

Identifying housing need

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Chapter 27. Identifying housing need

27.1 Introduction

The CLG guidance on SHMAs goes into its suggested process to assess housing need. This chapter gives details of what the guidance suggests, and how we have used the guidance in the Cambridge sub-region to calculate our housing needs.

The 2009 update of Chapter 27 uses figures up to the end of the financial year 2007/8. The original SHMA used figures correct to the end of 2005/6 as this was the most recent year the figures were available for, across the whole calculation as set out in the CLG guidance.

For comparison purposes, the original figures are repeated in Appendix 1 of this chapter.

There are several important messages to absorb before looking into the detail, which are:

- The SHMA is designed to be built on and updated as time passes and information changes and improves. So this iteration is bound to change, adjust and improve as it's foundation data does the same.
- The CLG Guidance is written as just that – guidance, rather than a detailed roadmap of how to do it. For example, some sources of data do not provide the detail or the cross-tabulations needed to work out the figures for a specific sub region or district. For this reason, we have supplemented secondary sources of information with our primary MRUK household survey where necessary, to try to provide a more realistic local picture of housing need for our sub-region.
- There are numerous ways to tackle the housing needs part of the guidance. For the Cambridge sub-region we have followed the guidance with one small modification which made a minimal difference to the “per year” number of affordable homes needed in each district (see Appendix 1 to this chapter).
- For the second iteration of the SHMA released in August 2009, the same methodology has been used as for the first iteration. As before, we are still looking to evolve our approach, to investigate
 - more frequently updated sources of housing price information
 - ways to analyse data using mapping and GIS systems
 - data systems to track changes in the housing market and in factors such as inflation, land prices and incomes
 - the changeover to a new, sub-regional Choice Based Lettings system which enables comparison of housing needs across all seven districts in the sub-region, and comparison of numbers of people in different “bands” of housing need.
- We are also hopeful that we may be able to replace the need for primary research, and to use all secondary (or existing) data to perform the SHMA update annually.
- All these possibilities will add to the flexibility and responsiveness of our assessment of the market in the future, based on our original foundation of research.
- Annex 13 to the SHMA, *The technical appendix*, explains the methodology followed in full.

27.2 Links to CLG guidance

To see the full CLG guidance, please go to:

- <http://www.communities.gov.uk/publications/planningandbuilding/strategichousingmarket>
- Identifying sub-regional housing market areas: Advice note, at <http://www.communities.gov.uk/documents/planningandbuilding/pdf/323693>
- Identifying Submarkets at the Sub-Regional Level in England, at <http://www.communities.gov.uk/publications/planningandbuilding/identifyingsubmarkets>
- Planning for Housing: Market Signals - Summary of Research, at <http://www.communities.gov.uk/publications/planningandbuilding/planningforhousing>
- Strategic Housing Land Availability Assessment: Practice Guidance, at <http://www.communities.gov.uk/documents/planningandbuilding/pdf/StrategicHousingLandAvailability>

27.3 The Cambridge approach

The Cambridge sub-region's SHMA has developed over time. The data used has been entered into a series of spreadsheets, which are linked to provide the figures for each individual district. Using a spreadsheet model has enabled us to check consistency and use the same calculations for each district. However the spreadsheets are not easy or very useful to reproduce in the SHMA documents, so we have instead lifted the most relevant conclusions for the spreadsheets and pasted them into this chapter. In the original SHMA we produced two sets of "boxes" identifying housing need following the guidance.

The first set of boxes shows the Cambridge sub-region's agreed approach which we feel is easy to follow and enables us to project housing needs into the future, following an initial 5 years to reduce each district's "backlog" of housing need. The second set of boxes reflects more closely the CLG's prescribed model as set out in paragraph 5.1 of the guidance. This adopts a different approach to housing need, and is not the approach we feel is most robust. However as it has been specifically prescribed, we have set out our outcomes following that part of the guidance for comparison to the Cambridge approach.

For the 2009 update we have updated the first set of boxes only, which followed the Cambridge approach to calculating levels of affordable housing need. Appendix 2 reproduces our summary of the two differing approaches, and some of their advantages and disadvantages. In Appendix 3 we have included a short audit trail. A more complete account of what we have done and how, and the precise source and date of the data, is provided in Appendix 13, *Technical appendix*.

The following pages set out the results of these calculations for each district in Cambridgeshire. It is important to remember that some of the numbers, but not all, can be added together across boundaries to provide a "total" figure for the county, and come Autumn 2009 and a complete set of data across the sub-region we will look to develop a method for the whole sub-region.

® In the near future we will be releasing the same calculations for Forest Heath and St Edmundsbury, as they have joined the SHMA as full participants from April 2009 onwards. We plan to release this additional information in early 2010 on the basis of 2008/9 year-end data.

27.4 Cambridge City

Table 1: Cambridge approach - Cambridge City

	Data	Step
Current housing need		
Priority homeless households and in temporary accommodation	119	
Overcrowded and concealed households	867	
Other groups total	6,380	
Total current housing need	7,366	
Annual Need to Reduce Backlog over 5 years (current need / 5)	1,473	A
Future housing need per year		
New household formation	324	
Existing households falling into need	750	
Total newly arising need	1,074	B
Total housing need per year	2,547	A + B
Existing supply		
Total affordable dwellings occupied by households in need	53	
Surplus affordable stock	0	
Units to be taken out of management	0	
Annual supply of social re-lets	555	
Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	12	
Total existing supply	620	C
Shortfall / surplus		
New supply needed to stop backlog growing	453	B - C
Need for new affordable homes per year	1,927	A + B - C
Projected supply from commitments	237	D
Predicted shortfall	1,690	A + B - C - D

Table 2: Calculating need over a 15 year period

	Data	Step
First 5 years: need for new affordable homes	1,927 per year	
1,927 x 5 years	9,635	E
Year 6 onwards: Newly arising need per year	1,074	B
Total existing supply	620	C
Need for new affordable homes from Year 6 onwards	453 per year	B - C
453 x 10 years	4,530	F
Total: 15 years affordable housing need	14,165	E + F
RSS target for all homes, 2006 to 2021 (<i>see Chapter 22, table 2</i>)	16,700	
% affordable represents of RSS target	85%	

NB Table 2 excludes our projected supply of affordable homes (shown as D in table above)

27.5 East Cambridgeshire

Table 3: Cambridge approach - East Cambridgeshire

	Data	Key
Current housing need		
Priority homeless households and in temporary accommodation	43	
Overcrowded and concealed households	1,101	
Other groups total	1,653	
Total current housing need	2,797	
Annual Need to Reduce Backlog over 5 years	559	A
Future housing need per year		
New household formation	311	
Existing households falling into need	476	
Total newly arising need	786	B
Total housing need per year	1,345	A + B
Existing supply		
Total affordable dwellings occupied by households in need	22	
Surplus affordable stock	0	
Units to be taken out of management	-2	
Annual supply of social re-lets	303	
Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	13	
Total existing supply	336	C
Shortfall / surplus		
New supply needed to stop backlog growing	450	B - C
Need for new affordable homes per year	1,009	A + B - C
Projected supply from commitments	160	D
Predicted shortfall	849	A + B - C - D

Table 4: Calculating need over a 15 year period

	Data	Key
First 5 years	1,009 per year	
1,009 x 5	5,045	E
Year 6 onwards: Newly arising need	786 per year	B
Total existing supply	336	C
Need for new affordable homes from Year 6 onwards	450	B - C
450 x 10	4,500	F
15 years affordable housing need	9,545	E + F
RSS target for all homes, 2006 to 2021 (<i>see Chapter 22, table 2</i>)	5,360	
% affordable represents of RSS target	178%	

NB Table 4 excludes our projected supply of affordable homes (shown as D in table above)

27.6 Fenland

Table 5: Cambridge approach - Fenland

	Data	Key
Current housing need		
Priority homeless households and in temporary accommodation	65	
Overcrowded and concealed households	632	
Other groups total	1,961	
Total current housing need	2,658	
Annual Need to Reduce Backlog over 5 years	532	A
Future housing need per year		
New household formation	183	
Existing households falling into need	568	
Total newly arising need	751	B
Total housing need per year	1,283	A + B
Existing supply		
Total affordable dwellings occupied by households in need	44	
Surplus affordable stock	0	
Units to be taken out of management	0	
Annual supply of social re-lets	428	
Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	12	
Total existing supply	485	C
Shortfall / surplus		
New supply needed to stop backlog growing	266	B - C
Need for new affordable homes per year	798	A + B - C
Projected supply from commitments	105	D
Predicted shortfall	693	A + B - C - D

Table 6: Calculating need over a 15 year period

	Data	Key
First 5 years	798 per year	
798 x 5	3,990	E
Year 6 onwards: Newly arising need	751 per year	B
Total existing supply	485	C
Need for new affordable homes from Year 6 onwards	266	B - C
266 x 10	2,660	F
15 years affordable housing need	6,650	E + F
RSS target for all homes, 2006 to 2021 (<i>see Chapter 22, table 2</i>)	7,660	
% affordable represents of RSS target	87%	

NB Table 6 excludes our projected supply of affordable homes (shown as D in table above)

27.7 Huntingdonshire

Table 7: Cambridge approach - Huntingdonshire

	Data	Key
Current housing need		
Priority homeless households and in temporary accommodation	19	
Overcrowded and concealed households	1,732	
Other groups total	1,556	
Total current housing need	3,307	
Annual Need to Reduce Backlog over 5 years	661	A
Future housing need per year		
New household formation	581	
Existing households falling into need	639	
Total newly arising need	1,220	B
Total housing need per year	1,881	A + B
Existing supply		
Total affordable dwellings occupied by households in need	61	
Surplus affordable stock	0	
Units to be taken out of management	0	
Annual supply of social re-lets	459	
Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	31	
Total existing supply	551	C
Shortfall / surplus		
New supply needed to stop backlog growing	669	B - C
Need for new affordable homes per year	1,330	A + B - C
Projected supply from commitments	292	D
Predicted shortfall	1,038	A + B - C - D

Table 8: Calculating need over a 15 year period

	Data	Key
First 5 years	1,330 per year	
1,330 x 5	6,650	E
Year 6 onwards: Newly arising need	1,220 per year	B
Total existing supply	551	C
Need for new affordable homes from Year 6 onwards	669	B - C
669 x 10	6,690	F
15 years affordable housing need	13,340	E + F
RSS target for all homes, 2006 to 2021 (<i>see Chapter 22, table 2</i>)	8,310	
% affordable represents of RSS target	160%	

NB Table 8 excludes our projected supply of affordable homes (shown as D in table above)

27.8 South Cambridgeshire

Table 9: The Cambridge approach - South Cambridgeshire

	Data	Key
Current housing need		
Priority homeless households and in temporary accommodation	87	
Overcrowded and concealed households	1,208	
Other groups total	3,951	
Total current housing need	5,246	
Annual Need to Reduce Backlog over 5 years	1,049	A
Future housing need per year		
New household formation	610	
Existing households falling into need	588	
Total newly arising need	1,197	B
Total housing need per year	2,247	A + B
Existing supply		
Total affordable dwellings occupied by households in need	76	
Surplus affordable stock	0	
Units to be taken out of management	-4	
Annual supply of social re-lets	263	
Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	18	
Total existing supply	353	C
Shortfall / surplus		
New supply needed to stop backlog growing	844	B - C
Need for new affordable homes per year	1,893	A + B - C
Projected supply from commitments	341	D
Predicted shortfall	1,553	A + B - C - D

Table 10: Calculating need over a 15 year period

	Data	Key
First 5 years	1,893 per year	
1,893 x 5	9,465	E
Year 6 onwards: Newly arising need	1,197 per year	B
Total existing supply	353	C
Need for new affordable homes from Year 6 onwards	844	B - C
844 x 10	8,440	F
15 years affordable housing need	17,905	E + F
RSS target for all homes, 2006 to 2021 (<i>see Chapter 22, table 2</i>)	19,980	
% affordable represents of RSS target	90%	

NB Table 10 excludes our projected supply of affordable homes (shown as D in table above)

27.9 Summary of outcomes

The table below summarises the headlines on identifying housing need for each district.

It is important to remember that some of the numbers, but not all, can be added together across boundaries to provide a "total " figure for the county or the sub-region.

Table 11: Summary of outcomes

	Need for new affordable homes per year (2007)	% this represented of draft RSS target for all homes, when projected over 15 years (2007)	Need for new affordable homes per year (2009)	% this represents of draft RSS target for all homes, when projected over 15 years (2009)
Cambridge City	1,509	65%	1,927	85%
East Cambridgeshire	797	130%	1,009	178%
Fenland	639	57%	798	87%
Huntingdonshire	1,205	137%	1,330	160%
South Cambridgeshire	1,424	62%	1,893	90%

Appendix 1: Housing need calculations for each district, as produced in the 2007 SHMA and based on 2005/6 data

Cambridge City

Table 1: Cambridge approach - Cambridge City

	Data	Step
Current housing need		
Priority homeless households and in temporary accommodation	117	
Overcrowded and concealed households	690	
Other groups total	5,078	
Total current housing need	5,885	
Annual Need to Reduce Backlog over 5 years (current need / 5)	1,177	A
Future housing need per year		
New household formation	339	
Existing households falling into need	670	
Total newly arising need	1,009	B
Total housing need per year	2,186	A + B
Existing supply		
Total affordable dwellings occupied by households in need	44	
Surplus affordable stock	0	
Units to be taken out of management	-4	
Annual supply of social re-lets	635	
Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	2	
Total existing supply	677	C
Shortfall / surplus		
New supply needed to stop backlog growing	332	B - C
Need for new affordable homes per year	1,509	A + B - C
Projected supply from commitments	177	D
Predicted shortfall	1,332	A + B - C - D

Table 2: Calculating need over a 15 year period

	Data	Step
First 5 years: need for new affordable homes	1,509 per year	
1,509 x 5 years	7,545	E
Year 6 onwards: Newly arising need per year	1,009	B
Total existing supply	677	C
Need for new affordable homes from Year 6 onwards	332 per year	B - C
332 x 10 years	3,320	F
Total: 15 years affordable housing need	10,865	E + F
Revised RSS proposed programme for all homes, 2006 to 2021	16,700	
% affordable represents of proposed revised RSS programme	65%	

NB This table excludes our projected supply of affordable homes (shown as D in table above)

Table 3: CLG approach - Cambridge City

	Data	Key
Current housing need		
5.1.1 Priority homeless households and in temporary accommodation	117	
5.1.2 Overcrowded and concealed households	690	
5.1.3 Other groups total	5,078	
5.1.4 Total current housing need	5,885	A
Total available housing stock		
5.3.1 Total affordable dwellings occupied by households in need	44	a
5.3.2 Surplus affordable stock	0	b
5.3.3 Projected supply from commitments	177	c
5.3.4 Units to be taken out of management	-4	d
5.3.5 Total affordable stock available	217	B
Total net current need		
Total current housing need - Total affordable stock available (A – B)	5,668	C
Convert to annual flow (x 20%)	1,134	D
Annual arising housing need		
5.2.1 New household formation	339	
5.2.3 Existing households falling into need	670	
5.2.4 Total newly arising need	1,009	E
Sum annual flow and annual arising need		
Annual flow + annual arising need (D + E)	2,143	F
Future annual supply of homes		
5.3.6 Annual supply of social re-lets	635	
5.3.7 Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	2	
5.3.8 Total supply through re-lets	637	G
Net annual housing need		
Annual flow + annual arising need – supply through re-lets	1,506	F - G = H
New supply needed to stop backlog growing	332	E - (a + b + d + G)
Projected supply from new affordable commitments	177	c
Predicted shortfall	1,329	H – c

Comparison

The Cambridge approach calculates a need for 1,509 affordable homes each year for the first 5 years, and after that (once the backlog has been cleared) 332 homes per year. When totaled over 15 years and compared to the revised RSS programme for all homes, the affordable homes represent 65% of overall build targets.

Comparing methodologies, the Cambridge approach shows 3 homes MORE needed per year than the CLG approach.

East Cambridgeshire

Table 4: Cambridge approach - East Cambridgeshire

	Data	Key
Current housing need		
Priority homeless households and in temporary accommodation	52	
Overcrowded and concealed households	1,000	
Other groups total	1,454	
Total current housing need	2,506	
Annual Need to Reduce Backlog over 5 years	501	A
Future housing need per year		
New household formation	311	
Existing households falling into need	262	
Total newly arising need	573	B
Total housing need per year	1,074	A + B
Existing supply		
Total affordable dwellings occupied by households in need	16	
Surplus affordable stock	0	
Units to be taken out of management	0	
Annual supply of social re-lets	257	
Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	4	
Total existing supply	277	C
Shortfall / surplus		
New supply needed to stop backlog growing	296	B - C
Need for new affordable homes per year	797	A + B - C
Projected supply from commitments	200	D
Predicted shortfall	597	A + B - C - D

Table 5: Calculating need over a 15 year period

	Data	Key
First 5 years	797 per year	
797 x 5	3,985	E
Year 6 onwards: Newly arising need	573 per year	B
Total existing supply	277	C
Need for new affordable homes from Year 6 onwards	296	B - C
296 x 10	2,960	F
15 years affordable housing need	6,945	E + F
Revised RSS proposed programme for all homes, 2006 to 2021	5,360	
% affordable represents of proposed revised RSS programme	130%	

NB This table excludes our projected supply of affordable homes (shown as D in table above)

Table 6: CLG approach - East Cambridgeshire

	Data	Key
Current housing need		
5.1.1 Priority homeless households and in temporary accommodation	52	
5.1.2 Overcrowded and concealed households	1,000	
5.1.3 Other groups total	1,454	
5.1.4 Total current housing need	2,506	A
Total available housing stock		
5.3.1 Total affordable dwellings occupied by households in need	16	a
5.3.2 Surplus affordable stock	0	b
5.3.3 Projected supply from commitments	200	c
5.3.4 Units to be taken out of management	0	d
5.3.5 Total affordable stock available	216	B
Total net current need		
Total current housing need - Total affordable stock available (A – B)	2,290	C
Convert to annual flow (x 20%)	458	D
Annual arising housing need		
5.2.1 New household formation	311	
5.2.3 Existing households falling into need	262	
5.2.4 Total newly arising need	573	E
Sum annual flow and annual arising need		
Annual flow + annual arising need (D + E)	1,031	F
Future annual supply of homes		
5.3.6 Annual supply of social re-lets	257	
5.3.7 Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	4	
5.3.8 Total supply through re-lets	261	G
Net annual housing need		
Annual flow + annual arising need – supply through re-lets	770	F - G = H
New supply needed to stop backlog growing	296	E - (a + b + d + G)
Projected supply from new affordable commitments	200	c
Predicted shortfall	570	H – c

Comparison

The Cambridge approach calculates a need for 797 affordable homes each year for the first 5 years, and after that (once the backlog has been cleared) 573 homes per year.

When totaled over 15 years and compared to the revised RSS programme for all homes, the affordable homes represent more than the overall build targets suggested.

Comparing methodologies, the Cambridge approach shows 27 homes MORE needed per year than the CLG approach. This is the most significant difference when comparing the two methods, although it is still a relatively small disparity.

Fenland

Table 7: Cambridge approach - Fenland

	Data	Key
Current housing need		
Priority homeless households and in temporary accommodation	81	
Overcrowded and concealed households	522	
Other groups total	1,988	
Total current housing need	2,591	
Annual Need to Reduce Backlog over 5 years	518	A
Future housing need per year		
New household formation	169	
Existing households falling into need	416	
Total newly arising need	585	B
Total housing need per year	1,103	A + B
Existing supply		
Total affordable dwellings occupied by households in need	43	
Surplus affordable stock	0	
Units to be taken out of management	0	
Annual supply of social re-lets	420	
Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	1	
Total existing supply	464	C
Shortfall / surplus		
New supply needed to stop backlog growing	121	B - C
Need for new affordable homes per year	639	A + B - C
Projected supply from commitments	112	D
Predicted shortfall	527	A + B - C - D

Table 8: Calculating need over a 15 year period

	Data	Key
First 5 years	639 per year	
797 x 5	3,195	E
Year 6 onwards: Newly arising need	585 per year	B
Total existing supply	464	C
Need for new affordable homes from Year 6 onwards	121	B - C
121 x 10	1,210	F
15 years affordable housing need	4,405	E + F
Revised RSS proposed programme for all homes, 2006 to 2021	7,760	
% affordable represents of proposed revised RSS programme	57%	

NB This table excludes our projected supply of affordable homes (shown as D in table above)

Table 9: CLG approach - Fenland

	Data	Key
Current housing need		
5.1.1 Priority homeless households and in temporary accommodation	81	
5.1.2 Overcrowded and concealed households	522	
5.1.3 Other groups total	1,988	
5.1.4 Total current housing need	2,591	A
Total available housing stock		
5.3.1 Total affordable dwellings occupied by households in need	43	a
5.3.2 Surplus affordable stock	0	b
5.3.3 Projected supply from commitments	112	c
5.3.4 Units to be taken out of management	0	d
5.3.5 Total affordable stock available	155	B
Total net current need		
Total current housing need - Total affordable stock available (A – B)	2,436	C
Convert to annual flow (x 20%)	487	D
Annual arising housing need		
5.2.1 New household formation	169	
5.2.3 Existing households falling into need	416	
5.2.4 Total newly arising need	585	E
Sum annual flow and annual arising need		
Annual flow + annual arising need (D + E)	1,072	F
Future annual supply of homes		
5.3.6 Annual supply of social re-lets	420	
5.3.7 Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	1	
5.3.8 Total supply through re-lets	421	G
Net annual housing need		
Annual flow + annual arising need – supply through re-lets	651	F – G = H
New supply needed to stop backlog growing	121	E - (a + b + d + G)
Projected supply from new affordable commitments	112	c
Predicted shortfall	539	H – c

Comparison

The Cambridge approach calculates a need for 639 affordable homes each year for the first 5 years, and after that (once the backlog has been cleared) 121 homes per year.

When totaled over 15 years and compared to the revised RSS programme for all homes, the affordable homes represent 57% of overall build targets.

Comparing methodologies, the Cambridge approach shows 12 homes LESS needed per year than the CLG approach.

Huntingdonshire

Table 10: Cambridge approach - Huntingdonshire

	Data	Key
Current housing need		
Priority homeless households and in temporary accommodation	72	
Overcrowded and concealed households	1,554	
Other groups total	1,730	
Total current housing need	3,356	
Annual Need to Reduce Backlog over 5 years	671	A
Future housing need per year		
New household formation	579	
Existing households falling into need	520	
Total newly arising need	1,099	B
Total housing need per year	1,770	A + B
Existing supply		
Total affordable dwellings occupied by households in need	43	
Surplus affordable stock	0	
Units to be taken out of management	-1	
Annual supply of social re-lets	513	
Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	10	
Total existing supply	565	C
Shortfall / surplus		
New supply needed to stop backlog growing	534	B - C
Need for new affordable homes per year	1,205	A + B - C
Projected supply from commitments	154	D
Predicted shortfall	1,051	A + B - C - D

Table 11: Calculating need over a 15 year period

	Data	Key
First 5 years	1,205 per year	
1,205 x 5	6,025	E
Year 6 onwards: Newly arising need	1,099 per year	B
Total existing supply	565	C
Need for new affordable homes from Year 6 onwards	534	B - C
534 x 10	5,340	F
15 years affordable housing need	11,365	E + F
Revised RSS proposed programme for all homes, 2006 to 2021	8,310	
% affordable represents of proposed revised RSS programme	137%	

NB This table excludes our projected supply of affordable homes (shown as D in table above)

Table 12: CLG approach - Huntingdonshire

	Data	Key
Current housing need		
5.1.1 Priority homeless households and in temporary accommodation	72	
5.1.2 Overcrowded and concealed households	1,554	
5.1.3 Other groups total	1,730	
5.1.4 Total current housing need	3,356	A
Total available housing stock		
5.3.1 Total affordable dwellings occupied by households in need	43	a
5.3.2 Surplus affordable stock	0	b
5.3.3 Projected supply from commitments	154	c
5.3.4 Units to be taken out of management	-1	d
5.3.5 Total affordable stock available	196	B
Total net current need		
Total current housing need - Total affordable stock available (A – B)	3,160	C
Convert to annual flow (x 20%)	632	D
Annual arising housing need		
5.2.1 New household formation	579	
5.2.3 Existing households falling into need	520	
5.2.4 Total newly arising need	1,099	E
Sum annual flow and annual arising need		
Annual flow + annual arising need (D + E)	1,731	F
Future annual supply of homes		
5.3.6 Annual supply of social re-lets	513	
5.3.7 Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	10	
5.3.8 Total supply through re-lets	523	G
Net annual housing need		
Annual flow + annual arising need – supply through re-lets	1,208	F - G = H
New supply needed to stop backlog growing	534	E - (a + b + d + G)
Projected supply from new affordable commitments	154	c
Predicted shortfall	1,054	H – c

Comparison

The Cambridge approach calculates a need for 1,205 affordable homes each year for the first 5 years, and after that (once the backlog has been cleared) 534 homes per year.

When totaled over 15 years and compared to the revised RSS programme for all homes, the affordable homes represent more than the proposed build targets, by 137%.

Comparing methodologies, the Cambridge approach shows 3 homes LESS needed per year than the CLG approach.

South Cambridgeshire

Table 13: the Cambridge approach - South Cambridgeshire

	Data	Key
Current housing need		
Priority homeless households and in temporary accommodation	144	
Overcrowded and concealed households	1,014	
Other groups total	3,288	
Total current housing need	4,446	
Annual Need to Reduce Backlog over 5 years	889	A
Future housing need per year		
New household formation	635	
Existing households falling into need	276	
Total newly arising need	911	B
Total housing need per year	1,800	A + B
Existing supply		
Total affordable dwellings occupied by households in need	81	
Surplus affordable stock	0	
Units to be taken out of management	-2	
Annual supply of social re-lets	290	
Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	7	
Total existing supply	376	C
Shortfall / surplus		
New supply needed to stop backlog growing	535	B - C
Need for new affordable homes per year	1,424	A + B - C
Projected supply from commitments	315	D
Predicted shortfall	1,109	A + B - C - D

Table 14: Calculating need over a 15 year period

	Data	Key
First 5 years	1,424 per year	
1,424 x 5	7,120	E
Year 6 onwards: Newly arising need	911 per year	B
Total existing supply	376	C
Need for new affordable homes from Year 6 onwards	535	B - C
535 x 10	5,350	F
15 years affordable housing need	12,470	E + F
Revised RSS proposed programme for all homes, 2006 to 2021	19,980	
% affordable represents of revised RSS programme	62%	

NB This table excludes our projected supply of affordable homes (shown as D in table above)

Table 15: CLG approach - South Cambridgeshire

	Data	Key
Current housing need		
5.1.1 Priority homeless households and in temporary accommodation	144	
5.1.2 Overcrowded and concealed households	1,014	
5.1.3 Other groups total	3,288	
5.1.4 Total current housing need	4,446	A
Total available housing stock		
5.3.1 Total affordable dwellings occupied by households in need	81	a
5.3.2 Surplus affordable stock	0	b
5.3.3 Projected supply from commitments	315	c
5.3.4 Units to be taken out of management	-2	d
5.3.5 Total affordable stock available	394	B
Total net current need		
Total current housing need - Total affordable stock available (A – B)	4,052	C
Convert to annual flow (x 20%)	810	D
Annual arising housing need		
5.2.1 New household formation	635	
5.2.3 Existing households falling into need	276	
5.2.4 Total newly arising need	911	E
Sum annual flow and annual arising need		
Annual flow + annual arising need (D + E)	1,721	F
Future annual supply of homes		
5.3.6 Annual supply of social re-lets	290	
5.3.7 Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	7	
5.3.8 Total supply through re-lets	297	G
Net annual housing need		
Annual flow + annual arising need – supply through re-lets	1,424	F – G = H
New supply needed to stop backlog growing	535	E - (a + b + d + G)
Projected supply from new affordable commitments	315	c
Predicted shortfall	1,109	H – c

Comparison

The Cambridge approach calculates a need for 1,424 affordable homes each year for the first 5 years, and after that (once the backlog has been cleared) 535 homes per year.

When totaled over 15 years and compared to the revised RSS programme for all homes, the affordable homes represent 62% of the proposed overall build targets.

Comparing methodologies, the Cambridge approach shows exactly the SAME number of homes needed when compared with the CLG approach.

Appendix 2: Comparing the Cambridge and the CLG approaches

The Cambridge Approach	
Total current housing need (backlog)	Divide by 5
Annual Need to Reduce Backlog over 5 years	A
Total newly arising future need	B
Total housing need per year	A + B
Total existing supply	C
Need for new affordable homes per year	A + B - C
Projected supply from commitments	D
Predicted shortfall	A + B - C - D
New supply needed to stop backlog growing	B - C

The CLG Approach	
Total current gross housing need	A
Total available housing stock	B
Total net current need	A - B = C
Convert to annual flow	C / 5 = D
Annual arising housing need	E
Sum annual flow and annual arising need	D + E = F
Future annual supply of homes	G
Net annual housing need	F - G = H

Advantages
The backlog of need is dealt with over a longer period of time, and the period of time can be varied for modelling purposes
People who are either counted in the backlog, or who have a newly arising need, are dealt with on equal terms i.e. we do not assume one group or the other gets more of the available homes in any specific year.
We do not include our anticipated supply of new built affordable in the supply figure, except at the end, to enable annual updating of past and future delivery.

Advantages
This is the prescribed method set out by CLG, and therefore less open to discussion or dispute than other approaches

Disadvantages
This is a departure from the prescribed guidance and therefore may be challenged, however robust the rationale.

Disadvantages
The available housing stock for the first year of the formula, is subtracted from the "backlog" of housing need, implying that all the available homes are used to meet this need and any remaining backlog is dealt with over future years, alongside newly arising housing need.
There does not appear to be a way of factoring in future projection of available housing supply – it seems to be used once at stage B, and after that, future annual supply of homes (G) is applied. We would question this approach as it does not allow the flexibility of the Cambridge approach, where each part of the equation can be clearly updated or adjusted as the housing market changes.

Appendix 3: Summary audit trail

This audit trail provides a quick guide to the information we have used, how we have used it, and any specific notes and links to chapters within the text.

A more complete account of our methodology is provided in Appendix 13, the *Technical Appendix*.

Stage 5.1: Total current housing need

5.1.1 Priority homeless households and in temporary accommodation

Notes on sources from guidance: Homeless agencies data, priority homeless in temp acc.

Cambridge Approach and further notes: Use HSSA Sec E question 2, number of homeless priority in temporary accommodation. Use average figure over 6 years to account for year-by-year variations. Duty to accommodate only arises once accepted as homeless and in priority, so only these households in temporary accommodation included to give a robust indicator.

Chapter in SHMA for further background: Ch 18, *Homelessness*

5.1.2 Overcrowded and concealed households

Notes on sources from guidance: Census, Survey of English Housing, Local Housing Registers.

Cambridge Approach and further notes: Overcrowding: Calculated separately for overcrowded owner-occupiers, private rented and social housing. Concealed households separate in next line.
Use CCRG household numbers for 2006 and apply % for each tenure group.
Calculate % of the tenure group overcrowded using average SEH East of England figure for 2003/4 to 2005/6.
Then apply % unable to afford using MRUK household survey results.
Remove % on housing needs registers to avoid double counting.
Result = number of households in the relevant tenure likely to be overcrowded, unable to afford and NOT on the HNR.

Cambridge Approach and further notes: Concealed: Use CCRG household numbers for 2006 and apply % for number concealed using MRUK survey
Then apply % unable to afford to buy or rent using MRUK household survey results.
Remove % on housing needs registers to avoid double counting.
Result = number of households in the relevant tenure likely to be concealed, unable to afford and NOT on the HNR.

Chapter in SHMA for further background: Ch 11, *Dwelling profile and occupation*

5.1.3 Other groups

Notes on sources from guidance: Housing Register, Local Authority/ RSL Transfer Lists, Hostel Move-On Needs

Cambridge Approach and further notes: Number on housing needs register excluding transfers, as at 1 April 2006 from HSSA section C (excludes transfers). HDC figure adjusted

to remove transfers. SDC figure used correct for 1 April 2007, due to process of reviewing of HNR giving an inflated figure at 1 April 2006.

Transfer figure from HSSA section D, which includes transfers, mutual exchanges and tenants transferring to RSLs through the nominations process; and CORE table 13 showing transfers within RSL stock

Homeless households in 1.1 removed to avoid double counting

Chapter in SHMA for further background: Ch 17, *Social rented housing turnover, registers and lettings*

Annual Need to Reduce Backlog over 5 years

Notes on sources from guidance: The CLG guidance sets out options for calculating annual housing need, in step 5.1:

“...the net figure derived should be converted into an annual flow using assumptions about the number of years that will be taken to address the backlog. Levels of unmet need are unlikely to ever fall to nil given that peoples' housing circumstances change and there will always be households falling in and out of housing need. The quota should be based upon meeting need over a period of five years, although longer timescales can be used. In particular, there may be merit in linking quotas to the remaining time period of adopted housing policies in plans. For the component of need derived from existing affordable housing tenants, partnerships could estimate the proportion that are expected to be rehoused based on previous allocations. Whilst the decision is the responsibility of individual local authorities, partnerships should bear in mind the need for comparability. Partnerships should avoid using a period of less than five years in which to meet unmet current need. If a five-year period is used, this means that 20 per cent of current unmet need should be addressed each year. The output of this should be an annual quota of households who should have their needs addressed.”

Cambridge Approach and further notes: Decision to adopt approach of reducing backlog over a 5 year period, so aim to meet 20% of need per year. Then to convert the 5-year figure to a 15-year figure, for comparison purposes with our draft 2021 RSS target.

Stage 5.2: Total newly arising housing need per year

5.2.1 New household formation

Cambridge Approach and further notes: natural growth: New households forming from within existing population. Calculate change in households projected between 2006 and 2011. Divide by 5 for annual growth figure. Use CCRG nil net in-migrant model for annual natural growth figure.

In-migrants - by tenure: Calculate in-migrants by tenure, by Owner occupied, private rent, social rent and other (low affordability). Remove CCRG nil net in-migrant model for annual natural growth figure from projected growth in households (see line above). Difference then apportioned by tenure using MRUK survey results. Result = number of in migrants projected per year by tenure.

Chapter in SHMA for further background: Ch 10, *Demographic context and forecasting*

5.2.2 Proportion of new households unable to buy or rent in the market

Notes on sources from guidance: Affordability for natural growth in existing households

Cambridge Approach and further notes: For each of the above tenure groups, calculate % likely to be able to afford the appropriate tenure using MRUK household survey results, except for low affordability where CACI data used as better reliability than MRUK results for this group.

Number of households unable to afford

Multiply number of new households from 5.2.1 by likely affordability in 5.2.2 to give number of new households unable to afford

Chapter in SHMA for further background: Ch 21, *Current affordability and income*

5.2.3 Existing households falling into need

Notes on sources from guidance: Housing Register/ LA and RSL data, tenants surveys. "Households who have entered the register and been housed within the year as well as households housed outside the register (such as priority homeless household applicants)"

Cambridge Approach and further notes: Used all LA dwellings let to new secure tenants + introductory lettings + other tenancies + total RSL lettings - tenants transferring to RSL homes - new additional LA and RSL rented dwellings. Used average over 4 years (2002/3 to 2005/6) to avoid peaks and troughs. Used HSSA D and N.

Chapter in SHMA for further background: Ch 21, *Current affordability and income*

Stage 5.3: Annual supply of affordable housing

5.3.1 Affordable dwellings occupied by households in need - overcrowded

Notes on sources from guidance: Housing Register, Local Authority and RSL transfer lists, over-crowding data

Cambridge Approach and further notes: Calculated 1/5th Social Rented Tenants in Overcrowded Properties (From 5.1.2). 5.1.2 provides a total backlog to be met over 5 years, this figure needs to be an annual one. The figure may be slightly high as in some cases, only part of the household will move out to ease the overcrowding. In others the whole household will move to a larger property. No adjustment has been made so as to provide a conservative final estimate.

Chapter in SHMA for further background: Ch 11, *Dwelling profile and occupation*

5.3.1 Affordable dwellings occupied by households in need - underoccupying

Notes on sources from guidance: "Partnerships should assess the figures identified in step 1 to estimate the number of dwellings vacated by current occupiers that are fit for use by other households in need" (Guidance P.47)

Cambridge Approach and further notes: This figure could be improved by a detailed analysis of moves from larger to smaller properties within the social rented sector, including moves into sheltered, but only where the whole household moves. However given the complexity of this work and the low numbers involved, decided best to proceed using published data and refine in future as appropriate.

Used HSSA Section D3a1 - Social tenants moving to homes with fewer bedrooms, average over 4 years from 2002/3 to 2005/6.

Chapter in SHMA for further background: Ch 11, *Dwelling profile and occupation*

5.3.2 Surplus stock

Notes on sources from guidance: Local Authority and RSL records. Allowable level of voids = c.3% to allow for movement and work. If the rate is more than this and properties are empty for long periods, these should be counted as surplus stock.

Cambridge Approach and further notes: Good practice allows for 3% of social stock to be vacant at any one time. The worksheet 5.3.2 Surplus stock compares the number of vacant homes with the number of social homes in the district, and denotes if there is more than <3% of the total social stock, vacant. If not, surplus stock value = 0. If there is a surplus of vacant homes, the number of vacant homes above the 3% threshold will be used. Used HSSA Section A. Vacant dwellings in Social Sector compared to social stock as at 1 April 2006.

Chapter in SHMA for further background: Ch 11, *Dwelling profile and occupation*

5.3.3 Committed supply of new affordable housing

Notes on sources from guidance: Development programmes of affordable housing providers, Regeneration schemes, including conversions and intermediate housing products

Cambridge Approach and further notes: Average of plans for 2006/7 to 2007/8
Used HSSA sec N - new rented and shared ownership but NOT "other" affordable private sector as unlikely to be affordable as defined in PPS3

Chapter in SHMA for further background: Ch 23, *Past and future housing delivery*

5.3.4 Units to be taken out of management

Notes on sources from guidance: Demolition and conversion programmes of LA/RSLs
HSSA Data

Cambridge Approach and further notes: Used 2005/6 Annual Monitoring Return as published by County Council. Average over the years provides a falsely high number, rate of demolition of social stock generally low in recent years so 2005/6 figure judges best snapshot to use.

Chapter in SHMA for further background: Ch 11, *Dwelling profile and occupation* and Ch 23 *Past and future housing delivery*

5.3.6 Annual supply of social re-lets

Notes on sources from guidance: Lettings/voids systems for providers, LA and RSLs, CORE data for RSLs, HSSA data

Cambridge Approach and further notes: Used HSSA average number of lettings over 2001/2 to 2005/6.
Includes all new lettings to local authority stock, and RSL lettings, all excluding transfers.

Chapter in SHMA for further background: Ch 17, *Social rented housing turnover, registers and lettings*

5.3.7 Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels

Notes on sources from guidance: LA/ RSLs and other providers on re-sales of sub-market LCHO or shared equity schemes

Cambridge Approach and further notes: CORE data for 2006/7 on re-sale of LCHO homes

Chapter in SHMA for further background: Ch 19 and Ch 20, *Intermediate Housing Registers and Purchasers*