

## 1. LHS Development & Main Issues

The Local Housing Strategy for Scottish Borders (2012-2017) is nearing implementation and therefore requires to be redrafted and submitted to Scottish Government Ministers in 2016. The current LHS focuses action, investment and partnership on the following four strategic aims:



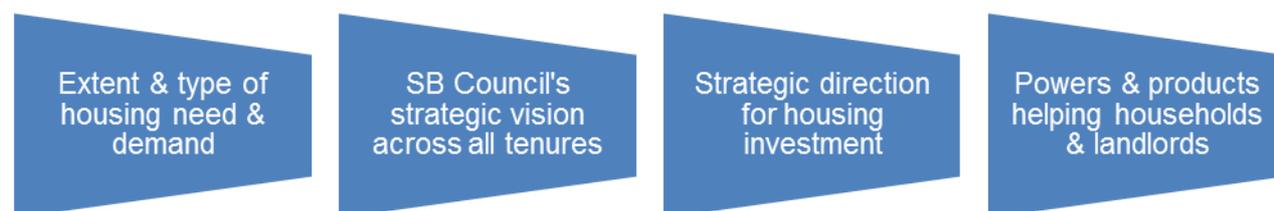
To build the new strategy, Scottish Borders Council need to assess whether the previous LHS aims still represent the main housing issues that need to be tackled or whether a refocused set of local priorities will guide action, partnership and investment moving forward. This briefing focuses on the supply of housing in Scottish Borders, presenting evidence on the extent and nature of the problem and progress in tackling it since 2012.

## 2. Affordable Housing Supply: What is the nature of the problem in Scottish Borders?

The key headlines in relation to the need for affordable housing in Scottish Borders are as follows:

- Scottish Borders' population looks set to increase by 1% by 2022 compared to 2012, however it is estimated that the working age population will fall (-6%) and the older population will increase considerably (24%)
- The average income in Scottish Borders is lower than nationally: £32,785 in 2015, which is 5% lower than Scotland
- In 2014, the average house price in Scottish Borders is £173,575, which is 7% higher than the average for Scotland at £162,122;
- Based on the HNSA Guidance assumptions, a household would need to have an income of £43,000 to be able to access a mortgage valued at the average house price;
- Half of local households cannot afford the average market rent in Scottish Borders

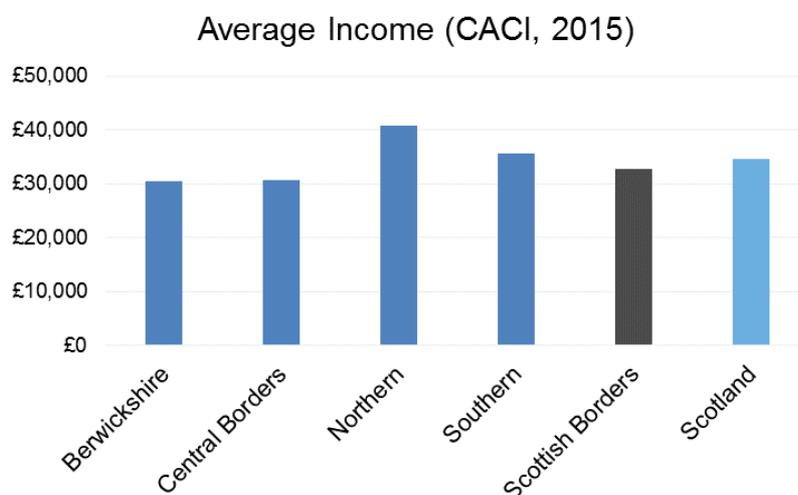
In terms of delivering a suitable and sufficient supply of affordable housing, the LHS is required to provide evidence and policy direction in relation to:



## 3. Affordable Housing Supply: What is the extent of the problem in Scottish Borders?

The population of Scottish Borders looks set to increase by 1% by 2022 (compared to 2012), in line with the national estimate. However, as is the case nationally, there is expected to be a considerable increase in the pensionable age population; which looks set to grow by 24% by 2022. In comparison, the working age population is estimated to drop by 6%. These projections look set to influence household profile in Scottish Borders; with a projected increase in the number of single adult households, and projected decline in the number of larger households (two adults and children).

Based on the CACI Paycheck data for 2015, the average income for Scottish Borders households is £32,785; approximately 5% lower than the national average (£34,619).



Although gross weekly pay has gradually increased over the last two decades in Scottish Borders, it has consistently been lower than that of Scotland. In 2014, the gross weekly pay nationally exceeded £500, however in Scottish Borders this was just over £450.

Income levels vary across housing market areas, with incomes particularly low in Berwickshire (£30,407) and Central Borders (£30,624) and considerably higher in Northern (£40,846).

In terms of the average price, according to Registers of Scotland, the average house price in Scottish Borders was £173,575 in 2014 compared to the Scottish average price of £162,122 (7% higher).

Based on the suggested assumptions within the 2014 Housing Need & Demand Assessment Guidance, a household would need to earn over £43,000 to be able to access a mortgage valued at the average house price in Scottish Borders.

The 2015 SESplan HNDA also highlighted the difficulty faced by households accessing lower quartile entry housing in Scottish Borders. This analysis found that the lower quartile ratio in Scottish Borders is 7.61; higher than the average for both SESPlan members (7.50) and Scotland as a whole (6.72).

<b>House price</b>	<ul style="list-style-type: none"> <li>• £43,000 income required to access average house price mortgage</li> <li>• Avg Scottish Borders income: £32,785</li> </ul>
<b>Private rented sector</b>	<ul style="list-style-type: none"> <li>• Average rent of £519 per month</li> <li>• 51% of local households cannot afford</li> </ul>
<b>Social rented sector</b>	<ul style="list-style-type: none"> <li>• Average rent of £319 per month</li> <li>• 28% of local households cannot afford</li> </ul>

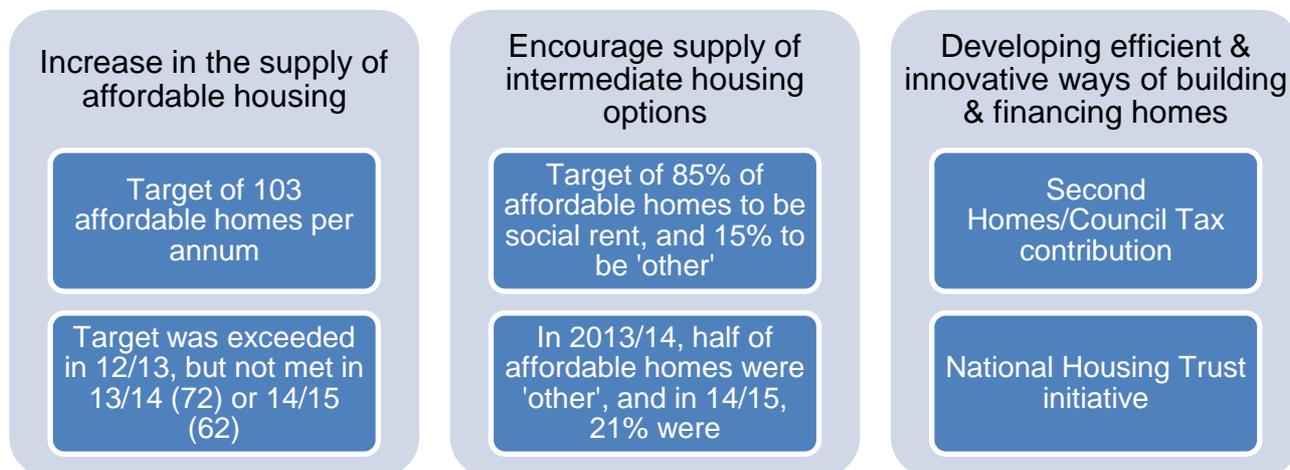
**Affordability remains a key issue in Scottish Borders.** Analysis which compares housing costs to the value of local incomes indicates that half of local households **cannot afford** average market (PRS) rents (when devoting 25% of their income to their rent). In comparison, just over a quarter of households are unable to afford the average social rent in Scottish Borders.

**There are three separate access routes into social housing in Scottish Borders:** Borders Choice Homes (comprised of Berwickshire HA, Eildon HA, Waverly Housing and other smaller specialist RSLs), Homechoice (Scottish Borders Housing Association; the largest social landlord in the area) and SHOP (comprised of Bield, Trust and Hanover, who offer specialist housing). It is anticipated that this is set to increase, as Waverley Housing has expressed an interest in withdrawing from Borders Choice Homes in 2015/16.

The number of RSL lets has been consistently in line with the target set within the current LHS (1,200 per annum) in both 2012/13 (1,252 lets) and 2013/14 (1,221 lets).

#### 4. Affordable Housing Supply in Scottish Borders: LHS response and Impact

The implementation of the 2012-2017 Local Housing Strategy has focused on the aim of meeting the need for affordable housing in Scottish Borders by delivering the following objectives:



**Increasing the supply of affordable housing** was a key objective in the 2012-17 Local Housing Strategy. Within this – and the Strategic Housing Investment Plan (SHIP) – a target of 103 affordable homes being completed per annum was set. Progress reports published by the Council, however, show that, whilst in 2012/13, this target was exceeded with the delivery of 115 affordable homes, the target was not met in subsequent years. In 2013/14, 72 affordable homes were completed, and even less (62 units) in 2014/15.

In terms of these new affordable homes, the current LHS specified – based on the Scottish Borders Housing Need and Demand Assessment outcome - that 85% of these should be for social rent. The remaining 15% would be for other affordable options, including intermediate tenures and mid-market rent. Since 2013/14, the proportion of affordable homes which are for social rent has fell short of the 85% target (53% in 2013/14 and 79% in 2014/15). To this end, the target for intermediate options has been exceeded; but this is evidently at the expense of the social housing completions.

The Council has been actively supporting RSL partners to build affordable homes in Scottish Borders. For example, the Council worked with RSL partners to submit a business case to Scottish Ministers seeking consent to borrow to on-lend to assist affordable housing delivery. Through the National Housing Trust Local Authority Variant funding model, the Council has also agreed to progress plans to seek to provide up to 200 affordable homes, across 49 sites, for mid-market rent. 11 of the 49 are being actively progressed, and the NHT initiative has been extended until March 2019 which provides some certainty about project delivery.

The Council's Empty Homes Strategy (2012-15) was developed to support the LHS objective to reduce the number of long term empty homes in Scottish Borders. As well as securing funding from the Scottish Government's Empty Loan Fund (£150,000), developing information and advice materials, setting up an Empty Homes Working Group and engaging with private landlords (including promoting the use of the Deposit Guarantee Scheme), Scottish Borders Council is involved in Property Matchmaker Service. This free service is managed by an (award winning) Empty Homes Officer and enables owners of empty properties to identify potential buyers. This scheme has led to 29 less empty properties.

## 5. What strategic questions should be considered at the LHS Conference?

The purpose of the LHS conference is to agree the main housing issues that require intervention in Scottish Borders, examine the main issues in detail and generate ideas for action and investment. Key issues for consideration in the Affordable Housing Supply Focus Group are:

