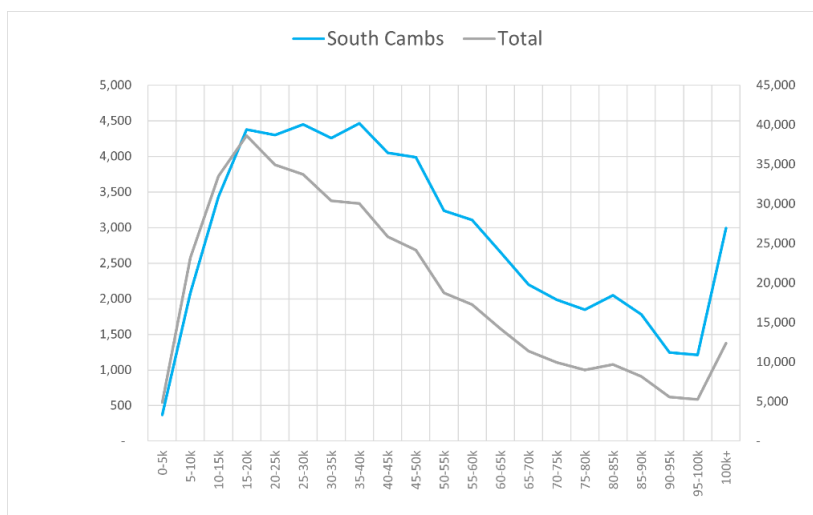
Income distribution

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

- slightly fewer households on incomes up to £15K
- markedly more on incomes higher than £15K.

Comparing 2016/17 and 2020/21:

- The number of households on incomes of less than £55K has fallen since 2016-17.
- The number on incomes above £15K 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)

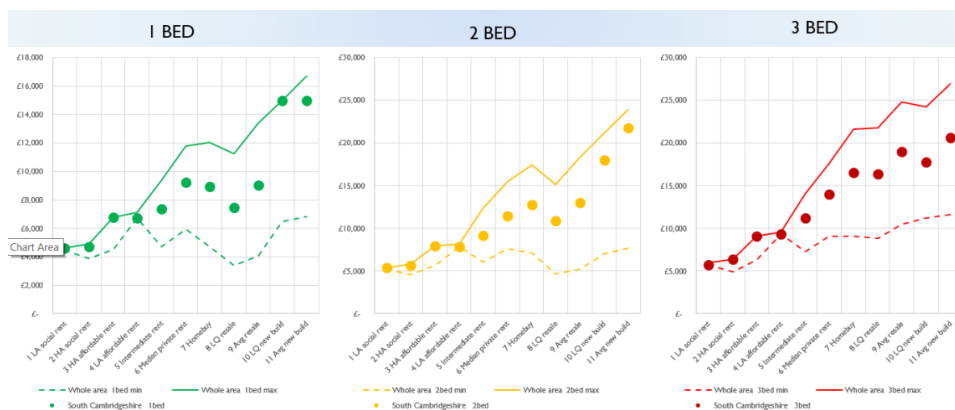


Housing costs

Identify the range of housing costs

South Cambridgeshire housing costs South Cambs sees some of the higher housing costs, coming second only to Cambridge

The exception is the cost of 1 bed lower quartile new build, which is higher in South Cambs than in Cambridge.



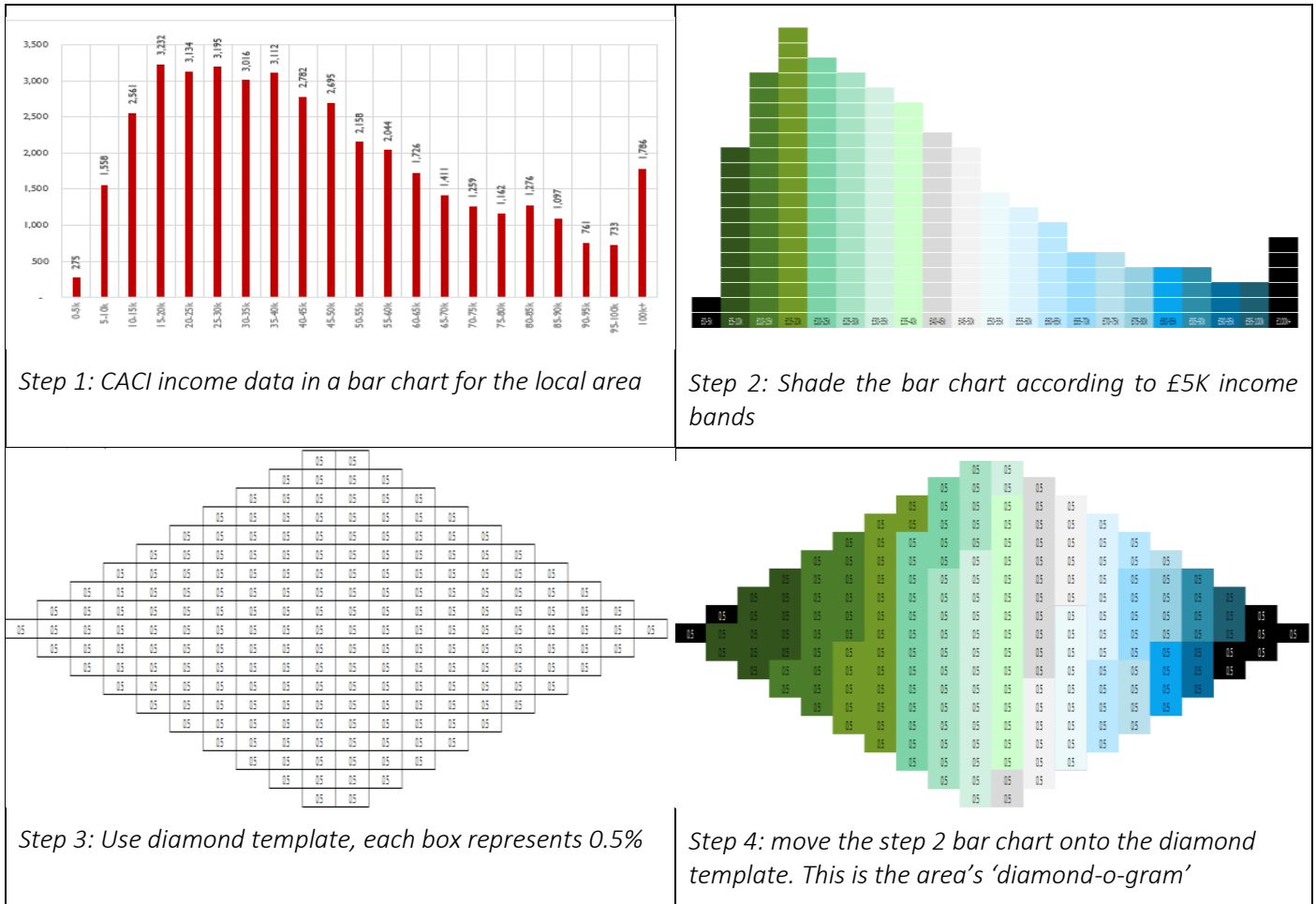
Across the study area, fairly consistently:

- 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.

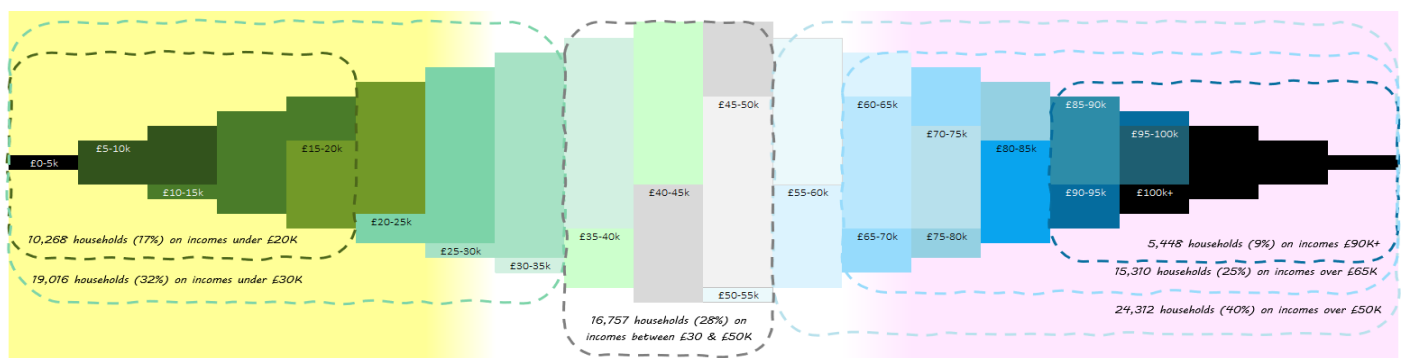
The diamond-o-gram

Creating the diamond-o-gram



The diamond-o-gram for South 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

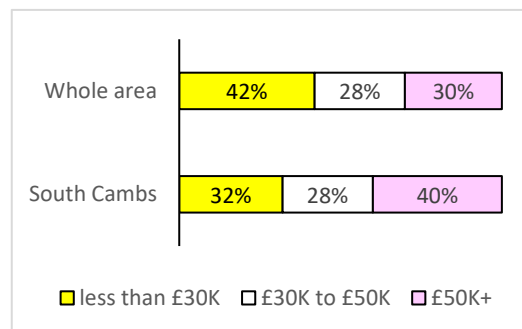


This table sets out the approximate income levels for the three shaded areas (the lowest 25%, middle 50% and upper 25% of households)

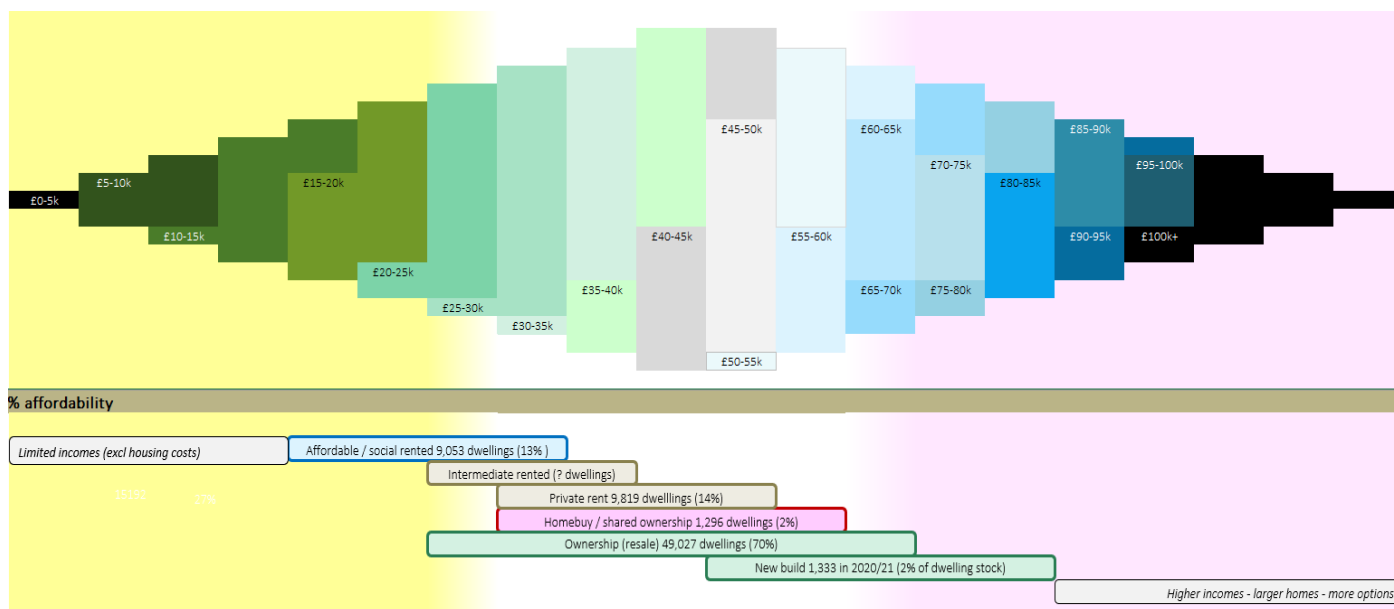
	In South Cambridgeshire
Households on the lowest 25% of incomes	incomes up to c.£25K
Households on the middle 50% of incomes	incomes between £20K and £65K
Households on the highest 25% of incomes	incomes over c.£65K

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

- fewer households in the lower income range (32% on £0-£30K compared to 42%)
- The same proportion of households (28%) in the £30K to £50K bracket
- more in the higher income range (40% on £50K+ compared to 30%)



Minimum income needed for broad tenures



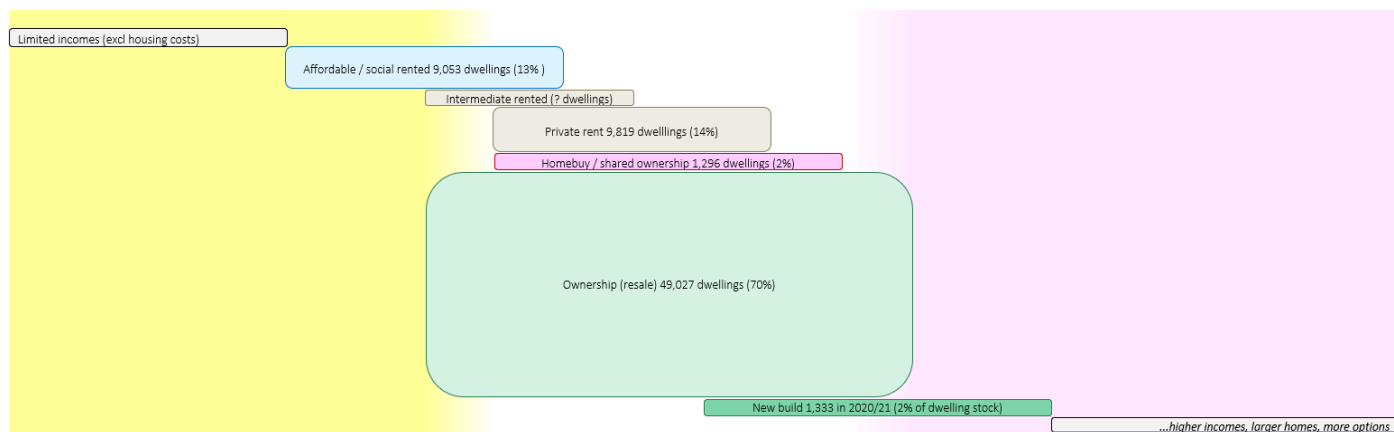
This gives a picture of how broad tenure groups compare to the local income distribution.

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 South 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 South Cambridgeshire we see:

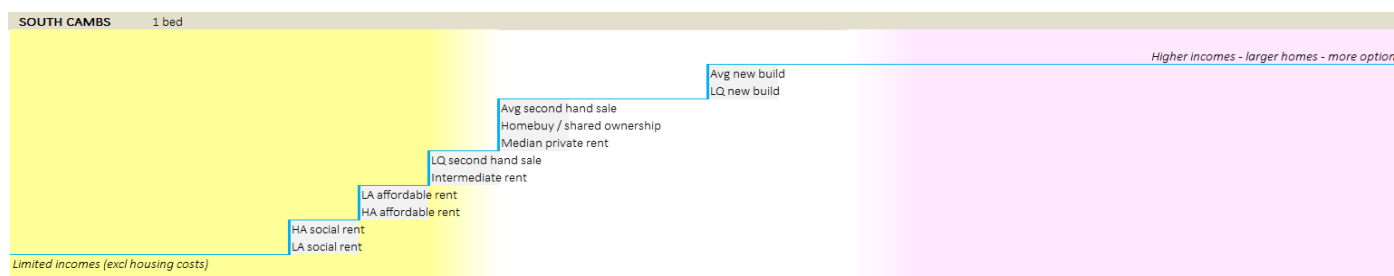
- Reasonable supply of affordable / social rented dwellings at c13%. Smaller affordable / social rent is the housing option for households on incomes starting from £15-20K, but 3 beds can need incomes around £25-30K
- Private rented makes up 14% of dwellings South Cambs. It can require a similar income to Homebuy (£30-35K) though 3 bed Homebuy may need slightly more income than rented
- Intermediate rent could provide useful dwelling supply in South Cambs, requiring a slightly lower income other rented tenures and Homebuy - so work to compare factors such as access (deposits), mobility (shorter term commitment than purchase) and availability are invaluable
- 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.70% of dwellings. A wide range of incomes are covered by home ownership & Homebuy, from £25-30K up to around £65K
- New build requires the highest incomes for all sizes. 1 beds require incomes starting around £50K.

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 South Cambridgeshire:

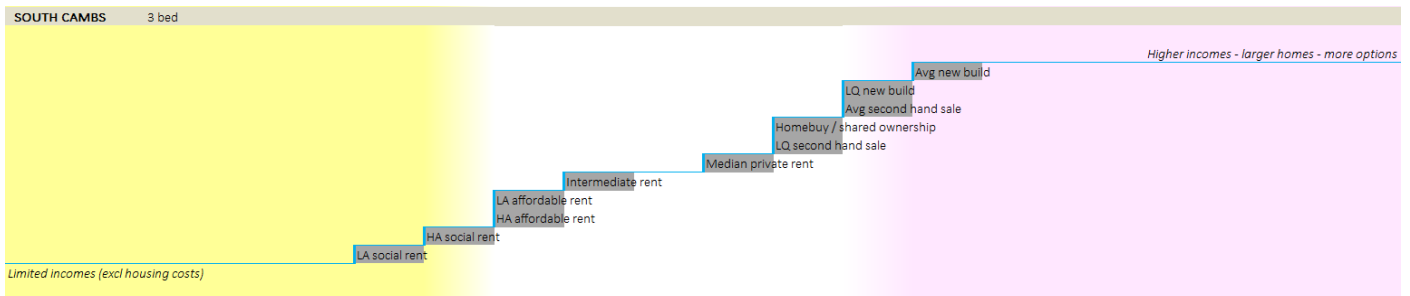
1 bed



- The income needed for a 1 bed homes varies in South Cambs, indicated by the “spread” of the steps from left to right across the page
- The income needed for 1 bed HA and LA social and affordable rents starts in the ‘yellow’ zone, meaning they may be affordable to no more than 25% of households in SCDC, at 35% affordability.
- New build 1 beds are quite a long step up from second hand sales, Homebuy and private rents and command around a median income

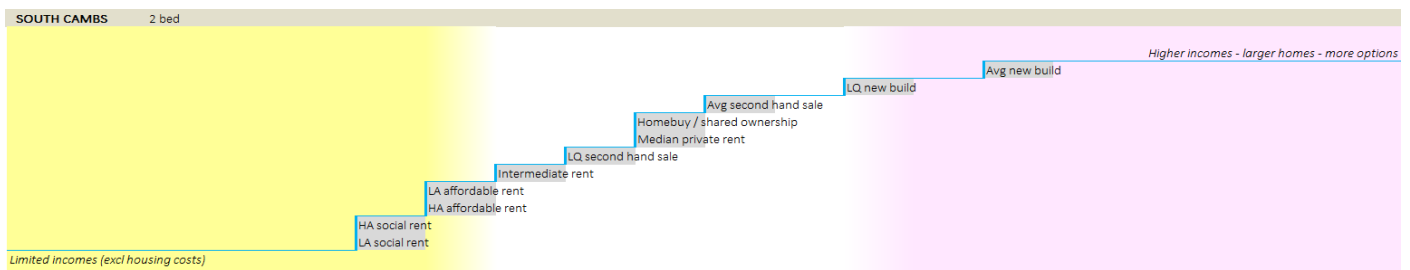
- For 1 beds, lower quartile 2nd hand sales can need a lower income than private rented.

2 bed



- The income needed for 2 beds varies more widely, the lowest incomes needed in the yellow zone and the highest in the pink zone.
- Again, lower incomes match with LA and HA social and affordable rent levels and average new build occupies the highest income “step”.
- Again, for 2 beds, lower quartile 2nd hand sales can need a lower income than private rented.

3 bed



- Income needed for 3 beds again reaches from LA and HA social and affordable rented, up to average new build.
- As with 2 beds, the income needed starts in the yellow zone, moving right across the white zone and touching the pink zone.
- Lower quartile 2nd hand sales appear to need a higher income than private rented, for 3 beds.

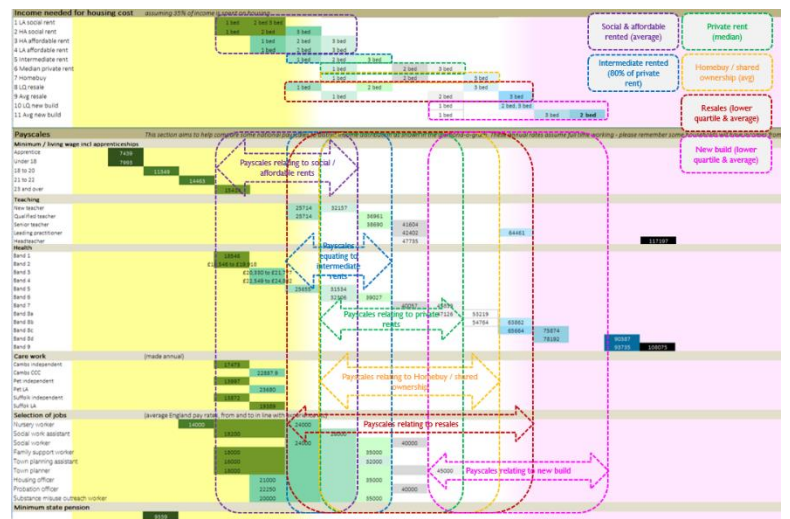
Broad tenure and pay scales

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

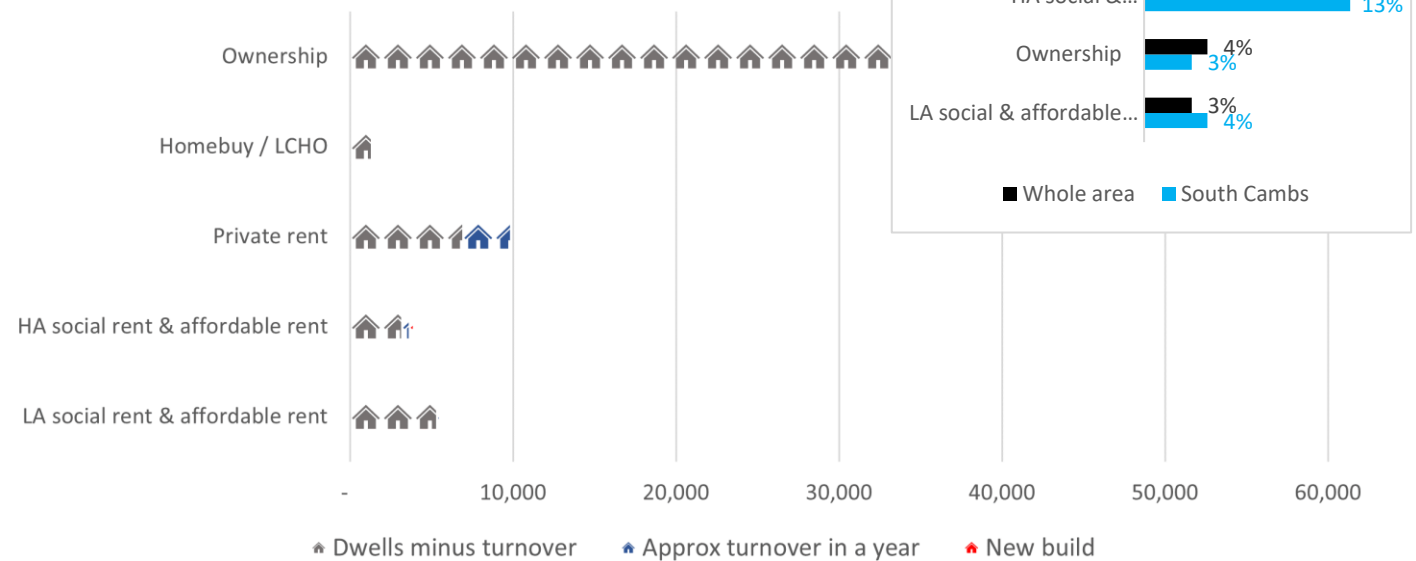
Please note the income needed for housing cost is based on CACI income data, so payscales (quoted salaries) and not strictly comparable. So this diagram can only give an indication of how national and local pay rates compare to housing costs; but we hope help to indicate pressures.

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



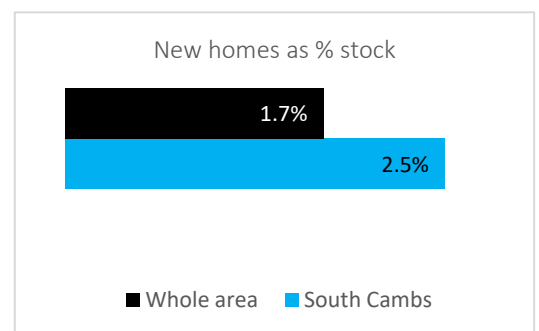
Sets out the dwellings in each of five broad tenure groups. This highlights the relatively small number of homes built compared to the overall housing stock in each broad tenure group, which may mean the new build homes (in red) are too small to clearly see in the pictogram.

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

South Cambs delivered 1,720 new homes representing 2.5% of South Cambs' stock of around 69,195 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 South Cambs the turnover for

- LA social/affordable rent is 4%, similar to Cambridge at 2%.
- Homebuy turnover is slightly higher at 4% compared to 2% across the whole area.
- Ownership turnover is 3%, very close to the whole area turnover of 4%.
- HA social/affordable rent shows a higher turnover at 13% compared to 7% across 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 1,083 new homes across South Cambs. Delivering these homes would lead to a population increase of 41,942 between 2020 and 2040.

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

- 32% of the new population (13,274) might have incomes of less than £30K
- 28% of the new population (11,697) might have incomes of £30-50K
- 40% of the new population (16,971) might have incomes of more than £50K