

Cambridgeshire ACRE

# An Analysis of Local Housing Need in Waterbeach Parish

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**CONTENTS**

**PAGE**

**An Analysis of Local Housing Need in Waterbeach parish.....**

Introduction ..... 3

The brief ..... 4

The methodology ..... 4

The Waterbeach housing market..... 4

The Housing Register ..... 10

Findings from the Waterbeach CLT Housing Need Survey ..... 11

Conclusions..... 13

# An Analysis of Local Housing Need in Waterbeach parish

## Introduction

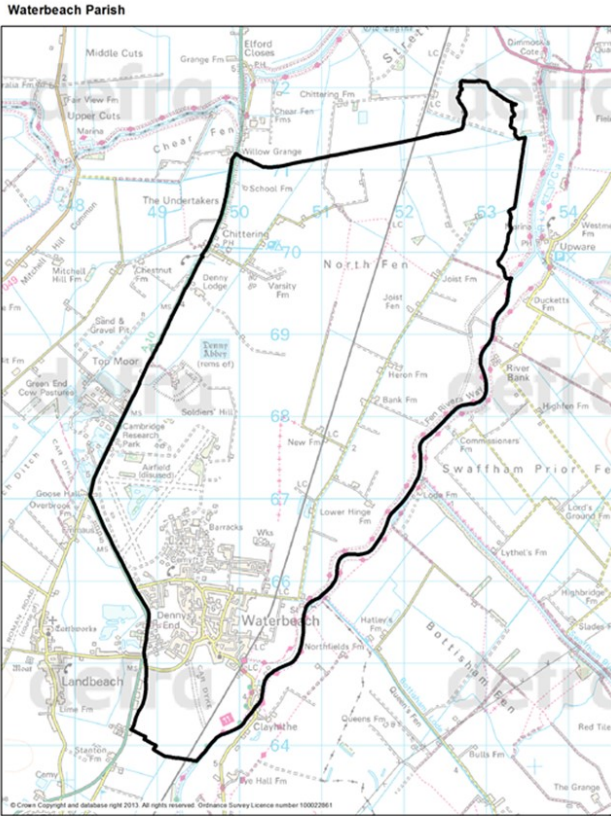
Waterbeach Parish Council are preparing a Neighbourhood Plan. Housing has emerged as a key theme through a range of community engagement activities. This is not surprising. A New Town is proposed on the former Waterbeach Barracks to the north of Waterbeach village. This could include up to 9,000 new dwellings.

The emerging Neighbourhood Plan will have very limited direct impact on the New Town proposal. This is a strategic allocation within the South Cambridgeshire Local Plan and is not a neighbourhood planning issue. However, the Neighbourhood Plan’s vision does clearly seek to protect the character of existing communities within the context of the anticipated development:

*"Our Neighbourhood Area will continue to be a great place to live and work by ensuring that the identity and character of the existing communities within the Parish are respected and protected. The plan will ensure that any new development in the Neighbourhood Area will provide sustainable infrastructure. It will ensure the improvement of the overall quality of life of every resident. New development should not be overbearing or overwhelming and should complement the rural vistas and existing Fen Edge landscape"*

Waterbeach Neighbourhood Development Plan, 2020-2033 (Draft)

The Waterbeach Neighbourhood Plan area is contiguous with the parish boundary.



There is a recognition that local house prices are unaffordable for many local people. This has resulted in a 'commuting drift' sweeping through Waterbeach with local residents travelling southwards to Cambridge and London for work whilst local jobs are filled by residents living to the north of Waterbeach where house prices are significantly lower. Therefore, a core objective of the Neighbourhood Plan is to:

*"Enable local residents and workers to access appropriate local housing provision".*

The Neighbourhood Plan will seek to achieve this objective through a series of policies which will, among other things, promote community-led housing and apply a local connection policy to some of the affordable housing delivered as part of the New Town.

Waterbeach Neighbourhood Plan Working Group members and Cambridgeshire ACRE met with South Cambridgeshire District Council staff on 28 May 2019 to discuss the scale and nature of any policies designed to deliver affordable housing for people with a connection to Waterbeach parish.

Waterbeach New Town will deliver significant levels of affordable housing. However, unless otherwise specified, it will be allocated through the Council's Choice Based Lettings system. There would be no prioritisation of people with a local connection to Waterbeach parish and the tenure profile has been constructed to meet District level rather than parish level needs.

## **The brief**

Cambridgeshire ACRE have been tasked with estimating the scale and nature of affordable housing need in Waterbeach. The brief is to answer three specific research questions.

1. How many households with a local connection to Waterbeach parish need affordable housing?
2. What tenures would provide the best match for this need?
3. What size of properties do they need?

## **The methodology**

The estimate of the scale and nature of need for affordable housing has been principally derived from two sources. Firstly, the Housing Register has been interrogated by South Cambridgeshire District Council to provide basic details of households citing a local connection to Waterbeach parish. Secondly, Waterbeach Neighbourhood Plan Working Group have undertaken a survey to collect details of those with an interest in a community-led housing scheme for the parish.

## **The Waterbeach housing market**

An analysis of the Waterbeach housing market was provided in the Waterbeach Demographic & Socio-Economic Review which was prepared to support the emerging

Neighbourhood Plan.<sup>1</sup> This report provides a summary of the information and updates the data where available.

Some housing data is only updated once every ten years through the decennial Census of Population. Data from the 2011 Census of Population has to be treated with particular caution for Waterbeach due to the closure of the Waterbeach Barracks since this time. There has also been significant house building activity since the last Census.

Owner occupation is the dominant tenure in Waterbeach but it is less significant than in other parts of South Cambridgeshire. There is a relatively high level of private rented accommodation in Waterbeach. This is likely to be partly attributable to the barracks as it is understood, anecdotally, that some of the former barracks accommodation is now in the private rented sector. The presence of former barracks accommodation is also probably partly responsible for Waterbeach having a relatively high proportion of smaller accommodation (two bedrooms or less).

*Examples of former barracks accommodation which has been sold off and is now in owner occupation or the private rented sector*



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Capper Road, Waterbeach © Copyright Ian Capper and licensed for reuse under this Creative Commons Licence

South Cambridgeshire District Council was unable to demonstrate a Five Year Housing Land Supply for a period of time until the new Local Plan was adopted in 2018. This resulted in a number of housing schemes coming forward on green field sites between Waterbeach village and the former barracks. The Demographic & Socio-Economic Review identified four such schemes totalling about 250 dwellings that were granted permission between 2014 and 2016. Developers had also submitted new planning applications seeking to increase the housing densities on these sites so it is possible that they will deliver even more housing.

<sup>1</sup> 'A Demographic & Socio-Economic Review of Waterbeach', Cambridgeshire ACRE, November 2016

*Examples of recent developments between Waterbeach village and the former barracks*



Harvey Way, Waterbeach © Copyright John Sutton and licensed for reuse under this Creative Commons Licence



New housing under construction off Bannold Road, Waterbeach © Copyright Hugh Venables and licensed for reuse under this Creative Commons Licence

Recent developments appear to have had limited effect on local house prices. Prices in Waterbeach ward are higher than in South Cambridgeshire for all sizes of properties bar the largest.

*Table 1: Lower Quartile Property Prices by ward, January 2019 – June 2019<sup>2</sup>*

	1-bed flat	2-bed house	3-bed house	4-bed house
Waterbeach	£172,500	£270,000	£325,000	£375,000
South Cambridgeshire	£129,250	£234,125	£297,500	£400,000

*Note: Data are an average of house price sales and valuations over a six month period. Prices can fluctuate from one period to another due to the low level of sales involved. Nevertheless, the prices do reflect actual sales and valuations. There were 86 sales & valuations during this period.*

A simple analysis of affordability illustrates the challenges faced by local people. The approach set out in Table 2 uses the standard methodology Cambridgeshire ACRE applies as part of its Housing Needs Survey reports. The annual income required to purchase a property at a given price is based on the assumptions that a household can raise a 15 per cent deposit and a mortgage based on x3.5 household income. Affordability is assessed against lower quartile prices.

Every household will face their own unique circumstances. Some may have access to the ‘Bank of Mum & Dad’ but some may have personal debts which will limit their mortgage potential. Nevertheless, the table does give a broad indication of affordability.

The assumptions used suggest that a household would need an income of over £40,000 to purchase a 1-bed flat at the lower quartile price in Waterbeach. They would need an income of over £65,000 to purchase a 2-bed house at the lower quartile price.

<sup>2</sup> Hometrack Intelligence Service (Waterbeach ward includes the parishes of Waterbeach and Landbeach. This is an old ward boundary)

Table 2: Annual Income requirements for open market properties

House Price (lower quartile prices for different sized properties)	Deposit required (assume 15% required)	Annual income required (based on mortgage lending principle of 3.5 x income)	Monthly mortgage payment <sup>3</sup>
£172,500	£25,875	£41,893	£695
£270,000	£40,500	£65,571	£1,088
£325,000	£48,750	£78,929	£1,310
£375,000	£56,250	£91,071	£2,054

Shared ownership provides an alternative route to owner occupation for those unable to afford the full costs. The table below provides some estimates of shared ownership costs and the income that would be required to be able to afford a shared ownership property at a range of prices.

The assumptions used are very important. This table uses the following assumptions:

- Purchase of 25% share
- 10% deposit paid
- Mortgage costs taken from The Money Advice Service (current rate = 3%)
- Rent based on 2.75% on non-owned share
- No service charges included
- Household income required assumes total cost = 35% of gross income

The table demonstrates that shared ownership can be significantly cheaper than full ownership on a monthly basis and is therefore accessible by households on a lower income than those able to afford to buy outright.

<sup>3</sup> Source: [www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk) – mortgage calculator based on 3% repayment mortgage repaid over 25 years

Table 3: An estimate of shared ownership costs

House price	Total cost per month (£)	Annual income required
£160,000	£445.72	£15,282
£180,000	£501.44	£17,192
£200,000	£557.15	£19,102
£220,000	£612.86	£21,012
£240,000	£668.57	£22,922
£260,000	£724.29	£24,833
£280,000	£780.00	£26,743
£300,000	£835.72	£28,653
£320,000	£891.43	£30,563
£340,000	£947.15	£32,474
£360,000	£1,002.86	£34,384
£380,000	£1,058.58	£36,294
£400,000	£1,114.29	£38,204

Waterbeach has a significant private rented sector. A review of [www.rightmove.co.uk](http://www.rightmove.co.uk) identified six properties currently available.<sup>4</sup> These ranged from a 1-bed flat priced at £168 per week to a recently built 4-bed detached house priced at £323 per week.

Table 4 shows the typical cost for renting privately and compares this with the typical rental cost of a new Housing Association property in Waterbeach ward. The Government has taken steps to bring social housing rents closer to private sector ones, with rents for new tenants set at up to 80 per cent of the amount you would have to pay in the private sector. Most Housing Associations will cap their rent at LHA levels which cap Housing Benefit payments.

This is important because our review found all six properties currently available are seeking rental charges higher than the LHA level.

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[www.rightmove.co.uk](http://www.rightmove.co.uk) (as at 29 August 2019)



Table 4: Comparison of property rental costs in Waterbeach ward, July 2018 – June 2019<sup>5</sup>

No. of Beds	Typical market rent per week (median rent)	Entry level rent per week (30 <sup>th</sup> percentile)	Housing Association Maximum affordable rent per week (80% of median market rent)	Cambridge BMRA Local Housing Allowance (applicable from 1 April 2019)
1	£172	£166	£138	£133.72
2	£210	£204	£168	£153.79
3	£225	£219	£180	£178.71
4	£312	£281	£250	£238.38

The stock of affordable housing in Waterbeach has grown in recent years from 297 in 2011 to 337 in 2018. However, this masked a trend in tenures. The amount of rented accommodation has remained broadly static, presumably as a consequence of Right To Buy sales being counter-balanced by new builds. However, the amount of shared equity and shared ownership properties increased significantly from 17 to 61 over the same period.

Table 5: Affordable housing in Waterbeach parish, 2018<sup>6</sup>

	Bungalows			Flats			Houses				Group home	Total
	1 Bed	2 Bed	3 Bed	1 Bed	2 Bed	3 Bed	1 Bed	2 Bed	3 Bed	4 Bed		
SCDC – general needs (rented)	14	30		3	1	1		31	46	1		127
SCDC – equity share	2	9		1				3	7			22
Housing Association - rented		4	1	41	42		8	37	10	5	1	149
Housing Association – shared ownership					5			18	11	5		39
Total affordable housing	16	43	1	45	48	1	8	89	74	11	1	337

<sup>5</sup> Hometrack Intelligence Service (Waterbeach ward includes the parishes Waterbeach and Landbeach. This is an old ward boundary)

<sup>6</sup> 'Housing Statistical Information Leaflet', South Cambridgeshire District Council, December 2018

Almost three quarters (74%) of all affordable housing stock is small – 2 bedrooms or less. There are 60 bungalows within the affordable housing stock. Many of these are likely to be prioritised for the elderly or those with mobility issues. Unusually for a village, albeit a large one, Waterbeach also has a large number of flats. Many of these will also offer ground floor living.

However, the majority of affordable housing in Waterbeach will be let through the Choice Based Lettings system to those identified as being in greatest need provided they can demonstrate a connection to South Cambridgeshire district. Very little of the accommodation will be prioritised for people with a local connection to Waterbeach parish.

Cambridge Housing Society completed a rural exception scheme in Denny End road in 2017/18. This included 18 Affordable Rent properties and 12 shared ownership properties. It is the only rural exception scheme in the parish. Some of the more recent affordable housing will also have a local connection policy. When South Cambridgeshire District Council could not demonstrate a 5 Year Housing Land Supply it applied a local connection policy to some of the resulting affordable housing provided there was evidence of local need.

Demand for affordable housing in Waterbeach, like most of South Cambridgeshire, is very highly sought. Over the period March 2008 and December 2013 there were 113 affordable rented properties become available in the parish. They attracted an average of 43 bids each (compared with 54 per property across South Cambridgeshire as a whole).<sup>7</sup>

## The Housing Register

There are currently 92 households on the Housing Register with a local connection to Waterbeach parish. It is generally recognized that the Housing Register provides an underestimate of actual need in a community for two reasons. Firstly, some households will not understand the system and therefore will not know how to register, or indeed why it might be beneficial to them. Secondly, some households that do understand the system will conclude that they have little chance of securing an affordable property (because they will be assessed as being in low need) and will therefore see no benefit in registering.<sup>8</sup>

Nevertheless, the Housing Register does provide a useful insight in local housing need. It is based on actual households who have been assessed as potential candidates for affordable housing by local authority staff.

Besides the scale of need – there are at least 92 households with a local connection to Waterbeach seeking affordable housing – the data sheds some light on the age profile of need and the size of properties required.

Most need is for small properties. Seventy six out of 92 households (83 per cent) are eligible for a 1 or 2 bedroom property.

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<sup>7</sup> 'Parish Profiles', Cambridgeshire County Council Research Group, October 2014

<sup>8</sup>

There is a broad age range of heads of household but the majority are aged under 50. Only those aged over 60 (or with a mobility issue) are likely to be eligible for a bungalow. This would imply a need for at least 13 bungalows. This figure could be extended to 21 if those aged 55-59 were also included. Therefore, much of the need could be addressed by flats or two storey (or higher) accommodation.

The Local Authority Lettings Policy calculates the number of bedrooms a household is entitled to based on the age, gender and relationship characteristics of the household. Most of those households in need of more than one bedroom are likely to contain children. This includes adult children still living the parental home. These assumptions suggest that about 58 per cent of households could contain children (including those of adult age).

*Table 6: Number of households registered with Home-Link stating a local connection to Waterbeach*

Age Category (Head of household)	1 bed	2 bed	3 bed	4 plus bed	Total
Under 25	4	4	1	0	9
Between 25 & 29	5	3	1	0	9
Between 30 & 39	3	15	8	2	28
Between 40 & 49	8	8	3	1	20
Between 50 & 54	4	1	0	0	5
Between 55 & 59	5	3	0	0	8
Between 60 & 64	2	1	0	0	3
65 and over	8	2	0	0	10
<b>Total</b>	<b>39</b>	<b>37</b>	<b>13</b>	<b>3</b>	<b>92</b>

*Source: Home-Link (data supplied 1 November 2019)*

The Housing Register only contains data on those adults interested in rented affordable housing. Separate registers are maintained by a different organisation for households interested in low cost home ownership. Access to this data is difficult due to GDPR issues and the data does not currently collect local connection information.

### Findings from the Waterbeach Community Land Trust Housing Need Survey

Waterbeach Community Land Trust undertook a Housing Needs Survey to help understand the need for community led housing and/or affordable housing in the parish. Housing Needs Surveys are regularly used to complement Housing Register data. They can capture information on households interested in affordable housing but not on the Housing Register. By combining the two sources a more comprehensive picture of need can be developed. This is standard practice when building an evidence base to assess the case for a rural exception scheme. However, Waterbeach is a large parish and a survey of every residential address would be prohibitively expensive. To counteract this a survey was developed that was

promoted widely but where responses were only required from households with an interest in accessing community-led housing.

The Waterbeach Housing Needs Survey collected information on tenure and size preferences alongside details of financial circumstances. A number of assumptions were used about house prices and affordability. These assumptions were similar to those used by Cambridgeshire ACRE in undertaking its Housing Needs Surveys.

In total, the survey received responses from 105 households with a local connection to Waterbeach. However, some of these were predominantly interested in market housing and some were already on the Housing Register. The survey identified 34 households who were potential candidates for affordable rented accommodation who were not already on the Housing Register. This housing need is broken down by size of property (number of bedrooms) in Table 7.

*Table 7: Renter affordable housing need identified that is not currently registered with Home-Link*

No. of bedrooms	Households
1 bed	11
2 bed	13
3 bed	4
4 bed	3
5 bed	3
Total	34

*Source: Waterbeach CLT Housing Needs Survey*

On the basis of the information provided by respondents it was estimated that one third of households would be unable to afford an Affordable Rent set at 80 per cent of market rents. Some of these may be able to access Housing Benefit. However, it seems sensible to conclude that affordable rented housing provision in Waterbeach should include a range of options including Social Rent or a similar product where rents are linked to local incomes rather than rents.

A further 14 households were identified as potential candidates for shared ownership accommodation. Although households were assessed against affordability criteria for shared ownership it is likely that some would prefer, and would be able to afford, other forms of Low Cost Home Ownership such as Rent To Buy or Discounted Market Sale. A breakdown of the 14 households in terms of property size is provided in Table 8.

*Table 7: Shared ownership housing need*

No. of bedrooms	Households
1 bed	9
2 bed	1
3 bed	3
4 bed	1
Total	14

*Source: Waterbeach CLT Housing Needs Survey*

As already noted, this estimate of need for shared ownership, or other forms of Low Cost Home Ownership, is likely to be a significant under-estimate. It is not possible to access the Housing Register for Low Cost Home Ownership managed by Homes England (and the register does not collect information on local connections). There is also relatively low awareness of many Low Cost Home Ownership products.

Our analysis does not include households that have expressed a preference for market housing but on the basis of the data they have provided could not afford this. Many of these households may opt for Low Cost Home Ownership if they undertake a more rigorous analysis of their personal circumstances. This group could be described as 'unexpressed demand'.

It is also worth noting that the Waterbeach CLT Housing Needs Survey applied a stress test to its affordability analysis (largely based on an increase in interest rates). Under this scenario the demand for affordable housing options is likely to increase as fewer households will be able to afford market housing.

## **Conclusions**

This Housing Needs Assessment has identified 126 households with a potential need for affordable rented accommodation and 14 households with a potential need for shared ownership or other forms of Low Cost Home Ownership in Waterbeach.

Both are likely to be under-estimates, particularly the latter. However, they do provide real evidence of local need and confirm that there is a strong case for seeking to prioritise some affordable housing in Waterbeach for people with a strong local connection to the parish.

The majority of need is for rented accommodation. This is derived from both preference and affordability. Affordable housing is often allocated on a 70/30 split between rented and shared ownership. This may well be appropriate in Waterbeach but careful monitoring of allocations would help to ensure that the balance remains appropriate to maximise local lettings. The rented affordable housing should include a proportion of Social Rent.

The need for affordable housing is predominantly for smaller properties. Affordable rented candidates are allocated to dwelling size in accordance with South Cambridgeshire District Council's Lettings Policy (February 2018). Households are therefore allocated according to what they are eligible for rather than what they would prefer.

In practice, the size profile of demand for shared ownership properties may be skewed towards larger properties than the analysis suggests. For these properties, allocation is determined by affordability as well as eligibility.