

case study 7

South Cambridgeshire District Council – forming a new housing company

Innovation topic: Local authority housing company and the use of rural exception sites

Summary

- South Cambridgeshire District Council is using a range of methods to help create mixed-tenure homes, including setting up a council-owned housing company, building on rural exception sites, and building large-scale new communities on strategic sites.
- In 2013, the Council agreed to invest £7 million in a pilot project to set up Ermine Street Housing, a local authority owned company. The company has since generated £100,000 of income for the Council, which has been invested back into Council services.
- Councillors have agreed £100 million investment in the company over five years, to deliver 500 homes. Ermine Street Housing now owns housing stock outside the district, in Suffolk, Northamptonshire and Peterborough.
- Since 2006, over 500 affordable homes have been built on rural exception sites in South Cambridgeshire, meeting specific demand in these areas.
- Work is being undertaken to enable older people to access the most suitable homes and remain independent within their community wherever possible.

'As part of the City Deal negotiations the Council has committed to providing an additional 1,000 new homes, partly on rural exception sites, and has set up an in-house Housing Development Agency in partnership with Cambridge City and Cambridgeshire County Councils using some of the £500 million of central government City Deal grant.'

Stephen Hills, Director of Housing, South Cambridgeshire District Council

Introduction

South Cambridgeshire is a rural authority in a high-growth area in the East of England. It consists of 103 villages surrounding Cambridge and has a population of 146,800. The average house value is over £380,000.

The district was named in December 2016 as a top-scoring area for quality of life.³⁴ However, housing affordability is a major concern. South Cambridgeshire District Council's approach to housing has sought to understand local incomes and match them against the housing market and supply. The Council has been working on innovative solutions to use this information to meet housing demand through its work, particularly by securing affordable housing through rural exception sites.

The Council has also established Ermine Street Housing, a local authority owned housing company. This has helped provide a new source of housing supply and to generate extra income for the Council.

Housing and planning context

The draft South Cambridgeshire Local Plan sets out the housing requirement in the district as at least 19,000 new homes by 2031. The district has an ageing population, with growth of 95% for the 60-74 age group and 108% for those over 75 forecast between 2001 and 2021. The Strategic Housing Market Assessment (SHMA) identifies a requirement of over 11,800 affordable homes in the district up to 2031 to meet need. The draft Local Plan recognises that 'providing a substantial amount of affordable housing is

Notes

34 'Winchester wins top spot as UK's best place to live'. Press Release. Halifax, 17 Dec. 2016.

<https://static.halifax.co.uk/assets/pdf/mortgages/pdf/161217-Halifax-Quality-of-Life%202016-FINAL.pdf>



Housing in Swavesey in the South Cambridgeshire district

fundamentally important to the growth strategy for the Cambridge Sub Region'.³⁵

How is it innovative?

The majority of new housing in the district will be delivered in the form of previously planned urban extensions to Cambridge, new strategic sites at Northstowe and Cambourne, and additional new settlements elsewhere in the district currently going through the Local Plan inspection. These strategic sites will play a major role in addressing affordability issues in the district. The Council's policy aims for 40% of new development to be affordable, with, as a general rule, a split of 70% rented and 30% intermediate housing (including shared ownership) and no more than 10% being in the form of smaller (one-bedroom) homes.

Ermine Street Housing's portfolio includes over 100 homes purchased and rented at market rents and offering longer-term tenancy options, and a further 142 homes under the company's management. The Council has overseen the delivery of rural exception sites outside a development boundary that would not normally

receive planning consent, but which may be considered where provides affordable homes are to be provided for local people. Northstowe has been announced as one of the NHS England Healthy New Towns, featuring a plan for 10,000 new homes developed in line with the aspiration to become a healthy community that will include housing for an ageing population and allow more people's health to be treated locally in the community.³⁶

Lessons

South Cambridgeshire District Council has taken a multi-faceted approach to meeting housing demand. The area will benefit from planned new extensions, demonstrating the longer-term commitment and leadership required to create new communities with high levels of affordable housing. The Council has also taken an innovative approach to using its powers to establish a local authority housing company.

The use of rural exception sites, and harnessing central government funding for them, is adding to the delivery of affordable housing by providing much-needed infrastructure in rural areas. This approach highlights opportunities that councils in rural areas have to accommodate growth by securing investment that is available to support it. Finally, an integrated approach to health and housing is supporting a sustainable approach to new development by catering for an ageing population. Cambridgeshire's Older People's Accommodation Strategy, which the Council played a lead role in preparing, is co-ordinating work by health, housing and social care agencies to enable older people to access the most suitable homes and remain independent within their community wherever possible.³⁷

Contact

**Stephen Hills, Director of Housing,
South Cambridgeshire District Council**
Stephen.Hills@scambs.gov.uk

Notes

35 *South Cambridgeshire Local Plan. Proposed Submission*. South Cambridgeshire District Council, Jul. 2013. Chapter 3: Strategic sites. https://www.scambs.gov.uk/sites/default/files/documents/Proposed%20Submission%20Document%20-%20Chapter%203%20Strategic%20Sites_0.pdf

36 See the NHS England Healthy New Towns 'Northstowe' webpage, at <https://www.england.nhs.uk/ourwork/innovation/healthy-new-towns/northstowe/>

37 *Older People's Accommodation Strategy*. Version 0.9. Cambridgeshire County Council, Apr. 2016. Available at <http://cambridgeshireinsight.org.uk/file/3118/download>