



Housing Need & Demand Assessment: Update 2008-09 Final Report

February 2011



1. APPROACH	6
1.1 Purpose of the commission	6
1.2 Housing Need & Demand and SPP3	7
1.3 Methodology	11
1.4 Report structure	11
2. CURRENT HOUSING MARKET	12
2.1 Introduction	12
2.2 Population and household trends	13
2.3 Economic activity and employment	15
2.4 The cost of housing for sale	18
2.5 Entry-level housing and affordability	21
2.6 Private rented sector	23
2.7 Local incomes and local house prices	24
3. CURRENT HOUSING NEED	28
3.1 Assessing the need for affordable housing	28
3.2 Defining housing need and unsuitable housing	29
3.3 Homeless households and those in temporary accommodation	31
3.4 Condition of housing stock	34
3.5 Over-crowding, concealed households and other unsuitably housed groups	35
3.6 Total current housing need (gross per year)	35
4. FUTURE HOUSING NEED	37
4.1 New household formation	37
4.2 Newly forming households unable to buy or rent in the market	37
4.3 Existing households falling into need	38
4.4 Total newly arising housing need	38
5. AFFORDABLE HOUSING SUPPLY	39
5.1 Affordable dwellings occupied by households in need	39
5.2 Surplus stock	40

5.3	Committed supply of new affordable units	40
5.4	Total affordable housing stock available	40
5.5	Future annual supply of social re-lets	41
5.6	Future annual supply of intermediate affordable housing	41
5.7	Units to be taken out of management	41
5.8	Future annual supply of affordable housing units	42
6.	DEMAND FOR AFFORDABLE HOUSING	43
6.1	Introduction	43
6.2	Social housing stock	43
6.3	Lettings	45
6.4	Housing waiting lists	47
7.	FUTURE HOUSING MARKET	52
7.1	Economic strategy	52
7.2	Outlook for the Scottish housing market	52
7.3	Future household projections	53
7.4	Future affordability	58
8.	BRINGING THE EVIDENCE TOGETHER	61
8.1	Summary of net annual housing need	61
8.2	Predicting housing need to 2013	62
8.3	Distribution of affordable housing by housing market area	65
8.4	Intermediate tenures	66
9.	NEXT STEPS	72
9.1	Monitoring and evaluation	72
9.2	Housing market partnership	73
9.3	Recommendations	74
	APPENDIX 1: LIST OF ABBREVIATIONS	76
	APPENDIX 2: LOCAL HOUSING ASSESSMENT 2006 – CHAPTER 6	78
	APPENDIX 3: LOCAL HOUSING ASSESSMENT 2006 - SPECIFICATION	80
	APPENDIX 4: LOCAL HOUSING ASSESSMENT 2006 – CHAPTER 1	82
	APPENDIX 5: HOUSING MARKET PARTNERSHIP	84
	APPENDIX 6: SCENARIOS	85

TABLES

Table 1: Core Outputs.....	9
Table 2: Process Checklist.....	10
Table 3: Population change 1998-2007 (thousands).....	14
Table 4: Household change 2001-2007 (thousands).....	14
Table 5: Baseline housing land requirement 2006-18	15
Table 6: Working age population 2007	15
Table 7: Economically active population Jan-Dec 2007	16
Table 8: Employment by occupation Jan-Dec 2007 (%).....	17
Table 9: Gross weekly pay (2007) for full-time workers by residence and workplace.....	18
Table 10: Scottish house prices Apr-Jun 2008	19
Table 11: House sales by housing market area 2006 to 2007	19
Table 12: House sales by housing type 2007	20
Table 13: Mean house price by apt size and type 2003-07	20
Table 14: Required gross income for entry-level mortgage (£)	21
Table 15: Earnings and lower quartile house prices – 2006 to 2007.....	22
Table 16: Ratio of lower quartile house prices to lower quartile income 2006-07	23
Table 17: Estimated changes to affordability threshold 2006-07.....	23
Table 18: Summary of data required for current housing need	28
Table 19: Housing needs assessment model.....	29
Table 20: Households in housing need.....	30
Table 21: Households accepted as homeless and in priority need 2004-08	33
Table 22: Homeless households in temporary accommodation 2005-07.....	33
Table 23: Scottish Housing Quality Standard 2007 (000s and %).....	34
Table 24: RSL properties meeting SHQS at 31/03/08.....	34
Table 25: Households in unsuitable accommodation 2006	35
Table 26: Current Housing Need	36
Table 27: Summary of data required for future housing need	37
Table 28: Future Housing Need.....	38
Table 29: Summary of data required for affordable housing supply	39
Table 30: Total affordable housing stock available (Step 3.5).....	40
Table 31: Annual supply of social re-lets 2007-08.....	41
Table 32: Future annual supply of affordable housing units	42
Table 33: RSL social housing stock 2008.....	44
Table 34: Profile of social housing stock 2008	44
Table 35: Household composition of new tenants 2007-08.....	45
Table 36: Lets by previous tenancy 2007-08.....	46
Table 37: Lets by apartment size 2007-08.....	46
Table 38: Lets by property type 2007-08	47
Table 39: Lets by property type and size 2007-08.....	47
Table 40: SBHA applicants housing choice by size and location 31/03/08	49
Table 41: Applicants by length of time on BCH register 31/03/08	50
Table 42: BCH current applicants by age and gender 31/03/08.....	50
Table 43: BCH applicant households by size 31/03/08	51

Table 44: BCH applicants by bedroom requirement 31/03/08.....	51
Table 45: Household projections 2006-31	54
Table 46: Household change 2006-31	55
Table 47: % of households by type 2006.....	55
Table 48: % of households by type 2031.....	55
Table 49: Change by household type 2006-31	56
Table 50: % of households by age of head of household 2006.....	56
Table 51: % of households by age of head of household 2031	56
Table 52: Change by age of head of household 2006-31 (numbers)	57
Table 53: Change by age of head of household 2006-31 (%).....	57
Table 54: Mean, median and lower quartile incomes 2009	59
Table 55: Mean, median and lower quartile house prices 2009 – Scenario 1 (10% adjustment)	59
Table 56: Mean, median and lower quartile incomes 2009 – Scenario 2 (25% adjustment)	59
Table 57: Affordability ratios 2009 – Scenario 1	60
Table 58: Affordability ratios 2009 – Scenario 2	60
Table 59: Summary of net annual housing need in Scottish Borders.....	62
Table 60: Scenario 1 Net annual housing need in Scottish Borders 2008-13	63
Table 61: Scenario 2 Net annual housing need in Scottish Borders 2008-13	64
Table 62: Scenario 3 Net annual housing need in Scottish Borders 2008-13	65
Table 63: Net annual housing need by housing market area	66
Table 64: Estimate of scope for intermediate housing (social rents).....	67
Table 65: Housing costs for discounted market housing	67
Table 66: Lower quartile income compared to income requirements for discounted housing	68
Table 67: Housing costs for shared ownership dwelling.....	69
Table 68: Income for shared ownership compared to median and lower quartile incomes	70
Table 69: Housing costs for shared equity.....	71
Table 70: Methods to meet the Core Outputs of a Strategic Housing Market Assessment	73
Table 70: Updating plan 2009-14.....	73



Figure 1: Scottish Borders Housing Market Areas.....	13
Figure 2: House price rates of change by country 2006-08.....	18
Figure 3: Income distribution of Scottish Borders housing market areas 2008	24
Figure 4: Estimated mean, median and lower quartile income 2008.....	25
Figure 5: Scottish Borders house prices by housing market area 2007	25
Figure 6: House sales by type by housing market area 2007.....	26
Figure 7: Lower quartile house price divided by lower quartile income 2007-08.....	26
Figure 8: Proportion of households below affordability threshold 2007-08.....	27
Figure 9: Trend in homeless applications - Scotland 1992-2007.....	32

1. APPROACH

1.1 Purpose of the commission

1.1.1 Following the issue of new guidance from the Scottish Government on Housing Need and Demand Assessments¹ **Outside Consultants** were commissioned to review and update the Local Housing Assessment conducted in Scottish Borders in 2006.

1.1.2 The key objectives of the commission were:

- (i) To review the 2006 Local Housing Assessment to assess its compatibility with the 2008 guidance
- (ii) To recommend the most cost effective means to ensure housing needs and demand outputs are consistent with current Scottish Government guidance
- (iii) To update the Housing Needs Model 2006 to take account of changing incomes, house prices and means of delivery
- (iv) To update the Needs Model in the light of changing government guidance
- (v) To provide comparable outputs that can inform wider sub-regional, regional and national housing needs and demand research

1.1.3 The study consists of the following outputs:

- (i) An update of the housing needs models and delivery options for affordable housing to comply with current Scottish Government guidance
- (ii) Update of key housing market indicators to inform housing needs and demand in the Borders
- (iii) Housing market analysis to HMA level to indicate income, house price and affordability differentials across sub-areas of the Borders
- (iv) Housing Register analysis to indicate the patterns of demand for different size and type to local areas where geographies are indicated
- (v) Future housing market analysis of population and household change

1.1.4 The purpose of this report is to *update*, and thus *augment*, the 2006 Local Housing Assessment, which was a significant and comprehensive commission, not to *supplant* it. Therefore, the review of approaches and data sources in this Update is mindful of the 2006 Assessment, which has stood up to scrutiny and challenge, and seeks to build upon its substantial evidence base and thus to add to the considerable housing market and housing

¹ *Housing Need and Demand Assessment Guidance*, Scottish Government, March 2008

needs intelligence already held by Scottish Borders Council. To make comparison easier, Chapter 6 from the 2006 Assessment has been included as an Appendix to this report.

1.2 Housing Need & Demand and SPP3

1.2.1 Housing Need & Demand Assessments are crucial to decision-making and resource-allocation processes for local authorities. From a land-use planning perspective, housing needs assessments are legally necessary to support affordable housing policies in local plans, particularly to secure developer contributions to affordable housing.

1.2.2 Other reasons for undertaking Assessments include:

- ❑ informing local and regional spatial planning and housing strategies
- ❑ assisting authorities with decisions on social housing allocation priorities, private sector renewal options and the valuation of new-build low cost home ownership units
- ❑ informing the development of housing policies on stock conversion, demolition and transfer

1.2.3 The role of housing assessments can be summarised thus:

“Assessments are...key to investment decisions; helping authorities to look at local housing markets when new settlements are planned, particularly where catchments cover several local authority areas. In these situations, understanding the housing market will help authorities to assess housing demand and need in relation to new settlements. It will also help authorities to justify a certain level of affordable housing whilst ensuring that the dwelling mix reflects the profile of local housing demand and need; and in relation to planning policies for affordable housing, aiding an appreciation of how housing need translates into different sizes and types of affordable housing (i.e. intermediate market, social rented) so that they can negotiate appropriate mixes on new sites.”²

1.2.4 In terms of both housing markets and housing need analysis, our approach has always been grounded in current guidance and best practice. This includes:

- ❑ Bramley, G. et al, Local Housing Needs Assessment: A Guide to Good Practice, DETR, July 2000
- ❑ DTZ Peda, *Housing Market Assessment Manual*, ODPM, February 2004
- ❑ *Local Housing Systems Analysis Best Practice Guide*, Communities Scotland, 2004
- ❑ *Local Housing Market Assessment Guide*, Welsh Assembly Government, 2006
- ❑ *Scottish Planning Policy SPP3: Planning for Housing (Consultative Draft)*, Scottish Government, January 2008
- ❑ *Strategic Housing Market Assessments: Practice Guidance*, Communities and Local Government, August 2007
- ❑ *Housing Need and Demand Assessment Guidance*, Scottish Government, March 2008

1.2.5 It is significant that the recent Guidance from the Scottish Government provides greater defence to challenge by defining the terms that ensure a robust set of outputs:

² *Local Housing Assessment, A Practice Guide (Discussion Draft)*, March 2005, p8

...a housing need and demand assessment should be considered robust and credible if, as a minimum, it provides all of the core outputs, meets all the requirements of all of the process criteria in the checklists below (see Table 1 and Table 2 below) and has made reasonable assumptions based on the info available. In such circumstances, the approach used will not be considered at examination.

1.2.6 Furthermore the Guidance states that:

...housing need and demand assessments will not provide definitive estimates of housing need, demand and market conditions. However, they can provide valuable insights into how housing markets operate both now and in the future. They should provide a 'fit for purpose' basis upon which to develop housing and planning policies by considering the characteristics of the housing market, how key factors work together and the probable scale of change in future housing need and demand.³

1.2.7 It is also important to note that that:

...Estimates of household numbers derived in outputs 3, 4, 5, 6, 7 and 8 (see Table 1) are expected to be expressed as a range rather than a single number.⁴

1.2.8 Table 1 and Table 2 set out the eight Core Outputs and the seven Processes for a Housing Needs and Demand Assessment to comply with the Guidance. The third column in each table then shows where and/or how Scottish Borders complies with these requirements.

³ *Housing Need and Demand Assessment Guidance*, Scottish Government, March 2008, p7

⁴ *Housing Need and Demand Assessment Guidance*, Scottish Government, March 2008, p8

Table 1: Core Outputs

	Output	Source
1	Estimates of current dwellings in terms of size, type, condition, tenure, occupancy and location	Chapter 4 (Supply in the Housing Market), <i>Local Housing Assessment 2006</i> , Final Report, December 2006
2	Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability. Description of key drivers underpinning the housing market.	Chapters 3 (Demand in the Housing Market), 4 (Supply in the Housing Market) and 5 (Balancing the Housing Market), <i>Local Housing Assessment 2006</i> , Final Report, December 2006 Chapter 2, <i>Housing Need & Demand Update 2008</i> , November 2008
3	Estimate of total future number of households	Chapter 7, <i>Housing Need & Demand Update 2008</i> , November 2008
4	Estimate of household groups who have specific housing requirements e.g. families, older people, minority ethnic groups, disabled people, young people, etc	Chapters 8 (Housing Needs of Older People) and 9 (Housing Needs of BME Communities), <i>Local Housing Assessment 2006</i> , Final Report, December 2006 Research and related LHS actions including: <ul style="list-style-type: none"> ▪ Transforming Older People's Services ▪ Scottish Borders Council Sheltered Housing Review ▪ Report on the Housing Needs of Minority Ethnic Households in Scottish Borders ▪ Report on the Housing Needs of Gypsy/Travellers in Scottish Borders ▪ Scottish Borders Council Young People's Housing Action Plan ▪ Scottish Borders Council Physical Disability Strategy
5	Estimate of current number of households in housing need	Chapter 6 (Need for Affordable Housing) <i>Local Housing Assessment 2006</i> , Final Report, December 2006 Chapters 3 and 8, <i>Housing Need & Demand Update 2008</i> , November 2008
6	Estimate of future households that will require affordable housing	Chapter 6 (Need for Affordable Housing) <i>Local Housing Assessment 2006</i> , Final Report, December 2006 Chapters 4 and 8, <i>Housing Need & Demand Update 2008</i> , November 2008
7	Estimate of future households requiring market housing	Chapter 7 (Delivering Affordable Housing) <i>Local Housing Assessment 2006</i> , Final Report, December 2006 Chapter 8, <i>Housing Need & Demand Update 2008</i> , November 2008
8	Estimate of total future households requiring either affordable or market housing	Chapter 7 (Delivering Affordable Housing) <i>Local Housing Assessment 2006</i> , Final Report, December 2006 Chapter 8, <i>Housing Need & Demand Update 2008</i> , November 2008

Table 2: Process Checklist

	Process	Source
1	Approach to identifying housing market area(s) is consistent with accepted approaches to identifying housing market areas	A review of housing market areas was done as part of the Council's Structure Plan Alteration in 2007 (see Planning and Building - Plans and Research 21122 PDF.)
2	Housing market conditions are assessed within the context of the housing market area and any component markets contained within it	This is done both <i>Local Housing Assessment 2006, Final Report, December 2006</i> & this <i>Housing Need & Demand Update 2008, November 2008</i>
3	Involves key stakeholders	This Housing Need and Demand Assessment 2008 Update will be presented to the Scottish Borders Housing Forum for consultation, membership of the forum includes: MSPs, representatives from the Council's Planning and Economic Development Department, representatives from local and national RSLs, and other relevant organisations, including the Scottish Rural Property Business Association. Furthermore, the update will be presented to Scottish Borders Council's Executive Committee and will be made available to the public, on request and also through the Council's website. Furthermore, the Housing Need and Demand Assessment Update will be used to inform the wider South East of Scotland Housing Need and Demand Study, which will incorporate evidence of Housing Need and Demand in Edinburgh, the Lothian's, Fife and the Scottish Borders. This will also involve the establishment of a Housing Market Partnership for the local authorities of the South East of Scotland. This region-wide partnership will involve a much wider group of stakeholders and include a wider consultation group including private developers.
4	Contains a full technical explanation of the methods employed, with any limitations noted	All methods comply with published Guidance at the time of report publication, with full references cited. Further details are also available from a summary report of housing related issues identified for particular needs groups across the SESplan area and implication for future housing provision, to which Scottish Borders inputted and that as appended to the SESplan HNDA.
5	Assumptions, judgements and findings are fully justified and presented in an open and transparent manner, in particular in relation to economic growth, demographic change and migration, income estimates and translation of the assessment of need and demand at housing market area level into housing supply targets	All evidence is presented in a transparent manner, with full references to data and information sources. Published, reliable and robust government sources are used at all times.
6	Uses and reports upon effective quality control mechanisms	
7	Explains how the assessments findings have or will be monitored and updated (where appropriate)	The <i>Housing Need & Demand Update 2008, November 2008</i> exemplifies commitment to monitoring and updating.

1.3 Methodology

1.3.1 The methodology for this Housing Need & Demand Update draws upon desk-based analysis of the 2006 survey and key secondary data sources, including:

- ❑ Postcoded Registers of Scotland data on current and past sales
- ❑ Data from online sources including CLG, NOMIS, Scottish Government and National Statistics on the labour market, earnings, demographics and housing market costs
- ❑ CACI Paycheck and ASHE (Annualised Survey of Hours and Earnings) data on local incomes
- ❑ Internal data sources including the APSR and Housing register data for 2007-08
- ❑ Postcode to output area look up tables
- ❑ Full housing needs dataset from recent study

1.3.2 Appendix 3 sets out the Specification for the Local Housing Assessment 2006 and Appendix 4 is an extract from Chapter 1 of the Assessment that sets out the methodology used to meet that specification including a profile of survey respondents, weightings and confidence intervals.

1.4 Report structure

1.4.1 This Housing Need & Demand Update report is structured to reflect the current Scottish Government guidance. Analysis is presented in four broad sections

The current housing market, including:

- Population and household trends
- Economic activity and employment
- The active market

Housing need, including:

- Current housing need
- Future need
- Affordable housing supply
- Housing requirements of households in need

Future housing market, including:

- Macro-economic climate
- Household change
- Future affordability

Conclusion and recommendations, including:

- Need for affordable housing by Housing Market Area
- Delivery of affordable housing

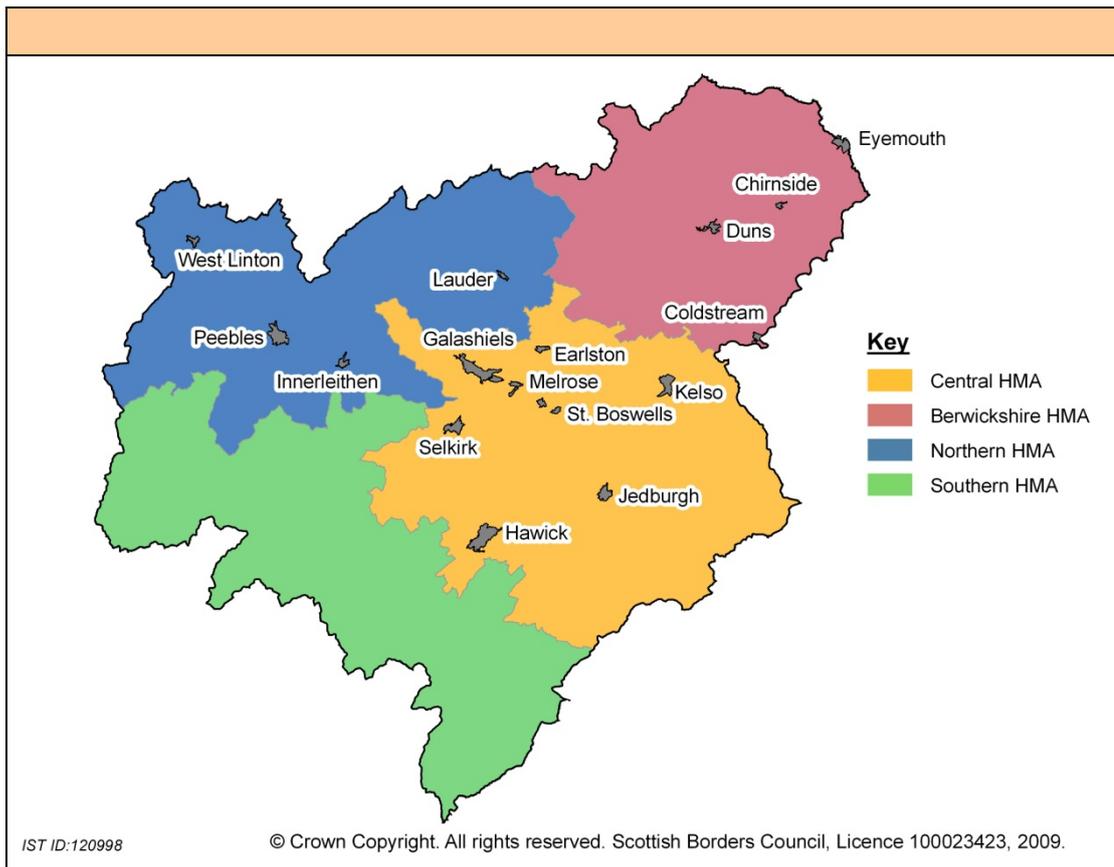
2. CURRENT HOUSING MARKET

2.1 Introduction

- 2.1.1 This chapter briefly examines the demographic and economic trends that affect housing markets in Scottish Borders. Section 2.2 provides an analysis of population and household trends in the housing market. Section 2.3 examines economic activity and employment patterns in the housing market.
- 2.1.2 Following on from this, sections 2.4, 2.5 and 2.7 consider some of the key housing market indicators on house prices, incomes and affordability that reveal changes in the Scottish Borders Housing Market since the 2006 Local Housing Assessment. It draws mainly on data from Sasines detailing sales for the 2006 and 2007 year and CACI modelled income data for 2007 and 2008 and the Annual Survey of Hours and Earnings for 2007.
- 2.1.3 The Council's Structure Plan 2001-2011 identified seven Housing Market Areas (HMAs). They were developed using PAN38 which defined them as a *"geographical area which is relatively self-contained in terms of reflecting people's choice of location for a new home, i.e. a large percentage of people settling in the area will have sought a house only in that area."*⁵
- 2.1.4 Building on research undertaken by Scottish Homes, the Council undertook a questionnaire survey of all those that had purchased a house from 1995-1998, excluding sales to sitting tenants and private companies. In addition to data drawn from Sasines, the survey data provided information on latent demand or other areas considered by house purchasers. This work allowed a view on self-containment to be taken.
- 2.1.5 As part of the Council's Structure Plan Alteration in Spring 2007⁶ Scottish Borders Council reviewed their HMAs. The review was based on Communities Scotland guidelines with adjustments to the methodology to fit with Scottish Borders Council geographies. The review included analysis of self-containment levels by using Sasines data from 2001-2005, House Purchaser Survey data, Settlement Backbone data and commuting patterns based on travel to work data. Four housing market areas were identified that provided best fit within the context of the Council's Development Plan Strategy and will be used for updating housing land requirements and population and household projections. The four housing market areas are shown below in Figure 1.

⁵ PAN38 Glossary

⁶ Scottish Borders Council 2122 PDF



Source: Scottish Borders Council

2.2 Population and household trends

- 2.2.1 The most recent population estimates to June 2007⁷, indicate that Scottish Borders has a resident population of 111,430 in 50,705 households. This gives an average household size slightly below that for Scotland as a whole: 2.20 compared to 2.22. Changes in the population of Scottish Borders in the last ten years are shown in Table 3.
- 2.2.2 Table 3 sets out the components of population change in the Lothian region between 1998 and 2007. Population change is determined by two factors: the net balance between births and deaths (natural change) and the net balance between people moving in and out of an area (migration).
- 2.2.3 Between 1998 and 2007, the population of Scottish Borders grew by 5,400 or 5.0%; driven by net migration. In terms of natural change Scottish Borders' population declined in greater numbers than elsewhere in the Lothian region. The overall rate of growth in Scottish Borders was higher than for Scotland as a whole and marginally higher than Edinburgh.

⁷ General Register Office for Scotland, Scottish Borders Council Area Map, September 2008

Table 3: Population change 1998-2007 (thousands)									
Local authority	Mid-1998 population	Live births	Deaths	Natural change	Net migration & other changes	Net change	Mid-2007 population	Net change 1998-2007	% change 1998-2007
East Lothian	87.7	9.9	10.4	-0.6	7.3	6.7	94.4	6.7	7.6%
Edinburgh, City of	445.7	47.1	46.3	0.7	21.7	22.5	468.1	22.4	5.0%
Fife	346.5	37.3	38.9	-1.6	15.7	13.9	360.5	14.0	4.0%
Midlothian	79.6	9.2	8.4	0.6	-0.6	-0.1	79.5	-0.1	-0.1%
West Lothian	151.8	20.2	14.5	5.6	10.3	16.0	167.8	16.0	10.5%
SCOTLAND	5,083.3	544.0	575.8	-31.9	92.7	60.9	5,144.2	60.9	1.2%

Source: Office for National Statistics, mid-year population estimates

2.2.4 As stated above, Scottish Borders has 50,705 households.⁸ Between 2001 and 2007 (Table 4) the number of households in Scottish Borders grew by 6.8%. The overall rate of growth in Scottish Borders was higher than the rate of growth for Scotland as a whole. Amongst surrounding authorities Scottish Borders' rate of growth over this time period was third highest after East and West Lothian.

Local authority	2001	2002	2003	2004	2005	2006	2007	Change 2001-07	
								No.	%
East Lothian	38,232	38,647	38,966	39,356	39,749	40,417	41,240	3,008	7.9%
Edinburgh, City of	204,956	206,361	207,552	209,094	211,731	213,633	216,524	11,568	5.6%
Fife	150,530	151,760	152,888	154,072	155,890	156,919	158,175	7,645	5.1%
Midlothian	32,939	33,032	33,142	33,282	33,422	33,698	33,909	970	2.9%
West Lothian	65,062	65,939	67,085	68,259	69,309	70,236	71,351	6,289	9.7%
Scotland	2195033	2211025	2229535	2249160	2271353	2291415	2313778	118,745	5.4%

Source: Office for National Statistics, mid-year Household Estimates by Local Authority: 1991 to 2007

⁸ General Register Office for Scotland, Estimates of Households and Dwellings 2007, May 2008

Alignment with Planning Policy

- 2.2.5 In July 2008 Scottish Borders Council submitted a Structure Plan Alteration to Scottish Ministers for their approval. The Alteration was principally aimed at updating the housing requirement and allowances contained within the Plan. The Alteration used the General Register Office for Scotland's household projections (2004-based) as its principal basis. The projections were adjusted to take into account empty properties and demolitions. The Alteration identified a baseline requirement of 11597 for the period 2006-2026 for the whole of the Borders. This equates to an additional 579 houses per annum. For planning purposes a 20 per cent provision for flexibility was added to the baseline figure.
- 2.2.6 In March 2009 Scottish Ministers issued their proposed modifications to the Structure Plan Alteration for public consultation. The proposed modifications support the methodology set out in the Alteration but limit the time horizon to 2018 to allow the new Strategic Development Plan for the South East of Scotland (SEsplan) to undertake the longer term planning for the area. The housing requirement for the period 2006-2018 is therefore 6,958, rising to 8,350 once 20% flexibility has been incorporated (see Table 5).

Housing Market Area	Baseline requirement 2006-18
Central	4,245
Berwickshire	1,252
Northern	1,322
Southern	139

Source: Scottish Borders Council/General Register Office for Scotland (all figures in house units)

2.3 Economic activity and employment

- 2.3.1 Table 6 sets out the working age population. Relative to Scotland and to Great Britain, Scottish Borders has a smaller proportion of its population of working age, suggesting an older age profile in the Borders.

	Scottish Borders		Scotland (%)	Great Britain (%)
	No.	%		
All people	65,700	59.0	62.7	62.2
Males	34,400	63.6	66.9	66.2
Females	31,400	54.7	58.8	58.3

Source: NOMIS Scottish Borders Labour Market Profile

⁹ % is a proportion of total population

- 2.3.2 Table 7 shows that although the working age population is relatively small, those of working age who are economically active is relatively high (83.9%). Scottish Borders particularly has high rates of self-employment (12.2% compared to 7.6% for Scotland).
- 2.3.3 The fact that there is an older non-working population and that there are high rates of self-employment amongst the Scottish Borders population in employment will be significant in terms of the location and type of housing that will be appropriate and will also impact upon the demand for new housing, particularly family housing.

	Scottish Borders		Scotland (%)	Great Britain (%)
	No.	%		
Economically active	57,000	83.9	79.9	78.6
In employment	55,400	81.5	76.0	74.4
- Employees	46,700	69.3	68.0	64.6
- Self employed	8,600	12.2	7.6	9.3
Unemployed (model based) ^{11, 12}	1,800	3.1	4.7	5.2

Source: NOMIS Scottish Borders Labour Market Profile

- 2.3.4 Table 8 depicts the employment structure across Scottish Borders, by showing the distribution of employment types using the Standard Occupational Classification (SOC).¹³

¹⁰ Numbers are for those aged 16 and over, % are for those of working age (16-59/64)

¹¹ Numbers and % are for those aged 16 and over, % is a proportion of economically active

¹² Estimates of economic activity status are usually taken from surveys of individuals. However for most local areas they do not have a sufficiently large sample to provide precise estimates of unemployment. For this reason a statistical model has been developed to improve estimates of unemployment. For a fuller definition see Government Statistics website LALM Brief PDF.

¹³ Standard Occupational Classification defines occupation by two main concepts: kind of work performed (job) and the competent performance of the tasks and duties (skill)

Table 8: Employment by occupation Jan-Dec 2007 (%) ¹⁴				
	Scottish Borders		Scotland %	Great Britain %
	No.	%		
SOC2000 major group 1-3	19300	34.8	40.8	42.9
1 Managers & senior officials	7000	12.7	13.1	15.3
2 Professional occupations	6300	11.4	13.1	13.0
3 Associate professional & technical	5900	10.7	14.6	14.6
SOC2000 major group 4-5	14300	25.8	22.6	22.6
4 Administrative & secretarial	4900	8.8	11.3	11.7
5 Skilled trades occupations	9400	17.0	11.3	10.8
SOC2000 major group 6-7	8800	15.8	17.3	15.6
6 Personal service occupations	5900	10.6	9.1	8.0
7 Sales and customer service	2900	5.2	8.2	7.6
SOC2000 major group 8-9	13100	23.6	19.1	18.6
8 Process plant & machine operatives	5500	9.9	7.3	7.2
9 Elementary occupations	7600	13.7	11.8	11.4

Source: NOMIS Scottish Borders Labour Market Profile - ONS Annual population survey

- 2.3.5 Although employees in the SOC Major Group 1-3 constitute the largest proportion in Scottish Borders, the group is relatively smaller than for Scotland as a whole. This is most noticeable in sub-group 3 (Associate professional & technical: 10.7% of Scottish Borders' employees are in sub-group 3 compared to 14.6% nationwide. Other sub-groups notably below the national average are professional occupations (sub-group 2), administrative and secretarial (sub-group 4), sales and customer service (sub-group 7). In contrast, Scottish Borders has significantly higher proportions of employees in skilled trades occupations (sub-group 5), as well as Major Group 8-9 (Process plant & machine operatives, Elementary occupations).
- 2.3.6 The tendency towards less skilled or senior work is also reflected in the most recent figures on qualifications. In Scottish Borders 30.7% of the population is qualified to NVQ Level 4 and above, whereas in Scotland as a whole the proportion is 33.2%.¹⁵
- 2.3.7 Table 9 compares the gross weekly pay for full-time workers by residence and by workplace. There are some stark differences to note. Full-time workers who live in Scottish Borders are earning on average £2,231 per annum more than Full-time workers who work in Scottish Borders. In other words, on average Scottish Borders residents are earning higher salaries by travelling outside the District, whilst jobs in the District are paying 10.1% less. This will add to affordability issues in Scottish Borders if its housing is serving a

¹⁴ % is a proportion of all persons in employment 16+

¹⁵ ONS annual population survey Jan-Dec 2007, quoted in NOMIS Scottish Borders Labour Market Profile, September 2008

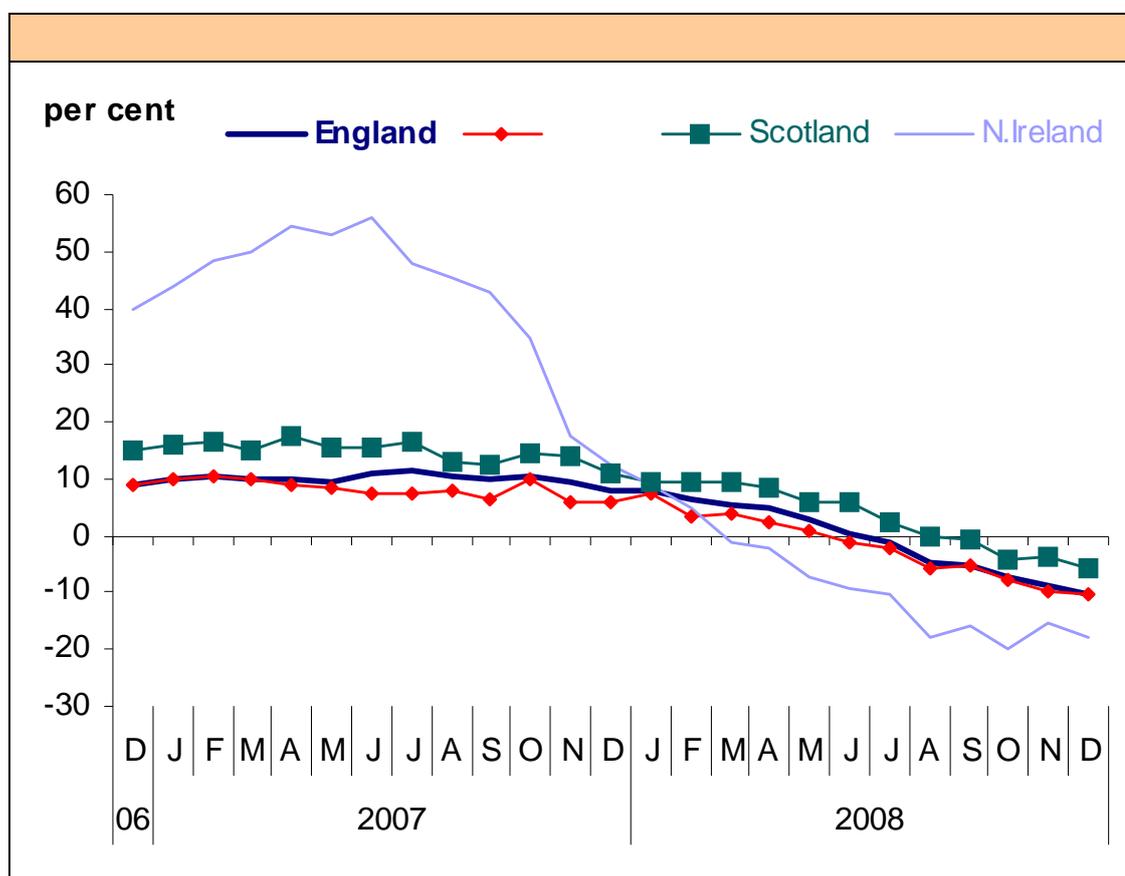
commuter population that is travelling into Edinburgh because housing in the Borders is cheaper than the capital.

	Scottish Borders	Scotland	Great Britain
Earnings by residence	£423.80	£441.00	£459.00
Earnings by workplace	£380.90	£441.50	£458.60

Source: NOMIS Labour Market Profile - ASHE 2007

2.4 The cost of housing for sale

2.4.1 The latest house price index bulletin released by the Department for Communities and Local Government, December 2008, shows that in Scotland annual house prices fell by 6.0% in the year to December 2008. The mix-adjusted mean house price in December 2008 for Scotland was £152,296, a fall of 9.1% from the high of £167,577 in June 2008.



Source: CLG House price Index - December 2008 - (12 month percentage change)

2.4.2 According to house price data released through the Registers of Scotland Executive Agency based on simple averages of all residential properties between £20,000 and £1,000,000 for the April to June Quarter 2008, the average cost of property in Scottish Borders was

¹⁶ Median earnings in pounds for employees living/working in the area

£162,988 reflecting an annual percentage change of 1.0%, but a quarterly fall of -2.3% (see Table 10 below). Scottish Borders appears to be closer to the National average than neighbouring authorities, experiencing a quarterly drop in simple average prices compared with quarterly increases evident amongst its neighbours.

	Sales	Average cost	Quarterly Percentage change	Annual Percentage change
East Lothian	544	£192,747	3.8%	0.1%
City of Edinburgh	3008	£221,209	6.3%	5.9%
Fife	2101	£142,197	4.0%	9.0%
Midlothian	439	£170,889	4.2%	1.3%
West Lothian	965	£145,729	5.3%	3.1%
Scotland	31026	£155,691	-1.7%	11.3%

Source: Registers of Scotland Executive Agency simple averages between £20,000 and £1,000,000, as at April 2008

- 2.4.3 Records of individual property sales are available through Sasines data. The actual sales of private housing in Scottish Borders during 2006 and 2007 broken down by housing market area are shown in Table 11 below. Despite the slowing of the housing market, it is clear that both the volume of sales and the price of properties were higher in 2007 than 2006. The only area where mean house prices did not increase from 2006 to 2007 was the Southern housing market area, however there was an increase in both the median and lower quartile house price in this area. Also it is important to note that the number of sales in the Southern housing market area is low.

Housing market area	Mean Price		Sales		Median Price		Lower quartile price	
	2006	2007	2006	2007	2006	2007	2006	2007
Central	£132,965	£153,826	1603	1660	£108,100	£124,125	£71,000	£86,165
Berwickshire	£169,662	£196,987	420	461	£150,000	£172,000	£98,625	£125,000
North	£204,293	£233,316	539	594	£180,000	£210,000	£120,000	£134,000
South	£268,952	£221,388	34	37	£166,825	£220,000	£136,180	£140,000

Source: Sasines house price data for Scottish Borders 2006 and 2007

- 2.4.4 Two pictures of house sales by type are shown in Table 12 and Table 13 below. Table 12 is based on a record of Scottish Borders sales gathered through local estate agents and collated by Scottish Borders Council. The number of sales and the price of flats makes this a much more affordable housing option than detached or semi-detached housing.

Table 12: House sales by housing type 2007				
Housing type	Mean Price	Sales	Median Price	Lower quartile price
Detached	£234,909	192	£224,750	£190,000
Semi-detached	£159,195	183	£147,000	£121,600
Terraced	£125,981	148	£122,000	£105,000
Flat	£89,934	276	£87,000	£70,000
Other	£181,901	30	£152,500	£138,250
Total	£150,367	829	£130,500	£93,750

Source: Scottish Borders sales gathered through local estate agents and collated by Scottish Borders Council 2008

- 2.4.5 Table 13 uses data from Sasines to estimate the range of mean house prices by type and size. With the exception of the first row, prices rise steadily as the property size increases (the larger properties, greater than 7, are based upon low numbers of sales). Equally the property type is a major determinant of price. What is interesting is that the mean prices for detached dwellings and flats particularly are very similar through both methods (Table 12 and Table 13). Scottish Borders local analysis appears to derive higher prices for semi-detached and terraced dwellings.

Number of apts	Detached	Semi-detached	Terraced	Flat	Total
1	-	-	£45,500	£138,932	£122,683
2	£121,573	£94,460	£89,317	£67,035	£70,146
3	£164,550	£104,199	£90,145	£83,016	£91,217
4	£174,480	£115,325	£101,086	£120,845	£126,083
5	£192,457	£163,901	£132,672	£169,091	£174,711
6	£228,585	£203,363	£153,793	£188,379	£217,628
7	£298,288	£217,817	£186,679	£193,176	£280,763
8	£335,726	£361,000	£215,400	-	£331,239
9	£452,732	£563,997	£264,010	-	£442,873
10	£415,450	£60,000	-	-	£401,232
11	£550,335	-	£73,500	-	£506,987
12	£685,574	-	-	-	£685,574
13	£446,667	-	-	£230,277	£360,111
Total	£228,067	£128,706	£105,644	£89,335	£135,125

Source: Sasines sales data supplied by Scottish Borders Council 2008

2.5 Entry-level housing and affordability

- 2.5.1 The latest Scottish Government guidance recommends that the lower quartile house price should be taken as a proxy for indicating entry-level property prices. Table 11 above shows the increase in the lower quartile house price for Scottish Borders from £82,050 in 2006 to £97,180 in 2007. One advantage of using this indicator is the ability to apply a consistent measure across all areas and allow meaningful comparison between areas. The entry-level property price is important for determining affordability for an assessment of housing need.
- 2.5.2 In the Scottish Borders Local Housing Assessment in 2006 the price of an entry level property was determined based upon the most recent quarter's data from the Register of Sasines¹⁷, which at the time of commission this was January-March 2006. Consequently, the entry-level price for Scottish Borders over the period January - March 2006 was determined as £75,000.
- 2.5.3 This update makes a comparison between a full year's Sasines data for 2006 with a full year's data for 2007 to look at changes in the lower quartile house prices, rather than looking at the most recent quarter's data. The important point in trying to understand what has changed in the period from 2006 to 2007 is to apply a consistent measure.
- 2.5.4 The yearly and monthly earnings that would be required for a mortgage on an entry-level property, as priced in Table 11 are shown below in Table 14. Earnings refer to gross income and assume a 100% mortgage of 3.5 times salary for single income households, and 2.9 times salary for two income households, as per the latest Scottish Government guidance.
- 2.5.5 One indicator for household income is to look at annual earnings from the ONS Annual Survey of Hours and Earnings. A limitation of using this data source is that it does not take account of non-earning households. Nevertheless it is useful to look at the ratio of median and mean earnings to lower quartile house prices as a guide to affordability issues.

Housing market area	Two income		Single income	
	Annual	PCM	Annual	PCM
Central	£29,712.07	£2,476.01	£24,618.57	£2,051.55
Berwickshire	£43,103.45	£3,591.95	£35,714.29	£2,976.19
North	£46,206.90	£3,850.57	£38,285.71	£3,190.48
South	£48,275.86	£4,022.99	£40,000.00	£3,333.33
Scottish Borders	£33,510.34	£2,792.53	£27,765.71	£2,313.81

Source: Calculated using lower quartile house prices from Sasines data 2007

- 2.5.6 A comparison of median and mean annual earnings to lower quartile house prices for 2006 and 2007 is shown in Table 15. The ratio of median earnings to lower quartile house prices

¹⁷ Register of Sasines January to March 2006. Provided by Scottish Borders Council, courtesy of the University of Paisley.

increased in Scottish Borders from 4.75:1 in 2006 to 5.34:1 in 2007, an increase of 12.5%. This widening of the gap between earnings and house prices is greater than the house price increase over the same period because according to the ASHE data, median earnings in Scottish Borders rose by just 5.3% over this period compared with a rise in lower quartile house prices of 18.4%. The ratio of mean earnings to lower quartile house prices increased from 3.79:1 in 2006 to 4.35:1 in 2007, an increase of 14.6%¹⁸.

Local Authority	2006	2007
Lower quartile house prices	£82,050	£97,180
Median annual earnings	£17,288	£18,208
Lower quartile house price divided by median earnings	4.75:1	5.34:1
Mean annual earnings	£21,628	£22,355
Lower quartile house price divided by mean earnings	3.79:1	4.35:1

Source: ONS ASHE 2006 and 2007, Sasines 2006 and 2007

- 2.5.7 Another source of information about household income is CACI paycheck data. This data for 2007 and 2008 has been used to calculate lower quartile household incomes and to look at the ratio of lower quartile incomes to lower quartile house prices discussed in paragraphs 2.5.10 and 2.7 below.
- 2.5.8 The concept of affordability is critical in the needs assessment process. The degree to which households can afford market housing is based upon the ratio between household incomes and housing costs. The needs assessment uses gross household incomes and entry-level house prices to estimate housing need for affordable housing. This involves assessing whether or not current households who are in unsuitable housing can afford suitable market housing and also applying affordability analysis to newly forming and concealed households to establish numbers of actual and potential households who are likely to be in need of affordable housing.
- 2.5.9 A household is considered unlikely to be able to afford to buy a home that costs more than 3.5 times the gross household income for a single income household or 2.9 times the gross household income for two income household. If possible, any allowance for existing equity that could be used towards the cost of home-ownership should be taken into account. A household is considered able to afford market renting where the rent payable is no more than 25 per cent of their gross household income.¹⁹ A household is taken as being able to afford a shared equity property where the rent and mortgage costs are no more than 25% of gross income.

¹⁸ The ASHE data presents lower confidence intervals for median earnings than for mean earnings and lower confidence intervals generally for more sparsely populated areas than large urban areas.

¹⁹ 'Rent payable' is the entire rent due, even if it is partially or entirely met by HB. Other housing-related costs, such as council tax and utility bills should not be included.

2.5.10 The ratio of lower quartile incomes to lower quartile house prices is a good proxy for affordability issues.

Housing market areas	2006	2007	Percentage Change
Central	4.70	5.70	21.2%
Berwickshire	6.35	7.81	22.9%
Northern	6.59	7.37	11.9%
Southern	8.57	8.76	2.1%
Scottish Borders	5.22	6.15	17.7%

Source: Sasines house price data 2006/2007, CACI paycheck data 2007/2008

2.5.11 The 2006 Local Housing Assessment for Scottish Borders used data gathered from a household survey to estimate the proportion of households unable to afford to access market housing without some form of intervention. In this review and update of the 2006 housing need model, the local household surveys remain the best source of data on which to base an estimate of affordability. However, it is important to consider the likely impact of changes to house prices and incomes since the 2006 model was completed. The best method for updating the model is to look at the percentage change in the ratio of lower quartile house prices to lower quartile incomes from 2006 to 2007 and adjust the affordability thresholds accordingly as shown in Table 17 below.

	Scottish Borders	
	Current need	New forming households
Percentage change in ratio of lower quartile income to lower quartile house prices 2006 to 2007	17.7%	
Households in need below affordability threshold 2006	56.8%	63.1%
Households in need below affordability threshold 2008	66.8%	74.3%

Source: Sasines house price data 2007, CACI paycheck data 2008

2.6 Private rented sector

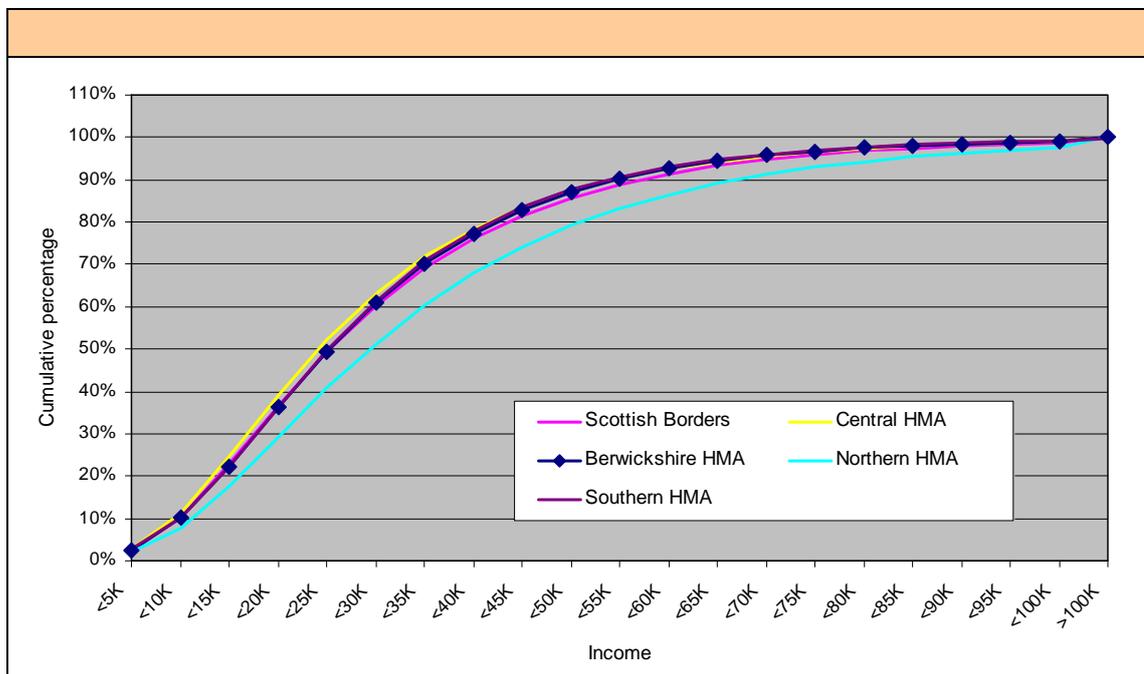
2.6.1 The private rented sector has a significant role in meeting housing need in the Scottish Borders. As of October 2008, there were 3,322 landlords registered with the Council and 6,011 properties were registered as a private rented property. However, the figure of both landlords and private rented properties is likely to be an underestimate as it is likely that there are still landlords letting out properties who are not currently registered with the local authority. There are also 112 Houses in Multiple Occupation (HMOs).

2.6.2 The private rented sector contributes to meeting housing need in the Scottish Borders through the use of Private Sector Leasing scheme and the Rent Deposit Guarantee Scheme. The Council has a Private Sector Leasing scheme, managed by Orchard and Shipman, which secures private rented properties for use as temporary accommodation for homeless households. At present there are 55 homeless households living in private rented accommodation through this scheme. In addition, the Rent Deposit Guarantee Scheme enables homeless households, or those threatened with homelessness who cannot afford a large deposit to live in this sector through the local authority guaranteeing the deposit in case of damage to the property. Thirty-five tenancies have been secured in the private rented sector through (RDGS), with a further 20 pending.²⁰

2.7 Local incomes and local house prices

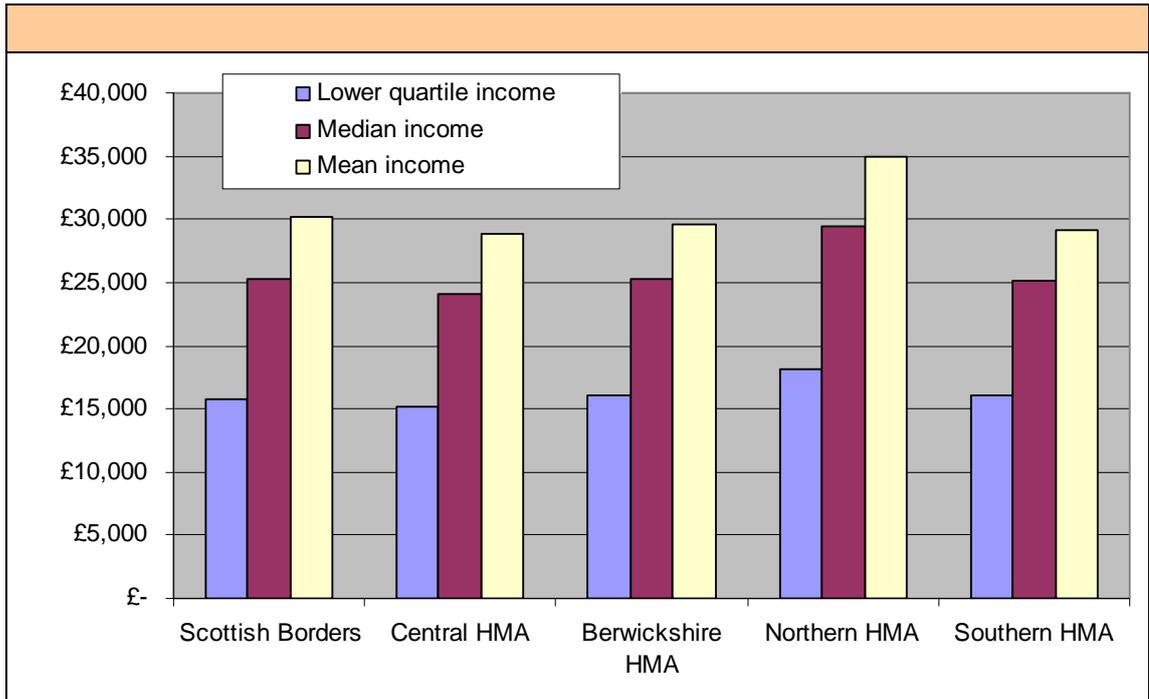
2.7.1 To build up a picture of how incomes at a local level relate to local house prices, analysis has been done that compares mean incomes to mean house prices to calculate the variation in the ratios between housing market areas.

2.7.2 The first step in this process is to look at the distribution of household incomes across the housing market areas of Scottish Borders. Based on CACI modelled income data for 2008 Figure 3 and Figure 4 below show the distribution of household incomes and the estimated gross annual mean and median incomes for each housing market area.



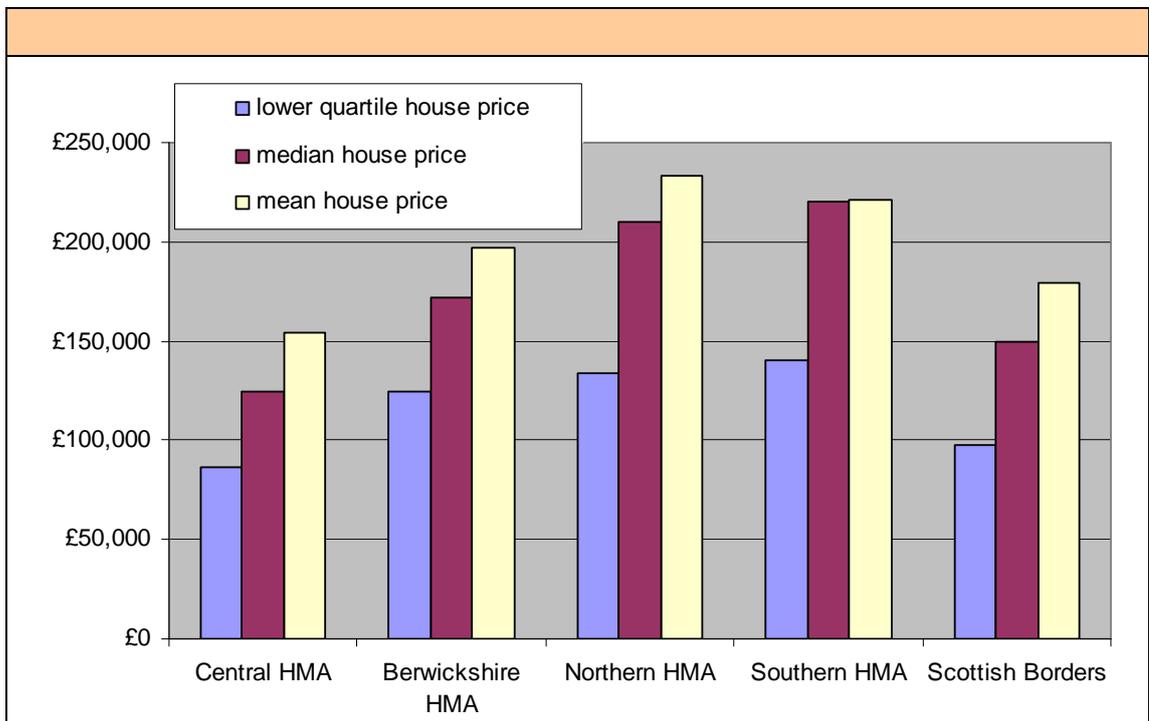
Source: CACI 2008 income values

²⁰ All data supplied by Scottish Borders Council as at 16/10.08



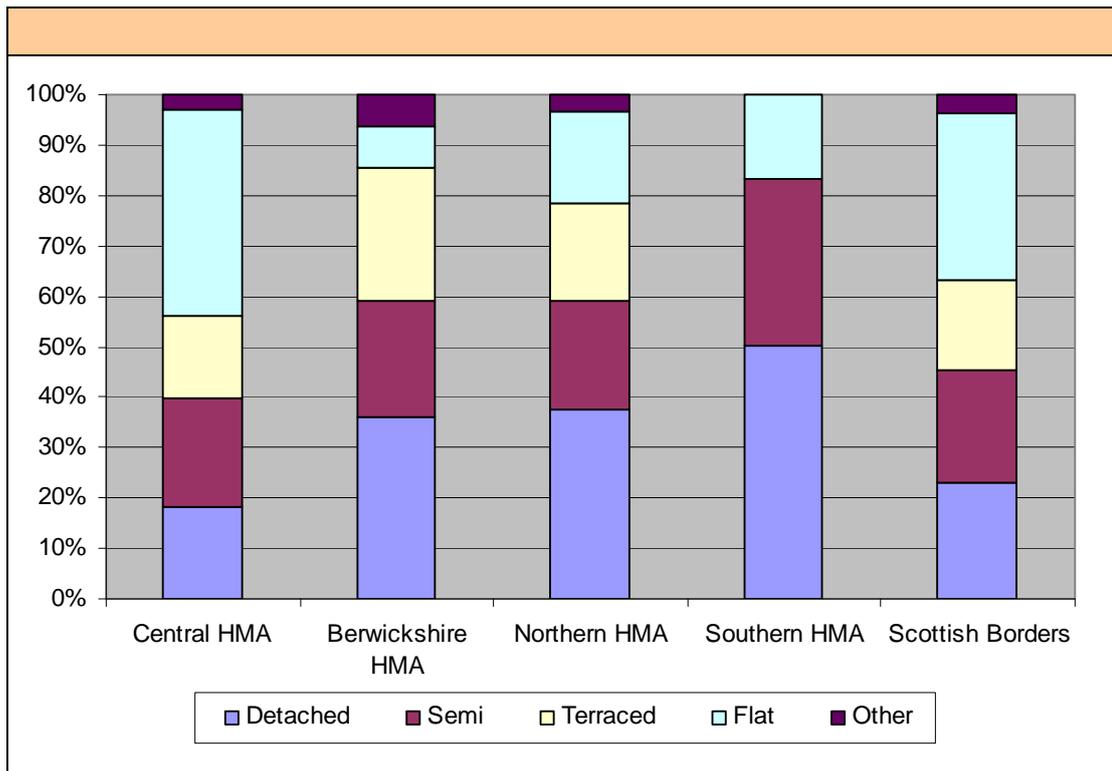
Source: CACI 2008 income values

2.7.3 Analysis of Sasines record of property sales for 2007 shows how house prices vary across the housing market areas. Figure 5 below shows the mean, median and lower quartile house price in 2007 for each housing market area in Scottish Borders.

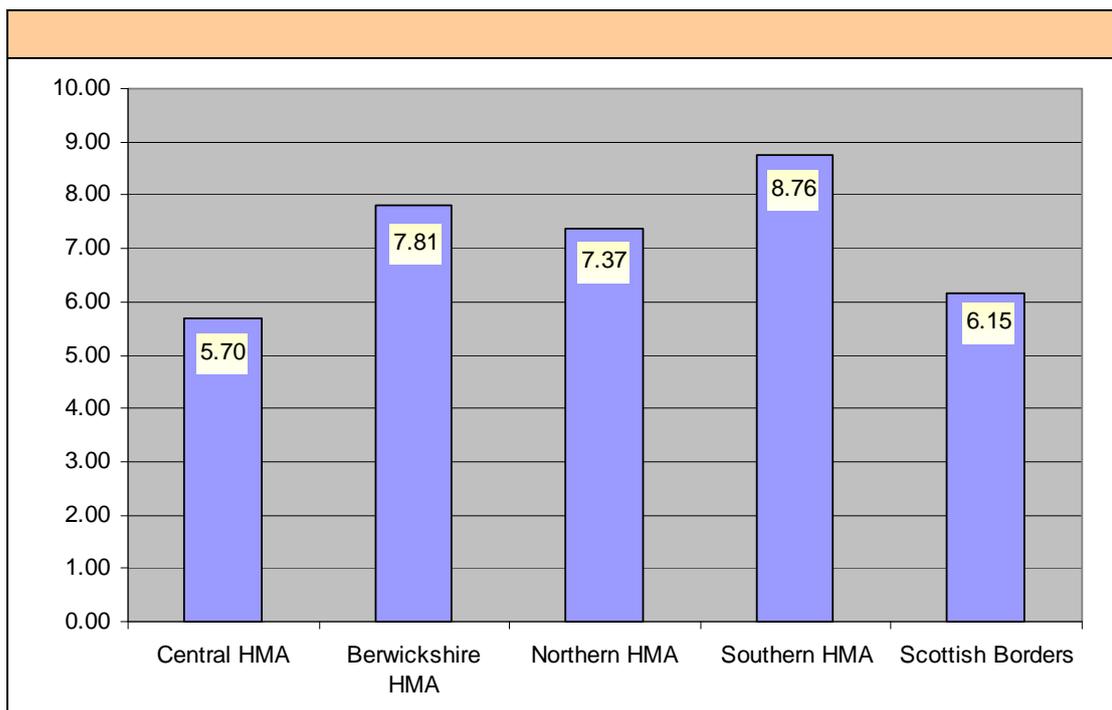


Source: Sasines data for 2007

2.7.4 It is also interesting to look at the distribution of house sales by type of property in each housing market area. Figure 6 show the proportion of sales in each housing market area throughout 2007 by one of four different housing types.



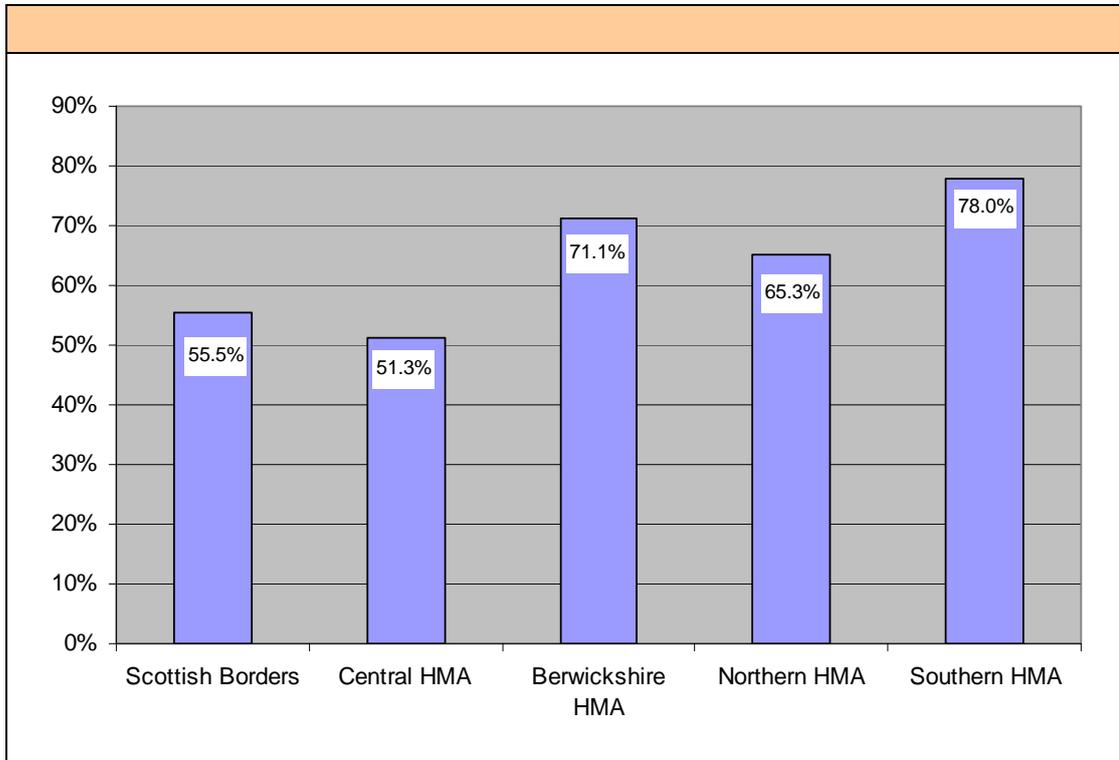
Source: 2007 house sales data from local estate agents collated by Scottish Borders Council



Source: CACI 2008/Sasines 2007

2.7.5 One indicator of affordability is to divide the lower quartile house price by the lower quartile income in each housing market area as shown above in Table 16. The resulting ratios are shown in Figure 7 above. The overall ratio in Scottish Borders is 6.15 and varies from 5.7 in the Central housing market area to 8.76 in the Southern housing market area.

2.7.6 Another indicator is to look at the proportion of households with incomes below the level required to secure a mortgage based on a 3.5 multiplier for an entry-level property shown in Figure 8.



Source: CACI 2008/Sasines 2007

2.7.7 By this measure, 55.5% of all households in Scottish Borders have incomes below the level required to secure a 100% mortgage on an entry-level property. The proportion of households with affordability problems varies from 51.3% in the Central housing market area to 78.0% in the Southern housing market area.

3. CURRENT HOUSING NEED

Step	Data items
1.1 Homeless households and those in temporary accommodation	HL1 - Homelessness Statistics Electronic Data Capture System; households in temporary accommodation
1.2 Concealed households	Census, Local House Condition Survey, Scottish Household Survey, Local Housing Registers
1.3 Overcrowding	Census, Scottish Household Survey, Scottish House Condition Survey or Local House Condition Survey, Housing Register
1.4 Support needs	Local housing registers, Local Authority and RSL transfer lists, resettlement programmes
1.5 Poor quality	Scottish House Condition Survey or Local House Condition Survey, SHQS Standard Delivery Plan
1.6 Harassment	Local authority or police records
1.7 Total current housing need (gross)	1.1 + 1.2 + 1.3 + 1.4 + 1.5 + 1.6

3.1 Assessing the need for affordable housing

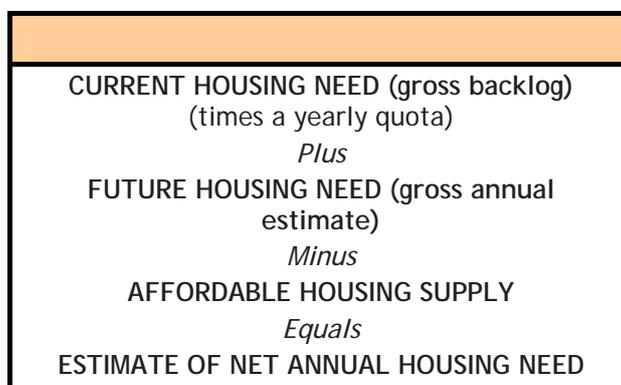
- 3.1.1 Following the latest Scottish Government guidance²², the following chapters, 3, 4 and 5, provide an update for the Scottish Borders 2006 Housing Need and Market Assessment model, based on revised affordability information and the most recent supply data. A summary table (Table 59) that brings the evidence from each of these chapters together is presented at Chapter 8, Section 8.1.
- 3.1.2 This, the first of these chapters, looks at current housing need and presents evidence for the first stage of the model. Chapter 4 presents evidence for estimating the level of future housing need and Chapter 5 considers the supply of affordable housing.
- 3.1.3 Throughout, the text and tables follow the convention of referring to the Scottish Government guidance stepped approach:
- ❑ Current housing need - steps 1.1 to 1.7
 - ❑ Future housing need - steps 2.1, 2.2, 2.3 and 2.4
 - ❑ Affordable housing supply - steps 3.1 to 3.9
 - ❑ Estimate of net annual housing need - step 1.7 minus step 3.5 multiplied by 20% plus step 2.4 minus step 3.9

²¹ *Housing Needs and Demand Assessment Guidance*, Scottish Government, March 2008, p59

²² Ibid

3.2 Defining housing need and unsuitable housing

- 3.2.1 Overall, one can talk of the housing requirements of a district and these requirements are made up of both demand and need. Households that can enter the general market without intervention of any sort are defined as demand. This is the same as the economic definition of demand in that demand will become apparent in the general housing market and has a cost relationship with supply. On the other hand, households that are unable to enter the general market without some form of intervention by public service providers are defined as need.
- 3.2.2 From the point of view of social housing providers, need is more significant. From the point of land use planning, both demand and need are relevant.
- 3.2.3 Need in this case, may also necessitate an understanding of aspirations. Much of recent government policy, not only in housing, seeks to empower citizens by taking into account the needs they identify for themselves, as opposed to those identified by “experts”. These aspirations are recognised as a legitimate basis for policy-making and should be taken into account, if possible, when assessing the housing requirements of an area. However, this can only realistically be achieved through the use of primary data collection methods such as bespoke household surveys.
- 3.2.4 **Outside Consultants** takes a pragmatic approach towards identifying housing need and demand that focuses on transparency and a clear audit trail to provide defensible data as identified by the Core Processes table in the latest Scottish guidance (see Table 2 above).
- 3.2.5 The Housing Needs Model is a dynamic tool that both measures progress towards achieving policy aims and balancing housing markets and facilitates “what-if” scenarios to measure impacts of market change or market intervention.
- 3.2.6 The Model calculates the current housing need, future housing need and affordable housing supply as annual flows to arrive at a net figure for the number of additional affordable dwellings required in a District. This model is based upon the latest Scottish Government guidance. Table 19 outlines the key stages in the model.



- 3.2.7 Each line in the model is explained in detail with supporting information. Models of housing need are very sensitive to the assumptions and interpretations made in the analysis. Our practice is to ensure that these assumptions are transparent in order that they are understood and agreed with the client before being finalised.
- 3.2.8 Having identified the scale of housing need, we can determine the range of appropriate responses to the need including the breakdown of social housing and intermediate tenures such as shared ownership and shared equity products.
- 3.2.9 Those in housing need are defined in the Scottish guidance through a series of criteria, presented in Table 20. Households who are not in housing need but would like affordable housing are excluded from this modelling section of the Housing Market Assessment.

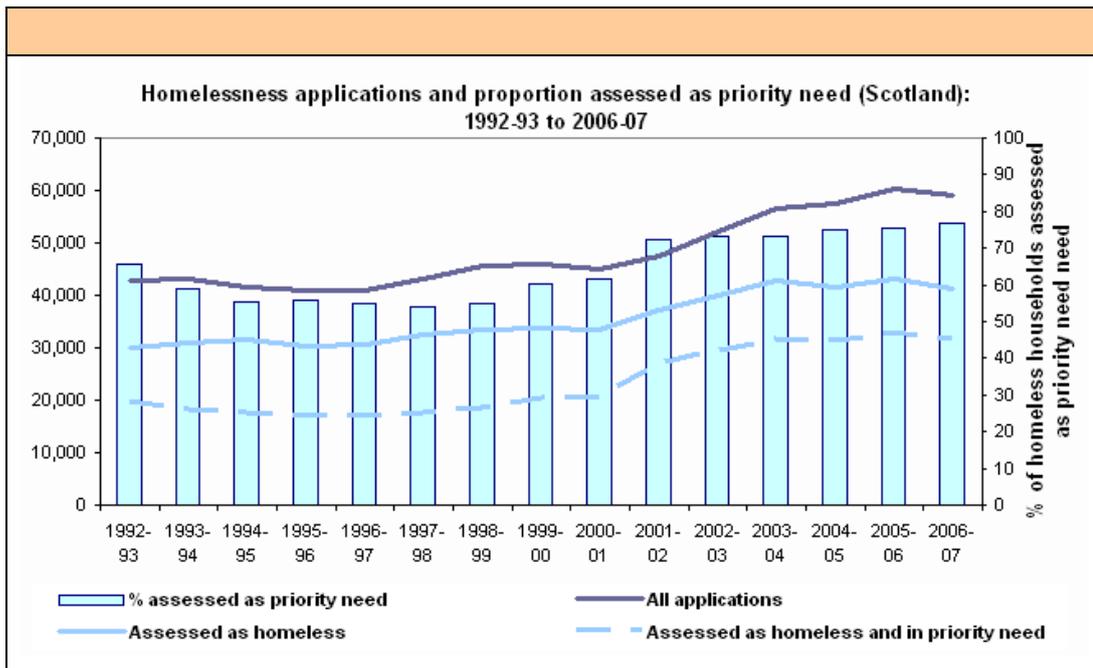
Households who lack their own housing	
Homeless households or insecure tenure	Homeless households
	Households with tenure under notice, real threat of notice or lease coming to an end; or in rent or mortgage arrears
Concealed household	Unrelated adults sharing a kitchen, bathroom or WC with another household but not sharing meals
Households living in housing that should be considered unsuitable	
Overcrowding	Overcrowded according to the bedroom standard
Support needs	Households containing people with mobility impairment or other specific needs living in unsuitable dwelling (e.g. accessed via steps)
Poor condition	Lacks a bathroom, kitchen or inside WC
	Too difficult to maintain e.g. subject to major disrepair or unfitness
Harassment	Harassment from others living in the vicinity or risk of domestic violence

- 3.2.10 It is not necessary to use the affordability measures to test whether households can afford their existing accommodation. Only households in arrears or in receipt of housing benefit should be regarded as being in housing need, on the grounds that their accommodation is too expensive. Otherwise, households should be assumed to be managing to afford their current housing.
- 3.2.11 The size of mortgage required should be compared to the entry-level price of a property of an appropriate size for the household (this is based on the size of the household whereby the bedroom standard can be applied and also the degree to which 'ideal' sized properties are available).

²³ *Housing Need and Demand Assessment Guidance*, Scottish Government, March 2008, p54

3.3 Homeless households and those in temporary accommodation

- 3.3.1 Scottish Government high-level summary statistics on homelessness report the long-term trend in homeless applications for the whole of Scotland from 1992 to 2007. The latest commentary on the Scottish government website suggests that changes in homeless legislation have had an impact on the numbers of households in temporary accommodation. In 2001, the Scottish Parliament passed legislation, which placed additional duties on councils to provide a minimum of temporary accommodation, advice and assistance to all applicants assessed as homeless. This has had a noticeable impact on applications, which has been reflected in changing assessments and outcomes for homeless households, and increased numbers of households in temporary accommodation. It is suggested that the observed increases in levels of applications since 2001 have primarily been due to the increase in the numbers of single-person households applying, with no or very little variation in applications from other households. Whilst legislative change is likely to have been an important driver of this increase as single applicants have benefited most from the changes, some of the increase may also reflect wider social change in relation to the increasing number of single young heads of households in general, as well as an increase in the rate of household dissolution following breakdown of relationships.
- 3.3.2 There is a perception that the increase in households in temporary accommodation may be tapering off with the most recent data indicating a levelling out in numbers of applications with about 59,500 applications recorded for 2006-07, representing a drop of 2.0% over the previous year. This is consistent with data from previous years, which have shown a slowing down of the rate of increase since 2003-04.



Source: Scottish Government Communities Analytical Services (Housing Statistics)²⁴

- 3.3.3 There has been a consistent increase since the mid-90s in the proportions of homeless/potentially homeless applicant households being assessed as being in priority need, which currently stands at 77.0%. Again, this increase has been more marked for single-person households.
- 3.3.4 The Homelessness Etc (Scotland) Act 2003 aims to ensure that by 2012 everyone assessed as being unintentionally homeless is entitled to settled accommodation, therefore ending the distinction between priority and non-priority cases. It is likely that in progressing towards this commitment there will appear to be increasing proportions of applicants assessed as homeless/potentially homeless and in priority need, which the Scottish government has designated as a National Indicator.
- 3.3.5 Data on the number of homeless households and those in priority need as recorded in the Local Authority statistical returns, HL1 and HL2 for the financial years 2004/05 to 2007/08 is presented in Table 21 and Table 22. Homeless and priority homeless households have increased in Scottish Borders over the last four years reflecting the national trend.

<http://www.scotland.gov.uk/Topics/Statistics/Browse/Housing-Regeneration/TrendHomelessnessApps>

Table 21: Households accepted as homeless and in priority need 2004-08								
	2004/05		2005/06		2006/07		2007/08	
	Households assessed as homeless	Priority homeless						
East Lothian	421	253	605	356	665	413	707	453
City of Edinburgh	4584	3313	4522	3538	4962	4023	4,912	4041
Fife	3759	1709	2680	1706	2659	1745	2,370	1624
Midlothian	472	365	491	388	575	484	674	549
West Lothian	1633	1185	1304	980	1426	1145	1258	1,001
Scotland	38609	29032	39923	30187	40638	31219	40649	32287

Source: HL1 and HL2 2004/05 to 2007/08, summarised tables published by Scottish Government Communities Analytical Services (Housing Statistics)

- 3.3.6 Step 1.1 of the Housing Needs Model looks at households accepted as homeless and in priority need and in temporary accommodation at 31st March.

	2005		2006		2007	
At 31 st December	Number	% all households	Number	% all households	Number	% all households
East Lothian	156	0.4	175	0.4	203	0.5
City of Edinburgh	524	0.3	559	0.3	684	0.3
Fife	354	0.2	376	0.2	422	0.3
Midlothian	119	0.4	204	0.6	160	0.5
West Lothian	248	0.4	302	0.4	351	0.5
Scotland	7596	0.3	8626	0.4	8633	0.4

Source: HL1 and HL2 2004/05 to 2006/07, summarised tables published by Scottish Government Communities Analytical Services (Housing Statistics)

- 3.3.7 A high level summary of lets to homeless households in Scotland as a whole shows that while the number of local authority lets overall have been falling over the past couple of years, the proportion of lets to homeless households have increased, with the latest figures confirming the observed upward trend: in 2006-07, 34.0% of all local authority lettings were to homeless households, compared to 17% for 2001-02. SCORE data for 2007/08 shows that 20.0% of Scottish Borders social housing re-lets were to statutorily homeless households.

²⁵ Scottish Borders figures differ from published figures and reflect local corrections to previously submitted data

3.4 Condition of housing stock

3.4.1 The Scottish Housing Quality Standard (SHQS) was introduced in 2004, which set a criterion in which to monitor the standard and condition of housing. The SHQS applies to all tenures, and local authorities are advised to monitor the condition of private housing using this standard, although local authorities cannot enforce this standard in private properties. However, Registered Social Landlords have been given until 2015 to ensure that all of their stock meets the SHQS. Table 23 below shows findings from the Scottish House Condition Survey for 2007, showing information on the number of properties meeting the SHQS in Scotland. It shows that the majority failed to meet the standard, with 74.0% failing to meet the SHQS.

	SHQS (unobtainables reapportioned)		Unweighted sample size
	000s	%	
Pass	593	26.0	699
Fail	1721	74.0	2201
Total	2314	100.0	2900

Source: Scottish House Condition Survey 2007

3.4.2 However, Scottish Borders Council collects data on the improvements made by RSLs to meet this standard and recent data indicates that 37.0% of properties met this standard as of 31st March 2008. Further information on the condition of property in private sector housing in the Scottish Borders will be available in early 2009, as the findings of a Private Sector House Condition Survey will be completed by this time.

RSL	Total stock	Total stock meeting SHQS	% of Borders stock meeting SHQS
Ark HA	6	6	100.0%
Berwickshire HA	1,715	989	58.0%
Bield HA	138	58	42.0%
Cairn HA	135	8	7.0%
Eildon HA	1812	1771	98.0%
Hanover HA	232	N/A	N/A
Link HA	105	N/A	N/A
MBHA	39	0	0.0%
SBHA	5,990	899	15.0%
Trust HA	87	21	24.0%
Waverley Housing	1,547	582	37.0%
Total	11,806	4,334	37.0%

Source: Data collected by Scottish Borders Council from Scottish Borders RSLs N/A - *not available*

3.5 Over-crowding, concealed households and other unsuitably housed groups

- 3.5.1 Steps 1.2 to 1.6 of the model are about defining the level of current housing need based on households that are currently unsuitably housed. For the purposes of this update the best source of data remains the household survey undertaken as part of the Local Housing Assessment in 2006. The household survey indicated a total of 5,250²⁶ households in Scottish Borders to be in need of alternative accommodation to better suit their needs. This includes all households that meet one or more of the criteria defined in Table 20 above and whose household income is below that required to resolve their housing need.
- 3.5.2 It is likely that a proportion of households living in unsuitable accommodation will be able to move to more appropriate accommodation through their own resources. An assumption has been made that households with incomes above the affordability threshold should be discounted from the estimate of households in current need. Because of changes to local incomes and to house prices over the last two years, described above in Chapter 2, the proportion of households estimated to be unable to afford to affect their own solution has been updated from that used in the 2006 model. The revised affordability rates are taken from analysis presented at Table 17 above.

Households in unsuitable housing	5250
Households who can afford to move	1741
Unsuitably housed & unable to afford own solution	3509

Source: Local Housing Need Assessment 2006 - household survey data

3.6 Total current housing need (gross per year)

- 3.6.1 Table 26 shows the estimated level of current housing need, based on the number of households in temporary accommodation at 31st December 2007 (in Table 22), and the number of households in unsuitable housing unable to afford to move to more suitable accommodation (Step 1.2 to step 1.6 in Table 25).
- 3.6.2 The estimated level of current housing need as a proportion of the total households in Scottish Borders is 6.6%.

²⁶ Step 1 of 2006 model, described in paragraph 6.4 of Chapter 6 (page 112), Scottish Borders Local Housing Assessment 2006

Table 26: Current Housing Need	
	Scottish Borders
Step 1.1	110
Steps 1.2 to 1.6	3509
Step 1.7	3619
Proportion of total households	6.6%

Source: Table 22 and Table 25 above

- 3.6.3 There are alternative methods for estimating the level of current need based on secondary data as suggested in recent guidance and detailed in Table 18 above, either through a combination of Census and local housing statistics or through the housing register. This current Update has made use of secondary data sources where appropriate to complement and enhance the 2006 Local Housing Assessment.
- 3.6.4 Details of the calculations involved can be referenced in the Scottish Borders Local Housing Need Assessment 2006.²⁷

²⁷ Step 1 of 2006 model, described in paragraph 6.4 of Chapter 6 (page 112), Scottish Borders Local Housing Assessment 2006

4. FUTURE HOUSING NEED

Step	Data items
2.1 New household formation (net change)	Census, General Register Office for Scotland (from Chapters 3 and 4)
2.2 Proportion of new households unable to buy or rent in the market	Entry level rents/property prices identified in Chapter 3, Mortgage lenders, LA/RSL databases
2.3 Existing households falling into need	Housing register, LA/RSL data, tenants surveys
2.4 Total newly arising housing need	$(2.1 \times 2.2) + 2.3$

4.1 New household formation

- 4.1.1 As with the assessment of current housing need, there are different methods for estimating the annual rate of newly arising need. The preferred method in this update review is to rely on the evidence presented in the 2006 Local Housing Assessment household survey data, which states the gross new household formation in Scottish Borders as 544 per annum. This is the figure that appears at line 13 of the 2006 housing need models²⁹ and is based on evidence from the household survey of the number of new households that formed in the previous year as first homes or new homes resulting from previous household splits.
- 4.1.2 Alternative methods rely on secondary data using either household projections or looking at recent acceptances on to the housing register.
- 4.1.3 Paragraph 2.2.5 and 2.2.6 set out the estimate of future household change incorporated into the Council's Structure Plan Alteration. The annual average additional requirement of 580 equates closely with the output from the Housing Need and Demand Assessment.

4.2 Newly forming households unable to buy or rent in the market

- 4.2.1 In the previous housing need model for Scottish Borders, 63.1% of new forming households were found to be unable to buy or rent in the market. Evidence of the widening of the gap between lower quartile incomes and lower quartile house prices discussed above in Chapter 2, suggest that there is likely to have been an increase in the proportion unable to afford to buy or rent in the market. Between 2006 and 2007, the ratio of lower quartile house prices to lower quartile incomes increased by 17.7% in Scottish Borders. If this proportional increase were applied to the thresholds of 63.1%, the revised threshold would increase to 74.3%.

²⁸ *Housing Need and Demand Assessment Guidance*, Scottish Government, March 2008, p63

²⁹ Scottish Borders Local Housing Assessment 2006, paragraph 6.6, Chapter 6 (page 114)

4.3 Existing households falling into need

4.3.1 An estimate of the annual number of existing households falling into need is assumed on the basis of the number of households that are accepted as priority homeless during the last financial year. The number of households assessed as being priority homeless in Scottish Borders for 2007/08 is 596 and is shown in Table 21 above.

4.4 Total newly arising housing need

4.4.1 Taking steps 2.1 to 2.3 an estimate of newly arising need is shown in Table 28. The number of new households falling into need as a proportion of total households in Scottish Borders is 2.0%.

	Scottish Borders
Step 2.1 - new household formation	544
Step 2.2 - % unable to buy or rent in the market	74.3%
Step 2.3 - existing households falling into need	596
Step 2.4 - total newly arising need	1,000
% of total households	2.0%

Source: Housing Need and Market Assessment 2006 - household survey data

5. AFFORDABLE HOUSING SUPPLY

Data required to calculate existing affordable housing stock available to meet housing need	
Step	Data items
3.1 Affordable dwellings occupied by households in need	Housing Register, Local Authority and RSL transfer lists, Over-crowding data
3.2 Additional supply associated with reducing void levels (surplus stock)	Local Authority and RSL records
3.3 Planned supply of new affordable housing	Development programmes of affordable housing providers (RSLs, developers, LAs), and intermediate housing products, Section 75 agreements
3.4 Units to be taken out of management	Demolition and conversions programmes of LAs, RSLs, Regeneration\Pathfinder Schemes
3.5 Total affordable housing stock available	3.1 + 3.2 + 3.3 - 3.4
Data required to calculate future annual supply of affordable housing	
3.6 Annual supply of social re-lets (including annual supply of re-lets associated with steps 3.1 and 3.2) and new lets associated with annual new build programme)	Lettings/voids system for providers, LA and RSLs, APSR and SCORE data for RSLs, Housing Statistics for Scotland web tables
3.7 Annual supply of intermediate affordable housing available for re-let or resale at sub market levels and new supply associated with annual new build programme	LA, RSL and other providers' lettings/voids system and data on re-sales of intermediate affordable housing products
3.8 Annual number of units to be taken out of management (excluding those counted in step 3.4)	Local authority and RSL data (e.g. Standard Delivery Plans)
3.9 Annual future supply of affordable housing	3.6 + 3.7 - 3.8

5.1 Affordable dwellings occupied by households in need

- 5.1.1 It is first necessary to estimate the number of dwellings vacated by current occupiers that are fit for use by other households in need. This is an important consideration in establishing the *net* levels of housing need, as the movement of these households within affordable housing will have a nil effect in terms of housing need.
- 5.1.2 Having reviewed the 2006 methodology and the alternative secondary data sources to establish the number of affordable dwellings occupied by households in need, it was agreed

³⁰ *Housing Need and Demand Assessment Guidance*, Scottish Government, March 2008, p66-68

that the most effective and efficient approach in this instance was to refer to the previous housing need model in 2006, where 2,235 households in Scottish Borders that were in unsuitable housing were already living in social housing.

5.2 Surplus stock

5.2.1 If there is surplus social housing stock this needs to be accounted for in the assessment. A certain level of voids is normal and allows for transfers and works on properties. However, where the rate is in excess of 3 per cent and properties are vacant for considerable periods of time, these should be counted as surplus stock.

5.2.2 According to the APSR return 2007/8, Scottish Borders levels of vacant are below 3 per cent.

5.3 Committed supply of new affordable units

5.3.1 It is important to take account of the new (i.e. new build and conversions) social rented and intermediate affordable dwellings that are committed at the point of the assessment. Where possible this number should be recorded with information on size also.

5.3.2 Data collated by the Scottish Government from individual social housing provider returns³¹ shows the number of completions for 2006/07 in Scottish Borders to be 60 (made up of 52 HAG rent, 8 RHOGs) and for 2007/08 to be 83 (made up of 75 HAG rent, 6 LCHO and 2 RHOGs).

5.4 Total affordable housing stock available

5.4.1 This is the sum of:

- Dwellings currently occupied by households in need
- Surplus stock
- and committed additional housing stock
- minus units to be taken out of management

	Scottish Borders
Dwellings currently occupied by households in need	2235
Surplus stock	0
Committed additional housing stock	83
Units to be taken out of management	4
Total at Step 3.5	2314

³¹ APSR returns for 2007/08 to Scottish Regulator

5.5 Future annual supply of social re-lets

- 5.5.1 A record of all re-lets of social housing are recorded on each social housing provider's APSR return. These re-let figures include general housing, sheltered and very sheltered housing as well as properties let to existing tenants. For the purpose of the housing need model, only properties that come up for re-let to a new household are counted at step 3.6. Table 31 below shows the gross re-lets in Scottish Borders for 2007/08. SCORE data for the same period indicates that 26.2% of re-lets were to households that are already tenants living in social housing. This implies an estimated total of 911 net re-lets in 2007/08, which is the number used at step 3.6 of the model.
- 5.5.2 Scottish Borders has a social housing stock of 11,603 units. The gross re-lets in 2007/08 imply a turnover of 10.6% of the stock, with 7.8% of the stock becoming available to new social housing tenants.

	Scottish Borders
All re-lets in Scottish Borders 2007/08	1234
Proportion of re-lets to social housing tenants (transfers)	26.2%
Re-lets minus estimated transfers	911
Gross re-lets as proportion of social stock	10.6%
Net re-lets as proportion of social stock	7.8%

Source: APSR 2007/08, SCORE data 2007/08

5.6 Future annual supply of intermediate affordable housing

- 5.6.1 The number of intermediate affordable housing units that come up for re-let or re-sale will increasingly play a role in the overall supply of affordable housing. Where operators of intermediate housing schemes monitor this, it is useful to include it in the supply figures. However, it should only include those properties that meet the definition of intermediate affordable housing. It should not include properties that are no longer affordable, such as social rented homes bought under the Right-to-Buy or shared equity homes where the purchaser has entirely bought out the landlord's share.
- 5.6.2 Where homes may be bought back as affordable housing by a RSL, or the money received by the landlord is used to fund future shared equity schemes through the recycling of capital grant, these units should be counted under the supply of new affordable housing (step 3.3).
- 5.6.3 At this point in time, there is no evidence of intermediate affordable housing units that have come up for re-let or re-sale that will result in net reductions in supply.

5.7 Units to be taken out of management

- 5.7.1 Any empty properties that are due for demolition over the assessment period should be taken out of the overall calculation of stock, as they will not be available to meet need

(excluding those counted in Step 3.4). This should not include right to buy sales, as local authorities are not required to re-house these households.

5.7.2 At this point in time, there is no evidence of housing units that are to be taken out of management.

5.8 Future annual supply of affordable housing units

5.8.1 This is the sum of:

- ❑ Social rented units, and
- ❑ Intermediate affordable units
- ❑ Minus units to be taken out of management

5.8.2 Steps 3.6 to 3.8 are brought together in Table 32. Future annual supply of affordable housing units as a proportion of the total number of households in Scottish Borders is 1.7%.

	Scottish Borders
Social rented units	911
Intermediate units	0
Units to be taken out of management	0
Total (Step 3.9)	911
% of total households	1.7%

6. DEMAND FOR AFFORDABLE HOUSING

6.1 Introduction

6.1.1 This chapter looks at the current supply of social housing stock in Scottish Borders by type and size, and a breakdown of the demand for social housing as indicated by households that have been recently housed and households currently on a waiting list for social housing.

6.2 Social housing stock

6.2.1 Information collated from individual RSLs through the APSR return is available in a summarised form on the Scottish Housing Regulator's website. The latest available data for 2006/07 shows Scottish Borders to have a total of 11,886 social housing units, with four main providers holding 93.8% of the stock; Berwickshire Housing Association, Scottish Borders Housing Association, Waverley Housing Association and Eildon Housing Association. Berwickshire Housing Association, Scottish Borders Housing Association and Waverley Housing Association are classed in peer group 7 (LSVT >1000 units) and Eildon Housing Association is in peer group 2 (rural).

6.2.2 Updated information based on Scottish Borders Council RSL Annual Survey 2008 listed the total social housing stock as 11,589 units. Table 33 below shows a breakdown of the stock by RSL and apartment size. The four main providers, Berwickshire Housing Association, Scottish Borders Housing Association, Waverley Housing Association and Eildon Housing Association hold 94.2% of the stock. Of all the social housing stock, 2.5% is one apartment units, 34.4% is two apartment units, 40.5% is three apartment units, 20.4% is four apartment units and 2.2% is five or more.

Table 33: RSL social housing stock 2008						
Social housing provider	Apartment size					Total number of units
	1	2	3	4	5+	
Eildon HA	0	1007	425	282	30	1744
Berwickshire HA	57	425	774	457	19	135
Scottish Borders HA	135	1792	2755	1111	110	5903
Waverley Housing	3	252	700	491	96	1542
Bield HA	20	98	12	5	0	135
Cairn HA	42	63	3	0	0	108
Hanover (Scotland) HA	0	224	7	1	1	233
Link Group	6	78	12	10	0	106
Trust HA	29	51	4	2	0	86
Total	292	3990	4692	2359	256	11589

Source: Scottish Borders Council RSL Annual Survey 2008

- 6.2.3 The vast majority of the housing stock is general needs housing (84.5% of main four providers stock). Roughly 4.3% of the stock is sheltered housing with a further 0.4% very sheltered housing (Eildon HA being the only provider), and 6.1% adapted to cope with medium dependency.
- 6.2.4 Eildon Housing Association also holds a small number of non-self contained units (39) and a small number of shared ownership units (104). There are a handful of other shared ownership units in Scottish Borders giving a total of 115 provided by Berwickshire HA (3), Hanover HA (7), and Link group (1).

Social housing provider	Self contained units	% General housing	% Sheltered	% Very Sheltered	% Medium dependency	% Wheelchair housing	% Ambulant disabled	% Other adapted
Eildon HA	1,729	60.3	5.0	2.5	27.6	3.8	0.8	0.0
Berwickshire HA	1,718	80.4	5.2	0.0	10.9	1.3	2.0	0.0
Scottish Borders HA	5,982	88.8	4.9	0.0	0.0	0.7	0.0	5.6
Waverley Housing	1,548	99.5	0.0	0.0	0.0	0.1	0.4	0.0
Ark HA	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bield HA	138	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cairn HA	111	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Hanover (Scotland) HA	238	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Link Group	105	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Margaret Blackwood HA	39	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Trust HA	87	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	11,697	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: APSR data collated by Scottish Housing Regulator N/A - not available

6.3 Lettings

- 6.3.1 SCORE data for 2007/08 shows annual lettings into social housing stock and the characteristics of households that have been housed. In Table 35 below, the Central housing market area accounts for 71.9% of the annual lettings in 2007/08 and the Southern housing market area just 0.6%. Overall, 15.5% of lets were to single older people (26.3% of the lets in the Northern housing market area), 22.5% to single adults and 26.2% to households with children.

Household composition	Housing Market Area (Row %)				Scottish Borders Total (Col %)
	Berwickshire	Central	Northern	Southern	
Single older person	18.9	63.2	16.8	1.1	15.5
Older couple	17.6	63.2	19.1	0	5.7
Single adult	19.3	72.1	8.2	0.4	22.5
2 adults	15.2	75.0	8.7	1.1	7.7
3 or more adults	22.2	55.6	22.2	0	1.5
1 adult & child/ren	26.1	61.1	11.5	1.3	13.2
2 adults & child/ren	24.8	64.5	10.6	0	11.8
3 or more adults & child/ren	28.6	42.9	21.4	7.1	1.2
Mixed adult & older person/s	20.0	70.0	10.0	0	1.7
Other households	3.9	95.2	0.9	0	19.2
Total	17.6	71.9	9.9	0.6	100.0

Source: SCORE data 2007/08

- 6.3.2 Of all lets in 2007/08, 5.1% were to housing with amenity/alarms, 13.2% were to sheltered/warden property, 78.5% were general needs housing and 3.2% were to shared living/other accommodation. With less than five percent of the social housing stock being classed as sheltered/very sheltered it would appear that a higher proportion of such stock comes up for re-let than amongst the general housing stock.
- 6.3.3 The proportion of annual lets in 2007/08 that were let to existing tenants of social housing was 29.2% across the whole of Scottish Borders and was as high as 39.2% in the Berwickshire housing market area and 31.0% in the Northern housing market area.

Table 36: Lets by previous tenancy 2007-08					
Previous tenancy	Housing Market Area (Col %)				Scottish Borders Total (Col %)
	Berwickshire	Central	Northern	Southern	
Renting from this HA	27.0	11.1	17.2	0	14.7
Renting: LA	5.9	5.2	5.2	42.9	5.6
Renting: other HA / Co-op	6.4	9.7	8.6	0	8.9
Renting privately	13.7	16.1	20.7	42.9	16.3
Renting with job	1.5	1.2	0.9	0	1.2
Owning/ buying	3.4	8.1	14.7	0	7.8
Immediate family ³²	18.1	9.4	15.5	14.3	11.8
Friends/ Relatives	5.4	16.4	8.6	0	13.3
Partner	0.5	1.3	0	0	1.0
B & B/temporary Accommodation	8.8	5.2	6.0	0	6.0
Institution	5.9	0.7	0.9	0	1.7
Supported Accommodation	1.0	0.5	0	0	0.6
Caravan	0	0.5	0.9	0	0.5
Roofless/NFA ³³	0	0.5	0.9	0	0.5
Other	2.5	14.0	0	0	10.2
Total	100.0	100.0	100.0	100.0	100.0

Source: SCORE data 2007/08

- 6.3.4 A comparison of annual lets by apartment size with the overall distribution of social housing by apartment size, shows a disproportionate number of smaller properties coming up for re-let than is represented in the stock profile so that whilst 2.4% of the stock is one apartment, 5.8% of annual lets were one apartment and 44.5% were to two apartment properties which accounts for 34.7% of the social housing stock.

Apartment size	Housing Market Area (Col %)				Scottish Borders Total (Col %)
	Berwickshire	Central	Northern	Southern	
One	6.2	6.3	1.7	0.0	5.8
Two	36.2	45.8	50.0	42.9	44.5
Three	37.1	35.0	28.8	42.9	34.8
Four	18.6	11.5	11.9	14.3	12.8
Five plus	2.0	1.4	7.5	0.0	2.2
Total	100.0	100.0	100.0	100.0	100.0

Source: SCORE data 2007/08

³² Definition of Intermediate Family: sharing accommodation owned or rented by their immediate family (i.e. parents and or siblings) on a long term basis. This includes those leaving the parental home for the first time.

³³ Definition of Roofless/NFA: Was living without a fixed abode (e.g. living on the streets, squatting, living with friends/family on an occasional or temporary basis).

- 6.3.5 Flats dominate the re-let numbers accounting for 70.4% of all lets in 2007/08. This is particularly true of the Central housing market area. Houses and bungalows are proportionally more available in the Berwickshire housing market area.

Property type	Housing Market Area (Col %)				Scottish Borders Total
	Berwickshire	Central	Northern	Southern	
Flat/maisonette: multi-storey block	16.2	21.1	19.5	0	19.9
Flat: 4 in a block	15.7	16.9	35.6	28.6	18.6
Flat: tenement and other	16.7	38.2	15.3	0	31.9
House	34.3	20.4	23.7	57.1	23.4
Bungalow	14.3	1.3	5.1	14.3	4.0
Other	2.9	2.1	0.8	0	2.1
Total	100.0	100.0	100.0	100.0	100.0

Source: SCORE data 2007/08

- 6.3.6 Just over a fifth (20.1%) of all lets in 2007/08 were to two apartment flats (tenement and other). The next most significant letting types are to two apartment flat/maisonettes in multi-storey blocks (11.4%) and three apartment houses (11.4%).

Property type	Apartments					Total (Table %)
	1	2	3	4	5+	
Flat/maisonette: multi-storey block	1.1	11.4	6.1	1.4	0.0	19.9
Flat: 4 in a block	0.5	8.1	8.6	1.3	0.1	18.6
Flat: tenement and other	3.0	20.1	7.3	1.2	0.4	32.0
House	0.0	2.0	11.4	8.4	1.6	23.5
Bungalow	0.1	2.3	1.3	0.3	0.1	4.0
Other	1.1	0.7	0.2	0.1	0.0	2.0
Total	5.8	44.5	34.8	12.8	2.2	100.0

Source: SCORE data 2007/08

6.4 Housing waiting lists

- 6.4.1 Three of the four main RSLs in Scottish Borders, (Berwickshire HA, Waverley HA and Eildon HA) operate a common housing register, Borders Choice Homes. Scottish Borders Housing Association, the largest RSL in the Scottish Borders area, operates its own housing waiting list. As at the 31st March 2008, there were 5,395 people on the Borders Choice Homes waiting list and 2,642 people on the Scottish Borders HA waiting list. In October 2007 a Choice Based Lettings system was introduced which has an impact on the reporting of re-lets in the 2007/08 APSR return.

- 6.4.2 During 2007/08, 1,254 households were added to the Scottish Borders HA waiting list and 164 applicants were suspended. 97 households are on the waiting list for sheltered housing.

Table 40 below shows the size and location of desired properties for applicants on the Scottish Borders HA waiting list based on the first location choice (households can register an interest in multiple locations). Just over half, (50.9%) require one bedroom, 28.3% two bedrooms, 14.7% three bedrooms, 4.6% four bedrooms and 1.5% five or more bedrooms.

- 6.4.3 Table 40 lists first choice locations by popularity. The three most requested locations are Peebles (13.7%), Central Galashiels (13.2%) and Kelso Town (8.1%).
- 6.4.4 In terms of applicants for sheltered housing, 92 out of 97 applicants require one bedroom. Again the most popular location is Peebles, followed by Selkirk Town and then Central Galashiels.

Table 40: SBHA applicants housing choice by size and location 31/03/08						
Location	Bedrooms					
	One	Two	Three	Four	Five +	Total
Peebles	185	93	38	18	5	339
Galashiels - Central	176	102	36	9	3	326
Kelso Town	101	47	36	12	4	200
Selkirk - Town	96	47	23	7	1	174
Jedburgh Town	66	27	24	8	2	127
Galashiels - Balmoral	50	35	22	7	3	117
Innerleithen	63	24	11	3		101
Hawick Burnfoot	36	29	27	7	1	100
Galashiels - Langlee	39	33	15	6	2	95
Hawick Central	55	28	9	1	1	94
Stirches/Silverbuthall	31	23	17	8		79
Melrose	29	29	11	2	3	74
Earlston	28	24	10	2	2	66
Hawick West End	33	17	9	4	2	65
West Linton	23	12	4	1		40
Lauder	19	6	12		1	38
Selkirk - Bannerfield	14	14	3	3		34
Galashiels - Wood Street	13	10	5	3		31
Hawick Weensland	17	7	5	2		31
St Boswells	14	10	6	1		31
Galashiels - Glendinning	13	7	3	2	1	26
Galashiels - Netherdale	14	7	3		1	25
Hawick Wilton	15	4	5			24
Ancrum	13	5	3			21
Newcastleton	16	3	1			20
Newtown St Boswells	10	7	1	2		20
Other	91	51	24	6	5	177
Total	1260	701	363	114	37	2475
Row %	50.9%	28.3%	14.7%	4.6%	1.5%	100.0%

Source: SBHA local housing register - general housing applicants as at 31/03/08

- 6.4.5 The following analysis refers to applicants on the Borders Choice Homes waiting list. Table 41 shows the number of applicants by the length of time they have been on the waiting list³⁴. Two thirds of the applicants have been on the waiting list for less than two years a good indication of the currency of data. Only 5.9% of applicants have been on the list for more than five years.

³⁴ This is based on a calculation of the difference between "create date" and 31/03/08 when the data was downloaded

Table 41: Applicants by length of time on BCH register 31/03/08		
Time on register	Number	Percent
<6 months	1720	31.9%
6 months to 1 year	1085	20.1%
1-2 years	1326	24.6%
2-3 years	577	10.7%
3-4 years	235	4.4%
4-5 years	128	2.4%
5-6 years	120	2.2%
6-7 years	51	0.9%
>7 years	153	2.8%
Total	5395	100.0%

Source: Data download from Borders Choice Homes housing register as at 31/03/08

- 6.4.6 The age and gender breakdown of main applicants is shown in Table 42. Overall there are more women than men recorded as the main applicant, 54.3% to 45.7%. The gender difference is most apparent amongst younger applicants where a fifth (20.5%) of female applicants are aged under 25 compared with 14.3% of male applicants. Male applicants are more dominant in the age group 45 to 74, 38.5% compared with 28.3%. Amongst those aged over 75 women again become more dominant, 7.4% against 5.4%.

Age group of main applicant	Female		Male		Total	
	Number	Percent	Number	Percent	Number	Percent
Under 18	70	2.4%	38	1.5%	108	2.0%
Young person 18-24	529	18.1%	316	12.8%	845	15.7%
Adult 25-34	655	22.4%	561	22.8%	1216	22.6%
Adult 35-44	625	21.4%	467	19.0%	1092	20.3%
Adult 45-54	377	12.9%	374	15.2%	751	13.9%
Adult 55-64	270	9.2%	328	13.3%	598	11.1%
Adult 65-74	180	6.2%	246	10.0%	426	7.9%
Adult 75-84	155	5.3%	111	4.5%	266	4.9%
Adult 85+	61	2.1%	22	0.9%	83	1.5%
Total	2922	100.0%	2463	100.0%	5385	100.0%

Source: Data download from Borders Choice Homes housing register as at 31/03/08

Table 43: BCH applicant households by size 31/03/08		
Household size	Number	Percent
One person	2347	43.5%
Two people	1614	29.9%
Three people	730	13.5%
Four people	478	8.9%
Five or more people	226	4.2%
Total	5395	100.0%
Average household size	2.02	

Source: Data download from Borders Choice Homes housing register as at 31/03/08

- 6.4.7 A comparison of household size by required bedrooms is shown in Table 44. All the single person households and almost two thirds of the two person households are recorded as requiring one bedroom. The average household size for applicants on the waiting list is 2.02 and the average bedroom requirement is 1.53. In all 87.1% of applicants are recorded as requiring one or two bedrooms, which compares with 78.4% of SBHA applicants. SCORE data for 2007/08 reveals that re-lets to one and two bedroom properties accounted for 50.3% of the annual re-lets in Scottish Borders. The social housing stock profile indicates that 37.1% of the stock is either one or two apartment size. Housing waiting list data may imply that there is a shortage of one and two bedroom properties in Scottish Borders or that housing applicants are being ungenerously assessed for their bedroom requirement.

Bedroom requirement	Household size (Table %)					
	One	Two	Three	Four	Five plus	Total
One	43.5%	19.4%	0.0%	0.0%	0.0%	62.9%
Two	0.0%	10.5%	10.4%	3.3%	0.0%	24.2%
Three	0.0%	0.0%	3.2%	4.9%	2.7%	10.8%
Four	0.0%	0.0%	0.0%	0.6%	1.3%	1.9%
Five plus	0.0%	0.0%	0.0%	0.0%	0.3%	0.3%
Total	43.5%	29.9%	13.5%	8.9%	4.2%	100.0%

Source: Data download from Borders Choice Homes housing register as at 31/03/08

7. FUTURE HOUSING MARKET

7.1 Economic strategy

- 7.1.1 The South of Scotland Competitiveness Strategy 2007 - 2013 sets out a seven-year plan to make the Scottish Borders, and its neighbour Dumfries and Galloway, successful in competing for trade, investment and tourism in the European and worldwide markets of the future. Based on seven key priorities, including to retain and attract more people of working age, to grow a knowledge economy, to maximise the benefits of connections to city regions and other economic centres, including mainland Europe, it will be used to improve transport and communications, business infrastructure, regeneration and place investments, assist companies and to improve the education and skills of Scottish Borders residents.
- 7.1.2 The Strategy recognises that the Borders and Dumfries and Galloway both face a range of common issues, such as evolving rural policies, engaging with city regions, globalisation and increased competition and changing European and national funding regimes for economic development and regeneration.
- 7.1.3 Scottish Borders has significant opportunities and strengths that can be used to develop its area and improve its competitiveness. These include its relative proximity to major cities such as Edinburgh and Newcastle, significant land assets, a high quality environment, good local services and strong communities and businesses.

7.2 Outlook for the Scottish housing market

- 7.2.1 In 2007 the Scottish housing market outperformed nearly all other UK regions recording 13.0% capital growth, but the new homes market exceeded this recording house price inflation of 19.9%.³⁵
- 7.2.2 In 2007 the strong performance of peripheral towns and suburbs in the Scottish central belt (e.g. Kirkcaldy, Greenock) was indicative of a growing impact of commuter wealth on more secondary locations. Affordability constraints, better transport links, high land values, and in the case of Edinburgh, a limited number of sites with the capacity to deliver affordable family housing are driving this demand.
- 7.2.3 To date the Scottish housing market has escaped relatively unscathed from the turbulence in the global financial markets but it has been reflected more in sales activity than in capital values. Scottish sales volumes fell by 16.0% in 2007. There are likely to be further

³⁵ Steadfast Scotland: Scottish residential development review 2008, Knight Frank Residential Research 2008

repercussions in 2008 as rising consumer prices (food, energy and oil) impact on confidence levels.

- 7.2.4 Property prices in the UK fell by 10.2% in 2008, according to CLG. The steepest drop was seen in Northern Ireland where they fell by 17.9%. In England prices fell by 10.4% and in Wales they fell by 10.3%. Only Scotland saw a single digit drop, falling by 6.0%. The Halifax reported that house prices increased by 1.9% in January 2009, reversing December's 1.6% fall.³⁶ Prices in the three months to January compared to the previous three months - a better indicator of the underlying trend - were 5.1% lower.
- 7.2.5 According to Knight Frank's Residential Research Team' assessment³⁷ house price inflation in Scotland will average 1.0% in 2009, still outperforming the rest of the UK. Strong demand for mid to lower priced properties £140,000-180,000 is likely to mean this price band will continue to outperform the market average in the city centres. Savills, on the other hand, predict that values are likely to fall by a further 6.0% in 2009 but start to turn upwards in 2010 by 2.0% and that the accelerating market will then rise 8.0% in 2011 before reaching 12.0% in 2012.³⁸ Clearly there is not agreement yet on the precise picture because the market has not yet reached its lowest point.

7.3 Future household projections

- 7.3.1 In May 2008 the General Register Office for Scotland published 2006 based household projections for Scotland,³⁹ setting out forward projections of the number of households in Scotland up to 2031, based on the estimated population of Scotland in mid-2006.
- 7.3.2 Between 2006 and 2031, the number of households in Scotland is projected to increase by 19 per cent to 2.7 million - an average of 17,600 additional households per year.
- 7.3.3 Over the same period, Scotland's population is projected to increase by 5 per cent. Most of the projected increase, therefore, is the result of more people living alone or in smaller households. The average household size is projected to decrease from 2.19 people in 2006 to 1.93 in 2031.
- 7.3.4 Scotland's population is ageing, with more people in the older age groups and fewer in the younger age groups. This has an impact on household structure, as children tend to live in larger households, and older people in smaller ones.
- 7.3.5 There is a large projected increase in households containing just one adult, from 809,000 (35 per cent of all households) in 2006 to over 1.2 million (44 per cent) in 2031.

³⁶ Halifax House Price Index January 2009

³⁷ Steadfast Scotland: Scottish residential development review 2008, Knight Frank Residential Research 2008

³⁸ Savills quoted in Scotland on Sunday 11/1/09

³⁹ Household Projections for Scotland 2006-based, General Register Office for Scotland, 8 May 2008

- 7.3.6 Older women are more likely than older men to live alone, although the number of men living alone is projected to increase more rapidly, from 353,000 households in 2006 to 554,000 in 2031, an increase of over a half. The number of men living alone who are aged 85 or over is projected to increase from 11,000 to 35,000.
- 7.3.7 There are also projected increases in other small households. Households containing just two adults without children are projected to rise from 687,000 to 858,000, though there is a projected 21 per cent decrease in the number of two adult households in the 35-59 age groups. The number of households containing one adult with children is projected to rise from 157,000 to 226,000.
- 7.3.8 In contrast, the number of larger households is projected to fall, with households containing two or more adults with children decreasing from 443,000 (19 per cent of all households) in 2006 to 300,000 (11 per cent) by 2031. There is also a projected decrease in the number of households containing three or more adults, from 195,000 to 139,000.
- 7.3.9 Households headed by people aged 60 or over are projected to increase by over 50 per cent from 753,000 to 1.14 million between 2006 and 2031. In contrast, households headed by someone aged under 60 are projected to increase by just four per cent, to around 1.59 million. The number of households headed by someone aged 85 or over is projected to more than double over the same period, from 69,000 to 177,000.
- 7.3.10 The number of households in Scottish Borders is projected to grow by 13,190 between 2006 and 2031; the equivalent of 528 new households per year (Table 46). This represents a growth in households of more than a quarter (26.0%). As with all the local authorities in South East Scotland (except Midlothian) this growth rate is significantly above the Scotland average.

Local authority	2006	2011	2016	2021	2026	2031
East Lothian	40,420	42,880	45,280	47,950	50,590	52,920
Edinburgh, City of	213,630	230,600	246,080	260,250	274,570	288,520
Fife	156,920	165,180	174,570	183,430	191,580	198,850
Midlothian	33,700	34,360	34,980	35,510	35,890	35,810
West Lothian	70,240	75,210	80,430	85,560	90,470	94,950
Scotland	2,291,420	2,398,150	2,500,420	2,590,160	2,668,590	2,731,090

Source: General Register Office of Scotland

Table 46: Household change 2006-31					
Local authority	Change 2006-31		Average annual change		
	No.	%	2006-31	2006-16	2016-31
East Lothian	12,500	31%	500	490	510
Edinburgh, City of	74,890	35%	2,995	3,250	2,830
Fife	41,930	27%	1,677	1,760	1,620
Midlothian	2,110	6%	84	130	60
West Lothian	24,720	35%	989	1,020	970
Scotland	439,680	19%	17,587	20,900	15,380

Source: General Register Office of Scotland

- 7.3.11 On top of the overall growth in households is the changing household structure. At present one third (33.5%) of households in Scottish Borders are made up of one adult living alone. By 2031, one adult households will constitute two fifths (39.5%) of all Scottish Borders households. Households made up of one adult and at least one child will grow from 4.6% to 5.8% and two (or more) adult households will grow from 42.4% to 43.5%. The significant decline will be amongst traditional families of two adults and one or more children, which decline from 19.5% to 11.2% over the 25 year period; a fall of 2,670 households.

Local authority	1 adult	1 adult, 1+ children	2+ adults	2+ adults, 1+ children	Total
East Lothian	31.2%	6.0%	40.4%	22.3%	100.0%
Edinburgh, City of	40.4%	6.0%	38.4%	15.2%	100.0%
Fife	33.3%	6.9%	39.7%	20.1%	100.0%
Midlothian	28.4%	7.2%	42.3%	22.1%	100.0%
West Lothian	29.6%	7.3%	38.9%	24.1%	100.0%
Scotland	35.3%	6.8%	38.5%	19.3%	100.0%

Source: General Register Office of Scotland

Local authority	1 adult	1 adult, 1+ children	2+ adults	2+ adults, 1+ children	Total
East Lothian	39.7%	9.1%	36.5%	14.7%	100.0%
Edinburgh, City of	45.7%	6.5%	37.1%	10.7%	100.0%
Fife	42.3%	9.3%	36.6%	11.8%	100.0%
Midlothian	38.2%	10.4%	38.6%	12.8%	100.0%
West Lothian	40.3%	9.9%	36.1%	13.7%	100.0%
Scotland	44.3%	8.3%	36.5%	11.0%	100.0%

Source: General Register Office of Scotland

7.3.12 As Table 49 shows, Scottish Borders will experience significantly increased demand for housing from smaller households with no children; 1 adult households will increase by 8,240 and two adult households by 6,250. Relative growth in this latter group is second only to Edinburgh in the sub-region and more than twice the growth across Scotland, whereas growth of one adult households is in line with Scotland-wide growth.

Local authority	1 adult		1 adult, 1+ children		2+ adults		2+ adults, 1+ children	
	No.	%	No.	%	No.	%	No.	%
East Lothian	8,370	66.3%	2,360	97.1%	3,000	18.4%	-1,240	-13.7%
Edinburgh, City of	45,550	52.7%	5,930	46.4%	25,070	30.6%	-1,670	-5.1%
Fife	31,990	61.3%	7,700	70.8%	10,420	16.7%	-8,180	-25.9%
Midlothian	4,100	42.8%	1,300	53.7%	-400	-2.8%	-2,880	-38.6%
West Lothian	17,450	83.9%	4,280	83.3%	6,970	25.5%	-3,990	-23.5%
Scotland	400,020	49.4%	69,050	44.0%	113,890	12.9%	-143,280	-32.3%

Source: General Register Office of Scotland

Local authority	16-29	30-44	45-59	60-74	75+	Total
East Lothian	6.8%	28.4%	28.7%	22.0%	14.1%	100.0%
Edinburgh, City of	18.0%	29.9%	24.1%	16.3%	11.7%	100.0%
Fife	10.9%	27.6%	27.6%	21.1%	12.8%	100.0%
Midlothian	7.8%	28.4%	29.6%	22.3%	11.9%	100.0%
West Lothian	10.5%	33.0%	28.3%	19.5%	8.7%	100.0%
Scotland	11.3%	28.3%	27.5%	20.6%	12.3%	100.0%

Source: General Register Office of Scotland

Local authority	16-29	30-44	45-59	60-74	75+	Total
East Lothian	8.0%	26.5%	20.5%	25.1%	20.0%	100.0%
Edinburgh, City of	16.2%	27.3%	26.3%	17.5%	12.7%	100.0%
Fife	11.4%	25.3%	21.6%	22.7%	19.0%	100.0%
Midlothian	8.9%	25.9%	19.0%	25.2%	21.0%	100.0%
West Lothian	11.1%	28.4%	21.5%	23.1%	15.9%	100.0%
Scotland	10.9%	24.5%	22.9%	23.2%	18.5%	100.0%

Source: General Register Office of Scotland

Table 52: Change by age of head of household 2006-31 (numbers)					
Local authority	16-29	30-44	45-59	60-74	75+
East Lothian	1,480	2,510	-740	4,360	4,880
Edinburgh, City of	8,320	14,860	24,350	15,850	11,510
Fife	5,600	6,900	-210	11,970	17,680
Midlothian	570	-300	-3,180	1,510	3,510
West Lothian	3,140	3,780	580	8,210	9,010
Scotland	39,560	20,240	-4,720	161,190	223,420

Source: General Register Office of Scotland

Local authority	16-29	30-44	45-59	60-74	75+
East Lothian	54.2%	21.8%	-6.4%	48.9%	85.8%
Edinburgh, City of	21.6%	23.2%	47.3%	45.6%	46.0%
Fife	32.7%	15.9%	-0.5%	36.1%	88.3%
Midlothian	21.7%	-3.1%	-31.9%	20.1%	87.3%
West Lothian	42.5%	16.3%	2.9%	59.8%	148.2%
Scotland	15.3%	3.1%	-0.7%	34.2%	79.5%

Source: General Register Office of Scotland

- 7.3.13 Table 50 to Table 53 above set out how the make up of households will change over the twenty-five year period in terms of the age of the head of household. The significant growth will be in older households during this period. In particular there will be 6,980 further households headed by a person over 75 years old; representing 95.9% growth in this age group. These households currently constitute 14.6% of all households but will grow to 22.6% by 2031.
- 7.3.14 In terms of numbers, the 60-74 age band will experience the next largest increase; up by 4,330 households and making this group over a quarter (25.2%) of all Scottish Borders households. Younger households are also increasing (albeit from a smaller base) by 45.1% or 1,730 households. In contrast there is only minor growth amongst 30-44 households (up 740 over 25 years) and decline amongst 45-59 (down 590 households).
- 7.3.15 These changing age structures alongside the changes in household size present challenges for housing over the next twenty-five years. The growth of smaller households suggests an increased requirement for smaller properties. These smaller households will be at opposite ends of the age spectrum: young people establishing first homes and older people who may be looking to downsize to more manageable properties.
- 7.3.16 In the case of younger people, smaller dwellings in urban centres may well be attractive to enable them to establish first homes although they would also in many cases be seeking homes close to the family home, which can provide challenges in small rural settings.

- 7.3.17 In the case of older people, they will be looking for safe and secure housing close to health services, shops and public transport. If the housing offer is right it will facilitate some of these older people to relinquish under-occupied, larger properties that would better serve local families.
- 7.3.18 Smaller households are also emerging as a result of social, economic and cultural factors that are leading to marital breakdown at one point in the age spectrum at the same time as a growth in couples "living apart together" or "LAT".⁴⁰ This will create increased demand for smaller properties, but not so small that they cannot accommodate overnight guests (e.g. children) or space to work at home (an increasing phenomenon as transport infrastructures become more and more clogged); in other words at least 2 bedrooms.
- 7.3.19 It will particularly be the case that older people looking for smaller properties may not necessarily be attracted by one bedroom dwellings and the focus for these emerging one person households should be two bedroom dwellings as far as possible.

7.4 Future affordability

- 7.4.1 In order to assess the impact of changes in the housing market upon future affordability of housing, three steps are required:
- (i) Adjust household incomes for an assumption of income inflation
 - (ii) Adjust the distribution of house prices for a rise/fall in house prices
 - (iii) Calculate affordability ratios based upon these adjusted income and house price scenarios
- 7.4.2 For the first step, we have assumed that incomes will increase uniformly across Scottish Borders at the same rate as in the period 2006-07 (according to ASHE 2007 data). For mean incomes, this results in annual income inflation of 3.4%. For median incomes, this results in annual income inflation of 5.3%. The data source was insufficient for lower quartile incomes in 2006, so we have assumed that lower quartile incomes rose at the same rate as median incomes; i.e. 5.3%. We have applied these rates to CACI Paycheck income distributions for 2008 to arrive at household incomes for the housing market areas and Scottish Borders for 2009 (see Table 54).

⁴⁰ The common definition of a LAT relationship is a couple, that does not share household, each of the two lives in his or her own household, in which other persons also might live, but they define themselves as a couple

Table 54: Mean, median and lower quartile incomes 2009			
Housing market area	Lower quartile income (£ p.a.)	Median income (£ p.a.)	Mean income (£ p.a.)
Central	£15,934	£25,395	£29,852
Berwickshire	£16,854	£26,592	£30,510
Northern	£19,137	£30,978	£36,157
Southern	£16,841	£26,433	£30,140

Source: CACI adjusted by ASHE median change 2006-7

- 7.4.3 The next step is to adjust mean, median and lower quartile house prices for an assumption of change in the housing market. Currently the UK housing market is experiencing a price readjustment that is causing house prices to fall. Some commentators are predicting that overall house prices by the end of 2009 will be up to 25% lower than their high point of the summer of 2007. However, since prices in Scotland did not rise as rapidly overall as other parts of the UK, it is probable that they will not fall as fast. Consequently we have adopted two scenarios: a fall in house prices of 10% to 2009 (see Table 55) and a fall in house prices of 25% to 2009 (see Table 56).

Housing market area	Lower quartile house price	Median house price	Mean house price	Income required
Central	£77,549	£111,713	£138,444	£22,157
Berwickshire	£112,500	£154,800	£177,288	£32,143
Northern	£120,600	£189,000	£209,984	£34,457
Southern	£126,000	£198,000	£199,249	£36,000

Source: Sasines 2007 adjusted by -10%

Housing market area	Lower quartile house price	Median house price	Mean house price	Income required
Central	£64,624	£93,094	£115,370	£18,464
Berwickshire	£93,750	£129,000	£147,740	£26,786
Northern	£100,500	£157,500	£174,987	£28,714
Southern	£105,000	£165,000	£166,041	£30,000

Source: Sasines 2007 adjusted by -25%

- 7.4.4 The final step is then to apply these adjusted lower quartile house prices to the adjusted income distributions to calculate the proportion of households with incomes below that required to purchase an entry-level (lower quartile) property.

Table 57: Affordability ratios 2009 - Scenario 1				
Housing market area	Ratio:			Households below income level for entry-level home
	Lower quartile house price to lower quartile income	Median house price to median income	Mean house price to mean income	
Central	4.87	4.40	4.64	42.2%
Berwickshire	6.68	5.82	5.81	62.0%
Northern	6.30	6.10	5.81	56.9%
Southern	7.48	7.49	6.61	71.1%

Table 57: Affordability ratios 2009 - Scenario 1				
Housing market area	Ratio:			Households below income level for entry-level home
	Lower quartile house price to lower quartile income	Median house price to median income	Mean house price to mean income	
Central	4.06	3.67	3.86	32.0%
Berwickshire	5.56	4.85	4.84	50.4%
Northern	5.25	5.08	4.84	45.5%
Southern	6.23	6.24	5.51	57.9%

7.4.5 Clearly a falling market is potentially good news for those people looking to enter the housing market. On the other hand, the reduced availability of mortgage lending could counteract this price adjustment, such that housing may be cheaper, but credit may be scarcer and consequently the number of entrants to the housing market does not change.

8. BRINGING THE EVIDENCE TOGETHER

8.1 Summary of net annual housing need

- 8.1.1 The model estimating the annual shortfall in affordable housing is based on the latest Scottish Government guidance and each stage is described in detail in the preceding chapters, Chapter 3 (stage 1 current housing need), Chapter 4 (stage 2 future housing need), and Chapter 5 (stage 3 affordable housing supply). Each of the three stages is brought together in a summary table below (Table 59) where the overall surplus or shortfall is calculated according to the latest Scottish government guidance. The estimate of current housing need (line 1.7) minus the level of available stock to offset need (line 3.5) multiplied by 20% (to reduce over 5 years) plus the future arising need (line 2.4) minus the annual supply of affordable housing (line 3.9).
- 8.1.2 The summary of net annual housing need shown below indicates that Scottish Borders has an estimated annual shortfall of 350 units. This is an increased annual figure from that found in 2006, of 301. This represents a percentage increase of 16.3%. Since the Local Housing Assessment 2006, there has been an increase in the affordability gap fuelled by increased house prices at a greater rate than incomes. Whilst house price growth has slowed down and may begin to fall, following English trends, it is the relationship to local incomes that matters most. There does appear to have been a slight increase in the number of social re-lets since 2006, but this has not been significant enough to offset the impact of the worsened affordability gap resulting in an increase in the overall shortfall.
- 8.1.3 The bottom line in the summary table shows the overall shortfall as a proportion of the total households in Scottish Borders. By this indicator, the net annual housing need is of the same level as evident in 2006 and is within the range of expected results based on previous housing need surveys undertaken by **Outside Consultants** over the last eight years.

Table 59: Summary of net annual housing need in Scottish Borders	
1.1 Homeless households in temporary accommodation	110
1.2 to 1.6 Concealed households and those unsuitably housed due to overcrowding, support needs, poor quality housing and harassment	3509
1.7 Total current housing need (gross) 1.1 + 1.2 + 1.3 + 1.4 + 1.5 + 1.6	3619
2.1 New household formation	544
2.2 Proportion of new households unable to buy or rent in the market	74.3%
2.3 Existing households falling into need	596
2.4 Total newly arising housing need (2.1 x 2.2) + 2.3	1000
3.1 Affordable dwellings occupied by households in need	2235
3.2 Surplus stock	0
3.3 Committed supply of new affordable housing	83
3.4 Units to be taken out of management	4
3.5 Total affordable housing stock available (3.1+3.2+3.3-3.4)	2314
3.6 Annual supply of social re-lets (net)	911
3.7 Annual supply of intermediate housing available at sub-market levels	0
3.8 Units to be taken out of management	0
3.9 Annual supply of affordable housing (3.6 + 3.7- 3.8)	911
((1.7 minus 3.5)* 20%) + 2.4 minus 3.9	350
Net annual housing need as a proportion of total households	0.7%

8.2 Predicting housing need to 2013

8.2.1 The housing needs model at Table 59, presents a snapshot for 2008 at the point in time data was collated for this assessment. To inform policy development in the medium term, further modelling has been done to predict the requirement for affordable housing to 2013.

8.2.2 In order to facilitate this analysis, three assumptions have been made:

- (i) That the year on year gap between the supply of new affordable housing and the requirement for affordable housing is added to the following year's Current Housing Need (see Table 60, **those not housed due to shortfall in previous year**)
- (ii) That the number of **homeless households in temporary accommodation** increases in line with recent trends (see Table 22) to a peak in 2010-11 and then falls back to 2008 levels. In other words the mean annual growth between 2005 and 2007 in the number of homeless households in temporary accommodation was 38 per annum, so we have assumed growth of the same order to 2010-2011 and reduction of the same order to 2013.

- (iii) That the **proportion of new households unable to buy or rent in the market** declines to 2010-11 (in line with the future affordability scenarios presented in Table 57 and Table 58) and then increases to 2013 to reach the same level as 2008.

8.2.3 Three Scenarios are presented which vary the assumption about the number of relets of social rented housing that come up in the period (Annual supply of social re-lets)

- (i) Scenario 1 (Table 60) assumes no change in the number of re-lets between 2008 and 2013
- (ii) Scenario 2 (Table 61) assumes that the current rate of gross re-lets of 10.6% of the stock falls by 0.5% per annum to end at 8.1% by 2013 (falling from 911 to 694)
- (iii) Scenario 3 (Table 62) assumes that the current rate of gross re-lets of 10.6% of the stock increases by 0.5% per annum to end at 13.1% by 2013 (increasing from 911 to 1122).

1.1 Homeless households in temporary accommodation	110	148	186	186	148	110
1.2 to 1.6 Concealed households + those unsuitably housed	3509	3509	3509	3509	3509	3509
+ <i>those not housed due to shortfall in previous year</i>		242	149	79	65	114
1.7 Total current housing need (gross)	3619	3899	3844	3774	3722	3733
2.1 New household formation	544	544	544	544	544	544
2.2 % of new households unable to buy/rent in market	74.3%	46.9%	36.0%	36.0%	46.9%	74.3%
2.3 Existing households falling into need	596	596	596	596	596	596
2.4 Total newly arising housing need	1000	851	792	792	851	1000
3.1 Affordable dwellings occupied by households in need	2235	2235	2235	2235	2235	2235
3.2 Surplus stock	0	0	0	0	0	0
3.3 Committed supply of new affordable housing	83	83	83	83	83	83
3.4 Units to be taken out of management	4	4	4	4	4	4
3.5 Total affordable housing stock available	2314	2314	2314	2314	2314	2314
3.6 Annual supply of social re-lets (net)	911	911	911	911	911	911
3.7 Annual supply of intermediate housing at sub-market levels	0	0	0	0	0	0
3.8 Units to be taken out of management	0	0	0	0	0	0
3.9 Annual supply of affordable housing	911	911	911	911	911	911
NET ANNUAL HOUSING NEED	350	263	194	180	229	380

8.2.4 Scenario 1 sees the net annual housing need fall year on year to 180 in 2011 and then rise sharply to 380 in 2013. The mean annual need over the period is 266.

Table 61: Scenario 2 Net annual housing need in Scottish Borders 2008-13						
1.1 Homeless households in temporary accommodation	110	148	186	186	148	110
1.2 to 1.6 Concealed households + those unsuitably housed	3509	3509	3509	3509	3509	3509
+ <i>those not housed due to shortfall in previous year</i>		242	195	177	216	319
1.7 Total current housing need (gross)	3619	3899	3890	3872	3873	3938
2.1 New household formation	544	544	544	544	544	544
2.2 % of new households unable to buy/rent in market	74.3%	46.9%	36.0%	36.0%	46.9%	74.3%
2.3 Existing households falling into need	596	596	596	596	596	596
2.4 Total newly arising housing need	1000	851	792	792	851	1000
3.1 Affordable dwellings occupied by households in need	2235	2235	2235	2235	2235	2235
3.2 Surplus stock	0	0	0	0	0	0
3.3 Committed supply of new affordable housing	83	83	83	83	83	83
3.4 Units to be taken out of management	4	4	4	4	4	4
3.5 Total affordable housing stock available	2314	2314	2314	2314	2314	2314
3.6 Annual supply of social re-lets (net)	911	865	822	779	736	694
3.7 Annual supply of intermediate housing at sub-market levels	0	0	0	0	0	0
3.8 Units to be taken out of management	0	0	0	0	0	0
3.9 Annual supply of affordable housing	911	865	822	779	736	694
NET ANNUAL HOUSING NEED	350	309	292	331	434	639

8.2.5 Scenario 2 sees the net annual housing need fall gradually to 292 in 2010 and then rise sharply to 639 in 2013. The mean annual need over the period is 393.

Table 62: Scenario 3 Net annual housing need in Scottish Borders 2008-13						
1.1 Homeless households in temporary accommodation	110	148	186	186	148	110
1.2 to 1.6 Concealed households + those unsuitably housed	3509	3509	3509	3509	3509	3509
+ <i>those not housed due to shortfall in previous year</i>		242	110	-11	-78	-83
1.7 Total current housing need (gross)	3619	3899	3805	3684	3579	3536
2.1 New household formation	544	544	544	544	544	544
2.2 % of new households unable to buy/rent in market	74.3%	46.9%	36.0%	36.0%	46.9%	74.3%
2.3 Existing households falling into need	596	596	596	596	596	596
2.4 Total newly arising housing need	1000	851	792	792	851	1000
3.1 Affordable dwellings occupied by households in need	2235	2235	2235	2235	2235	2235
3.2 Surplus stock	0	0	0	0	0	0
3.3 Committed supply of new affordable housing	83	83	83	83	83	83
3.4 Units to be taken out of management	4	4	4	4	4	4
3.5 Total affordable housing stock available	2314	2314	2314	2314	2314	2314
3.6 Annual supply of social re-lets (net)	911	950	993	1036	1079	1122
3.7 Annual supply of intermediate housing at sub-market levels	0	0	0	0	0	0
3.8 Units to be taken out of management	0	0	0	0	0	0
3.9 Annual supply of affordable housing	911	950	993	1036	1079	1122
NET ANNUAL HOUSING NEED	350	223	104	37	32	130

8.2.6 Scenario 3 sees the net annual housing need fall year on year to 32 in 2012 and then rise 130 in 2013. The mean annual need over the period is 146.

8.2.7 As Scenario 1, holds the number of relets steady over the five year period, and consequently makes fewer assumptions about future change, it is this model that is considered the best evidence base for policy-making. Furthermore the six-year average of 266 dwellings per annum, irons out the fluctuations over the period and could therefore appropriately be used as the benchmark for the future delivery of affordable housing in Scottish Borders.

8.3 Distribution of affordable housing by housing market area

8.3.1 Evidence has been presented previously, in the Local Housing Assessment 2006, to suggest affordable housing targets for policy purposes and the outcome of this update confirms the targets now being pursued by Scottish Borders.

8.3.2 Table 63 indicates how the net annual housing need could be distributed by housing market area. They have been calculated by re-allocating the net annual housing need on the basis

of household numbers and affordability pressures; they are not individual housing needs models for each area. The calculation takes the following steps:

- (i) Distributes the mean net annual housing need in Table 60 (see also paragraphs 8.2.4 and 8.2.7) by the distribution of households in the four housing market areas.
- (ii) Adjusts the resulting figures in Step 1, by the relationship between the four areas in terms of their affordability thresholds in Figure 8.

8.3.3 These figures should be used as a guide to policy decisions rather than as fixed targets, as they take no account of land availability or development viability.

HMA	Annual housing need
Central	143
Berwickshire	59
Northern	57
Southern	7

8.4 Intermediate tenures

8.4.1 Affordable housing is that housing which is provided to meet the *needs* of the local population. It includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Intermediate housing describes homes that are partially subsidised below market prices for sale or rent, including low-cost home ownership, shared ownership and shared equity schemes.

8.4.2 *Firm Foundations*⁴¹ promotes the development of mid-market rented housing (i.e. at levels between full market rent and normal social rents). Currently some registered social landlords offer houses for mid-market rent as part of new private housing development, largely in urban areas. At present the Scottish Government does not subsidise such properties. *Firm Foundations* sets out proposals for registered social landlords to receive subsidy for this form of tenure and giving landlords the flexibility to respond to local demand by enabling them to convert existing stock to mid-market rent.

8.4.3 A rule of thumb (used in the CLG Strategic Housing Market Assessment guidance⁴²) for assessing the scope for intermediate tenures in an area is to calculate the ratio of entry-level market house prices to social rents; where the former is more than fourteen times annual social rents, there is likely to be scope for intermediate affordable housing. Also

⁴¹ *Firm Foundations: The future of housing in Scotland*, Scottish Government 2007

⁴² *Strategic Housing Market Assessments: Practice Guidance*, Communities and Local Government, August 2007

where there is a significant gap between social housing rents and private sector rents there may be scope for intermediate tenures, such as sub-market rents or shared equity.

- 8.4.4 Table 64 demonstrates this rule that the equivalent mortgage accessible for those on social housing rents is significantly below the lower quartile entry-level house price.

	Average social housing rent pw	Cost per annum	Income (assuming 25% affordability)	Mortgage accessible
Scottish Borders	£50.47	£2,624.44	£10,497.76	£36,742.16

Source: Scottish Housing Regulator - Registered Social Landlord Statistics 2007/08 Table R1b

- 8.4.5 Clearly in some parts of the country, some forms of tenure are more appropriate than others and are better suited to the local housing market and the local political situation. The following sections consider the contribution that discounted sale homes, shared ownership and shared equity could make to the delivery of affordable housing in Scottish Borders.

Discounted sale homes

- 8.4.6 Table 65 below shows the difference in housing costs that would result from discounted sale housing at 10%, 20% and 30% of the entry-level dwelling.

Housing market area	Entry-level property price 2007 (£)	10% discount	Income required	20% discount	Income required	30% discount	Income required
Central	£86,165	£77,549	£22,157	£68,932	£19,695	£60,316	£17,233
Berwickshire	£125,000	£112,500	£32,143	£100,000	£28,571	£87,500	£25,000
Northern	£134,000	£120,600	£34,457	£107,200	£30,629	£93,800	£26,800
Southern	£140,000	£126,000	£36,000	£112,000	£32,000	£98,000	£28,000
Scottish Borders	£97,180	£87,462	£24,989	£77,744	£22,213	£68,026	£19,436

Source: 2007 sasines property sales

- 8.4.7 For Scottish Borders households on median incomes, those in the Central housing market area would be able to afford discounted sale housing at 10%, 20% and 30%, but in the other housing market areas discounted sale housing for those on median incomes would only become affordable at 30% (excluding the Southern housing market area, where households on median incomes would still be unable to afford 30% discounted housing). Table 66 shows that for those on lower quartile incomes, in Scottish Borders there are shortfalls in each

⁴³ For comparative purposes we have assumed an income to mortgage multiplier of 3.5

housing market area ranging from 75.1% in the Southern housing market area to 13.9% in the Central housing market area.

Housing market area	Lower quartile earnings	Difference between LQ income and required income for 30% discount	
		Amount (£)	%
Central	£15,129	£2,104	13.9%
Berwickshire	£16,002	£8,998	56.2%
Northern	£18,170	£8,630	47.5%
Southern	£15,990	£12,010	75.1%
Scottish Borders	£15,810	£3,626	22.9%

Source: CACI 2008

Shared ownership

- 8.4.8 Table 67 shows the housing costs of a shared ownership dwelling where the household purchased a 30% or a 50% share of an entry-level dwelling.
- 8.4.9 This demonstrates that the income requirements for a household purchasing a 50% share of their home are reduced by 29.0%. For a household purchasing a 30% share of their home their income requirements are reduced by 40.6%.

Table 67: Housing costs for shared ownership dwelling						
Housing market area	Price (£)	Unsold equity (£)	Rental charge on unsold equity ⁴⁴ (£)	Mortgage (£)	Total monthly costs (£)	Gross income required (£)
Central	£86,165	-	0	£513	£513	£24,619
50% equity share	£43,083	£43,083	£108	£256	£364	£17,479
30% equity share	£25,850	£60,316	£151	£154	£305	£14,623
Berwickshire	£125,000	-	0	£744	£744	£35,714
50% equity share	£62,500	£62,500	£156	£372	£528	£25,357
30% equity share	£37,500	£87,500	£219	£223	£442	£21,214
Northern	£134,000	-	0	£798	£798	£38,286
50% equity share	£67,000	£67,000	£168	£399	£566	£27,183
30% equity share	£40,200	£93,800	£235	£239	£474	£22,742
Southern	£140,000	-	0	£833	£833	£40,000
50% equity share	£70,000	£70,000	£175	£417	£592	£28,400
30% equity share	£42,000	£98,000	£245	£250	£495	£23,760
Scottish Borders	£97,180	-	0	£578	£578	£27,766
50% equity share	£48,590	£48,590	£121	£289	£411	£19,714
30% equity share	£29,154	£68,026	£170	£174	£344	£16,493

8.4.10 These housing costs compared to median and lower quartile incomes (Table 68) suggest that the role of shared ownership would be limited in the Scottish Borders. For households in the Central housing market area only a home with an equity share of 30% would start to lift those on lower quartile incomes into the housing market. For households on median incomes, shared ownership is more affordable with all housing market areas affordable at a 30% equity share and the Central and Northern housing market areas affordable at a 50% equity share.

⁴⁴ Rental charge per month is assumed to be 3% of the unsold equity divided by 12. The charge can vary between 2%-4%.

Table 68: Income for shared ownership compared to		
Housing market area	Difference to median	Difference to lower quartile
Central	-£506	-£9,490
50% equity share	£6,633	-£2,351
30% equity share	£9,489	£505
Berwickshire	-£10,465	-£19,712
50% equity share	-£108	-£9,355
30% equity share	£4,035	-£5,212
Northern	-£8,873	-£20,116
50% equity share	£2,230	-£9,013
30% equity share	£6,671	-£4,572
Southern	-£14,903	-£24,010
50% equity share	-£3,303	-£12,410
30% equity share	£1,337	-£7,770
Scottish Borders	-£2,517	-£11,956
50% equity share	£5,535	-£3,904
30% equity share	£8,756	-£683

8.4.11 As with discounted sale housing, shared ownership reduces households' income requirements for entering the housing market. Shared ownership has a greater impact than discounted sale housing, although it would still not be an affordable option for many of those households identified as being in housing need.

Shared equity

8.4.12 Table 69 below shows the difference in housing costs that would result from a shared equity dwelling where a purchaser bought at 30% or 50% of the price of the entry-level dwelling.

8.4.13 In the Central housing market area of Scottish Borders, shared equity would be affordable at 30% and at 50% equity share. In the other housing market areas it is only with a shared equity home at 30% of the market value that a household on lower quartile income could afford although it would be highly unusual for shared equity packages to be as low as 30% equity.

Housing market area	Price	Required income	Difference to lower quartile income
Central	£86,165.00	£24,618.57	-£9,490
50% equity share	£43,082.50	£12,309.29	£2,819
30% equity share	£25,849.50	£7,385.57	£7,743
Berwickshire	£125,000.00	£35,714.29	-£19,712
50% equity share	£62,500.00	£17,857.14	-£1,855
30% equity share	£37,500.00	£10,714.29	£5,288
Northern	£134,000.00	£38,285.71	-£20,116
50% equity share	£67,000.00	£19,142.86	-£973
30% equity share	£40,200.00	£11,485.71	£6,684
Southern	£140,000.00	£40,000.00	-£24,010
50% equity share	£70,000.00	£20,000.00	-£4,010
30% equity share	£42,000.00	£12,000.00	£3,990
Scottish Borders	£97,180.00	£27,765.71	-£11,956
50% equity share	£48,590.00	£13,882.86	£1,927
30% equity share	£29,154.00	£8,329.71	£7,480

9. NEXT STEPS

9.1 Monitoring and evaluation

- 9.1.1 Scottish Borders Council has access to a wealth of evidence, experience and expertise on housing markets and housing needs. Much of this has been developed in the last 3-4 years and has been informed by changing government guidance and best practice.
- 9.1.2 Housing Need & Demand Assessments tend to be commissioned as one project covering all the elements of the Scottish Government Guidance, but this was not what was necessarily envisaged when the Guidance was written. The Guidance focuses upon the important role of the Housing Market Partnership and its contents are addressed to that Partnership. Nevertheless, since it was published the Guidance has tended to be used as the basis for a research brief, with Partnerships or individual authorities expecting one commission to deliver all its myriad elements with equal priority.
- 9.1.3 Our view is that a Housing Needs and Demand Assessment is best seen as four distinct elements, albeit ones that overlap and complement one another, that can be best delivered through different methodological approaches as part of an ongoing process.
- 9.1.4 The four elements and the core outputs (see Table 1, p9) they deliver are:
- Current housing markets (Core outputs 1 & 2)
 - Future housing markets (Core outputs 3, 6 & 7)
 - Housing needs (Core outputs 5, 6 & 8)
 - Housing needs of specific groups (Core output 4)
- 9.1.5 Each of these elements needs to be comprehensive and robust, but the level and timing of their updating differs. The frequency with which some indicators need to be revisited differs from others. For example research into the aspirations of some communities of interest (e.g. older people or BME communities) can be done at a higher spatial level and less frequently (as their value depreciates more slowly) than say current activity in the housing market as depicted by house price sales and transaction volumes.
- 9.1.6 Furthermore there are three principal methods that can be employed to gather the evidence needed for a Housing Need and Demand Assessment:
- Secondary data analysis that relies upon existing national or local datasets, both from public service providers and commercial providers
 - Qualitative approaches using focus groups, in-depth interviews or group interviews
 - Quantitative survey of resident households (either face-to-face or postal or a combination of these)
- 9.1.7 Table 70 below shows how each of the four HNDA elements can best be addressed methodologically, by awarding it one, two or three stars. So, for example, whilst a

household survey or stakeholder interviews can provide some useful data on the current housing market, the most effective method is to analyse secondary data.

	Quantitative survey research	Qualitative focus groups/interviews	Secondary data analysis
Current housing markets (Core outputs 1 & 2)	★ ★	★ ★	★ ★ ★
Future housing markets (Core outputs 3,6 & 7)	★ ★	★	★ ★ ★
Housing needs (Core outputs 5, 6 & 8)	★ ★ ★	★	★ ★
Housing needs of specific groups (Core output 4)	★ ★	★ ★ ★	★

- 9.1.8 To plan to update key elements of the Strategic Housing Market Assessment at suitable intervals as set out below

Current housing markets	1 & 2	Demographic & economic context	Every 2-3 years	2011-12
		Housing stock	Every 3-5 years	2012-14
		Market activity	Annually	2010
Future housing markets	3,6 & 7		Every 2 years	2011
Housing needs	5, 6 & 8	Current housing need	Annually	2010
		Future housing need	Annually	2010
		Affordable housing supply	Annually	2010
Housing needs of specific groups	4		As required or 3-5 years	2012-14

9.2 Housing market partnership

- 9.2.1 The Scottish Borders Local Housing Strategy (LHS) Partnership is, in effect, the housing market partnership for Scottish Borders. It is made up of representatives from officers of Scottish Borders Council (Social Work Services, Housing, Planning and Economic Development and the Business Improvement Unit) alongside RSLs, Borders Equality Forum, Rural Housing Service, Care and Repair, Scottish Rural Property and Business Association and Borders Community Planning Board (a full list is provided at Appendix 5).

- 9.2.2 Issues from commissioning to completion of both the HNDA Update and the SESPlan HNDA have been reported and discussed at meetings of the Scottish Borders LHS Partnership on:

- 12th June 2008 (Item 8)
- 12th February 2009 (Item 9)
- 17th June 2010 (Item 7)

9.2.3 In addition these matters have also been reported to and covered in the minutes of the following LHS Core Group⁴⁵ meetings -

- 15th May 2008 (Item 6)
- 13th November 2008 (Item 5)
- 13th January 2009 (Item 6)
- 20th March 2009 (Item 6)
- 1st September 2009 (Item 5)
- 17th February 2010 (Item 10)

9.2.4 Copies of all minutes are available on request and were not subject to dissention.

9.3 Recommendations

9.3.1 To note the findings of the housing needs model and use the evidence to support the adoption of robust planning policies that maximise the delivery of affordable housing, and social rented housing in particular, in all areas where affordability pressures and supply shortages are shown to be acute.

9.3.2 To note the changing household structures in the future (particularly the significant growth in smaller households) and ensure that future development is mindful of the need for appropriate living space for these different household sizes, i.e.:

- one person households need more than one room whether they are young people "LAT", a single person with child care responsibilities (e.g. one half of a separated family) or an older person requiring space to accommodate family or carers

9.3.3 Social housing for rent should continue to provide the majority of new build affordable housing in the Scottish Borders (the 2006 Local Housing Assessment stated that approximately 85% of affordable housing should be social rented housing). Shared ownership and shared equity should be considered where they have been shown to be affordable, but as an **addition** not a replacement to social rented housing particularly in housing markets demonstrating acute affordability pressures.

9.3.4 In the most rural areas of Scottish Borders, housing should meet the needs of all residents and Scottish Borders should seek a housing offer that provides a variety of homes including flats and family houses. Affordable housing supply could be increased rapidly through a targeted programme to reduce empty property in rural areas and there could be greater restrictions on Right-to-Buy in areas of acute rural housing pressure.

⁴⁵ This meeting is the "engine" of the LHS and consists of a core group of officers drawn from SBC Housing and Planning, RSLs, Scottish Rural Business and Property Association

- 9.3.5 To maintain the evidence base and update key elements annually; particularly the housing needs model and the key housing market indicators. This will enable Scottish Borders to monitor the impact of planning policy and the downturn in the housing market on affordable housing delivery and the future development of open market housing.

APPENDIX 1: LIST OF ABBREVIATIONS

APSR	Annual Performance and Statistical Return
ASHE	Annualised Survey of Hours and Earnings
BCH	Borders Choice Homes
BME	Black & Minority Ethnic
CACI	Organisation who supplies data on household income
CLG	Communities and Local Government
HA	Housing Association
HAG	Housing Association Grant
HB	
HL1 & HL2	Statistical reporting forms on homelessness for the Scottish Government
HMA	Housing Market Area
HMOs	Houses in Multiple Occupation
LA	Local Authority
LAT	Living Apart Together
LCHO	Low Cost Home Ownership
LHS	Local Housing Strategy
LQ	Lower Quartile
MSP	Member of Scottish Parliament
NFA	No Fixed Abode
NOMIS	Official Labour Market Statistics
NVO	National Vocational Qualifications
ODPM	Office of the Deputy Prime Minister
ONS	Office for National Statistics
RDGS	Rent Deposit Guarantee Scheme
RHOG	Rural Home Ownership Grant
RSL	Registered Social Landlord
SBHA	Scottish Borders Housing Association
SCORE	Scottish Continuous Recording System
SOC2000	Standard Occupational Classification 2000
SHQS	Scottish Housing Quality Standard
SPP3	Scottish Planning Policy 3

APPENDIX 2: LOCAL HOUSING

6. NEED FOR AFFORDABLE HOUSING

6.1 Introduction

- 6.1.1 This Chapter draws upon the ODPM draft guidance to present an assessment of the need for affordable housing culminating in Table 88, which summarises the numbers for Scottish Borders.
- 6.1.2 In much of the country there is a net shortage of affordable housing, and decisions concerning how much more to build need to be based on an assessment of levels of housing need. This Chapter is therefore concerned with establishing levels of housing need. People who are in housing need are included in the assessment, whether or not they state that they want affordable housing. Equally, people who would like affordable housing, but are not in need, are excluded.
- 6.1.3 Such estimates of housing need are legal requirements to support an Affordable Housing policy in Local Plans or Local Development Plans in order to seek developer contributions to new affordable housing through Section 75 agreements. Estimates of shortfalls or surpluses of affordable housing are important inputs into Local Housing Strategies and Local Development Plans as they inform the policy response to balancing local housing markets.
- 6.1.4 This chapter is only concerned with the need for additional affordable housing in terms of addressing identified housing need. It does not assess the numbers of households where there is an in-situ solution (such as the need for a wheelchair ramp to allow access to a front door).

108

6.2 Definitions

What is housing need?

- 6.2.1 Housing need generally refers to households lacking their own housing (or living in housing which is inadequate or unsuitable) who are unlikely to be able to meet their needs in the local housing market without some assistance. Households in housing need are the part of the population that is not included in market demand because they have insufficient income to satisfy their needs by accessing suitable market housing.

What is affordable housing?

- 6.2.2 Affordable housing includes both social rented and intermediate housing, of which the latter housing is defined in Planning Advice Note 74 as:

Shared ownership - the owner purchases part of the dwelling and rents the remainder usually from a RSL. The owner can buy tranches of 25%, 50% or 75% of the property;

Shared equity - the owner purchases part of the dwelling, with the remaining stake purchased usually by a RSL using Communities Scotland grant. Unlike shared ownership, the owner pays no rent for the equity stake which is retained by the RSL. While the RSL does not receive any rental income in respect of their stake, it benefits from any equity gain when the house is sold;

Discounted low cost sale - a dwelling sold at a percentage discount of its open market value to households in the priority client group⁸⁹. Discounted serviced plots for self-build can also contribute, particularly in rural areas. A legal agreement can be used to ensure that subsequent buyers are also eligible buyers. In rural areas this may be achieved through a rural housing burden⁹⁰.

What is unsuitable housing?

- 6.2.3 Table 84 lists the types of housing that constitute a definition of unsuitable housing.

Table 84 Unsuitable housing

Main category	Sub-divisions
Homeless or with insecure tenure	Under notice, real threat of notice, or lease coming to an end
	Too expensive, and in receipt of housing benefit, or in arrears due to this
Mismatch of household and dwelling	Overcrowded, according to the 'bedroom standard'.
	Too difficult to maintain (e.g. too large), i.e. requiring repairs beyond the means of the household, even with equity release.
	Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household
	Household containing person with mobility impairment or other special needs living in unsuitable dwelling (e.g. accessed via steps), which cannot be made suitable in-situ.
Dwelling amenities and condition	Lacks a bathroom, kitchen or inside WC, and household does not have the resources to make fit (e.g. through equity release or grants)
	Subject to major disrepair or unfitness, and household does not have the resources to make fit (e.g. through equity release or grants)
Social needs	Harassment or threats of harassment from neighbours or others living in the vicinity, which cannot be resolved except through a move.

109

What is affordability?

- 6.2.4 The key element in a definition of affordability is the relationship between household incomes and entry-level house prices and rents.
- 6.2.5 A household is considered likely to be able to afford to buy a home that costs 3.5 times the gross household income for a single earner household, or 2.9 times the gross household income for dual income households.
- 6.2.6 The size of mortgage that a household can afford is compared to the cost of an entry-level property. This has been calculated for Scottish Borders as £75,000.

⁸⁹ For such housing to count as affordable housing, the level of discount appropriate in order to reach the priority client group in a local authority should be defined by the local authority in consultation with Communities Scotland.

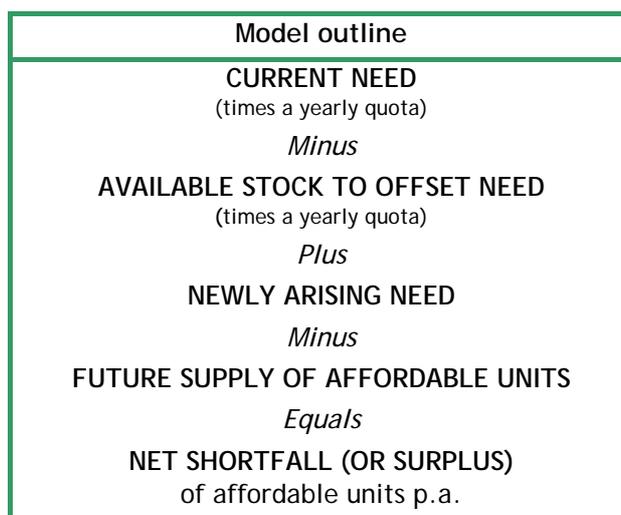
⁹⁰ Under the Title Conditions (Scotland) Act 2003

- 6.2.7 A household is taken as being able to afford rented housing in cases where the rent payable would constitute no more than 25% of their gross household income. The rent payable has been calculated for Scottish Borders as £300 per month for a single earner household and £500 per month for a dual earner household.
- 6.2.8 A household is taken as being able to afford a shared equity property where the rent and mortgage costs are no more than 30% of gross income.

6.3 Modelling the need for affordable housing

- 6.3.1 Table 85 summarises the main stages of the Housing Needs Assessment model and Table 86 presents the more detailed stages and sources of data.

Table 85 Housing needs assessment model



- 6.3.2 Housing need and housing supply are expressed in terms of annual flows (i.e. the number of units per year) over a prescribed period. Gross figures (such as household formation, migration, etc) are inputs into the model, which, after subtracting supply from need, can then produce a net annual shortfall of dwellings.

Table 86 Housing needs assessment: steps and sources

Element and step in calculation	Data sources
C: CURRENT NEED	
1. Existing households in need of alternative accommodation	Local housing survey
2. <i>plus</i> Current non-households in need of affordable housing	Local housing survey Priority homeless in temporary accommodation Hostel move on needs Homeless agencies data
3. <i>minus</i> cases that can afford to meet their needs in the market	Local housing survey
4. <i>equals</i> Total current housing need	1 + 2 - 3
A: AVAILABLE STOCK TO OFFSET NEED	
5. Current occupiers of affordable housing in need	LHS
6. <i>plus</i> surplus stock	Local Authority records
7. <i>plus</i> committed supply of new affordable units	Development programmes of LAs and HAs, including conversions and intermediate housing products Regeneration/pathfinder schemes
8. <i>minus</i> planned units to be taken out of management	LAs and HAs demolition and conversions programmes
9. <i>equals</i> Total available stock to meet current need	5 + 6 + 7 - 8
10. <i>equals</i> Total Current need	4 - 9
11. <i>times</i> quota progressively to reduce level of current need	Policy judgement
12. <i>equals</i> annual need to reduce level of current need	10 x 11
N: NEWLY ARISING NEED	
13. New household formation (gross p.a.)	LHS new hidden homeless households/year LHS recent moves not previous households
14. <i>times</i> proportion of newly arising households unable to buy or rent in the market	LHS incomes of hidden homeless households and recent new households Entry level rents and property prices
15. <i>plus</i> existing households falling into need and unable to afford market housing	LHS - Households recently fallen into need LHS - New social tenants who fell into need within the last year LA data on households recently housed outside normal housing register, or where entered register within last year
16. <i>plus</i> in-migrants unable to afford market housing	LHS - recent migrants profile
17. <i>minus</i> potential out-migrants unable to afford market housing	LHS - people intending to move
18. <i>equals</i> Newly arising need	(13 x 14) + 15 + 16 - 17
S: SUPPLY OF AFFORDABLE UNITS p.a.	
19. Net supply of social re-lets	Lettings/voids system for LA and HAs Scottish CORE data for HAs APSR data
20. <i>plus</i> supply of intermediate housing available for relet or resale at sub market levels	LA and HA lettings/voids system and data on re-sales of sub-market LCHO or shared equity schemes
21. <i>equals</i> affordable supply	19 + 20
NET SHORTFALL/SURPLUS	
22. Overall shortfall or surplus	12 + 18 - 21

6.4 Current need

Step 1 - Existing households in need of alternative accommodation

- 6.4.1 This involves determining how many existing households are in housing need and require alternative accommodation as presented in Table 84. Non-households are dealt with separately.
- 6.4.2 Objective measures of need are used wherever possible. Overcrowding is measured by comparing the number and gender of household members with the size of their home. This is then compared with the 'bedroom standard' used in Government surveys.
- 6.4.3 Some housing need can be addressed through in-situ solutions although households in rented accommodation are generally regarded as being in need of alternative accommodation. Owner-occupiers will often be able to adapt their properties to meet their needs either through the use of grants, savings or equity release schemes. They are only regarded as needing alternative accommodation where their problems are severe and cannot be solved in-situ (e.g. large family living in a one-bedroom flat). The breakdown of those households in need and their reason for being so is presented in Table 87 below.

5,250

Table 87 Reasons for unsuitability

Reasons for unsuitability	Proportion of households
Tenancy/ lease expiring within next month	0.1
Home does not meet the size requirements of the household	59.6
Rent/ mortgage is too high	5.6
Home too costly to heat	18.2
Home too costly to repair or maintain	19.1
Home lacks a self contained bathroom/ kitchen/ WC	2.7
Home unsuitable for person with a disability or infirmity	23.1
Harassment within the local area	8.9
Other	8.7
Total	5,250

Step 2 - current non-households in need of affordable housing

- 6.4.4 This relates to hidden homeless households not currently occupying a home of their own:
- ✓ households living within another household (e.g. family and friends) who want to live in their own self-contained accommodation
 - ✓ people who are currently in temporary accommodation
 - ✓ people who are currently homeless staying in hostels, night shelters or on the streets
 - ✓ Gypsies and Travellers and others living in caravans, vans or barges
- 6.4.5 The following are always counted as a household living within another household:
- ✓ Families (including single parents) currently living within another household
 - ✓ Couples over 16 currently living within another household

- ✓ Single adults over 25, currently living within an unrelated household, including those renting a room only within another household
- ✓ Households unable to live together because of a lack of housing

6.4.6 People who are not counted as needing self-contained accommodation include:

- ✓ 18-24 year olds living within an unrelated household, or sharing a kitchen, bathroom or toilet with another household
- ✓ Single adults over 18 living at home

129

Step 3 - Removing those that can afford to meet their needs in the market

6.4.7 The affordability criteria are applied to the incomes of all households in need of alternative accommodation.

2,269

Step 4 - Total current housing need

6.4.8 This is the total number of households in need of alternative accommodation, who cannot afford to meet their needs in the housing market. It is calculated by adding together the numbers of existing households in need (Step 1) and non-households in need (Step 2), and removing from this figure those that can afford to meet their needs in the market (Step 3).

1+2-3= 3,110

6.5 Available stock to offset need

113

Step 5 - Removing current occupiers of affordable housing in need

6.5.1 This is important in establishing the *net* level of affordable units required to meet housing need as moving these households to other affordable units will have a nil effect in terms of additional housing need. Care must be taken to ensure that units vacated by current occupiers are fit for use by other households in need.

2,235

Step 6 - Surplus stock

6.5.2 A certain level of voids is normal within council stock to allow for transfers and work on the properties. However, if the rate is in excess of 3% or properties are vacant for considerable periods of time, these are counted as surplus stock.

0

Step 7 - Committed net increase in affordable housing

6.5.3 This includes new social rented units and intermediate housing which are already planned to be built over the time period of the assessment.

82

Step 8 - Units to be taken out of management

6.5.4 This is an estimate of the numbers of units that will be taken out of management each year as effected households will need alternative accommodation. It does not include Right-To-Buy sales as a gross figure as authorities are not required to re-house these households - their impact upon the stock base is covered in Step 19. It should include planned

demolitions or redevelopment programmes which could lead to net losses of stock. Any empty properties that are due for demolition are counted as surplus housing in Step 6.

64

Step 9 - Total available stock to meet current need

6.5.5 This is the total stock available, or predicted to become available over the time period (see step 11). It is calculated by adding Steps 5, 6, and 7, and subtracting the stock to be taken out of management (Step 8).

$5+6+7-8 = 2,253$

Step 10 - Total unmet need

6.5.6 This is the current number of households who are in housing need and unable at present to meet their needs in the market. It is calculated by subtracting Step 9 from Step 4.

$4-9 = 857$

Step 11 - Quota to reduce levels of current need

6.5.7 The quota is recommended to be based upon meeting need over a period of five years, or the relevant local plan local development document time period, whichever is the longer. It does not imply that any individual household has to wait for this period.

6.5.8 A five-year period can be used, meaning that 20% of the current need should be addressed in each year. There may be merit in linking the quota to the remaining time period of the adopted housing policies in local plan or local development frameworks. It is not generally recommended to use a period of less than five years in which to meet all current need. It is important to consider the need for comparability between local authorities when determining the quota.

20.0%

Step 12 - Annual need to reduce the level of current need

6.5.9 This is the number of affordable units that will be needed each year in order to eliminate the levels of unmet housing need over the time period agreed in Step 11. It is obtained by multiplying the current need (Step 10) by the quota (Step 11).

$10 \times 11 = 171$

6.6 Newly arising need

Step 13 - New household formation

6.6.1 This involves estimating the gross number of households that will form on an annual basis. It is based upon past trends rather than on making assumptions about the intentions of households likely to form in the future, as future intentions are uncertain whereas past behaviour is known.

6.6.2 The use of past trends involves basing the profile of new households on the characteristics of identified newly forming households in the recent past. There are two components to this:

- (i) existing households who have formed within the last year
- (ii) hidden homeless households who have formed in the last year

- 6.6.3 Using past trends to predict new household formation also enables the ex-institutional population to be included within it.

544

Step 14 - Proportion of newly arising households unable to buy or rent in the market

- 6.6.4 This relates to the proportion of newly forming households who are unable to buy or rent a suitable sized property on the open market. Estimating the proportion of households unable to afford the open market involves assessing minimum household incomes required to access market housing using the affordability tests described above.

- 6.6.5 Affordability of newly forming households is difficult to assess as young people’s income levels change quickly as does their propensity to form partnerships, which will affect total household income. For these reasons, the ability of newly forming households to afford to buy or rent in the open market is based upon the incomes of those that actually did form over the past year, including those that formed as hidden homeless households.

63.1%

Step 15 - Existing households falling into need

- 6.6.6 By looking at the number of existing households who fell into need in the previous year, an estimate of the number who falls into need each year can be made.

333

Step 16 - In-migrants unable to afford market housing

- 6.6.7 The recommended way of estimating in-migration using local housing survey data is to assume that future in-migrants will be similar in number (and share similar characteristics) to previous in-migrants.⁹¹ Such estimates can be altered if there are known events or factors that may impact upon future in-migration e.g. programmes to accommodate asylum seekers, employment growth etc.

115

254

Step 17 - Potential out-migrants unable to afford market housing

- 6.6.8 Whilst in-migration can be estimated using survey data as described in Step 16, out-migration cannot be picked up this way as last year’s out-migrants are now living elsewhere.

- 6.6.9 The best means of approximation is to ask households in current need whether they will leave within the next year. Asking people to predict beyond a year is not recommended

0

Step 18- Total newly arising need

- 6.6.10 This is the annual gross level of newly arising housing need for affordable housing. It is calculated by adding together newly forming households unable to afford market housing (Step 13 times Step 14), existing households falling into need (Step 15) and in-migrants

⁹¹ Surveys can be used to identify the numbers of in-migrant households who have moved into a district within the last two years. This number can then be halved to estimate the annual flow of in-migrant households. However, when examining the circumstances of those that have in-migrated within the last year, including the numbers unable to afford market housing, it is best to look at only those that have in-migrated within the last year as they are likely to have the most similar profile to next year’s in-migrants.

unable to afford market housing (Step 16) and subtracting from this out-migrants unable to afford market housing.

$$(13 \times 14) + 15 + 16 - 17 = 930$$

6.7 Supply of affordable units

Step 19 - Net supply of social re-lets

- 6.7.1 This is calculated on the basis of past trends. Generally, the average number of re-lets over the last three years is taken as the predicted annual level.
- 6.7.2 This does not include transfers within the social sector. It is only properties that come up for re-let to a new household that are counted. In areas where the stock base of affordable housing is changing substantially (e.g., due to high levels of Right to Buy or substantial new stock being built) it may be appropriate to take into account the changing stock base when predicting levels of future voids.

$$801$$

Step 20 - Supply of intermediate housing

- 6.7.3 This is the intermediate housing that comes up for re-let or resale. It is only included as affordable housing if it remains at a cost substantially below market value.

$$0$$

Step 21 - Total affordable supply

- 6.7.4 This is the predicted annual supply of affordable units (both social rented and intermediate housing).

$$19 + 20 = 801$$

6.8 Net shortfall/surplus

Step 22- Overall shortfall or surplus of affordable housing

- 6.8.1 This is the overall level (i.e. shortfall or surplus) of affordable housing that would need to be provided each year in order to meet housing need over the chosen time period.
- 6.8.2 It is calculated by subtracting the supply of affordable housing (step 21) from the annual need (step 12 plus step 18). A positive figure here implies a net shortfall of affordable housing and the number indicates the rate that the shortfall is predicted to grow at each year.

$$12 + 18 - 21 = 301$$

6.9 Summary

- 6.9.1 Table 88 summarises the above 22 Steps to show the need for affordable housing in Scottish Borders.
- 6.9.2 The size of units needed, and role of different kinds of affordable housing, such as intermediate housing products in meeting this need is discussed in Chapter7, *Delivering Affordable Housing*.

Table 88 Summary of the housing needs model

C: CURRENT NEED	
1. Existing households in need of alternative accommodation	5250
2. <i>plus</i> Current non-households in need of affordable housing	129
3. <i>minus</i> cases that can afford to meet their needs in the market	2,269
4. <i>equals</i> Total current housing need	3,110
A: AVAILABLE STOCK TO OFFSET NEED	
5. Current occupiers of affordable housing in need	2,235
6. <i>plus</i> surplus stock	0
7. <i>plus</i> committed supply of new affordable units	82
8. <i>minus</i> planned units to be taken out of management	64
9. <i>equals</i> Total available stock to meet current need	2,253
10. <i>equals</i> Total unmet need	857
11. <i>times</i> quota progressively to reduce level of current need	20.0%
12. <i>equals</i> annual need to reduce level of current need	171
N: NEWLY ARISING NEED	
13. New household formation (gross p.a.)	544
14. <i>times</i> proportion of newly arising households unable to buy or rent in the market	63.1%
15. <i>plus</i> existing households falling into need and unable to afford market housing	333
16. <i>plus</i> in-migrants unable to afford market housing	254
17. <i>minus</i> potential out-migrants unable to afford market housing	0
18. <i>equals</i> newly arising need	930
S: SUPPLY OF AFFORDABLE UNITS	
19. Net supply of social re-lets	801
20. <i>plus</i> supply of intermediate housing available for re-let/resale at sub-market levels	0
21. <i>equals</i> affordable supply per annum	801
NET SHORTFALL/SURPLUS	
22. Overall shortfall or surplus per annum	301

APPENDIX 3: LOCAL HOUSING

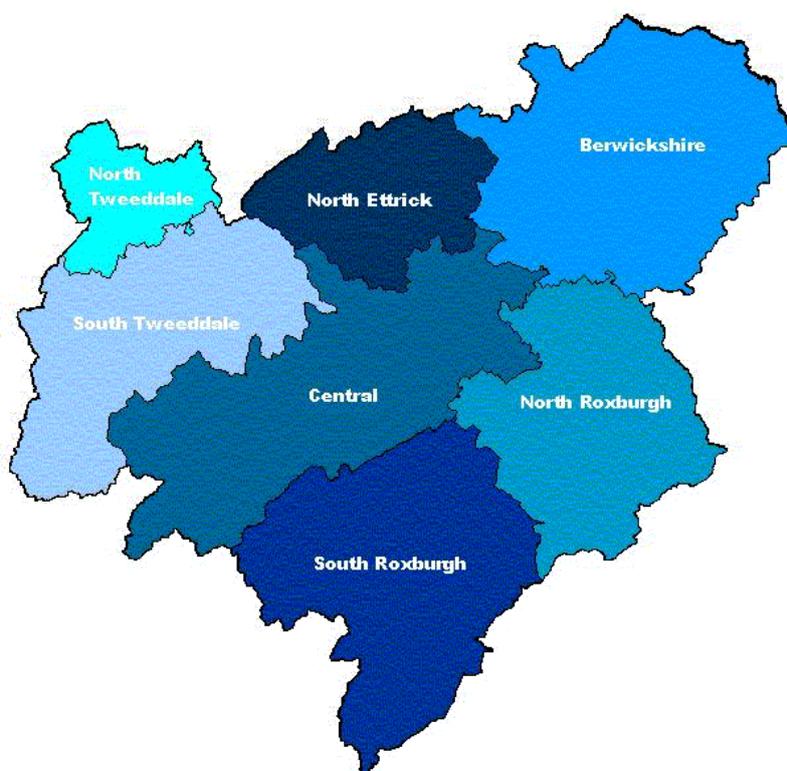
Local Housing Assessment Specification

1. Study Area

1.1 The study area is the Scottish Borders. Households in the Scottish Borders number 53,097¹. SBC has identified seven Housing Market Areas (HMAs) within the Scottish Borders as follows:

Berwickshire HMA	- BERWHMA
Central HMA	- CENTHMA
North Ettrick and Lauderdale HMA	- NETTHMA
North Roxburgh HMA	- NROXHMA
North Tweeddale HMA	- NTWEHMA
South Roxburgh HMA	- SROXHMA
South Tweeddale HMA	- STWEHMA

Figure 1. Scottish Borders Housing Market Areas



1.2 It is anticipated that the study results will be reported at the levels of:

- Scottish Borders Local Authority area, Housing Market Area (HMA) level AND 10 to 15 sub-areas/settlements.

The 15 sub-areas have been ordered by priority and are as follows:

¹ Source: SBC Council Tax - Revenues Department 2005

Priority	Settlement
1	Galashiels
2	Peebles
3	Kelso
4	Melrose + Darnick + Newstead
5	Eyemouth
6	Duns
7	Selkirk
8	Earlston
9	Innerleithen + Cardrona
10	Newtown St Boswells
11	Hawick
12	Jedburgh
13	St Boswells
14	West Linton
15	Lauder

2. Key objectives and tasks of the Local Housing Assessment

2.1 The main purpose of the Assessment is:

To assess the housing needs and demands of residents in the Scottish Borders – both current unmet and those of the future, by tenure.

2.2 The key tasks within the Study are:

- (a) Carry out a survey to provide an assessment of housing needs, forecast up to 2011 - translating that need into different sizes and types of housing including affordable housing (taking into account SPG Affordable Housing)
- (b) Carry out the above at local authority level, Housing Market Area level and sub-area/settlement level
- (c) Forecast the scale and reasons for the need for housing and appropriate tenure mixes (including affordable housing)
- (d) Provide a methodology to allow Housing Strategy to update survey findings as a continuous process.
- (e) To consider the housing needs of particular groups – elderly, disabled, travellers and any other identified groups with special considerations
- (f) Inform Housing Strategy about housing issues in the area and any relevant changes or trends with particular reference to in-flows and out-flows in relation to residential moves and also Travel to Work Areas (TTWAs).
- (g) Analyse inter-tenure movement.
- (h) Inform the development of community care services by providing information about particular housing and support needs e.g. disability and the need for house adaptations;
- (i) Use Scottish Executive Household projections in each area and analyse likely tenure split taking cognisance of affordability issues
- (j) Provide an assessment of aspirations of people to live in particular locations within each sub-area and how this varies by household type, tenure, income and age
- (k) Comment on factors which need to be tracked which may impact on trends e.g. transport links, infrastructure, wider economy, fuel prices etc and effects on household growth

2.3 Housing need will therefore be expressed as:

- (a) The number of households currently in need; those which require a move and those which can be dealt with in place. This should include the characteristics of those households e.g. location and reasons for moving or staying
- (b) The type, range and tenure of accommodation required to meet those needs and to meet forecasted future demand (up to 2011)

- (c) Degree of overcrowding and under occupation
- (d) Basic amenities (sharing/lacking)
- (e) Degree of fuel poverty
- (f) Degree of disrepair and BTS housing conditions
- (g) Affordability trends
- (h) Number and bedroom requirements of existing and hidden homeless households with a housing need that cannot be met without 'social agency' intervention
- (i) Number of emerging households/household formation requiring housing up to 2011
- (j) Number of concealed households requiring housing immediately and in the future
- (k) Number of households requiring physical adaptations now and households in future need
- (l) Recent housing history in terms of tenure, geographical origin and reasons for moving into the district
- (m) Brief details of attitudes about local environment (crime, litter, parking, noise, open space etc) and key local facilities (health, leisure, education, employment, shops, banks, social services, advice provision);
- (n) Car ownership and parking
- (o) Key energy efficiency characteristics of dwellings; age, type, tenure, insulation, heating type and fuel, water type and fuel.

2.5 Specific survey items, not necessarily exhaustive are:

- (a) Households: type and composition, size, gross income, benefits, savings, disability, ethnic origin, also standard questions such as length of residence, tenure and location preferences etc
- (b) Individuals: gross incomes of head of household, and partner if any; age, sex, relationship to head of household and employment status and location of employment of all individuals

2.6 Schedule objectives are:

- (a) Fieldwork to be completed by 14th August 2006
- (b) Interim report to be completed by 31st August 2006
- (c) Draft final report to be completed by 13th October 2006
- (d) Final report to be completed by 30th November 2006

3. Projections

- 3.1 A forecast of need up to 2011 is required. Consultants are required to consider and comment on the appropriateness of alternative timescales in light of the objectives of the study.
- 3.2 National and local factors, such as land use planning decisions and major transportation developments, which are likely to influence the nature and extent of new household formation and the geography of the housing market areas are to be identified and quantified.
- 3.3 All results will clearly demonstrate the type and tenure of the housing requirement including households who have the ability to access other forms of affordable housing (i.e. LCHO, sub market rent) outwith social renting.

4. Methodology

- 4.1 The Assessment should follow a clear methodology that is robust and reliable in relation to producing the outputs and can be achieved within the budget. Consultants are asked to consider this in relation to analysis of existing published data and creation of new data.
- 4.2 Attention is also drawn to the advice on best practice in the ODPM Local Housing Assessment – A Practical Guide (March 2005) and the DETR report “Local Housing Needs Assessment – A Guide to Good Practice” (Glen Bramley et al, DETR July 2000). All contractors should be fully cognisant of these guides as well as Communities Scotland Best Practice Guide on Local Housing Systems Analysis. Given that the results will inform the Structure Plan and Local Plans, methodology must also take into account Planning Guidance and Best Practice including SPG Affordable Housing.
- 4.3 Surveys will be piloted and justified in their statistical significance. Where face-to-face / telephone interviews are proposed these should be outlined to ensure accurate and comprehensive responses are achieved in a manageable timescale. Appropriately trained staff with industry accreditation should conduct interviews and quality control measures should be demonstrated to ensure that survey forms are being completed both accurately and fully.
- 4.4 The Contractor will be required to provide draft copies of all research instruments for comment prior to the contractor undertaking any primary research. This will include questionnaires, topic guides and background materials. The Contractor will make agreed amendments to draft outputs on the basis of comments from the Project Officer.

5. Survey sample frame and management

Sample design

- 5.1 The sample size should be sufficient to provide detailed analysis at the level of Housing Market Area², and in detail regarding 10 to 15 sub-areas/settlements and overlap with Intermediate Geographies.
- 5.2 The method of sample stratification will be agreed in consultation with SBC. Tenderers should recommend a method of stratification that will enable valid results to be provided at both local authority, HMA and sub-area levels
- 5.3 SBC will provide a file of property addresses from the Council Tax registers to enable the Contractor to draw and set the sample.
- 5.4 If appropriate consultants should outline how they propose to merge and cross-reference previously published data and new data in order to ensure accuracy.

² SBC will define HMAs by postcode.

Appointment, management and briefing

- 5.5 Contractors must provide identified fieldworkers for the survey in advance of the contracts commencement. Up to two SBC staff will attend the briefing of fieldwork staff
- 5.6 All fieldwork staff must have a satisfactory disclosure check undertaken by Disclosure Scotland before being able to participate into the survey.
- 5.7 The contractor will be required to make weekly reports on progress including response rates and reasons for refusal. SBC reserves the right to check the accuracy of the data at any stage of the Study.

Sample selection

- 5.8 Contractors will be expected to use random sampling to select a sufficient number of addresses within the agreed method of stratification to achieve the appropriate number of surveys.
- 5.9 The Contractor will be required to take into account a cross over between Housing Market Areas and Intermediate Geographies within the sampling.
- 5.10 The contractor will be required to advise SBC on the number of times it will be necessary to break down the sample to satisfy the objectives of the project. Tenderers should consider the appropriate sample size required to achieve sufficient levels of accuracy in data, and should provide examples of the level of accuracy used in previous studies.

Design of Survey Form

- 5.11 The contractor should design a suitable survey form that will allow collection of the information required for the purposes of this Study.

Maximising the response rate

- 5.12 If carrying out face-to-face surveys interviewers will be expected to make at least three separate visits to a property before it can be considered a non-response. At least two of these visits should take place during an evening or weekend. When carrying out postal surveys the service provider will be expected to send at least three questionnaires to a property before it can be considered a non-response.

Data analysis software

- 5.13 SBC requires that the analysed data and analysis tool is made available to enable SBC to undertake further analysis and to enable updating of the analysis. The consultant should advise as to the feasibility of this and the potential to respond to any data queries in this regard.
- 5.14 Raw data is to be provided in format compatible with the SBCs systems (MS Windows). The consultant should retain any completed survey forms for a period of 3 years after which they can be destroyed. Completed survey forms and the data should not be used for any other purposes.

- 5.15 The Contractor will be required to provide a contact following completion of the project to respond to any queries regarding data or software.
- 5.16 The Contractor will be required to offer two day's training for officers at no extra cost and to update findings following completion of the project

6. Study outputs

The main outputs required are:

- 6.1 Interim report, draft final report and final report including separate executive summaries. The interim report (on completion of survey work) should detail initial findings, response rate and methods employed in both data collection and processing. Any methodological issues relating to response rates and non-response bias must be clearly presented, along with any assumptions or transformations made in data processing. Initial analyses and findings should be presented with commentary and supporting tables.
- 6.2 A draft final report which will have detailed analysis of results including illustration of these (i.e. charts, graphs) where appropriate. SBC retains the right of at least an 8-week period to consider the draft final report and seek clarification and agree changes prior to the publication of final report.
- 6.3 Final report and separate executive summaries are required. Specific requirements will be discussed at commissioning stage. Indicative requirements are 25 hard copies of final report and 50 executive summaries.
- 6.4 The consultant is also required to provide an electronic version which is compatible for internet use and provide copies on CD.
- 6.5 Full raw data set. All data collected and produced during the survey will be the property of Scottish Borders Council. The Contractor will provide electronic copies of all Reports and the raw dataset to enable SBC to make maximum use of the data following completion of the Study. To enable confidentiality to be maintained, it is envisaged that this will be suitably anonymised so that SBC will not be able to recognise one individual's response.
- 6.6 The Contractor will be expected to undertake two presentations of up to one hour to interested parties (SBC officers, stakeholders etc). The cost of these activities should be included in the tender. The presentations may be outside office hours.

7. Monitoring

- 7.1 The Local Housing Assessment Steering Group will monitor the Project and conditions of the Contract. This group is chaired by the Housing Strategy Team (HST).
- 7.2 Day to day running of the contract will be carried out by the Housing Strategy Team (HST) at Scottish Borders Council. A Project Manager will be appointed within HST who will be the contact for the consultant.

- 7.3 Consultants will provide Housing Strategy with weekly updates via e-mail. It may also be necessary for consultants to attend Steering Group meetings during course of project, exclusive of interview briefings and presentations.
- 7.4 Change to the contract shall be submitted in writing and signed by both parties and administered by the Housing Strategy Team.

8. Further enquiries

If you have any further questions please contact

Eric Livingston
Social Work Contracts
Scottish Borders Council
East End, Earlston
Scottish Borders
TD4 6HU

APPENDIX 4: LOCAL HOUSING



LOCAL HOUSING ASSESSMENT 2006

FINAL REPORT

December 2006



1. APPROACH

1.1 Aims and objectives

- 1.1.1 In March 2006, **Outside** was appointed by Scottish Borders Council to undertake a study of housing requirements across all tenures and client groups within the Local Authority. The overall purpose of the Local Housing Assessment is to provide a better understanding of the local housing market, the key drivers of local housing demand and supply and the level of housing need within the area. The Assessment provides robust evidence to inform the development of housing and planning policies.
- 1.1.2 In addition, the Assessment provides data that can be combined with similar information from other Authorities in a consistent manner and improve understanding of housing market issues within the sub-region.
- 1.1.3 The key objectives of the Study as identified in the Project Brief can be summarised as follows:
- (i) to carry out a survey to provide an assessment of housing needs, forecast up to 2011 - translating that need into different sizes and types of housing including affordable housing
 - (ii) to carry out the above at local authority level, Housing Market Area level and sub-area/settlement level
 - (iii) to forecast the scale and reasons for the need for housing and appropriate tenure mixes (including affordable housing)
 - (iv) to provide a methodology to enable findings to be updated
 - (v) to consider the housing needs of particular groups - elderly, disabled, travellers and any other identified groups with special considerations
 - (vi) to inform Housing Strategy about housing issues in the area and any relevant changes or trends with particular reference to in-flows and out-flows in relation to residential moves and Travel to Work Areas (TTWAs)
 - (vii) to analyse inter-tenure movement
 - (viii) to inform the development of community care services by providing information about particular housing and support needs e.g. disability and the need for adaptations
 - (ix) to use Scottish Executive Household projections in each area and analyse likely tenure split taking cognisance of affordability issues
 - (x) to provide an assessment of aspirations of people to live in particular locations within each sub-area and how this varies by household type, tenure, income and age
 - (xi) to comment on factors which need to be tracked which may impact on trends e.g. transport links, infrastructure, wider economy, fuel prices etc and effects on household growth
- 1.1.4 In addition the Study must be able to inform:
- ✓ Communities Scotland investment programmes
 - ✓ The Structure Plan and Local Plan processes including Affordable Housing Policies
 - ✓ Homelessness strategies
 - ✓ Home Energy Conservation Act (HECA) and Fuel Poverty Strategies
 - ✓ Community programmes

- ✓ Community Care planning process
- ✓ Supporting People Strategies

- 1.1.5 The overall purpose of the Assessment is to guide the strategies, policies and decisions of the Council, their partners and other agencies in addressing housing, accommodation and related issues at both the sub-regional and individual Local Authority level.
- 1.1.6 The Housing Assessment 2006 used a mixed methodology to address these aims and objectives. The approach brought together both primary and secondary data:
- (i) **Secondary data and literature search** - review and analysis of key data sources and relevant literature including previous housing needs surveys and relevant sub-regional and regional research
 - (ii) **Residents** - a hybrid survey approach was employed consisting of 1,500 face-to-face interviews with resident households plus a postal survey of 18,000 Scottish Borders residents. This was to enable detailed analysis at the sub-authority level.
- 1.1.7 Although different methods were used to research individual elements, this report brings together the findings from each aspect under thematic headings rather than differentiating the findings by methodology.

1.2 Secondary data analysis and literature review

- 1.2.1 A range of secondary data and relevant literature was collated and analysed to inform the Housing Assessment and to set the study in context. These items fall into four broad groups:
- 1.2.2 Population
Projections from the Scottish Executive and from Scottish Borders Council to assess future population growth and new household formation.
- 1.2.3 Housing and earnings
Local, regional and national data; house price information collated from the University of Paisley
- 1.2.4 2001 Census
To make comparisons with the survey data by tenure, house type, household size and ethnicity and, where necessary, re-weight the data to ensure the findings are representative of the population.
- 1.2.5 Other information/data
Previous housing needs studies and sub-regional research.

1.3 Housing Assessment survey of resident households

- 1.3.1 Our normal practice for a Housing Assessment is to undertake some or all of the household survey by face-to-face interview. Face-to-face interviews are better for Housing Assessments because they:
- ☑ are less prone to bias
 - ☑ guarantee a response rate
 - ☑ enable the collection of information from concealed households
 - ☑ enable greater exploration of respondents' attitudes
- 1.3.2 A postal survey cannot provide a guaranteed response rate (it has to be assumed based on previous experience) and has greater bias due to lower response rates; on the other hand they are considerably cheaper.

- 1.3.3 Based upon the requirement that the survey provide detailed analysis at the sub-authority level, a hybrid survey of 1,500 face-to-face interviews and 18,000 postal questionnaires was undertaken.
- 1.3.4 The interview schedule included the following topics. A copy of which is provided at *Appendix 3 - Face-to-face interview schedule*.
- housing characteristics - tenure, house type, number of rooms and facilities; property condition and suitability of current housing; amenities, forms of heating and energy efficiency levels; adaptations
 - household characteristics - income, equity, employment; housing costs; composition by gender, age and ethnicity; special needs
 - respondents' housing history in terms of tenure, location and reasons for moving
 - characteristics, moving intentions and requirements of existing and new forming households
- 1.3.5 To draw a random probability sample across the Local Authority the Council Tax Register was utilised as a sample frame. A letter was sent to all households selected for face-to-face interview prior to being visited (a copy is included at *Appendix 2 - Pre-interview letter*). Up to three calls were made at each address at different times on different days before the household was recorded as a non-response and a further household selected.
- 1.3.6 Simultaneously, postal questionnaires were sent along with a covering letter to those addresses separately selected for the postal response (a copy is included at *Appendix 4 - Postal questionnaire*).

1.4 Sample representativeness

- 1.4.1 The Local Authority wide Housing Assessment is based upon a hybrid survey of 1,500 face-to-face interviews and 18,000 postal questionnaires. In order to achieve 1,500 successful interviews, 4,500 addresses were selected for interview.
- 1.4.2 A random sample of 18,000 addresses was drawn across the Local Authority for the postal questionnaires alongside 4,500 addresses selected for face-to-face interview. The addresses were drawn randomly across the Local Authority.
- 1.4.3 The response distribution for settlements within the Local Authority is shown in Table 1. The total number of respondents is 5,869, 1,500 of which were derived from face-to-face interview and 4,369 of which were provided via a postal response.

Table 1 Response distribution

Area	Total	Percentage
Duns	300	5.1
Earlston	292	5.0
Eyemouth	263	4.5
Galashiels	281	4.8
Hawick	271	4.6
Innerleithen/Cardrona	274	4.7
Jedburgh	287	4.9
Kelso	332	5.7
Lauder	239	4.1
Melrose/Darnick/Newstead	333	5.7
Newtown St Boswells	151	2.6
Peebles	311	5.3
Selkirk	306	5.2
St Boswells	131	2.2
West Linton	300	5.1
Other Rural Settlements	1,798	30.6
Total	5,869	100.0

Source: Housing Assessment survey

- 16
- 1.4.4 A sample of interviews undertaken by each member of the fieldwork team was back checked to ensure fieldwork quality.
 - 1.4.5 Data from the questionnaires was entered into a statistical analysis package (SPSS) for analysis purposes. The survey response was grossed up to 53,097, the total number of households for Scottish Borders according to the Assessors Role in 2005.
 - 1.4.6 The final column in Table 2 shows the confidence interval for each of the sixteen settlement areas at the 95% confidence level. These confidence levels are acceptable for a survey of this kind. The confidence interval for the Local Authority as a whole is +/- 1.31%. Consequently this means that the survey can be seen to be representative, statistically valid and highly robust at both the Local Authority and settlement area level.

Table 2 Weighting and confidence levels

Area	Housing Assessment	Council Tax Register	Weighting factor	Confidence interval (%)
Duns	300	2,710	9.03	+/- 5.77
Earlston	292	1,020	3.49	+/- 5.85
Eyemouth	263	2,265	8.61	+/-6.17
Galashiels	281	7,347	26.15	+/- 5.97
Hawick	271	8,585	31.68	+/- 6.07
Innerleithen/Cardrona	274	1,544	5.64	+/- 6.04
Jedburgh	287	2,649	9.23	+/- 5.90
Kelso	332	4,648	14.00	+/- 5.49
Lauder	239	879	3.68	+/- 6.47
Melrose/Darnick/Newstead	333	1,957	5.88	+/- 5.48
Newtown St Boswells	151	568	3.76	+/- 8.14
Peebles	311	4,471	14.38	+/- 5.67
Selkirk	306	3,364	10.99	+/- 5.72
St Boswells	131	464	3.54	+/- 8.74
West Linton	300	1,042	3.47	+/- 5.77
Other Rural Settlements	1,798	9,584	5.33	+/- 2.36
Total	5,869	53,097		+/- 1.31

Source: Housing Assessment survey and Council Tax Register

- 1.4.7 In terms of survey representativeness there are two main factors to take into consideration: household tenure and housing type. Table 3 shows the representativeness of the Housing Assessment for the Scottish Borders as a whole compared with the 2001 Census.
- 1.4.8 Some differences are apparent in terms of property types; for example, a higher proportion of respondents reside in terraced accommodation and a lower proportion reside in flats within the survey response as compared to the 2001 Census. In addition, the proportion of owner occupiers who responded to the survey was higher than in the Census at 67.2% compared to 60.8%.

Table 3 Comparative responses on tenure

Tenure	Housing Assessment	2001 Census
Owner occupied	67.4	60.3
Shared ownership	0.2	0.5
Renting - privately	7.2	10.0
Renting - social	24.5	24.3
Other	0.7	4.8
Detached	28.3	28.3
Semi-detached	24.1	25.5
Terraced	23.2	20.1
Flats	22.6	25.9
Other	1.8	0.1

Source: Housing Assessment survey and 2001 Census

1.5 Respondent profile

Table 4 Age of respondents

Age group	Face-to-face	Postal	Total
16-17	0.1	0.0	0.1
18-24	3.2	1.1	1.7
25-34	11.0	7.1	8.1
35-44	14.4	17.3	16.5
45-54	12.7	19.2	17.5
55-59	7.3	12.1	10.8
60-64	10.1	11.4	11.1
65-74	22.3	18.5	19.6
75-84	14.8	10.7	11.8
85 or over	4.0	2.5	2.9
Total	100.0	100.0	100.0

Source: Housing Assessment survey

Table 5 Gender of respondents

Gender	Face-to-face	Postal	Total
Male	37.4	48.3	45.4
Female	62.6	51.7	54.6
Total	100.0	100.0	100.0

Source: Housing Assessment survey

Table 6 Economic status of respondents

Economic status	Face-to face	Postal	Total
Employed/ self-employed full time	29.0	39.8	37.0
Employed/ self-employed	10.1	12.4	11.8
Unemployed	3.5	1.4	2.0
Retired	47.0	39.0	41.1
Student 16 or over or trainee	1.3	0.3	0.6
Looking after family or home	4.9	2.7	3.3
Long-term sick/ unable to work	3.7	3.3	3.4
Other	0.5	1.0	0.9
Total	100.0	100.0	100.0

Source: Housing Assessment survey

1.6 Report structure

- 1.6.1 This Local Housing Assessment report is structured in two volumes.
- 1.6.2 Volume I presents the housing markets and housing needs analysis for Scottish Borders. It consists of seven Chapters, including the Approach section:
- (i) Local housing Market Assessments - presents the evolution of the guidance for Housing Assessments and sets out the modelling procedure
 - (ii) Demand in the Housing Market - sets out the key demand side aspects of the housing market and the factors influencing that demand
 - (iii) Supply in the Housing Market - sets out the key supply side aspects of the housing market and the factors influencing that supply
 - (iv) Balancing the Housing Market provides an analysis of household flows, utilising both survey data on recent history of housing moves and households expressed moving intentions.
 - (v) Need for affordable housing - presents a step-by-step guide to the Local Authority requirement for affordable housing
 - (vi) Delivering affordable housing - sets out the planning and housing strategy context for the Local Authority before proposing the size, type, tenure and location of affordable housing in the Local Authority.
- 1.6.3 Additional analysis on the housing needs of specific communities is presented in Volume II of the report, as follows
- (i) Housing needs of older people and people with a need for supported housing
 - (ii) Housing needs of Black and Minority Ethnic communities

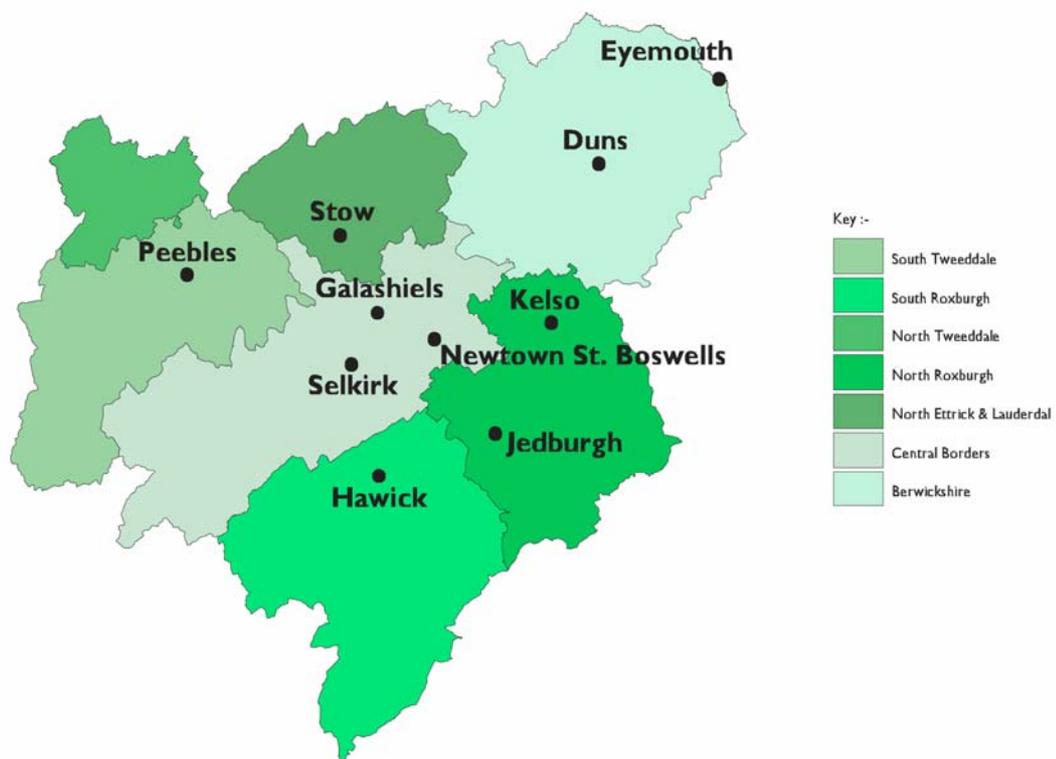
1.7 Housing market areas

- 1.7.1 The Development Framework for Scottish Borders divides the Local Authority into seven contiguous Housing Market Areas as shown in Figure 1. These seven Housing Market Areas contain 15 settlements as presented in Table 7. It is important that in reporting findings from the survey element of this research that local differences are accounted for. The decision to present tables at both the settlement level and housing market area level coincides with this.

Table 7 Scottish Borders Housing Market Areas

Housing Market Area	Settlement
Berwickshire	Duns Eyemouth
Central Borders	Earlston Galashiels Melrose/Darnick/Newstead Newtown St Boswells Selkirk St Boswells
North Ettrick & Lauderdale	Lauder
North Roxburgh	Jedburgh Kelso
North Tweeddale	West Linton
South Roxburgh	Hawick
South Tweeddale	Innerleithen/Cardrona Peebles

Figure 1 Housing Market Areas¹



¹ Scottish Borders Structure Plan Diagram 13, pg. 108.

APPENDIX 5: HOUSING MARKET

Lorraine McKechnie	Ark HA
Helen Forsyth	Berwickshire HA
Tracy Roxburgh	Berwickshire HA
George Higgs	Borders Equality Forum
Alun Evans	Borders Housing Network
Nicky Sandford	East Lothian Council
Mark Walton	Eildon HA
Michael Patterson	Eildon HA
Nile Istephan	Eildon HA
Laurence Cox	Eildon HA
Laura Campbell	Energy Saving Trust (Scotland)
Blair Melville	Homes for Scotland
G Staff	Lothian and Borders Police
Alan Mordue	NHS Borders
Warwick Shaw	NHS Borders
Derek Logie	Rural Housing Service
Gerry Begg	Scottish Borders Council
Donna Bogdanovic	Scottish Borders Council
Alison Clifton	Scottish Borders Council
David Cressey	Scottish Borders Council
Cathie Fancy	Scottish Borders Council
Ian Lindley	Scottish Borders Council
Douglas Scott	Scottish Borders Council
Martin Wanless	Scottish Borders Council
Janice Cambridge	Scottish Borders HA
Alastair Dee	Scottish Government
David Steane	Scottish Government
Mark Johnstone	Scottish Government
Sarah-Jane Laing	Scottish Rural Property & Business Association
Chris Collins	Scottish Water
David Weber	Scottish Water
Mark Rodgers	Waverley Housing
David McDougall	Community Planning

APPENDIX 6: SCENARIOS

As suggested by the Scottish Government's guidance, it is useful to develop scenarios to help consider and test the sensitivity of the housing need and demand assessment model to changes to specific factors of the calculation.

Tables 60-62 in Chapter 8 gave an insight into how changes would impact across a five year period. The following appendix shows scenarios where inputs to the base calculation have changed. This will in particular look at changes to the number of re-lets and changes to affordability.

These scenarios will help Partnerships to consider a range of outputs based upon different estimates. Table 1. is the base calculation copied from Table 59 in Chapter 8.

1.1 Homeless households in temporary accommodation	110
1.2 to 1.6 Households in unsuitable Housing - Concealed households and those unsuitably housed due to overcrowding, support needs, poor quality housing and harassment	5250
1.7 Number resolved	1741
1.8 Total current housing need (gross) 1.1 + 1.2 + 1.3 + 1.4 + 1.5 + 1.6 - 1.7	3619
2.1 New household formation	544
2.2 Proportion of new households unable to buy or rent in the market	74.3%
2.3 Existing households falling into need	596
2.4 Total newly arising housing need (2.1 x 2.2) + 2.3	1000
3.1 Affordable dwellings occupied by households in need	2235
3.2 Surplus stock	0
3.3 Committed supply of new affordable housing	83
3.4 Units to be taken out of management	4
3.5 Total affordable housing stock available (3.1+3.2+3.3-3.4)	2314
3.6 Annual supply of social re-lets (net)	911
3.7 Annual supply of intermediate housing available at sub-market levels	0
3.8 Units to be taken out of management	0
3.9 Annual supply of affordable housing (3.6 + 3.7- 3.8)	911
((1.8 minus 3.5)* 20%) + 2.4 minus 3.9	350
Net annual housing need as a proportion of total households	0.7%

Tables 60-61 show the number of re-lets falling or rising by 23% over the five year period. Scenario 1a and 1b below show the impact of these changes being made to the base calculation.

1.1 Homeless households in temporary accommodation	110
1.2 to 1.6 Households in unsuitable Housing - Concealed households and those unsuitably housed due to overcrowding, support needs, poor quality housing and harassment	5250
1.7 Number resolved	1741
1.8 Total current housing need (gross) 1.1 + 1.2 + 1.3 + 1.4 + 1.5 + 1.6 - 1.7	3619
2.1 New household formation	544
2.2 Proportion of new households unable to buy or rent in the market	74.3%
2.3 Existing households falling into need	596
2.4 Total newly arising housing need (2.1 x 2.2) + 2.3	1000
3.1 Affordable dwellings occupied by households in need	2235
3.2 Surplus stock	0
3.3 Committed supply of new affordable housing	83
3.4 Units to be taken out of management	4
3.5 Total affordable housing stock available (3.1+3.2+3.3-3.4)	2314
3.6 Annual supply of social re-lets (net)	694
3.7 Annual supply of intermediate housing available at sub-market levels	0
3.8 Units to be taken out of management	0
3.9 Annual supply of affordable housing (3.6 + 3.7- 3.8)	694
((1.8 minus 3.5)* 20%) + 2.4 minus 3.9	567
Net annual housing need as a proportion of total households	1.12%

Scenario 1b: Re-lets at 23% above base calculation.	
1.1 Homeless households in temporary accommodation	110
1.2 to 1.6 Households in unsuitable Housing - Concealed households and those unsuitably housed due to overcrowding, support needs, poor quality housing and harassment	5250
1.7 Number resolved	1741
1.8 Total current housing need (gross) 1.1 + 1.2 + 1.3 + 1.4 + 1.5 + 1.6 - 1.7	3619
2.1 New household formation	544
2.2 Proportion of new households unable to buy or rent in the market	74.3%
2.3 Existing households falling into need	596
2.4 Total newly arising housing need (2.1 x 2.2) + 2.3	1000
3.1 Affordable dwellings occupied by households in need	2235
3.2 Surplus stock	0
3.3 Committed supply of new affordable housing	83
3.4 Units to be taken out of management	4
3.5 Total affordable housing stock available (3.1+3.2+3.3-3.4)	2314
3.6 Annual supply of social re-lets (net)	1122
3.7 Annual supply of intermediate housing available at sub-market levels	0
3.8 Units to be taken out of management	0
3.9 Annual supply of affordable housing (3.6 + 3.7- 3.8)	1122
((1.8 minus 3.5)* 20%) + 2.4 minus 3.9	139
Net annual housing need as a proportion of total households	0.27%

As Tables 1a and 1b above show, whilst the base calculation that the Council is following estimates net annual need to be 350, changes in the number of re-lets by 23% shows that the estimate could range from 567 – 139.

A potentially more interesting scenario is to look at the changes in affordability. Table 17 in Chapter 2 estimates the affordability threshold to be 66.8% in Current Need and 74.3% for Newly Forming Households. This is thus reflected in the base calculation in Table 1 above.

Scenarios 2a and 2b consider changes to this affordability of + or – 10%. In scenario 2a the increase of 10% will reduce the number resolved in the market from 33.2% to 23.2% (1741 – 1218), whilst increasing the proportion of new households unable to buy or rent in the market to 84.3%.

Scenario 2a: Affordability threshold estimate +10%.	
1.1 Homeless households in temporary accommodation	110
1.2 to 1.6 Households in unsuitable Housing - Concealed households and those unsuitably housed due to overcrowding, support needs, poor quality housing and harassment	5250
1.7 Number resolved	1218
1.8 Total current housing need (gross) 1.1 + 1.2 + 1.3 + 1.4 + 1.5 + 1.6 - 1.7	4142
2.1 New household formation	544
2.2 Proportion of new households unable to buy or rent in the market	84.3%
2.3 Existing households falling into need	596
2.4 Total newly arising housing need (2.1 x 2.2) + 2.3	1054
3.1 Affordable dwellings occupied by households in need	2235
3.2 Surplus stock	0
3.3 Committed supply of new affordable housing	83
3.4 Units to be taken out of management	4
3.5 Total affordable housing stock available (3.1+3.2+3.3-3.4)	2314
3.6 Annual supply of social re-lets (net)	911
3.7 Annual supply of intermediate housing available at sub-market levels	0
3.8 Units to be taken out of management	0
3.9 Annual supply of affordable housing (3.6 + 3.7- 3.8)	911
((1.8 minus 3.5)* 20%) + 2.4 minus 3.9	509
Net annual housing need as a proportion of total households	1.0%

In scenario 2b below a decrease of 10% increases the number resolved in the market from 33.2% to 43.2% (1741 – 1218), Whilst decreasing the proportion of new households unable to buy or rent in the market to 64.3%.

Scenario 2b: Affordability threshold estimate -10%.	
1.1 Homeless households in temporary accommodation	110
1.2 to 1.6 Households in unsuitable Housing - Concealed households and those unsuitably housed due to overcrowding, support needs, poor quality housing and harassment	5250
1.7 Number resolved	2268
1.8 Total current housing need (gross) 1.1 + 1.2 + 1.3 + 1.4 + 1.5 + 1.6 - 1.7	3092
2.1 New household formation	544
2.2 Proportion of new households unable to buy or rent in the market	64.3%
2.3 Existing households falling into need	596
2.4 Total newly arising housing need (2.1 x 2.2) + 2.3	946
3.1 Affordable dwellings occupied by households in need	2235
3.2 Surplus stock	0
3.3 Committed supply of new affordable housing	83
3.4 Units to be taken out of management	4
3.5 Total affordable housing stock available (3.1+3.2+3.3-3.4)	2314
3.6 Annual supply of social re-lets (net)	911
3.7 Annual supply of intermediate housing available at sub-market levels	0
3.8 Units to be taken out of management	0
3.9 Annual supply of affordable housing (3.6 + 3.7- 3.8)	911
((1.8 minus 3.5)* 20%) + 2.4 minus 3.9	191
Net annual housing need as a proportion of total households	0.38%

Table 2a and 2b show that changing affordability estimates by just 10% gives a range of 509 – 191 above/below the base calculation of 350.