

# Housing Need and Demand Assessment

Summary  
2011



Clackmannanshire Council

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## 1. Introduction

- 1.1 This is a summary of Clackmannanshire Council's Housing Need and Demand Assessment (HNDA) 2011. The Assessment was carried out by Clackmannanshire Council's Housing service, with input from partners in the Council, RSLs and elsewhere to ensure joint agreement in the approach taken.
- 1.2 The Scottish Government set out detailed guidance for the preparation of the HNDA, which has been followed carefully. The HNDA has been appraised by the Centre for Housing Market Analysis (CHMA), and was deemed "robust and credible" in October 2011.
- 1.3 This is the first HNDA produced, setting out the housing need and demand over the next 10 years, and it will provide the evidence base for policy decisions for the next Local Housing Strategy (LHS) and the Main Issues Report of the Clackmannanshire Local Development Plan. The LHS is to be published in 2012, and the Main Issues Report is due to go out to consultation early 2011.
- 1.4 The main areas covered in the HNDA are summarised under each of the following headings:
  - Housing Market Areas;
  - Demographic and Economic context;
  - Clackmannanshire Housing Market Profile, and;
  - Estimating Housing Need and Demand.

## 2. Housing Market Areas

- 2.1 The study area for the HNDA is contained within the Clackmannanshire Council boundary. The area is divided into three housing market areas (HMA's) which are areas found to be relatively self contained for people looking for and buying houses. Although Clackmannanshire is a small County, there are distinct characteristics among the areas identified. The housing market areas are:

**HMA 1: Alloa/Clackmannan/Tullibody**, including the 'lower level' settlements:

- Sauchie;
- Forestmill;
- Kennet;
- Cambus, and
- Fishcross.

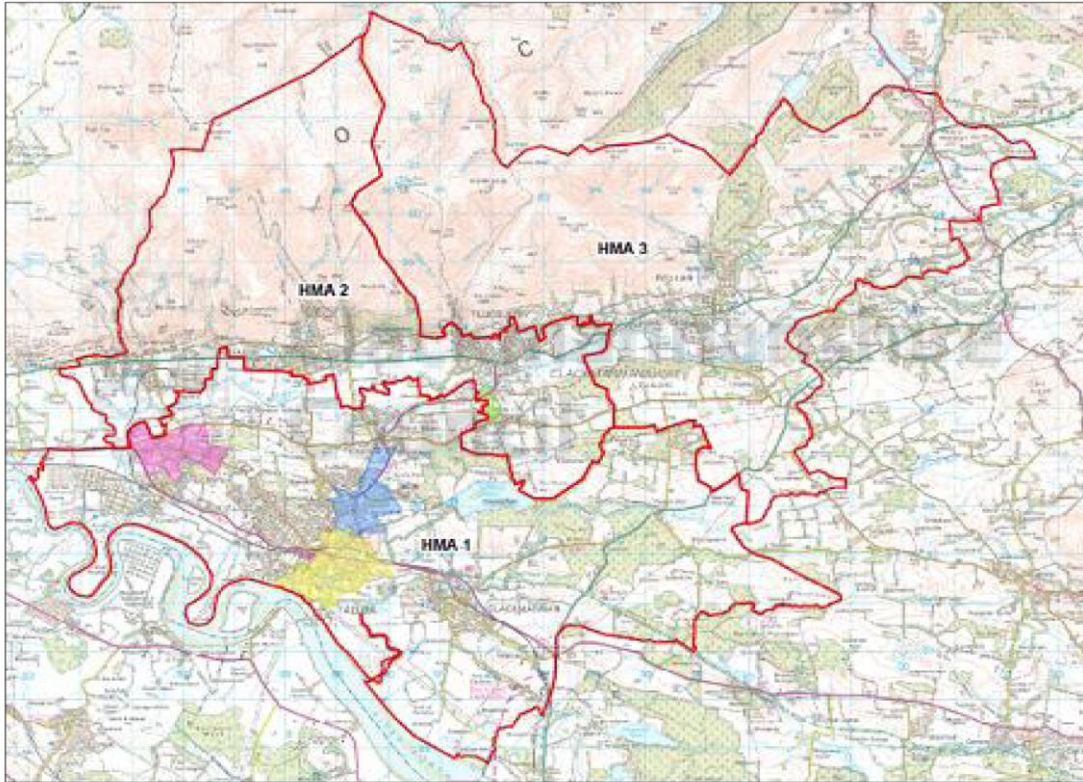
**HMA 2: Alva/Menstrrie/Tillicoultry** including the 'lower level' settlements:

- Coalsnaughton, and;
- Devonside.

**HMA 3: Dollar** including the 'lower level' settlements:

- Muckhart.

Map 1 - Housing Market Areas



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### 3. Demographic and Economic Context

- 3.1 The population of Clackmannanshire fell from 48,100 in 2001 to 47,680 in 2003, but has grown to just under 50,540 in 2009. Clackmannanshire accounts for just under 1% of Scotland's overall population of 5,168,500. Much of the growth is due to recent new house building and inward migration. This growing population and trend towards smaller households has meant significant household growth, which is set to continue into the future.
- 3.2 The evidence points to an increase in the older population. By 2031<sup>1</sup>, it is predicted that the over 60 age group will have grown by 10% to around 42% of the total population. The over 75s will account for 19% of the population.
- 3.3 The size of households is getting smaller, with the current average household size being 2.18 people. This is projected to drop to only 1.91 by 2031<sup>2</sup>.
- 3.4 Clackmannanshire has a small minority ethnic population compared to the rest of Scotland. ODS consulting reported an estimate of around 3% minority ethnic population in Clackmannanshire in 2006, compared to around 4.6% nationally. There are 16 authorised gypsy traveller places in Clackmannanshire.
- 3.5 In 2009, the working age population of Clackmannanshire was 31,400 or 62% of the total population. Of people of working age, 76% or 23,800 were economically active, i.e. in work or seeking work.

The largest sectors of the Clackmannanshire economy are: the public sector (accounting for around a third of jobs); distribution, hotels and restaurants just over 20% and

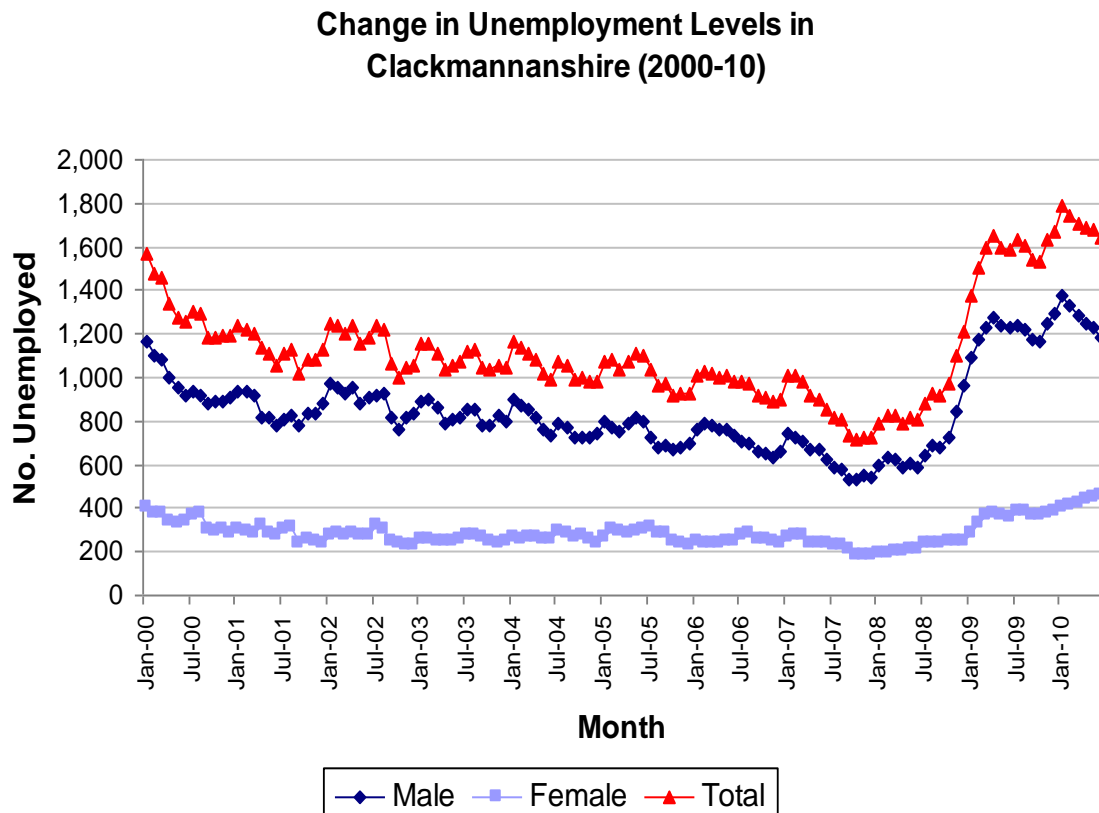
<sup>1</sup> Household Projections for Scotland, 2008 based, (C) Crown copyright. Data supplied by General Register Office for Scotland.

manufacturing has reduced in Clackmannanshire, only accounting for 12% of all employment.

As public service sectors continue to be cut back, and the economic down-turn continues, Clackmannanshire's reliance on these sectors means the local economy is fairly vulnerable in the current climate.

Unemployment in Clackmannanshire is currently at around 5%, compared to 4% nationally. The graph below shows the long term unemployment trends in Clackmannanshire, showing a ten year high.

Graph 1 - Long term Unemployment



3.6 Average earnings are less than the national average, gross weekly full-time pay is £427 in Clackmannanshire, compared to £472 for Scotland.

Average annual earnings are lowest in the Alloa HMA at £31,500, the Dollar HMA has highest earnings of £41,400 and in the Hillfoots HMA £32,500.

3.7 Clackmannanshire has some small areas of deprivation which are targeted regeneration areas such as Alloa South and East, Hawkhill and Newmills in Tullibody.

#### 4. Clackmannanshire Housing Market Profile

4.1 This section looks at the current housing profile of the area. This includes the housing tenure, condition and affordability and how the housing market system works together.

## 4.2 Context

House prices in Scotland and Clackmannanshire have had steep increases from 2003 to 2007 the house prices in Clackmannanshire increased by 84% from an average of £79,000 in 2003 to £145,000 in 2007, bringing the area much closer to the national average.

When the "credit crunch" happened, the economic climate changed and saw prices fall from around mid 2008. Between 2007 and 2009 house prices have fallen by 7% in Clackmannanshire and by 2% nationally.

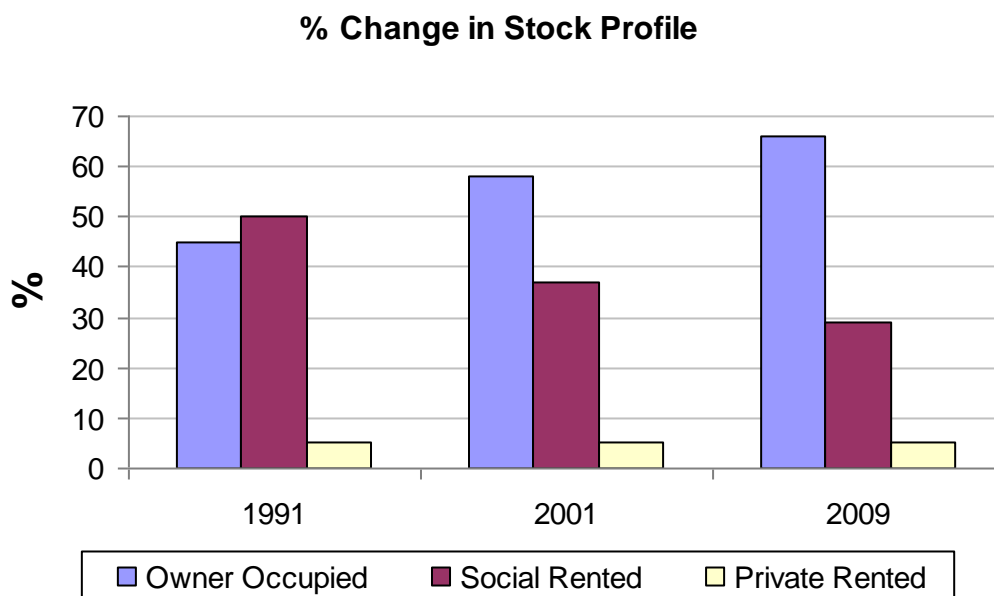
Generally, mortgage products are not readily available and buyers are required to find at least around 20% of the value of the property, which has a large effect especially on first time buyers.

As part of the study, local estate agents were interviewed in order to provide some supplementary information on how the housing market is currently operating at a local level.

## 4.3 Housing Stock Profile

There are currently 22,262 properties in Clackmannanshire. This is a rise of 14% since 1991 and is broadly in line with national increases. The graph below shows the change in the stock profile since 1991, when there were 50% social rented properties and 45% owner occupied. In 2009, only 29% of properties are social rented and 66% of all stock is owner occupied. Private renting has remained reasonably static during this time at around 5%.

Graph 2: Change in Stock over time



Graph 3 shows the current stock broken down by tenure, size and type. This shows that the vast majority of houses (as opposed to flats) are owner occupied, 12,788 houses. The social sector has 3,693 houses available and 488 for private let.

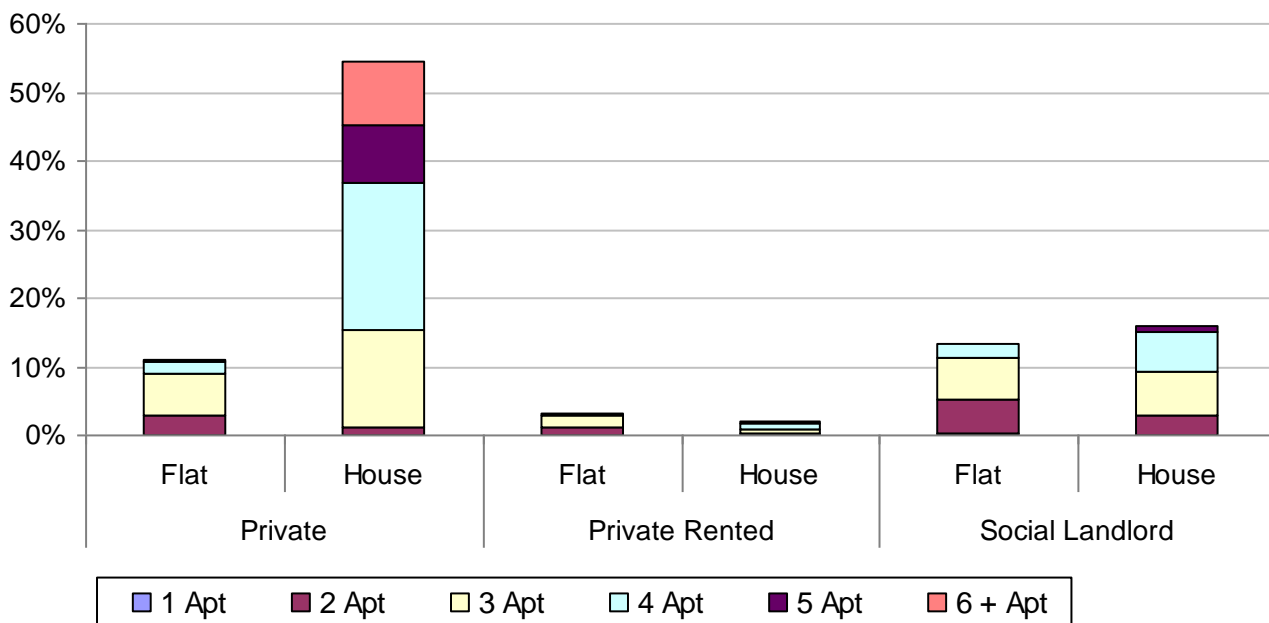
Flats are mainly social rented at 3,142. 2,572 flats are owner occupied and 729 flats are for rent privately.

Around 6% of owner occupied properties have one bedroom, 31% have two bedrooms, 35% three bedrooms and the remaining 28% are four bedrooms or larger;

According to Council Tax records and private sector stock conditions survey, there are between 730 and 850 vacant properties in Clackmannanshire.

Graph 3: Clackmannanshire Stock profile by size, type and tenure

### Clackmannanshire Properties by Size, Type and Tenure



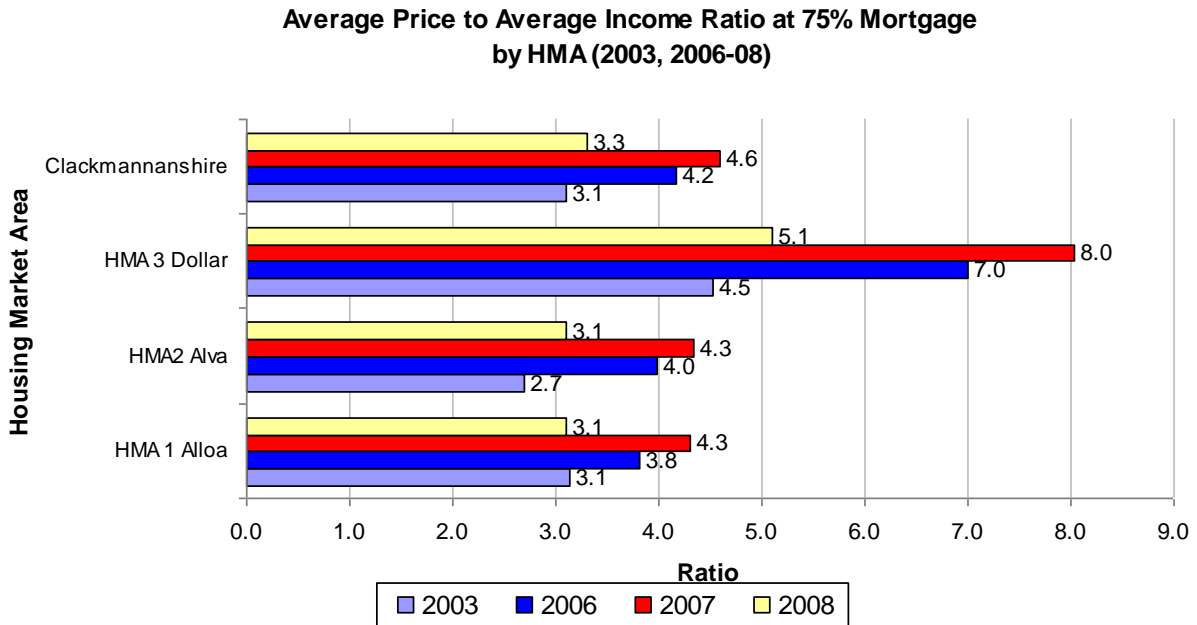
- 65% of the dwellings are in the Alloa area, 28% in the Hillfoots and 7% are in Dollar;
- 61% of the dwellings are owner occupied in Alloa, 71% in the Hillfoots and rising to 87% in Dollar;
- Clackmannanshire Council currently owns 5,036 properties, with 72% situated in the Alloa area, 26% in the Hillfoots and only 2% in Dollar, and;
- There are 1,821 RSL properties, with 83% of these in the Alloa area, 16% in the Hillfoots and only 1% in Dollar.

#### 4.4 Affordability

The graph below sets out the affordability ratio (house price to income) to purchase a property in Clackmannanshire. The model assumes a 75% mortgage, which requires buyers to have access to a 25% deposit in order to secure a mortgage. This will be in the form of equity from another house sale or from savings. Mortgages are now shown as being more affordable, but this is due to the mortgage value reducing from 100% to 75% of the purchase price.

The Dollar HMA is the least affordable, with house prices being 5 times average household income in 2008.

Graph 4 : Affordability - 75% Mortgage.



The average price of properties by location is shown in table 1. The house prices in Dollar are at least double that of the rest of Clackmannanshire.

Table 1 - Average Price of houses by location

	2003	2004	2005	2006	2007	2008	2009
<b>HMA1 Alloa</b>	£73,791	£90,524	£101,543	£113,631	£130,271	£130,043	£120,485
<b>HMA2 Hillfoots</b>	£72,254	£95,623	£105,361	£123,965	£139,452	£135,440	£133,158
<b>HMA3 Dollar</b>	£178,353	£201,316	£216,334	£273,589	£334,715	£282,479	£275,108
<b>Clack'shire</b>	£79,414	£96,927	£108,799	£128,575	£145,272	£142,417	£138,452

Source: Register of Sasines (2003-09)

There are a number of elements that have affected affordability and the pressure on the social rented stock:

- High house price growth - (84% from 2003 - 2007);
- Incomes have not compensated for this increase adequately;
- Lower quartile income households are often unable to access finance or credit, and;
- Large deposits are required for house purchase.



## 5 Estimating Housing Need and Demand

5.1 The method used to estimate the Housing Need, which is based on the Scottish Government guidance, is summarised below:

Estimate of current need - converted to backlog need.

**Plus**

Newly forming households falling into need

**Plus**

Existing households falling into need

**Equals**

Total annual housing need

**Minus**

Total available annual supply of affordable housing

**Equals**

Net annual housing need

The housing need analysis shows a clear shortfall in the supply of affordable housing, and works on low, high and medium growth projections. A summary of these scenarios is shown below:

- Low Growth - Average 370 new households annually (2008 GROS),  
2% increase in income,  
5% increase in house prices,  
5% increase in rent rates.
- Medium Growth - Average 370 new households annually (2008 GROS),  
4% increase in income,  
10% increase in house prices,  
10% increase in rent rates.
- High Growth - Average 370 new households annually (2008 GROS),  
6% increase in income,  
15% increase in house prices,  
15% increase in rent rates.

The impact on the requirement for affordable housing from these scenarios are calculated at:

### Low Growth

- Over the 10 year period, the average proportion of new households unable to buy is 68 % in Alloa HMA, 68% in Hillfoots HMA and 67% in Dollar HMA. The average numbers of affordable properties required annually would be 278 in Alloa HMA, 161 in Hillfoots HMA and 17 in Dollar.

### Medium Growth

- Over the 10 year period, the average proportion of new households unable to buy is 78 % in Alloa HMA, 76 % in Hillfoots HMA and 69% in Dollar HMA. The numbers of affordable properties required annually would be 308 in Alloa HMA, 172 in Hillfoots HMA and 17 in Dollar.

## High Growth

- Over the 10 year period, the average proportion of new households unable to buy is 81 % in Alloa HMA, 81% in Hillfoots HMA and 78% in Dollar HMA. The numbers of affordable properties required annually would be 331 in Alloa HMA, 179 in Hillfoots HMA and 20 in Dollar.

From the affordability model, we can set out the estimate of households who are able to buy or rent in the open market, from the housing land estimates, we judge the supply. The tables below outline the balance in what is required and what is proposed to be delivered.

Table 2: Need, Demand and Supply for future households - Clackmannanshire

Clackmannanshire	Need & demand (prior to supply from new builds)*	Supply from newbuilds	Final Balance
<b>Affordable housing</b>			
Year 1-5	2,487	273	-2,214
Year 6-10	2,606	273	-2,333
<b>Market housing</b>			
Year 1-5	-651	1,636	+ 985
Year 6-10	-527	1,371	+ 844
<b>All housing</b>			
Year 1-5	3,138	1,909	-1,228
Year 6-10	3,133	1,644	-1,489
Notes: 1 Figures in this table uses GROS 2008 household projections and a constant rate of new supply derived from housing land audits. The table presents the average figure for each of the time periods.			
* This figure is the level of housing demand (incorporating current needs and demand from new households) minus supply from turnover, prior to taking into account projected supply of new build accommodation and LCHO.			
Final Balance is the projected level of housing need and demand after accounting for new build supply. It therefore represents the total amount of new supply required to address housing needs and demands.			

## 6 Conclusions

- Emerging housing need in Clackmannanshire points to a ten year requirement of around 4,500 affordable properties and around 1,200 owner occupied properties.
- The majority of housing need, between 61% and 72% is for social rented housing.
- Providing 25% of affordable housing need as either low cost home ownership or mid market rent, will relieve some of the pressure on social renting, and give some choice in this area of the market.
- Over the next 10 years, single person households will grow by 3% annually worsening the shortfall in one bedroom properties. Developers will be encouraged to build smaller units where possible.
- There is a shortfall of both larger accommodation and small units for social rent, these sizes of properties will be a priority for new RSL developments.

- By 2031, the over 60 age group will have grown by 10% and will account for 42% of the population, 19% of the population will be over 75. The anticipated higher levels of mobility problems associated with an ageing population will increase the requirement for ground floor and disabled accommodation.
- Average income is around 9% lower than the Scottish average, and house prices around 11% lower than Scottish average.
- Access to market housing continues to be a concern, due to the financial restraints and high deposits required, especially for first time buyers.
- There is a shortage of land supply in the Dollar Housing Market Area, showing the need for some proportion of affordable housing in the immediate area.
- The supply of land and sites is unevenly distributed across Clackmannanshire, and there is a disproportionate amount of land supply capacity in the Alloa housing Market area. This leaves other areas under continued pressure for affordable housing.