



Interim Housing Strategy Statement 2017

Introduction

The interim Housing Strategy Statement sets out the current context for housing within the District of South Cambridgeshire. It highlights the new challenges and opportunities that have arisen since the publication of the last Housing Strategy and identifies the emerging key themes.

National housing policy has recently been subject to significant change, with changes to welfare reform, imposed rent reductions, the publication of the Housing & Planning Act 2016 and the awaited regulations, and the Housing White Paper: *'Fixing our broken housing market'* (Feb 2017). The Council has actively contributed to help shape and influence proposed new policies through consultations and working groups. We welcome the proposed changes to the qualification for Starter Homes, the withdrawal of the mandatory 'pay to stay' policy to increase rents for council tenants on higher incomes and the year's postponement on the sale of higher value council homes whilst further detail is considered.

As well as the changing policy environment for housing, the devolution deal agreed by all councils in Cambridgeshire and Peterborough, along with the Cambridgeshire and Peterborough Local Enterprise Partnership, will see the formation of a new Combined Authority in 2017. It is anticipated that a Combined Authority Housing Strategy will be published shortly following the election of the Mayor,

setting out the vision and key objectives for delivering the £100m funding programme for accelerating the delivery of affordable housing.

In addition to an overarching Combined Authority Housing Strategy through devolution, and taking into account the local drivers for shared services, the Council is working towards a joint Housing Strategy with Cambridge City (see page 10 for an indicative timetable). This Strategy will link to our long-standing commitment for delivery of a joint Local Plan once our emerging Local Plans have been adopted as well as exploring further opportunities for joint working across the Councils.

In considering all of the above, it has therefore been agreed that an Interim Statement should be published as a holding position whilst the Council takes stock and evaluates the emerging policy changes.

The last Housing Strategy for South Cambridgeshire ran from 2012-2016 and made good progress on the key actions identified. Highlights of which are provided below illustrating some of our main successes.



Our Successes



In partnership with Cambridge City Council and Cambridgeshire County Council, the Housing Development Agency (H DA) was set up to support housing delivery. As of February 2017, the H DA had achieved completion of 100 homes across the City and South Cambridgeshire, including two exception site schemes in Swavesey and Foxton providing 35 affordable homes for local people.

962 affordable homes have been built over the last 5 years.

The Council purchased an additional 26 homes using right to buy receipts to provide temporary and general needs council accommodation.

Maple Court – Provision of new temporary accommodation for homeless households providing 30 purpose built apartment style units. Completed in 2015.



Ermine Street Housing, a Council owned housing company, was established in 2014, providing 150 private rented homes and bringing back into use a further 140 empty homes under a lease agreement. The company has generated an annual income of over £600,000 for the Council in its first complete year of operation.

During the period 2012-2016, the Council has provided a number of energy efficiency



improvements and upgrades to our properties that have had a positive impact on tenants, reducing carbon emissions and tackling fuel poverty through new systems and energy advice. This has included the installation of over 2,000 solar panel systems providing the benefit of free surplus electricity for tenants. The Council has also carried out external wall insulation to 320 solid wall properties to improve thermal efficiency and undertook structural repairs, new windows, doors and external wall insulation to 13 prefabricated Airey properties.

We have also undertaken a programme of upgrading and replacing old heating appliances, including the installation of 285 air source heat pumps replacing oil fired systems.



Housing – The Challenge for South Cambridgeshire

Affordability remains one of the greatest challenges for South Cambridgeshire in terms of housing. With a buoyant economy and projected growth the ability to access housing is becoming increasingly difficult, from those on the lowest of incomes to average income working households. Local businesses have voiced their concern over the affordability gap for their employees to access housing in the District and there is a growing acknowledgement that as well as providing affordable housing for the most vulnerable in our District, we must also look to provide a range of homes that are affordable for middle income households who are otherwise pushed out of the market and likely to move out of the District.

House prices are out of reach for many, with average prices exceeding £390,000, an increase of 29% since March 2012. Over the last 12 months, South Cambridgeshire has seen the greatest increase in property prices across the Cambridge Sub Region, with property prices increasing by over £30,000 in one year. Lower quartile price to income ratio is 12.8 times income for South Cambridgeshire which represents a considerable affordability gap. An alternative to purchasing on the open market may be to privately rent. However, private rentals at the lower end of the market are few and far between, and for those relying on housing benefit to help pay their rent, the

difference between the Local Housing Allowance (LHA) rate and the rent payable represents on average a shortfall of around £280 per month. As an example, a search on Rightmove found just 38 two bedroom properties for rent across the whole of the District. Properties ranged from £700 - £1,300 per month, with only 12 properties available under £800 and none within the LHA rate of £564 per month.

Everyone needs a home, and if purchasing on the open market or privately renting is unaffordable, the only option available for many is to seek affordable housing. The demand for affordable housing is increasing, with around 1,700 people currently on the Council's housing register for affordable rented accommodation and 860 applicants on the Home Buy Register seeking intermediate housing. The changes to housing benefit as part of welfare reform are beginning to impact and will put further pressure on the demand for affordable housing.

Working in partnership with Cambridge City, the Council has commissioned Savills to undertake detailed affordability analysis in order for us to understand the range of housing that is required, in terms of locations, property types, and price points that will meet the needs of a fast growing population and local economy. It is anticipated that this research will be completed by Spring 2017, with the information supporting the development of the new joint Housing Strategy.

National Context – A Time for Change

It is widely reported that nationally we are facing a housing crisis, with demand outstripping supply. The Housing White paper (Feb 2017)

talks of a 'broken housing market' and the need to accelerate housing delivery.

Following the publication of the last Housing Strategy, the housing sector has seen a period of unprecedented change. Key legislative changes and proposals include:



- The Care Act 2014
- Welfare Reform Act 2012 and The Welfare Reform & Work Act 2016
- The Housing & Planning Act 2016
- Homelessness Reduction Bill 2016-17
- Written Ministerial Statement Nov 2014 (with legal effect from May 2016)
- The Housing White Paper Feb 2017 '*Fixing our broken housing market*'
- Planning and Affordable Housing for Build to Rent (Feb 2017 consultation paper)

These Acts and policy proposals will have a significant impact on a wide range of service areas, including the Council's Housing Revenue Account (HRA) and the operating practices for developers and social housing providers. A summary of the key legislative changes relevant to the housing sector are set out in the attached Appendix.

Emerging Themes

The key objectives and priorities outlined in the government's recent White Paper: '*Fixing our broken housing market*', together with the proposed and new policy changes will be at the forefront of formulating the next joint Housing Strategy. The following emerging issues will also influence the direction and key priorities to be considered in its development.

Homelessness

In line with national trends, homelessness within the District is on the increase. As a snapshot to give an indication of trends, there were 44 households in temporary accommodation at the end of March 2015, 55 households at the end of March 2016 and 65 households as at the end of June 2016. Given the increasing numbers, the continued success in avoiding bed & breakfast wherever possible is a real achievement.

Access to the private rented sector for those in housing need is becoming increasingly difficult. The shortfall between Local Housing Allowance (LHA) rates and local market rents and the financial burden of landlord deposit

requirements mean that this source of accommodation is often out of reach for those in housing need. This is exacerbated by the increasing reluctance of some landlords to accept tenants in receipt of welfare benefits.

The last year has seen the number of households accepted as being homeless and in priority need increase to 121 from 86 in 2014/15, an increase of 41% bringing into sharp focus the challenges of sourcing good quality, temporary accommodation and affordable and sustainable move-on accommodation. Mirroring the national picture, the main reason for homelessness in SCDC is the ending of an assured shorthold tenancy. A focus on developing and facilitating greater access to affordable, good quality private rented accommodation and the withdrawal of the Private Sector Leasing Scheme (PSL) provided by King Street Housing, has been the driver for the Council's decision to set up a new Council owned housing company. Approval was given in February 2017 to progress the establishment of Shire Homes Lettings Ltd to take forward the management of a new PSL scheme.

One of the highest risks identified for the Council is the potential increased costs in managing



homelessness. To ensure the Council is best placed to mitigate this risk and meet the future challenges in terms of increased homelessness, the Chartered Institute of Housing (CIH) were commissioned in late 2016 to undertake a review of the homelessness service. The findings of the review will support the development of a revised Homelessness Strategy due to be published by 2018.



2015 saw the completion of the new temporary accommodation provided at Waterbeach which has been well received, providing individual units of accommodation built to a high standard. In its recent review, the CIH said it was impressed by the quality of the building and the floating support for residents provided by the hostel staff. As with national trends, there is a continuing increase in those presenting as homeless having more complex needs, particularly those suffering with mental health issues. Whilst the new hostel provides a vital source of temporary accommodation, risk assessment thresholds for access to the hostel means those with complex needs are excluded. Difficulties in accessing appropriate accommodation and support for this group is an increasing issue across the sub region.

The government are currently consulting on the future funding model for supported housing from April 2019. The new model will mean that core

rent and service charges will be funded through Universal Credit (or Housing Benefit for pensioners and where Universal Credit has yet to be fully rolled out) up to the level of the applicable LHA rates. This will leave a gap in funding of the additional service costs associated with providing supported accommodation which the government are looking to meet through a new funding model. It is proposed that funding will be devolved to local authorities to provide a 'top-up' where necessary to providers. The Council has raised its concerns that any new system must provide the confidence to service providers to plan for the future with the certainty that long term funding will be available to support the additional running costs for supported housing. Without this certainty, many service providers have indicated that they could not continue to run the accommodation as supported or plan for new services to meet the increasing demand. Over the coming year, we will continue to work with the government and other authorities to help shape a new funding model that has both the capacity and certainty across the District to continue to fund the supported housing we need.

In our efforts to combat homelessness, the Council has recently been successful as part of a joint bid in accessing trail blazer funding which is targeted at those areas trying innovative approaches to prevent homelessness. The funding will support the development of a multi-agency approach that has prevention and early intervention at its heart. The primary focus will be on spotting any early warning signs and improving coordination between all the various agencies to enable them to intervene earlier and provide the appropriate support. Emphasis will also be placed on working closely with landlords to help them maintain tenancies, resolve any problems with tenants and avoid evictions wherever possible.



The draft findings of the independent assessment carried out by CIH concluded that

“Strong and resilient leadership at a corporate and service level and an effective culture of preventing homelessness and influencing regional and national responses mean that SCDC is well placed to face the challenges of an

increasingly complex operating environment. The fact that at the time of our visit to SCDC in November 2016 there were no homeless households in bed and breakfast, bucking the national trend of significant and increasing bed and breakfast use, is testament to the effectiveness of an integrated and whole organisational approach to tackling and preventing homelessness.”

Housing Revenue Account (Council housing)

The implementation of the annual 1% rent cut over the next four years from April 2016 has meant that the Council will generate less income from rents. This has resulted in the Council having to review its HRA Business Plan, scaling back considerably on planned investment into new council housing and the inclusion of an ongoing savings target of £250,000 per annum for Housing Revenue Account services. Savings required for 2017/18 and 2018/19 have been identified.

The sale of higher value council housing set out in the Housing & Planning Act 2016 will also impact on the rental income for the Council as well as the loss of affordable housing. The government have announced that they will not be seeking a financial contribution in 2017/18 and we are currently awaiting further details on the legislative changes.

We will continue to take an innovative approach to generating income, such as the sale of council land for self build, and explore new ways of working more efficiently in partnership with Cambridge City Council.

Devolution

The devolution deal for the Cambridgeshire and Peterborough Combined Authority includes the provision of £100m grant funding to support the accelerated delivery of 3,000 affordable homes through proactive partnerships with public and private sector partners.



The new Combined Authority, the Greater Cambridge Greater Peterborough Enterprise Partnership and the private sector will work together strategically on a single plan to deliver identified housing schemes. This will include bringing together funds secured through the devolution agreement with other investment and funds secured through Growth Deals. It is envisaged that the approach to housing delivery will move beyond the simple aggregation of a number of locally determined housing schemes and instead take a strategic and collective view on which developments will best serve the overall objectives of growing the economy. In addition to the development of a new shared



strategic approach, the proposal also supports a new way of working with local housing delivery partners.

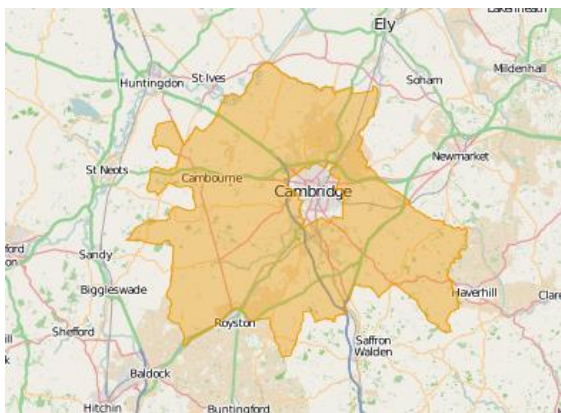
The five year period for the programme will commence on 1st April 2017 with the expectation that all 3,000 homes will start on site by 31st March 2022.

South Cambridgeshire District Council has taken the lead on the housing offer as part of devolution negotiations. The Leader of South Cambridgeshire District Council, Cllr Peter Topping, is the Housing Portfolio Holder for the Combined Authority Shadow Board and the

Council has been instrumental in developing the housing business case.

It is proposed that an Investment and Partnership Team within the Combined Authority will be set up over the coming months to work with developers, delivery partners as well as planners and housing enabling staff to determine the optimum funding proposal. The decisions on funding will be taken in accordance with the agreed governance arrangements for the Combined Authority and will be aligned to the new Combined Authority Housing Strategy.

Local Plan and five year land supply



The examination of the Local Plan is still progressing. Delays in getting the plan approved have meant that the Council is unable to demonstrate a five year housing land supply. The Council has seen an increase in speculative planning applications, often large schemes outside village frameworks. Whilst these sites look to deliver 40% affordable housing, the ability for the Council to strategically plan across the District is reduced, and the provision of exception site schemes for affordable housing for local people has also been affected.

The publication of the Housing White Paper: '*Fixing our broken housing market*' proposes many changes through the National Planning Policy Framework to accelerate housing delivery and provide a range of housing that is affordable. Proposed changes to the definition of affordable housing to include Starter Homes and Affordable Private Rented Housing will provide the tools to enable a wider range of affordable housing products to be offered to residents. These changes will need to be balanced against the need for the more traditional social and affordable rented homes that meet the needs of the most vulnerable in our District.

A full review of the Affordable Housing Supplementary Planning Document will need to be considered following approval of the Local Plan to take into account policy changes to ensure our policies are fit for purpose in the changing context of affordable housing.



Meeting the needs of Older People

Planning for an older population is a key challenge for Cambridgeshire. By 2036, it is projected that there will be 195,200 people over 65 living in Cambridgeshire, approximately twice the 100,300 that were living here in the 2011 census.

The growth in the over 85s is the most startling comparing 2001 to 2036. Over that period, the population of over 85s is expected to grow by 317%, from 10,303 in 2001 to 43,000 in 2036. This is particularly challenging for the health and social care system because people over 85 need a lot more support than younger people. The population growth is not evenly spread around the county. During the period 2001 – 2011, Huntingdonshire and South Cambridgeshire saw much more growth in the number of over 65s than the rest of the county.

The implementation of the Care Act 2014, identified housing as a key component relating to the duties placed on local authorities around wellbeing, prevention and integration of services. The Act provides the framework for partner agencies to work together to provide a more holistic approach in terms of both care and

the suitability of housing. The Council participates on many joint working groups across the County and has contributed to the development of the Cambridgeshire Older People's Accommodation Strategy. The Council prides itself in being innovative and dynamic and welcomed the news that the new town at Northstowe was named as one of ten 'healthy towns'. This project gives us the opportunity to explore new ideas to help people live independently in their own homes for longer and reduce the need for people to go into hospital or care. We are also looking at other initiatives, such as '*Through the Front Door*' with the aim to address loneliness and are working with the Chartered Institute of Housing on future models for sheltered housing.

The government has also set out its expectation within the white paper that local authorities will need to have clear policies for addressing the housing requirements of groups with particular needs such as older and disabled people. Whilst the Older People's Accommodation Strategy goes some way to address this, it is acknowledged that further work is required to ensure we have the right housing offer for older people, for both affordable housing and those in the private sector.

Right to Build and Community-led Development

Self-build and custom housebuilding is a key element of the government's agenda to increase housing supply. The Housing & Planning Act 2016 places a duty on local authorities to keep a register of people who would like to self build, as well as ensuring there are enough serviced plots to meet the demand.



In 2015, the Council successfully applied to become a Right to Build Vanguard Authority. Since that time we have held seminars for those interested in self build and currently have over 600 applicants on the self build register. We have also identified around 100 council-owned plots, that subject to planning permission, can be sold on the for purposes of self build. This will generate a capital receipt to help fund new council house building.

The Council is therefore in an advanced position to comply with the new duties and are proposing



to offer a regional service to other local authorities, acting as the self build 'hub' for registers and events locally and regionally.

As well as the work to promote custom and self-build, funding has recently been received to

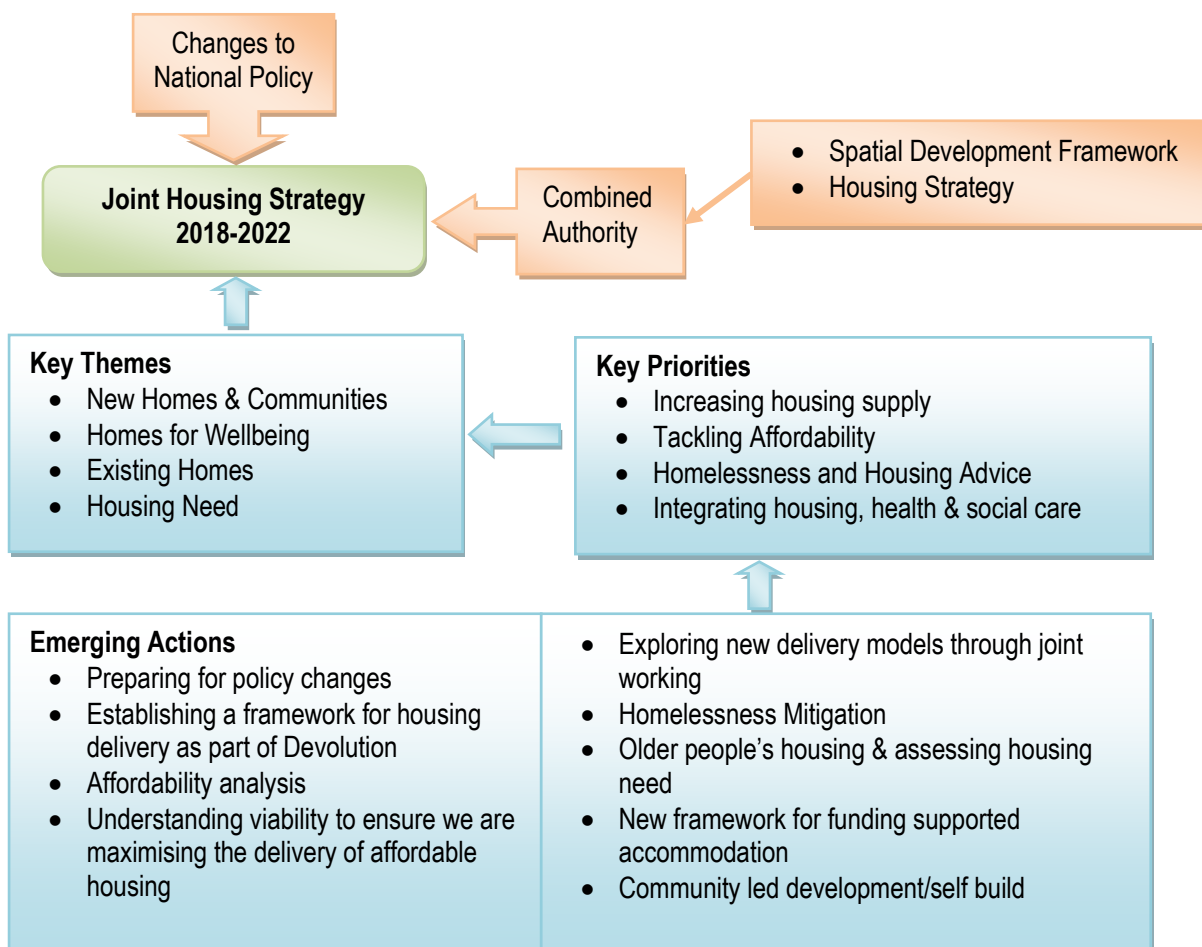
support the provision of community-led development. Over the coming year we will work with CLT East to help communities to form local groups, such as Community Land Trusts, to deliver affordable housing for local people.

The new Housing Strategy

Given the closer working relationships with Cambridge City and the key challenges and opportunities that face both Councils, it has been agreed to look at developing a joint Housing Strategy for Cambridge City and South Cambridgeshire that will give clarity on the provision of housing in the area. This will take into account national policy changes as well as the changing environment in terms of the

Combined Authority and the devolution offer for housing.

As well as taking the overarching strategic view of both local authorities and the Combined Authority, the joint Housing Strategy will continue to focus on the local context, acknowledging the key issues and actions unique to each local authority.





Indicative Timetable for the new Joint Housing Strategy

The indicative timetable set out below identifies the key actions to be taken in formulating the new Joint Strategy. Much will depend on the progress made with the Combined Authority and the need to take account of the wider strategic vision following the publication of the Combined Authority's Housing Strategy.

It is anticipated that the majority of the proposed policy changes will proceed through Parliament to effect legislative changes. These will need to be monitored throughout the development of the new Joint Strategy to ensure it is fit for purpose in future years.

| | 2017 | | | | | | | | | 2018 | | | | | | | | |
|--|------------------------|-----|------|------|-----|------|-----|-----|-----|------|-----|-------|-------|-----|------|------|-----|------|
| | April | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | March | April | May | June | July | Aug | Sept |
| Councils to publish individual Interim Housing Statements | ■ | | | | | | | | | | | | | | | | | |
| Establishment of Joint Officer Working Group [to meet quarterly] | ■ | | | | ■ | | | | ■ | | | | ■ | | | | | |
| Identify key themes and priorities | ■ | | | | | | | | | | | | | | | | | |
| Feed into high level Combined Authority Housing Strategy | ■ | | | | | | | | | | | | | | | | | |
| Track policy changes and analysis of impacts | ■ | | | | | | | | | | | | | | | | | |
| Provide Member Briefings of key policy changes | [As and when required] | | | | | | | | | | | | | | | | | |
| Hold consultative workshops with Members and staff of emerging key themes | | | ■ | | | | | | | | | | | | | | | |
| Draft Joint Housing Strategy | | | | | | | | ■ | | | | | | | | | | |
| Consult on draft Strategy | | | | | | | | | | | | ■ | | | | | | |
| Amend draft Strategy following comments | | | | | | | | | | | | | ■ | | | | | |
| Seek Member approval | | | | | | | | | | | | | | | | ■ | | |
| Publish new Joint City and South Cambridgeshire Housing Strategy 2018-2022 | | | | | | | | | | | | | | | | | | ■ |