

Clackmannanshire Council

Housing Need and Demand Assessment

1.0 Introduction

Establishing a clear picture of housing need and demand in Clackmannanshire is essential to inform Council policy in relation to future housing provision and stock management.

As such, this Housing Needs and Demand Assessment (HNDA) has been carried out in line with the national HNDA Guidance (Scottish Government, June 2014). The findings of this study will be appraised by the Scottish Government Centre for Housing Market Analysis (CHMA), to ensure a robust and credible assessment.

Clackmannanshire Council last carried out a HNDA in 2010, with the information forming the basis for the Council's Local Housing Strategy (2012- 2017).

Through the analysis it contains, the Housing Needs and Demand Assessment (HNDA) will allow the Council and its partners to develop a greater understanding of how the local housing market operates.

2.0 **Key Housing Market Drivers**

2.1 **Demographic trends**

The population in Clackmannanshire grew slowly from 50,480 in 2008 to 51,442¹ in 2011. This is an average of 0.6% annual increase, or 942 people over 3 years, compared to the 1% growth over the same period that was predicted in 2008.

One of the reasons for smaller growth in population could be the considerable drop in private house completions in Clackmannanshire. Over the past 5 years, 307 (around 61 per annum) new houses have been completed in the private sector, this is the fewest completions of any other Scottish Local Authority. The downturn in housing development means the area will fail to attract inward migration and new households.

¹ Census 2011

2.1.1 Household Composition (size, age, type)

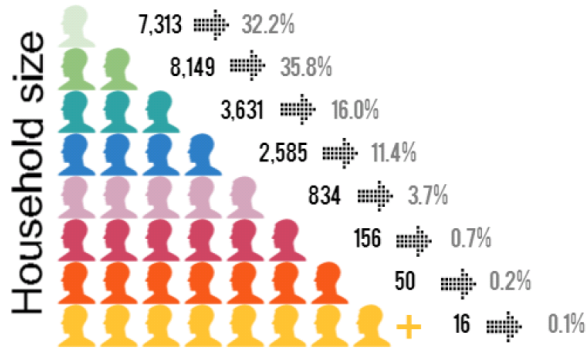
National Records of Scotland estimate 22,950 households in 2010, while the 2011 Census reports 22,734. (Not all households will have been resident at the time of the Census.)

The majority of households in Clackmannanshire, 68%, consist of one or two persons. Single person households make up around a third of all homes, this is the same as the rest of Scotland. The graph below shows the full breakdown of household size in Clackmannanshire.

Households by size

2011

2001



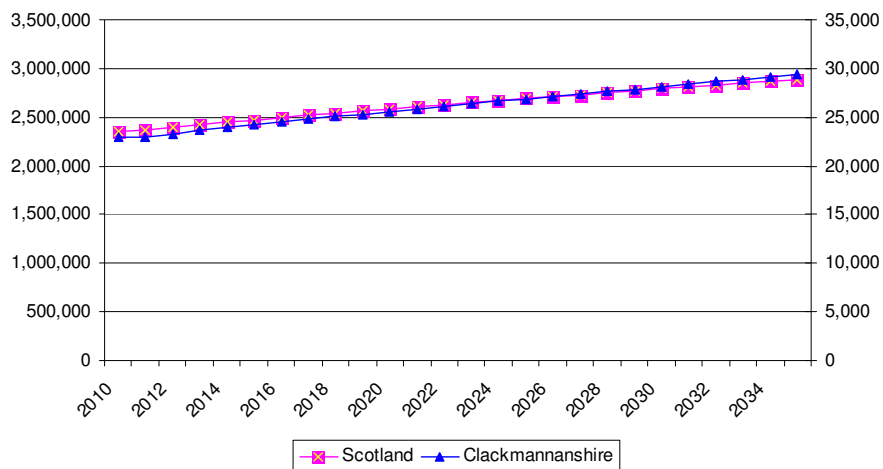
Total number of households (with residents)	20,558
- % 1 person	31.32
- % 2 people	33.55
- % 3 people	16.57
- % 4 people	13.31
- % 5 people	3.96
- % 6 or more people	1.30

Source: Census 2001 & 2011 © Crown Copyright 204

2.1.2 Household projections

The graph below sets out the overall 2010 based household projections for Clackmannanshire. The number of households is set to rise steadily to 26,120 in 2022, which is around an extra 275 new households every year.

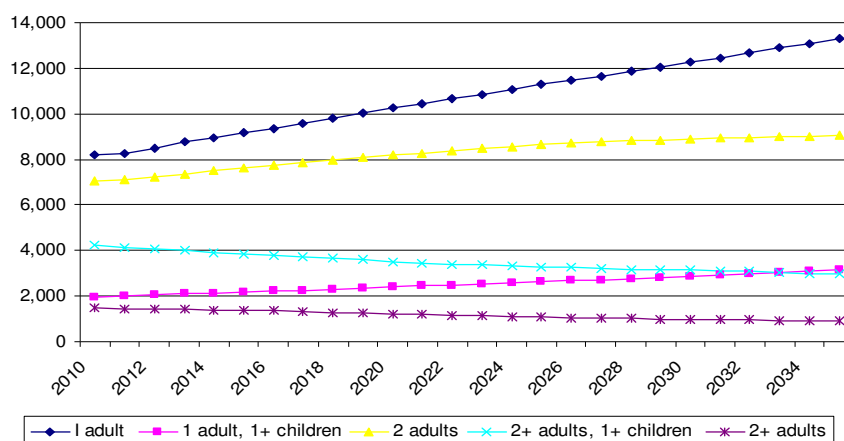
Household Projections 2010 - 2035



Source: GROS (www.gro-scotland.gov.uk (2010-35) © Crown Copyright 2014

Of the additional 275 households forming per annum, 211 of them (77%) are single person households. Households containing 2+ adults and 1+ children are predicted to decline by around 73 every year. The huge rise in 1 adult households, will mean that by 2035, 45% of all households will be made up of single people.

Household projections by type 2010 to 2035



Source: GROS (www.gro-scotland.gov.uk (2010-35) © Crown Copyright 2014

Percentage change in population (2010 based) by Age group

Area	All ages				
	2015	2020	2025	2030	2035
SCOTLAND	2.7%	2.2%	2%	1.6%	1.2%
Clackmannanshire	3.5%	2.9%	2.7%	2.2%	1.7%

Area	Working Ages					75 + Years				
	2015	2020	2025	2030	2035	2017	2022	2027	2032	2037
SCOTLAND	4%	6%	7%	6%	7%	10%	23%	45%	62%	82%
Clackmannanshire	3%	6%	7%	7%	8%	16%	39%	76%	99%	122%

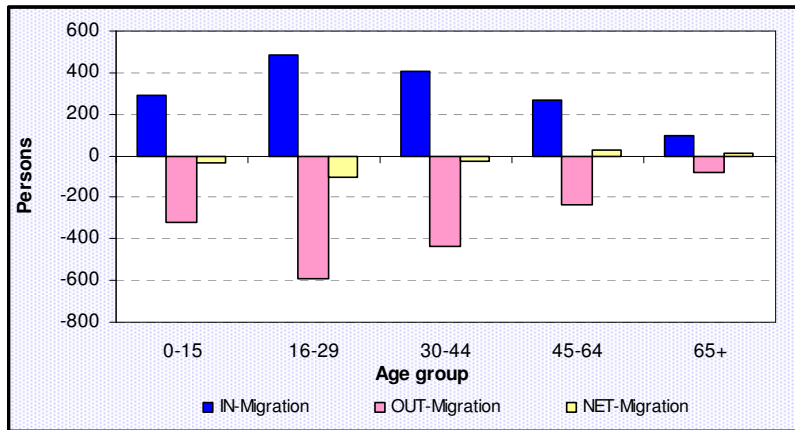
Source: GROS Population Projections (2010 based)
© Crown copyright 2014

Clackmannanshire's population is due to increase at a slightly higher rate than the rest of Scotland. The smallest increase, proportionally, is the population of working age. The 75+ age group is due to grow rapidly, in Scotland, but even more so in Clackmannanshire. By 2037, there will be 122% more 75+ year olds in Clackmannanshire.

2.1.3 Migration (net)

Net migration is greatest amongst 16 - 29 year olds who are generally the most transient age group.

Migration, in, out, and net, Clackmannanshire, annual average 2010-12*



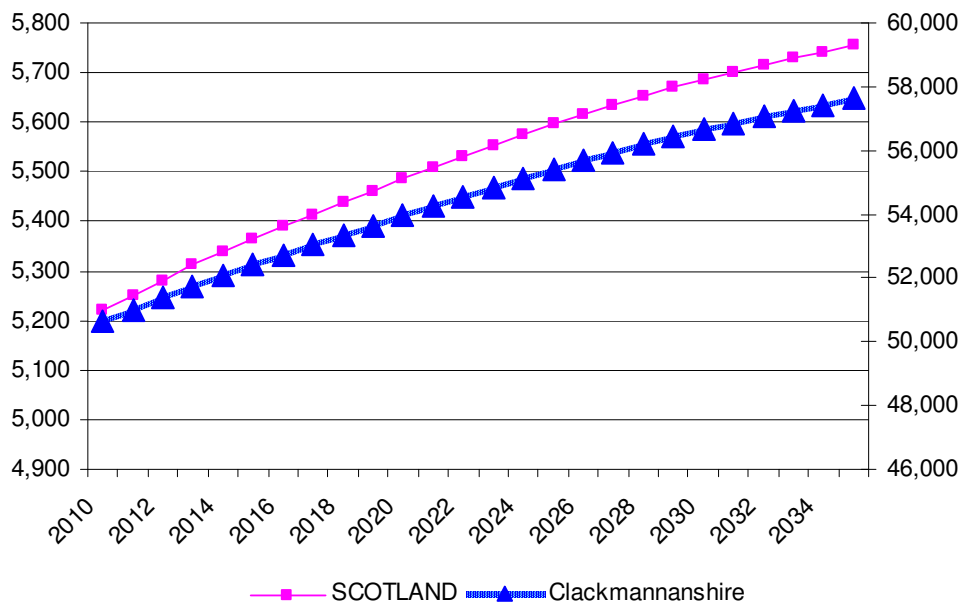
*Migration figures are based on a 3-year average and include migration within Scotland, between Scotland and the rest of the UK, and between Scotland and overseas. They do not include asylum seekers and armed forces movements.
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2.1.4 Population projections (2010 based)

The 2010 to 2035 population projections predict a slight increase in population by on average, 0.5% annually. This is along the same lines as the rest of Scotland, where overall, population numbers will increase by just under 0.4% each year.

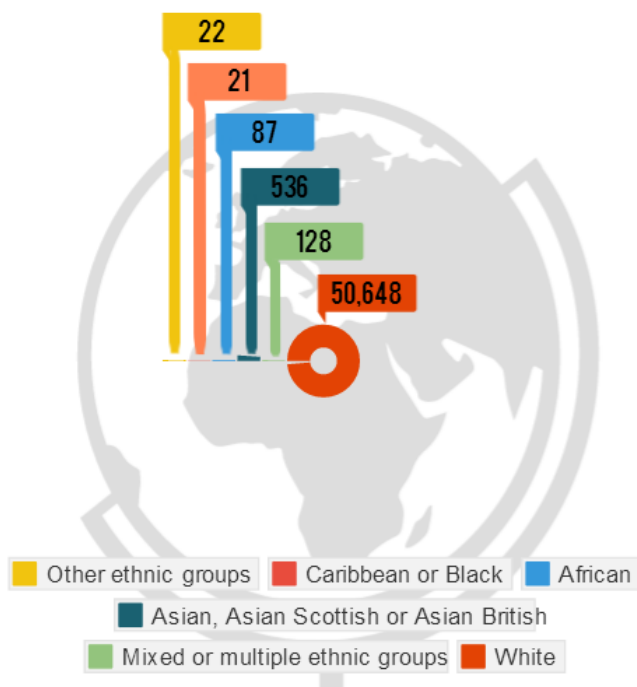
Source: GROS (www.gro-scotland.gov.uk (2012-37))

Population Projections 2010 - 2035



Source: GROS Population Projections (2010 based)
© Crown copyright 2014

2.1.5 Population profiles for equality groups e.g. age, disability



Source: 2011 Census © Crown copyright 2014

According to the 2011 census, the ethnic population of Clackmannanshire is around 1.5%, compared to 7.6% ethnic minorities living in Scotland. 45,387 (88%) of residents in Clackmannanshire are white Scottish, compares to 84% in Scotland.

The Gypsy Traveller population at the 2011 census was 68 or 0.1% of the population, comparing to 1% Gypsy Travellers living in Scotland overall.

2.2 Affordability trends

2.2.1 Average & Lower Quartile House Prices

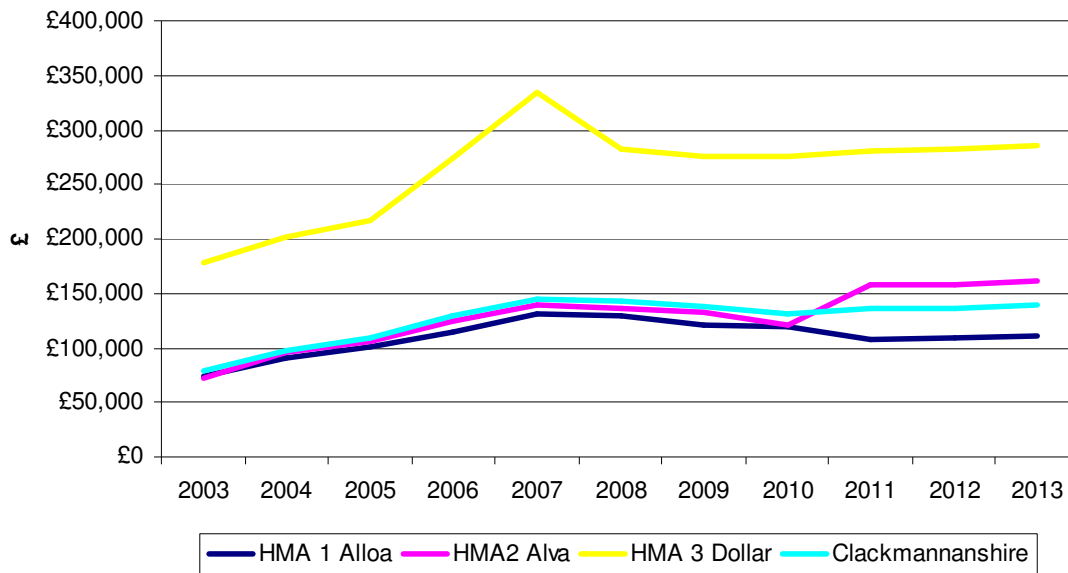
Average House Prices

	2007	2008	2009	2010	2011	2012	2013
HMA 1 Ailloga	£130,271	£130,043	£120,485	£119,109	£108,396	£108,830	£110,680
HMA2 Hillfoots	£139,452	£135,440	£133,158	£121,367	£157,797	£158,428	£161,122
HMA 3 Dollar	£334,715	£282,479	£275,108	£276,196	£280,562	£281,685	£286,473
Clackman nanshire	£145,272	£142,417	£138,452	£131,617	£135,894	£136,438	£138,787

Source: Register of Sasines

House prices in the area fell every year from 2007 until 2011, before rising slightly between 2011 and 2013. Prices in the Hillfoots seem to have recovered better than the other two areas, showing higher average prices now than before the housing slump.

Average House Prices 2003 - 2013



Source: Register of Sasines

Longer term house price trends show the 2007 price peak, followed by a drop off in the following few years. House prices have remained fairly flat, but the Hillfoots area seems to have made the best recovery showing that prices are higher than where they were before the crash.

Lower Quartile (lowest 25%) House Prices

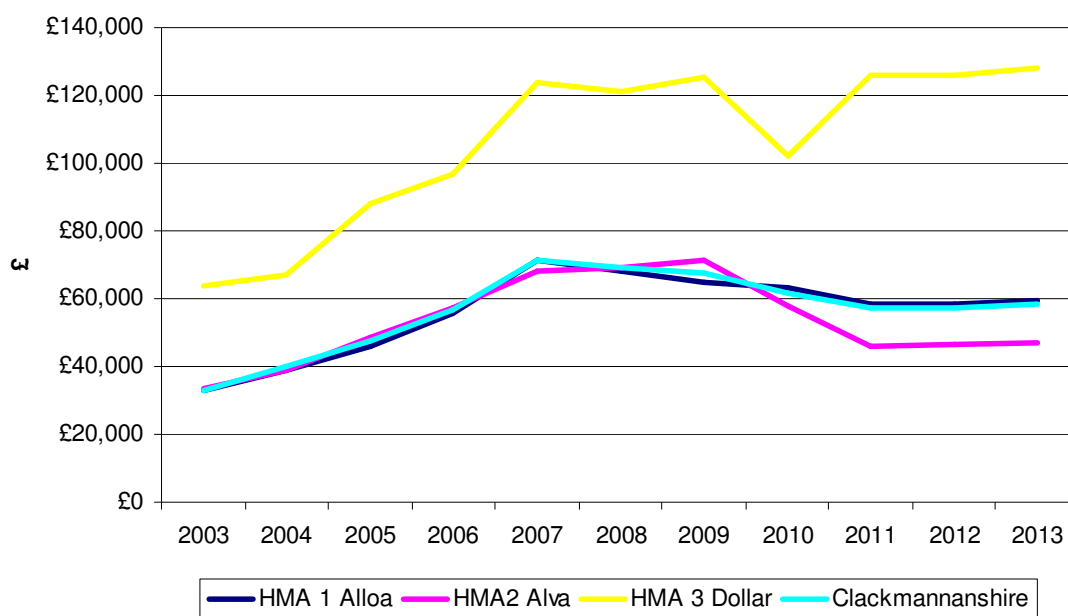
	2007	2008	2009	2010	2011	2012	2013
HMA 1 Alloa	£71,421	£68,281	£64,825	£63,165	£58,277	£58,510	£59,505
HMA2 Alva	£68,313	£69,322	£71,454	£57,668	£46,067	£46,251	£47,038
HMA 3 Dollar	£123,915	£120,966	£125,611	£102,068	£125,676	£126,179	£128,324
Clackman nanshire	£71,264	£69,365	£67,832	£61,633	£57,101	£57,330	£58,304

Source: Register of Sasines

The lower end of the housing market seems to be recovering at a slower pace than the housing market overall. Overall, prices in 2013 have recovered to 95% of their value in 2007, whereas, the lower end of the market has recovered to only 82% of 2007 value. The exception to this trend is in Dollar, where this picture is reverse. Lower quartile price have recovered, and are 105% of 2007 levels. The rest of the market is back to just 86% of prices in 2007.

This trend could be due to the lack of competition from first time buyers in this section of the

Lower Quartile House Price



market.

Source: Register of Sasines

2.2.2 Volume of house sales

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
HMA 1 Alloa	773	647	903	949	1030	541	327	347	310	335	
HMA2 Alva	305	265	315	478	405	245	136	169	39	113	
HMA 3 Dollar	66	43	71	113	94	60	48	42	47	41	
Clackman nanshire	1144	955	1289	1540	1529	846	511	558	396	491	791

Source: Register of Sasines

Despite the drop in volume of house sales, as seen above, prices have increased. This has been the case in the rest of Scotland, and evidence seems to suggest that volume of sales picks up year or two behind price increases.

2.2.3 Rental prices

Table below shows the average weekly rental prices by tenure and size.

Apt. Size	Private Rented (2009)		Private Rented (June 2014, Zoopla)		% Increase (approx.)
	House	Flat	House	Flat	
1					
2		£62.88	£77.88	£82.88	32%
3	£78.08	£84.39	£100.73	£99.38	23%
4	£114.34	£101.60	£131.00	£121.15	17%
5	£127.54	£113.88	£137.31		8%
6+	£176.01	£114.23	£298.85		N/A

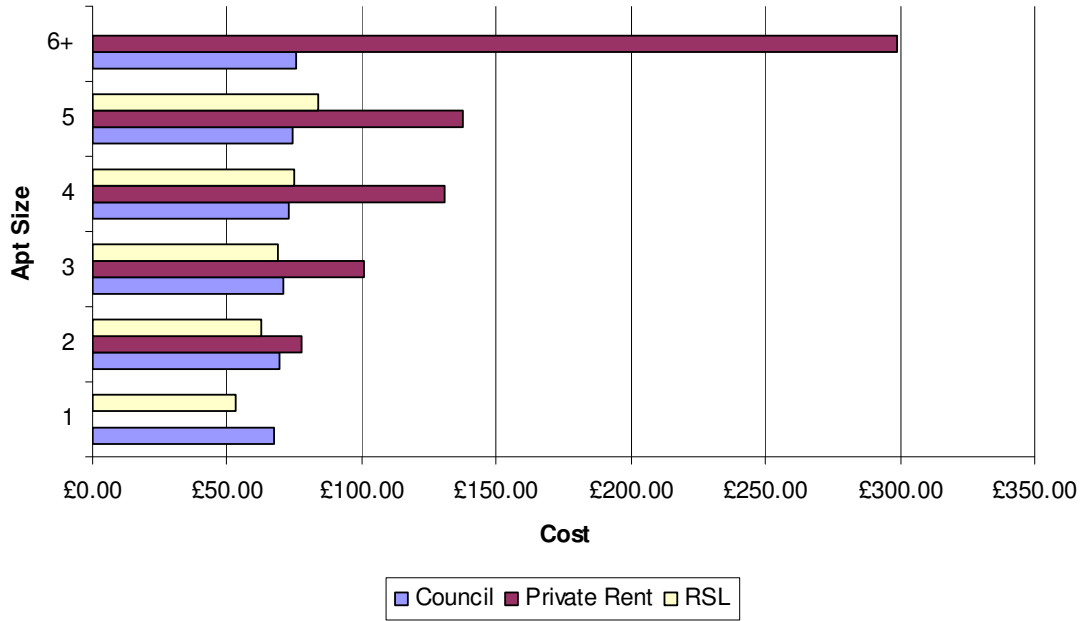
Council Rent rates 2009 & 2014

Apt. Size	Council (2009/10)		Council (2014/15)		% Increase
	House	Flat	House	Flat	
1	£51.80	£50.86	£67.49	£66.26	30%
2	£53.05	£52.08	£69.13	£67.84	30%
3	£54.33	£53.36	£70.80	£69.52	30%
4	£55.44	£54.51	£72.73	£71.03	30%
5	£56.82	£55.89	£74.02	£72.80	30%
6+	£58.21		£75.84		30%

RSL Rent rates 2009 & 2014

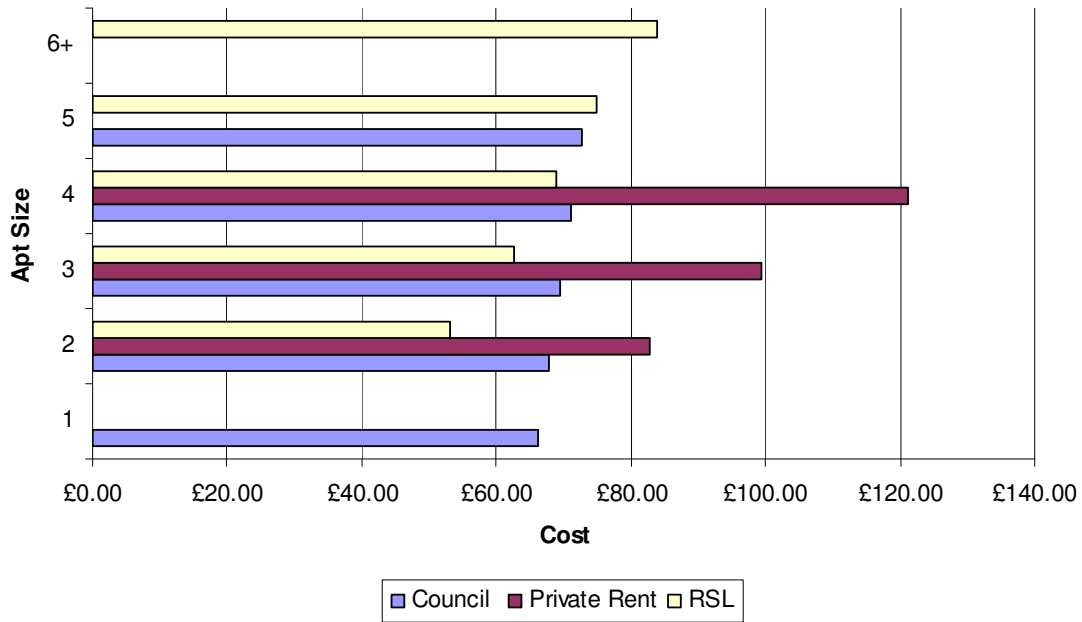
Apt. Size	RSL (2009)		RSL (Scottish Housing Regulator 2012/13)	% increase
	House	Flat	All	
1	£48.18	£53.39	£53.15	5%
2	£57.47	£52.96	£62.61	13%
3	£57.95	£55.48	£68.79	21%
4	£60.41	£62.77	£74.83	21%
5	£65.51	£65.78	£84.00	28%
6+	£65.51	£63.04		N/A

Weekly House Rents - All Tenures



Rent Rates 2014

Weekly Flat Rents - All Tenures



2.2.4 Income (lower quartile and median)

Median (mid point) Household Income

	Median Income		
	2010 (CACI)	2011 (Census)	2012 (CACI)
HMA 1 Alloa	£26,506	TBA	£22,044
HMA2 Hillfoots	£30,048	TBA	£25,159
HMA 3 Dollar	£31,408	TBA	£39,501
Clackmannanshire	£25,289	TBA	£23,520

Source: HNDA tool Kit - Scottish Government

Lower Quartile (lowest 25%) Household Income

	Lower Quartile Income		
	2010 (CACI)	2011 (Census)	2012 (CACI)
HMA 1 Alloa	£14,921	TBA	£13,492
HMA2 Hillfoots	£16,010	TBA	£14,986
HMA 3 Dollar	£19,233	TBA	£17,848
Clackmannanshire	£14,620	TBA	£14,144

Source: HNDA tool Kit - Scottish Government

2.2.5 Loan to value mortgage rates for first time buyers

The average First Time Buyer in Scotland paid £127,000, with loan to value being around 84%. These figures equate to FTBs paying around 9.8% of their income on mortgage payments, down from 17.8% in 2008, as result of banks reining in lending at higher LTV.

Source: Scottish Housing Market Review May 2014 (Scottish Government Centre for Housing Market Analysis)

2.2.6 Number of first time buyers

First-time buyers took out 5,900 new loans in Scotland in the first quarter of 2014. This was a decrease of 12% compared to the fourth quarter of 2013 but up 31% on quarter one 2013. These loans totaled £580m in this period which was down 15% compared to the previous quarter but up 45% in value compared to the first quarter of 2013.

First-time buyers in Scotland tended to borrow less relative to income compared to the UK overall, due to comparatively lower property prices. First-time buyers in Scotland typically borrowed 2.98 times their income, slightly up from 2.95 in the fourth quarter of 2013 and more than the 2.82 times borrowed in the first quarter of 2013. This is still considerably less than the 3.42 UK average for the first quarter of 2014.

First-time buyers spent 16.9% of their income on total mortgage payments in the first quarter in Scotland, a slight decrease on the 17.0% in both the fourth quarter of 2013 and the first quarter of 2013.

Source: <http://www.cml.org.uk/cml/media/press/3909>

2.3 Economic trends

2.3.1 LIBOR

Current Rates- 17.06.2014

UK 1 Month LIBOR - 0.49% (-0.002%)

UK 3 Month LIBOR - 0.555% (-0.003%)

2.3.2 Interest Rates

Current Official Bank Rate 0.5%

Source: Bank of England

2.3.3. Unemployment and employment rates

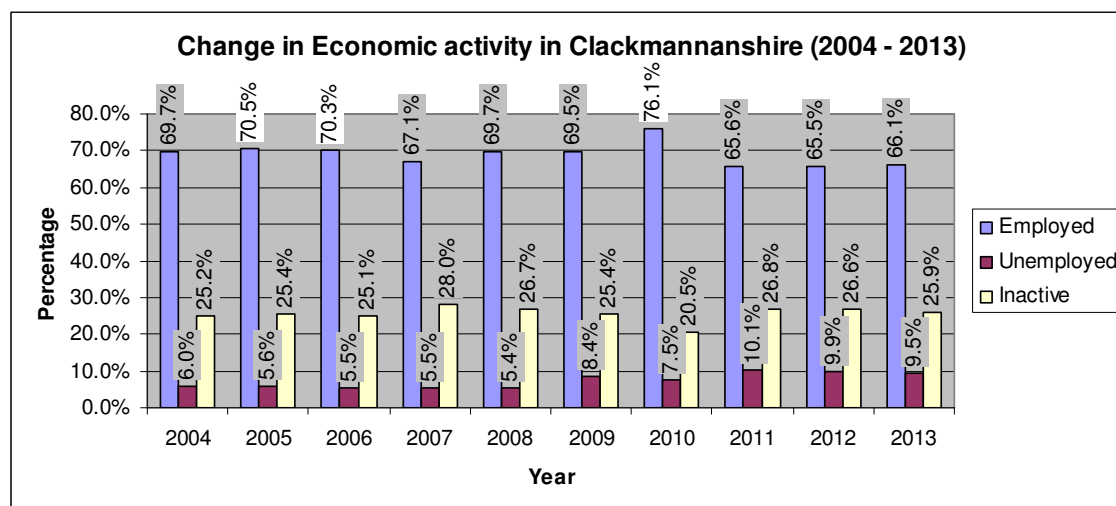
Employment rate in Clackmannanshire has fallen since its highest rate in 2010 (76.1%), however experienced a slight increase in 2013. The employment rate in 2013 was 66.1% (around 22,000 people), this is lower than the Scottish average of 71%.

Around 9.5% (around 2,300 people) of the working age population in Clackmannanshire are unemployed, this is higher than the Scottish average of 7.7%.

Source: Annual population survey 2013 and NOMIS

2.3.4 Economic inactivity rates

The economic inactivity rate in Clackmannanshire is around 25.9% (8,500 people). This is the lowest since 2011, but is higher than the Scottish average of 23%.



Source: Annual population survey 2013 and NOMIS

2.3.5 Number claiming housing benefit

More than half of all Council tenants are claiming housing benefit, which means 59% of all households renting from the Council are either on a low income or are claiming other benefits such as income support, job seekers allowance or pension credits etc.

2.3.6 Welfare Reform

Research carried out for the Scottish Government by Sheffield Hallam University, found that Clackmannanshire is the 6th most affected of all local authorities in Scotland. The report has found that Clackmannanshire is losing £18m per year from its economy, an average loss of £520 for each working age person annually.

Delays in introduction and processing of new benefit payments such as Personal Independence Payment (replacing Disability Allowance) and Universal Credit being delayed to late next year, means we have not yet seen the full impact of reform and won't for the next few years.