

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Housing Futures Working Group

6th November 2007

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ASSESSMENT OF FUTURE DEMAND FOR HOUSING: STRATEGIC HOUSING MARKET ASSESSMENT 2007 (SHMA) HEADLINE FINDINGS FROM PHASE ONE

Purpose

1. This report outlines the main findings from phase one of the SHMA and identifies the main conclusions that are relevant to the Housing Futures project.

Executive Summary

2. All local authorities have been asked by government to carry out a SHMA to inform their decisions about future policies, particularly in relation to their housing and planning functions. The methodology is specified in government guidance and includes an assessment of the need for affordable housing as an updated version of the housing needs surveys that were previously carried out, usually at 5-7 year intervals. All of the local authorities in the sub region have commissioned the County Council Research Group to carry out this assessment.
3. The County have now published their findings from phase one of the project and this includes the housing needs assessment. This assessment will be updated in future years as new data becomes available. In general terms, the findings confirm the evidence from a number of different sources, and show that there is a fundamental shortage of affordable housing with many working households unable to buy or rent in the private sector. There is a continuing need for both rented affordable housing and low cost home ownership options.

Considerations

4. The headline results are as follows:

Private Renting - South Cambridgeshire has less private rented property than the average level across the sub region. Rent levels are higher than other districts apart from Cambridge City and the average cost was £1,142 per month with a lower quartile figure of £925 per month.

House Prices - prices were on average 24% higher than the county average with the lower quartile figure for both South Cambridgeshire and the City at £165,000. The percentage of properties sold which were detached houses was the highest in the sub region (42%).

House Price Affordability - comparing the ratio of local house prices to local incomes, property in South Cambridgeshire is less affordable than the County average. Looking just at lower quartile earnings and lower quartile house prices, the affordability relationship is even worse than for average incomes and prices.

The Need for Affordable Housing - the current shortage of affordable housing is predicted to worsen over the next 5 years, even if the predicted growth in overall housebuilding takes place. The government model shows a need for nearly 1600 new

affordable homes each year and at present only about 300 are being provided. There is a need for just over 600 new homes each year to stop the current backlog growing bigger. Even if the growth targets set out in the Local Development Framework were to be achieved the maximum theoretical number of affordable homes that might be achievable would be 600 homes-not enough to deal with the backlog of affordable homes needed. (In practice a full 40% target couldn't be achieved on every private scheme because of legitimate planning reasons eg viability) etc

Consultations

5. The project has been overseen by a multi-agency steering group and a number of workshops have been held with interested organisations during the process in line with government guidance. The results will be available on the Cambridgeshire Horizons website at www.cambridgeshirehorizons.co.uk

Effect on Project Objectives

6. Investment needs of the housing and the resources available to meet those needs	There will be strong competition for capital to deliver more affordable housing in direct competition with the investment needs of existing housing. Any decisions which reduce the net amount of affordable housing available would be counter productive unless taken for other considerations eg quality/lettability issues, to facilitate other development etc.
The viability of the Housing Revenue Account	There will be strong competition for capital resources to deliver more affordable housing and therefore there it will be difficult to find capital to support projects that could ease the pressure on the HRA.
Tenants' views on the current housing service and their priorities	
Sustainable Community Strategy (SCS) implications	The pressure on capital resources will impact on all SCS objectives, including those involving more affordable housing, providing more extra care sheltered housing, providing adapted properties for people with disabilities etc
Staff are well informed and involved in the Housing Futures process	
A sound and robust evaluation based on the above objectives, and relevant government guidance	The SHMA follows government guidance which has only recently been published and has used specialist consultants. It must therefore be considered a robust evaluation and is fully supported by other evidence eg homelessness, the Housing Register etc. It can therefore help to inform policy discussions and decisions.

Actions Required

7. The Working Group are asked to note the report the findings from which will be used to inform the evaluation of the options.

Background Papers: the following background papers were used in the preparation of this report:

Summary document-Strategic Housing Market CLG model-attached as Appendix to this report
Background information-draft SHMA chapters

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Appendix One

CLG Guidance SHMA Model – South Cambridgeshire

Homeless households and households in temporary accommodation	306
Overcrowded and concealed households	957
Housing Needs Register	3,262
Total Backlog	4,525
Annual Backlog over 5 years	905

Newly forming households unable to afford to buy or rent at market price	411
Existing households falling into housing need	638
Future Annual Housing Need	1,049

TOTAL HOUSING NEED =1,954

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Annual supply of affordable units through re-lets	297
Possible extra re-lets through meeting existing tenants needs	73
Total Available Supply	370

Projected supply of new affordable units = 297

=GROSS ANNUAL NEED FOR NEW AFFORDABLE HOMES =1,584
Of which

=NET AFFORDABLE HOUSING NEED = 1,287

SOCIAL RENTED = 1081 (68%)

LCHO = 503 (32%)

