



South  
Cambridgeshire  
District Council

# Affordable Housing Guide

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# Affordable Housing Guide



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# Affordable Housing Guide



## What is Affordable Housing?

The Government defines affordable housing as social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices.

Affordable housing in the UK, according to the National Planning Policy Framework (NPPF), is housing for people who cannot afford to buy or rent homes on the open market. This can include different types of homes, such as:

- **Social Rented Housing:** Housing provided by local authorities and housing associations, with rents set by the government to make them more affordable.
- **Affordable Rented Housing:** Like social rented housing but with rents that can be up to 80% of the local market rent. (Please see [Annex 4: Affordable Rents Policy](#) for South Cambridgeshire's Affordable Rent Policy).
- **Intermediate Housing:** Homes for sale or rent below market levels. This includes shared ownership, where you buy a part of the home and pay rent on the rest.

The goal of affordable housing is to ensure that everyone has access to a decent and safe home they can afford, even if they have lower incomes.

Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

## The Importance of Affordable Housing

The need for affordable housing is more critical than ever. Across England, households have experienced sharp increases in mortgage and rental costs over the past five years ([Decent Homes Standards, 2023-2024](#)). Average weekly mortgage payments have risen significantly, and in 2023-2024, both private renters and mortgagors reported greater difficulty in meeting their housing costs compared to the previous year (2022-2023). Among these groups, private renters were the most affected, with 32% struggling to afford their housing, followed by social renters at 27%. The average deposit required for a first-time buyer in 2023-2024 was a staggering £55,372.

In South Cambridgeshire, affordability poses a considerable challenge. The average house price in the district stands at £439,000, with lower quartile house prices at £330,000. Meanwhile, the average monthly rent in the private sector is £1,327 ([The Office of National Statistics, 2024](#)). The median house price-to-income ratio in South Cambridgeshire is 7.9—far above the typical affordable range of 3 to 3.5 times income ([Cambridgeshire Insight, 2024](#)). For those earning at the lower quartile level, this figure climbs even higher to 10.3, making homeownership particularly out of reach for many on average or modest incomes.

For many households, purchasing a home on the open market is out of reach, and renting privately is the next option. However, affordable rentals are scarce, and those relying on housing benefits often face a significant gap between the Local Housing Allowance and the actual rent.

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The demand for affordable housing is increasing. Over 2,010 people are currently on the South Cambridgeshire housing register for affordable and social rented accommodation in South Cambridgeshire, and the number of people seeking intermediate housing is unknown since the Help to Buy register was removed. Changes to housing benefits and welfare reforms are expected to increase this demand further, particularly for one and two-bedroom properties.

Affordable housing is essential for ensuring that everyone has a safe, decent, and affordable place to live. With high house prices, significant rental shortfalls, and rising living costs, the demand for affordable housing options continues to grow, making it a critical issue for many households in South Cambridgeshire and across the UK.

## Affordable Housing Policy

Affordable housing in South Cambridgeshire is defined as housing that is subsidized and provided to eligible households whose needs are not met by the market. This includes both rented housing and housing where occupiers purchase part of the property. According to Policy H/10: Affordable Housing in the South Cambridgeshire Local Plan, all developments of 10 dwellings or more must provide 40% of homes as affordable. On all new developments that provide an affordable housing contribution, the Council seeks to achieve 75% affordable or social rented and 25% for an intermediate property, typically shared ownership.

Many rural villages in South Cambridgeshire face significant challenges in securing enough land for affordable housing to meet local needs. Most villages lack housing site allocations, house prices are often high, and existing social rented housing is typically occupied long-term and rarely available for re-letting. To address this, the H/11 Rural Exception Site Policy of the South Cambridgeshire Local Plan allows for the development of affordable housing on exception sites. These are sites that provide affordable housing within, or adjoining but outside, a village's development framework boundary, as an exception to normal planning policies. An exception site must be for 100% affordable housing and must evidence local housing need of the village in order to obtain planning permission.

## Affordable Housing Providers

A Registered Provider is the name given to all social housing providers (as defined in Section 80 of the Housing and Regeneration Act 2008). The Regulator of Social Housing, as regulator, maintains a [statutory register of all social housing providers](#).

## Types of Affordable Housing

The Council seeks to provide a range of housing options to meet the varying needs of those looking for affordable housing. It acknowledges the need to provide choices to those pushed out of the private market across the spectrum from those requiring social rented homes to those aspiring to own their own home.

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## Social Rented Housing

Social rented housing is owned by local authorities and Registered Providers, for which guideline target rents are determined through the national rent regime. The rent is calculated using a set formula that takes into account the value of the property, the average earnings in the area and the number of bedrooms. Social Rented properties are the most affordable tenure type, typically around 60% of an open market rent. Housing Benefit is available to qualifying households where they are unable to pay their Social Rent.

The majority of tenancies are offered as fixed term tenancies or assured tenancies for no less than five years.

Social Rented properties are allocated through the Sub Regional Choice Based Lettings Scheme known as [Home-Link](#) and applicants must be registered on the Housing Register.

## Affordable Rented Housing

Affordable Rented housing is let by local authorities or Registered Providers to households eligible for Social Rented housing. The majority of tenancies are offered as fixed-term tenancies or assured tenancies for no less than five years.

According to Annex 4 of South Cambridgeshire District Council's [Affordable Rents Policy](#), the rent for Affordable Rented housing (inclusive of eligible property-related service charges) should not exceed 70% of the gross median market rent in South Cambridgeshire for that size of property, location type, and service provision, or the current Local Housing Allowance rate, whichever is lower.

The nominated affordable housing provider will be expected to provide information on the rents to be charged on a quarterly basis.

Affordable Rented properties are allocated through the Sub Regional Choice Based Lettings Scheme known as Home-Link and applicants must be registered on the Housing Register.

## Intermediate Rent

Intermediate Rent is aimed at people who have difficulty affording market rents on the open market and those who lack a mortgage deposit and therefore cannot buy a home yet. Intermediate Rents are generally set at around 80% of the market rate and are typically offered on an Assured Shorthold Tenancy with an initial commitment of six months.

The target group for Intermediate Rents is different from those looking for Social/Affordable Rented housing.

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## Shared Ownership

Shared ownership is a scheme enabling households to buy a share in a property (usually between 10% and 75% of the home's full market value). A subsidized rent is payable on the remaining share held by the Registered Provider, with the ability to purchase additional shares. The combined monthly cost of mortgage and rent will normally be less than if purchasing a property outright.

To be eligible for a shared ownership property, the annual household income must be no more than £80,000 a year. The buyer must also be unable to afford all the deposit and mortgage payments for another home that meets their needs.

## Rent to Buy

A Registered Provider may offer some homes for rent at around 20% less than market rent values (similar to an Intermediate Rent). The tenant(s) will have the option to purchase shares in the property in the future using the shared ownership model. This is aimed at those who do not have a deposit to put down on a property but would like to buy their own home in the future.

To be eligible, the annual household income can be no more than £80,000.

## Discount Market Housing – First Homes

Discount market housing is sold at a discount of at least 20% below market value. Eligibility is determined with regards to local income and house prices. Provisions are made to ensure this discount is applied in perpetuity. At present, Discount Market Housing will come forward as First Homes in line with the Written Ministerial Statement and accompanying changes to the National Planning Practice Guidance.

First Homes are a specific type of discounted market sale housing and should be considered to meet the definition of 'affordable housing' as an intermediate tenure. The homes must be sold with a discount of at least 30% on a property costing no more than £250,000.

To be eligible the applicant must be a first time buyer and meet the [First Homes eligibility criteria](#).

Homes sold under the First Homes Initiative will have a restricted covenant placed on them to ensure that the homes are sold with a 30% discount in perpetuity, preserving affordability for future generations.

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## Allocation of Affordable Homes

The rented element of the affordable housing provision is allocated through the Sub Regional Choice Based Lettings Scheme known as Home-Link and applicants have to be registered on the Housing Register.

Those in need of an intermediate property, that is not a rented unit can be found on the [gov.uk website](https://www.gov.uk) or if the property location is known interest can be shown with the developer or registered provider. Properties are often listed on housing association websites and other property platforms.

For the most accurate and up-to-date information please contact the Housing Association directly or visit their websites to find intermediate opportunities and specific application instructions.

## Home-Link

Home-Link is the choice-based lettings scheme for all council and housing association homes in South Cambridgeshire. To participate in Home-Link, applicants need to have a local connection to the local authority with whom they wish to register their application. Allocations are made in accordance with the Council's Lettings Policy, and all applicants will be assessed to determine their eligibility to be placed on the housing register. This ensures homes are let to those in the highest assessed need and that the Council meets its legal obligations as set out in the Housing Act 1996 (as amended).

Once assessed, applicants will be placed in one of the following banding categories based on their housing need:

- Band A – Urgent Housing Need
- Band B – High Housing Need
- Band C – Medium Need
- Band D – Low Housing Need

Applicants are encouraged to 'bid' on properties of their choosing. However, they can only 'bid' for properties they are eligible for, such as those with the appropriate property size. Properties are then allocated to those who have 'bid' and are in the highest banding, prioritizing those who have been waiting the longest.

For properties with a local connection requirement that is village-specific (e.g., schemes on Rural Exception Sites), priority is given to applicants who live, work, or have family connections to the village. In these cases, local village connection takes precedence over banding priority.

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## Key facts about affordability in South Cambridgeshire (September 2024)

- There are 2,010 applicants on the South Cambridgeshire Housing Register (September, 2024).
- Average house price in South Cambridgeshire is £504,041 and the average Lower Quartile House Price is £330,000 (June 2024).
- Average rental price in South Cambridgeshire for a two-bed house is £1,222 per month (June 2024).
- Median price to income in South Cambridgeshire is 8.3 and it is recommended that it should be closer to 3.5 (June 2024).
- Gross disposable income after tax in South Cambridgeshire is £27,031 (June 2024).
- Average price based in South Cambridgeshire was £439,000 (November, 2024).
- Average price based on actual sales only in South Cambridgeshire is £291,227 (September, 2024).
- Lower quartile housing price based on sales and valuations is £210,000 (September, 2024).
- Average price per square meter in South Cambridgeshire is £2,689 (September, 2024).
- Private rents for a 1 bed in South Cambridgeshire are £230, with Local Housing Allowance (LHA) £207 (Weekly Rounded, June, 2024).
- Private rents for a 2 bed in South Cambridgeshire are £300, with Local Housing Allowance (LHA) £219 (Weekly Rounded, June, 2024).
- Private rents for a 3 bed in South Cambridgeshire are £346, with Local Housing Allowance (LHA) £259 (Weekly Rounded, June, 2024).
- Private rents for a 4 bed in South Cambridgeshire are £438, with Local Housing Allowance (LHA) £334 (Weekly Rounded, June, 2024).





**For more information on affordable  
housing please email:  
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