

# Aberdeen City and Shire

## Housing Need and Demand Assessment

Update March 2011

**ABERDEEN  
CITY AND  
SHIRE** | *Strategic Development  
Planning Authority*



**Aberdeenshire**  
COUNCIL 

# Table of Contents

<b>1. Introduction</b>	<b>1</b>
Background and Purpose	1
Context	2
Strategic Housing Market Partnership	3
Housing Market Areas	4
Structure of the Housing Needs and Demand Assessment	5
Study methods	7
<b>2. Demographic and Economic Context</b>	<b>8</b>
Recent Demographic Trends	8
Recent Household Trends	18
Recent Economic Trends	21
Demographic and Economic Context: Summary and Key Issues	37
<b>3. The Current Housing Market</b>	<b>39</b>
Introduction	39
Total stock and changes over time	39
Housing market dynamics: transactions and prices	57
Bringing the Evidence Together	79
<b>4. Future Housing Market</b>	<b>82</b>
Future Housing Market	82
Future Economic Performance	82
Population and Household Forecasts	91
Population forecasts	91
Future household trends	93
Bringing the Evidence together	100
<b>5. Housing Requirements of Specific Household Groups</b>	<b>103</b>
Introduction	103
Older People	104
Physical Disability	111
Learning Disability	115
People with mental health or substance misuse	120

Families and Lone Parents	122
Ethnic Minorities	125
EU Migrants	129
Gypsies/Travellers	130
Other Travelling People	133
Students	133
Homeless Households	135
Young Vulnerable Adults, especially those 16-17 years old	137
Households Fleeing Domestic Abuse or Violence	140
Lesbian, Gay, Bisexual and Transgender Households (LGBT)	140
Bringing the evidence together	141
<b>6. Estimate of Net Annual Housing Need</b>	<b>144</b>
Introduction	144
Summary description of model for assessing net annual housing need	145
Current (backlog) housing need	146
Emerging (or future) need	151
Summary of emerging need	160
Projecting housing supply	161
Central estimate of net annual housing need	165
Potential requirement for intermediate housing	167
Sensitivity analysis	170
Probable range of estimate of net annual affordable housing need	172
Summary and emerging issues	174
<b>7. Joining Up Across the Assessment</b>	<b>176</b>
How does anticipated population and household growth compare with the partnership's views on economic and population growth?	176
How does the net annual need figure compare to the net annual housing requirement?	177
How do the HMA based housing need estimates translate into housing supply targets and housing land allocations at local authority level?	178
Is there evidence of imbalance in the housing system and what policy options, if any, may be required to correct this?	180
What is the scope for a mix in the range of tenures, including private rented sector, to assist in meeting identified need and demand?	182
What are the needs of specific population sub-groups and what policy options are available to address these specific concerns?	183

<b>8. Monitoring and updating the assessment</b>	<b>187</b>
Background	187
Monitoring the Assessment	187
Updating the Assessment	187
<b>Appendix 1: Minutes of Strategic Housing Market Partnership Meetings</b>	<b>189</b>
<b>Appendix 2: Glossary</b>	<b>208</b>
<b>Appendix 3: Housing Market Areas</b>	<b>211</b>
<b>Appendix 5: Home Buyers Survey Methodology</b>	<b>217</b>
<b>Appendix 6: Demographic, Household and Economic Context</b>	<b>223</b>
<b>Appendix 7A: Upper/Lower Estimate of Need – Translated into local authority target</b>	<b>225</b>
<b>Appendix 7B: Housing register Data and Assessing Need</b>	<b>226</b>
Introduction	226
Processing, cleaning and editing of housing register data prior to analysis	226
Measuring Scottish Government indicators of backlog need	228
New households and assessing affordability	238
Affordable housing supply	240
In-migrant households unable to afford market housing	240
<b>Appendix 7C – Changes from 2010 HNDA – 2011 Update</b>	<b>241</b>
<b>References</b>	<b>242</b>

## Tables

Table 1.1: Core Outputs	2
Table 1.2: Process Checklist	2
Table 1.3: Meetings of the Strategic Housing Market Partnership	4
Table 1.4: Structure of Housing Need and Demand Assessment	5
Table 2.1: Population estimates (2001-2009)	8
Table 2.2: Population Age Structure, 2009	10
Table 2.3: Change in Proportion of Population in Each Age Group 2001-	10
Table 2.4: Age breakdown of adults aged 16 to 24 years in Aberdeen City,	11
Table 2.5: In, out and net migration 2008 - 2009 Aberdeen City and	13
Table 2.6: Ethnic groups in Aberdeen City and Aberdeenshire, 2001	17
Table 2.7: Households in Aberdeen City and Aberdeenshire, 2003 - 2009	18
Table 2.8: Composition of households in Aberdeen City and Shire Area, 2001	19
Table 2.9: Composition of households in Aberdeen City and Aberdeenshire, 2008	20
Table 2.10: Estimated tenure of households in Aberdeen City and Aberdeenshire	21
Table 2.11: Working Age Population by Housing Market Area, 2009	27
Table 2.12: Residence based analysis of changes in gross weekly earnings 2002-9	28
Table 2.13: Workplace based analysis of changes in gross weekly earnings 2002-9	29
Table 2.14: Net Annual Household Income, 2007/08	29
Table 2.15: Net Annual Household Income by Tenure in Aberdeen City, Aberdeenshire and Scotland 2007/08	30
Table 2.16: Numbers and percent that are amongst the 20% most deprived in Scotland	34
Table 2.17: Housing Benefit recipients, Aberdeen City & Aberdeenshire	37
Table 3.1: Total dwellings in Aberdeen City and Aberdeenshire, 2003 and 2009	39
Table 3.2: Vacant dwellings in Aberdeen City and Aberdeenshire (2001–2008)	40
Table 3.3: All sector new build completion rates (2000/1–2009/10)	41
Table 3.4: Tenure of households, 2001 and 2008	44
Table 3.5: Numbers seeking private landlord registration	45
Table 3.6: Aberdeenshire HMO by number of occupants	45
Table 3.7: Aberdeen City HMO by number of occupants	46
Table 3.8: Dwelling age as a percentage of total stock, 2007-9	46
Table 3.9: Housing stock by dwelling size, 2009	47
Table 3.10: Housing stock by dwellings type 2009	47
Table 3.11: Local authority housing stock, 31 <sup>st</sup> March	48
Table 3.12: House size in the social rented sector, 2010	49
Table 3.13: RTB sales in council sector, 1999/2000 to 2009/10	49
Table 3.14: RSL total number of units	50
Table 3.15: RSL new build completions	51
Table 3.16: Total dwelling stock by SHQS	51
Table 3.17: SHQS targets for social housing stock	52
Table 3.18: Percent of total stock in urgent disrepair by area	52
Table 3.19: Total housing stock by National Home Energy Rating	53
Table 3.20: Percentage of households in fuel poverty	55
Table 3.21: Percentage of households experiencing overcrowding	55
Table 3.22: Percentage of households above or below bedroom standard	56
Table 3.23: Sales per 1,000 households (2009)	58
Table 3.24: Sasines Resale House Prices, 2002 - 2009	60

Table 3.25: Aberdeen HMA house price to earnings ratios	63
Table 3.26: Rural HMA house price to earnings ratios	63
Table 3.27: House price to income ratios for Aberdeen HMA and Rural HMA	64
Table 3.28: Reasons for Moving	67
Table 3.29: Reasons for Choosing and Area	68
Table 3.30: Average monthly market rents, Aberdeen City	71
Table 3.31: Local Housing Allowance for Aberdeen City and Aberdeenshire	71
Table 3.32: Illustrative Rural HMA private rents, 2009	72
Table 3.33: Income to private 2 bedroom rent ratios	74
Table 3.34: Earnings to private 2 bedroom rent ratios	74
Table 3.35: Income to private 2 bedroom rent ratios	75
Table 3.36: Number of permanent local authority let as % stock	77
Table 3.37: Housing Lists	78
Table 3.38: Housing register applicant to re-lets ratio	79
Table 4.1: UK Economic Forecasts to 2012	82
Table 4.2: Forecasts for Scottish Economic Growth	83
Table 4.3: Aberdeenshire Economic Growth Forecast	84
Table 4.4: Aberdeen City Economic Growth Forecast	84
Table 4.5: UK Labour market forecasts 2009-2015	85
Table 4.6: Unemployment Forecasts for Scotland: % working age population	85
Table 4.7 Cities Outlook 2011: Annual index	86
Table 4.8: Population Forecasts	92
Table 4.9: Population Forecasts by Age Group	93
Table 4.10: Household Forecasts	94
Table 4.11: Age Structure of Heads of Households	95
Table 4.12: Projected percentage change of households of each type, between 2008 and 2033	96
Table 4.13: Average Annual Housing Requirements	99
Table 4.14: Housing requirements, by five year bands	100
Table 5.1: Proportion of population aged 50 years and above	104
Table 5.2: Numbers older people, 2008-2033 and prevalence of dementia	105
Table 5.3: Number of Care Home places per 1000 population aged 65+, March 2010	108
Table 5.4: Social Rented Housing Units for Older People, March 2010	109
Table 5.5: Prevalence estimates of people aged 16-64 years with physical disabilities 2008-2033	112
Table 5.6: Housing Tenure for households that had a long standing illness, health problem or disability	113
Table 5.7: Housing provision specifically for those with disabilities by public authorities and housing associations as at March 2010	114
Table 5.8: Predicted future demand for adaptations as at year identified.	115
Table 5.9: Prevalence estimates for people aged 16-64 with a learning disability	116
Table 5.10: Numbers of individuals with Learning Disabilities known to each local authority and the type of accommodation they reside in 2009	118
Table 5.11: Number of adults with learning disabilities living in same accommodation, 2009	119
Table 5.12: Care Homes and Registered Places by Local Authority - All Care Homes for Adults, March 2009	119
Table 5.13: Summary of data on known problem drug users by Council area (aged 15 to 64)	121

Table 5.14: Estimates of the number of problem drug users by Council area (age 15 to 64)	121
Table 5.15: Tenure by household composition	123
Table 5.16: Families and Lone Parents defined as overcrowded by tenure	124
Table 5.17: Ethnic Minorities as proportion of population by age band	126
Table 5.18: Ethnic Minority Households, 1991 and 2001	126
Table 5.19: Housing Tenure of Ethnic Minority Households, 1991 and 2001	127
Table 5.20: Number of applicants by ethnicity and bedrooms required as at 2009 and 2010.	128
Table 5.21: A8 & A2 Council Housing Register Applicants as at 31 March 2007-10	130
Table 5.22: A8 and A2 applicants housed 2006/07 to 2009/10	130
Table 5.23: Estimated Population of Gypsies/Travellers in Aberdeen City and Aberdeenshire by Local Authority and Type of Site, July 2008.	131
Table 5.24: Number of Pitches provided by Site Type, 2008.	131
Table 5.25: Number of Gypsy/Traveller Households, July 2006 – July 2009	132
Table 5.26: Students by institution – Further and Higher Education Student Number 2009/10	133
Table 5.27: Existing Student Accommodation	134
Table 5.28: Other Student Accommodation	134
Table 5.29: All Homeless Applicants by Age	138
Table 5.30: Number of 16 or 17 year olds ceasing to be looked after	139
Table 5.31: Projected Numbers of Young People Leaving Care in Aberdeen City and Aberdeenshire	139
Table 6.1: Summary Description of the Scottish Government Approach	144
Table 6.2: Housing register data used to inform needs assessment	146
Table 6.3: Incidence of backlog need	148
Table 6.4: Numbers of household in current (backlog) need	148
Table 6.5: Percent households in need by HMA, tenure and household type	150
Table 6.6: Alternative estimates of gross household formation rate (GHF)	152
Table 6.7: Projected annual average number of new households, 2010-19	153
Table 6.8: Numbers of new households unable to afford market priced housing	157
Table 6.9: Annual allowance for existing households falling into need	160
Table 6.10: Consolidated central estimate of annual emerging need	161
Table 6.11: Social sector new build programme	162
Table 6.12: Social rented stock projections 2010-19: year start figures	163
Table 6.13: Projected social housing lettings supply to 2019	165
Table 6.14: Estimate of net annual need 2010 to 2019	165
Table 6.15: New households in need that could afford intermediate tenure	169
Table 6.16: Sensitivity test: application of 2006 strategic forecasts	170
Table 6.17: Sensitivity test for prices	171
Table 6.18: Sensitivity test for prices	172
Table 6.19: Alternative estimates of net annual affordable housing need	173
Table 7.1: Average Annual Housing Requirement 2008 – 2033	177
Table 7.2: Affordable housing need compared to housing requirements	178
Table 7.3: Estimate of net annual need 2010 to 2019 (Table 6.14)	179
Table 7.4: Translating HMA need estimates into local authority target	179
Table 7.5: Particular need support options	184
Table 8.1: Current monitoring arrangements	187

## Figures

Figure 1.1: Housing Market and Council Areas	4
Figure 2.1: Annual change in Aberdeen City and Aberdeenshire population	9
Figure 2.2: Net migration, Aberdeen City and Aberdeenshire, 2001 – 2009	12
Figure 2.3: National Insurance Registrations to Migrant Workers 2002-2010	15
Figure 2.4: Economic Activity rate – adults of working age April 2004 -	22
Figure 2.5: Employment rate amongst those of working age, April 2004 -	23
Figure 2.6: Brent Crude Oil Price (January 2001 – February 2011)	24
Figure 2.7: Employee share by industry in 2008	25
Figure 2.8: Unemployment Rates, 2004 - 10	27
Figure 2.9: Gross Household Income Distribution for Housing Market Areas and Scotland, 2009	32
Figure 2.10: Median Income at Intermediate Data Zone Level	33
Figure 2.11: SIMD Aberdeen City and Shire Quintiles	34
Figure 2.12: SIMD (2009) Aberdeenshire Areas in 20% Most Deprived	35
Figure 2.13: SIMD (2009) Aberdeen City Areas in 20% Most Deprived	35
Figure 2.14: Percentage of working age persons in receipt of key out of work benefits, 2000-10	36
Figure 3.1: Housing completions according to the HLA, (1997 – 2009)	42
Figure 3.2: NHER rating - Aberdeen City and Aberdeenshire by urban/rural 2007-954	42
Figure 3.3: Energy Performance Certificates	54
Figure 3.4: Total number of open market resale transactions	57
Figure 3.5: Quarterly transaction levels 2007 to 2010	58
Figure 3.6: Median new build house prices, 2002 to 2009	59
Figure 3.7: Average Price, Aberdeen HMA, Scotland and UK	61
Figure 3.8: Resale Lower Quartile House Prices	62
Figure 3.9 Median house price to median household income ratios, 2009	65
Figure 3.10: Effective rates for new mortgage lending 2004-2010	66
Figure 3.11: Trends in private rents in Aberdeen and Scotland's other cities	70
Figure 4.1: GDP growth fan chart for the UK	83
Figure 4.2: North East GDP growth for the period to 2013	84
Figure 5.1: Living Arrangements of Older People in Aberdeen City & Aberdeenshire 2001	107
Figure 5.2: Household Tenure of Working Age Population (16-59) and Older People in Aberdeen City and Aberdeenshire	107
Figure 5.3: Waiting List Applicants seeking sheltered housing, 2008 -2010	110
Figure 5.4: Ground floor requirement applicants	114
Figure 5.5: Number of Homeless applicants from a benchmark of the number of applications made in 1998/99	136
Figure 6.1: Households in current need by tenure	151
Figure 6.2: Distribution of net income for all households and households aged 16-34 years living in the Aberdeen City and Aberdeenshire area	154
Figure 7.1: Strategic Growth Areas	181



# **1. Introduction**

## **Background and Purpose**

**1.1** The Scottish Government requires that development plans and local housing strategies are informed by the preparation of a housing need and demand assessment (HNDA). Scottish Planning Policy (2010) sees this integrated approach to assessment as enabling closer alignment between the preparation of development plans and local housing strategies (LHS).

**1.2** In March 2008 the Scottish Government issued 'Housing Need and Demand Assessment Guidance' which set out the approach local authorities and their partners should follow to develop a good understanding of how housing markets operate.

**1.3** The first HNDA was produced for the Aberdeen City and Shire area in June 2010. It employs the recommended approach to analysing the housing market and assessing future housing need and demand over the next 10 years and beyond.

**1.4** The assessment provided an evidence base that both local authorities and their partners can use to inform policy discussions and decisions in relation to both market and affordable housing.

**1.5** Scottish Planning Policy (2010) states that, where an assessment is considered 'robust and credible' by the Scottish Government (Centre for Housing Market Analysis (CHMA), the approach used will not normally be considered at the development plan examination. Instead, the examination will focus upon the proposed development plan and its relationship with the findings of the assessment.

**1.6** For an assessment to be considered robust and credible it, as a minimum, must provide the core outputs and adhere to the process criteria set out in Table 1.1 and 1.2 below. The HNDA was submitted to the CHMA for assessment and was considered in June 2010 to be robust and credible.

**1.7** This update of the HNDA seeks to provide the evidence base to inform the new Strategic Development Plan and the new LHS' to be prepared by both Aberdeen City and Aberdeenshire Councils. Although there has only been a short time lapse from the HNDA assessed in June 2010 there is a need to produce an update for the purpose of developing the above strategic documents. In the future a new HNDA should be produced every 5 years.

**1.8** In this update the term housing requirement refers to the volume of housing supply necessary to meet housing demand and need. Demand refers to the quantity, type, size and quality of housing that households are willing and able to purchase or rent. Need refers to households that lack their own housing or live in unsuitable housing and who cannot afford to secure more suitable housing in the housing market without some assistance.

**Table 1.1: Core Outputs**

1	Estimates of current dwellings in terms of size, type, condition, tenure, occupancy and location.
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.
3	Estimate of total future number of households.
4	Estimate of household groups who have specific housing requirements e.g. families, older people, minority ethnic groups, disabled people, young people, etc.
5	Estimate of current number of households in housing need.
6	Estimate of future households that will require affordable housing.
7	Estimate of future households requiring market housing.
8	Estimate of total future households requiring either affordable or market housing.

Source: Scottish Government (2008)

**Table 1.2: Process Checklist**

1	Approach to identifying housing market area(s) is consistent with accepted approaches to identifying housing market areas.
2	Housing market conditions are assessed within the context of the housing market area and any component markets contained within it.
3	Involves key stakeholders.
4	Contains a full technical explanation of the methods employed, with any limitations noted.
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.
6	Uses and reports upon effective quality control mechanisms.
7	Explains how the assessments findings have or will be monitored and updated (where appropriate).

Source: Scottish Government (2008)

## Context

**1.9** The Scottish Ministers approved the Aberdeen City and Shire Structure Plan in August 2009. The timing of the plans preparation meant that it was not able to be informed by a full HNDA, although a provisional view of housing need based on the guidance did inform the plan. Demographic, household, economic and housing market trends as well as forecasts/projections were also integrated into the development of the plan.

**1.10** The primary purpose of this updated HNDA is to inform the Strategic Development Plan and the new LHS to be prepared by the two councils.

**1.11** Following this updated assessment in 2011, it is anticipated the HNDA will be regularly updated and monitored with full review on a five-yearly cycle.

## **Strategic Housing Market Partnership**

**1.12** Each local authority has existing housing forums which have been running for a number of years in the context of their local housing strategies. In order to support and inform the HNDA a Strategic Housing Market Partnership (SHMP) was established based on membership of the two existing groups and other stakeholders. Membership consists of:

- Aberdeen City Council (Housing)
- Aberdeenshire Council (Housing and Social Work)
- Aberdeen City Council (Planning)
- Aberdeenshire Council (Planning)
- Aberdeen City Council (Economic Development)
- Aberdeenshire Council (Economic Development)
- Aberdeen City and Aberdeenshire Council (Planning Gain)
- Aberdeen City and Shire Strategic Development Planning Authority
- Cairngorms National Park Authority
- Scottish Enterprise
- The Aberdeen City Alliance (TACA)
- Aberdeenshire Community Planning Partnership
- Community Health Partnership
- Aberdeen Solicitors Property Centre
- Council of Mortgage Lenders representative
- Homes for Scotland
- Homes for Scotland – Grampian Housebuilders Committee
- RSL Representatives
- Scottish Rural Property and Business Association (SRPBA)

**1.13** The responsibilities of the partnership include:

- sharing and pooling information and intelligence, including relevant contextual material and policy information;
- supporting officers in the analysis and interpretation of housing market intelligence;
- signing off the updated assessment report and the core outputs; and
- considering the implications of the assessment, including housing supply targets for inclusion in local housing strategies.

**1.14** A number of meetings and workshop sessions have been held since the partnership was established in order to inform both the previous HNDA and this updated assessment and agree the various stages and components of the assessment. Table 1.3 below shows the meetings which have taken place for the updated HNDA, while full minutes and meeting notes can be found in appendix 1.

**Table 1.3: Meetings of the Strategic Housing Market Partnership**

When	Purpose	Outcome
15 December 2010	Population and Households projections	Agreed projections
2 February 2011	Discussion on chapters 1-6 and on the housing needs model	Draft chapters 1-5 agreed
24 February 2011	Presentation of Draft HNDA Update before submission to CHMA	Draft Chapters 6 – 8 and submission agreed

**1.15** Given the short time period between the update and the previous assessment the decision was taken to limit the number of meetings of the SHMP to three (as opposed to the 8 held between June 2008 and April 2010) At the meeting of 24 February 2011 the SHMP agreed that the updated HNDA assessment should be submitted to the CHMA.

### Housing Market Areas

**1.16** Housing market areas are functional areas that represent the spatial area where the majority of people moving house (without changing employment) search and purchase housing. The SHMP has confirmed that the Aberdeen Housing Market Area (Aberdeen HMA) and the Rural Housing Market Area (Rural HMA) should form the focus of the 2011 HNDA update. These two housing market areas are shown in figure 1.1 below.

**Figure 1.1: Housing Market and Council Areas**



**1.17** The adoption of the Aberdeen and Rural HMAs is consistent with the current Aberdeen City and Shire Structure Plan and the proposed Local Development Plans

(LDP) which uses these boundaries to inform the housing land allowances and in the case of the LDP the allocation of land to meet the Structure Plan housing allowance.

**1.18** The Aberdeen HMA incorporates both Aberdeen City and part of Aberdeenshire. The remaining area of Aberdeenshire Council is termed the Rural HMA.

**1.19** For the purpose of this research the area within the Cairngorms National Park (CNP) has been included in the Rural HMA. This was necessary because the Aberdeenshire Local Housing Strategy covers the whole of the council area and much of the necessary data is not available for small areas. The numbers involved are very small (approximately 3,200 people in 2008, 0.7% of the total population of the area) so this does not have any significant effect to the outcome of this assessment.

**1.20** Appendix 3 sets out more detail in relation to housing market area definition.

### Structure of the Housing Needs and Demand Assessment

**1.21** Table 1.4 below summaries the main themes and associated research questions addressed in chapters 2 to 7 of this report. The questions highlighted in bold indicate the core questions set out in the Scottish Government guidance.

**Table 1.4: Structure of Housing Need and Demand Assessment**

	<b>Chapter</b>	<b>Theme</b>	<b>Research Question</b>
<b>2</b>	<b>The demographic and economic context</b>	<b>2.1 Population and household trends</b>	<ul style="list-style-type: none"> <li>• What have been the main developments in terms of the size, profile and spatial distribution of the population and households over the past decade?</li> <li>• To what extent have these demographic trends been shaped by changing migration patterns?</li> </ul>
		<b>2.2 Economic and labour market</b>	<ul style="list-style-type: none"> <li>• How has the local economy performed in the past 10 years</li> </ul>
		<b>2.3 Bringing the evidence together</b>	<ul style="list-style-type: none"> <li>• <b>What are the key issues for policy or strategy?</b></li> </ul>
<b>3</b>	<b>Current housing market</b>	<b>3.1 The housing stock</b>	<ul style="list-style-type: none"> <li>• What is the current housing stock profile?</li> <li>• How has the housing stock changed over the last ten years?</li> </ul>
		<b>3.2 Market activity</b>	<ul style="list-style-type: none"> <li>• What do market indicators tell us about current demand, particularly house prices/affordability and how effectively has the market responded to changes in demand?</li> <li>• <b>How has demand changed?</b></li> </ul>
		<b>3.3 Bringing the evidence together</b>	<ul style="list-style-type: none"> <li>• How are market characteristics related to each other geographically?</li> <li>• What do the trends in market characteristics tell us about the key drivers in the market area?</li> <li>• What are the implications in terms of the balance between supply and demand and access to housing?</li> <li>• <b>What are the key issues for future policy / strategy?</b></li> </ul>

	<b>Chapter</b>	<b>Theme</b>	<b>Research Question</b>
4	<b>Future housing market</b>	<b>4.1 Indicators of future demand</b>	<ul style="list-style-type: none"> <li>• How might the total number of households and household structure change in the future?</li> <li>• How might economic factors influence total future demand?</li> <li>• Is affordability likely to worsen or improve?</li> </ul>
		<b>4.2 Bringing the evidence together</b>	<b>What are the key issues for future policy / strategy?</b>
5	<b>Housing requirements of specific household groups</b>	<b>5.1 Specific household groups</b>	<ul style="list-style-type: none"> <li>• What are the housing requirements of specific household groups?</li> <li>• How well does the housing market meet these at present?</li> <li>• How are these likely to change?</li> </ul>
6	<b>Housing need</b>	<b>6.1 Current housing need</b>	<ul style="list-style-type: none"> <li>• What is the total number of households in housing need currently who cannot afford to meet their own needs in the market and whose needs cannot be met in situ? What are the key characteristics of their unmet need?</li> </ul>
		<b>6.2 Future need</b>	<ul style="list-style-type: none"> <li>• <b><i>How many newly arising households are likely to be in housing need each year?</i></b></li> </ul>
		<b>6.3 Affordable housing supply</b>	<ul style="list-style-type: none"> <li>• <b><i>What is the level of existing stock available to meet housing need?</i></b></li> <li>• <b><i>What is the likely level of future annual supply of affordable housing?</i></b></li> </ul>
		<b>6.4 Bringing the evidence together</b>	<ul style="list-style-type: none"> <li>• What is the total number of households in need (net annual estimate) or estimated range?</li> <li>• What choices do households have within the existing affordable housing stock?</li> <li>• What are the requirements for different sized properties?</li> <li>• How is the private rented sector used to accommodate need?</li> <li>• What are the key issues for future policy / strategy?</li> </ul>
7	<b>Joining up across the assessment</b>	<b>7.1 Bringing together the outputs from the preceding stages</b>	<ul style="list-style-type: none"> <li>• How does the estimate of future annual change in the total number of households compare with the partnership's aspirations and views on economic and population growth?</li> <li>• Is there any evidence of imbalance in the housing system and what policy interventions may be needed to correct this?</li> <li>• What options are available for addressing each of the different types of need for the different types of household estimated to be in need?</li> <li>• What is the scope for the private rented sector to assist in meeting identified need and demand?</li> <li>• How does the net annual need figure compare to the estimate of total number of households?</li> <li>• How does the assessment of housing need and demand at housing market area level translate into housing supply targets and housing land allocations at local authority level?</li> <li>• <b><i>What are the implications for housing supply targets and land allocations if both need and demand is addressed at housing market level?</i></b></li> </ul>

## **Study methods**

**1.22** The Scottish Government recommend that secondary data (i.e. data from local administrative or national data collection exercises), rather than specially commissioned surveys, should be used where appropriate and feasible. Consistent with this advice, this study has involved:

- desk-based analysis of data, reports and other relevant information from national sources and local authority databases;
- interviews with a range of experts and key stakeholders in relation to the private rented sector given the comparative absence of secondary data; and
- some work being carried out by Aberdeenshire in relation to the private rented sector.

**1.23** Not all study methods were used in the update of the HNDA as it was felt there was not a sufficient time lapse to affect the initial findings of the HNDA. However these methods will be used again when the HNDA is updated.

**1.24** The SHMP agreed that the Assessment should be carried out by officers of Aberdeen City Council, Aberdeenshire Council and the Aberdeen City and Shire Strategic Development Planning Authority.

**1.25** Newhaven Research was also commissioned to offer comment and advice on the contents of draft outputs and to assist in the housing need modelling work reported in Chapter 6.

A glossary and list of abbreviations can be found at the end of the report.

## 2. Demographic and Economic Context

**2.1** Demographic and economic trends are important drivers of the housing market, and especially housing demand. To provide a context for the analysis presented in subsequent chapters, this chapter explores demographic, household and economic trends over the past decade. Also presented are associated issues such as deprivation trends that contribute to the overall quality of settlements as places to live.

*The research questions that are addressed in this chapter are:*

- *What is the current demographic profile of the area?*
- *How has this changed over the last ten years?*
- *What is the current economic profile of the area?*
- *How has this changed over the last ten years?*

### Recent Demographic Trends

**2.2** The General Register Office for Scotland's (GROS) latest population estimates are for mid-2009. Table 2.1 shows that the population of Aberdeen City and Aberdeenshire in 2009 was 457,320, which was 18,470 more than in 2001. This is equivalent to an increase of 4%, which is a higher rate of growth than for Scotland as a whole which saw an increase of 3% over the same period.

**2.3** In the Aberdeen HMA, population increased by 5% while in the Rural HMA the increase was smaller at 3%. At present, 71% of the population live in the Aberdeen HMA and 29% live in the Rural HMA.

**Table 2.1: Population estimates (2001-2009)**

	2001	2009	Change	Percentage
Aberdeen City	211,910	213,810	1,900	1%
Aberdeenshire	226,940	243,510	16,570	7%
Aberdeen City and Shire	438,850	457,320	18,470	4%
Aberdeen HMA	309,461	323,497	14,036	5%
Rural HMA	129,389	133,823	4,434	3%
Scotland	5,064,200	5,194,000	129,800	3%

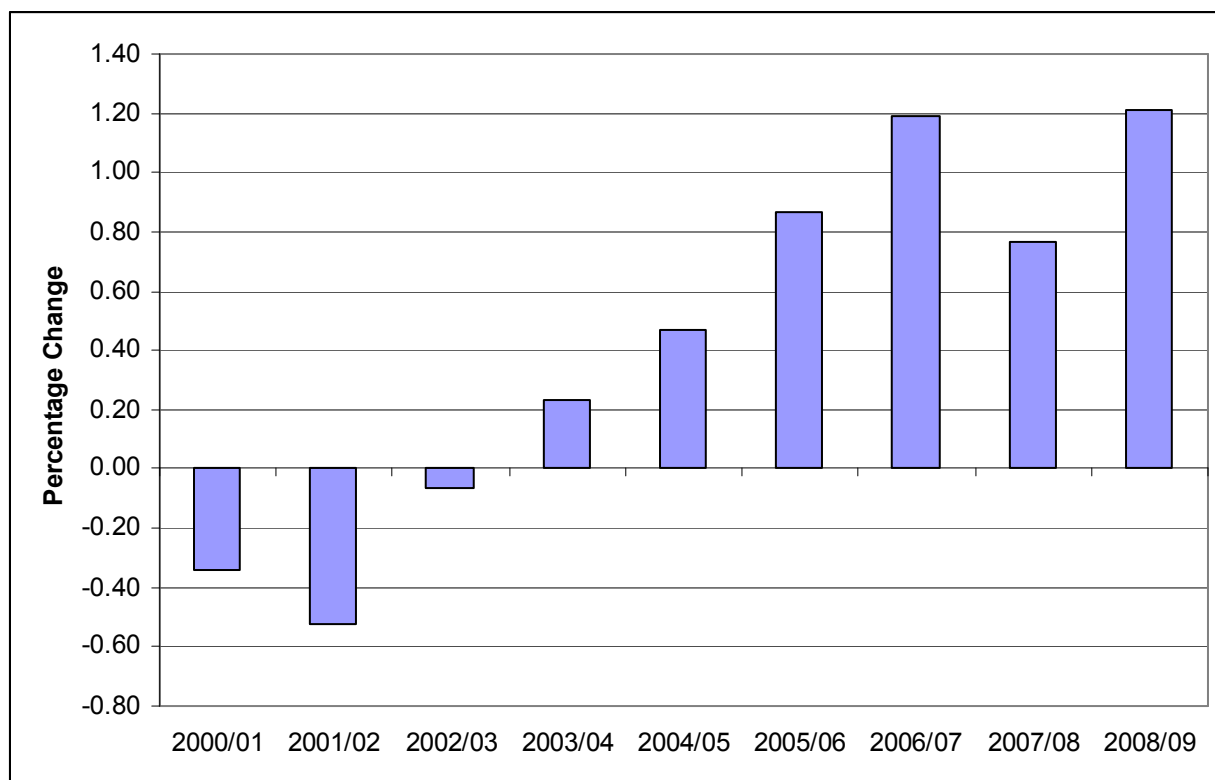
*Source: General Register Office for Scotland (2010) mid 2009 population estimates*

**2.4** Within the Aberdeen HMA the spatial distribution of the population growth has been uneven. The majority of growth has been in the Aberdeenshire part of the Aberdeen HMA with steady growth over the period. By contrast, Aberdeen City experienced a period of population decline prior to 2005 and although it has experienced growth since then, this has resulted in a net increase of just 1% since 2001.

**2.5** As Figure 2.1 shows, following a period of decline, Aberdeen City and Aberdeenshire experienced strong population growth from 2003 to 2009. As discussed in more detail below, this has been driven by a sharp increase in the rate of net inward migration.



**Figure 2.1: Annual change in Aberdeen City and Aberdeenshire population – 2000 - 2009**



Source: General Register Office for Scotland (2010) mid 2009 population estimates

### **Population age structure**

**2.6** Table 2.2 and 2.3 indicate that the changes in the age structure of the Aberdeen City and Aberdeenshire population over the past decade have tended to reflect Scotland wide developments. Looking across Aberdeen City and Aberdeenshire:

- Aberdeen City has a relatively high proportion of adults aged 16-24 and to a lesser extent 25-29 years whilst Aberdeenshire has a higher percentage of children and adults aged 35 to 54.
- Over the past decade, the age structure of the Aberdeen HMA population has fallen into line with that for Scotland, mainly because the population aged 55 years and older has increased at a faster rate locally than nationally.
- Aberdeenshire has experienced a particularly high rate of growth in the numbers of adults aged 55 or over. This reflects a combination of the ageing of the resident population and the inflow of older migrants from elsewhere in the UK to various settlements across rural Aberdeenshire.
- There has been a fall in the number of adults aged 30 to 40 years throughout Scotland. This is because the baby boom generation of the 1960's are now in

their 40's. This national trend lies behind a very sharp fall in those aged 30-34 in Aberdeenshire (-25%) and the Rural HMA (-34%).

**Table 2.2: Population Age Structure, 2009**

	All Ages	0-15	16-24	25-29	30-34	35-44	45-54	55-64	65-74	75+
Aberdeen City	213,810	16%	14%	9%	7%	14%	14%	11%	8%	7%
Aberdeenshire	243,510	19%	10%	5%	5%	15%	16%	14%	9%	7%
Aberdeen City and Shire	457,320	17%	12%	7%	6%	15%	15%	13%	8%	7%
Aberdeen HMA	323,497	17%	13%	8%	7%	15%	15%	12%	8%	7%
RHMA	133,823	18%	10%	5%	5%	15%	15%	14%	10%	8%
Scotland	5,194,000	18%	12%	7%	6%	14%	15%	12%	9%	8%

Source: General Register Office for Scotland (GROS)

**Table 2.3: Change in Proportion of Population in Each Age Group 2001-2009**

2001-2009	All Ages	0-15	16-24	25-29	30-34	35-44	45-54	55-64	65-74	75+
Aberdeen City	1%	-3%	-4%	16%	-10%	-6%	6%	19%	-7%	7%
Aberdeenshire	7%	-2%	15%	-3%	-25%	1%	9%	35%	21%	20%
Aberdeen City and Shire	4%	-3%	4%	8%	-17%	-2%	8%	28%	7%	14%
Aberdeen HMA	5%	0%	0%	14%	-11%	-3%	8%	28%	3%	13%
RHMA	3%	-8%	16%	-9%	-34%	0%	7%	27%	15%	16%
Scotland	3%	-6%	10%	9%	-21%	-5%	10%	17%	5%	11%

Source: General Register Office for Scotland (GROS)

**2.7** GROS estimates suggest that between 2001 and 2009 the numbers of young adults aged 16-24 living in Aberdeen City fell by 4% compared with a rise of 15% in Aberdeenshire and 10% in Scotland. As Table 2.4 shows, this decline was confined to those aged 18 to 22 whose numbers fell by 2,400 over this period. This fall has occurred in spite of the fact that :

- The number of students<sup>1</sup> attending the two universities has increased in the last ten years by around 30%, an additional 6,500 students<sup>2</sup>.
- The Department of Work and Pensions report that 12,260 overseas migrants registered in Aberdeen City since 2002 have been under the age of 25 years<sup>3</sup>

<sup>1</sup> Although not all of these will be in the 16-24 age group as the number of mature students has been increasing in recent years.

<sup>2</sup> Source: <http://www.hesa.ac.uk>

<sup>3</sup> [http://research.dwp.gov.uk/asd/asd1/niall/index.php?page=nino\\_allocation](http://research.dwp.gov.uk/asd/asd1/niall/index.php?page=nino_allocation)

**Table 2.4: Age breakdown of adults aged 16 to 24 years in Aberdeen City, 2001-2009**

	Age								
	16	17	18	19	20	21	22	23	24
2001	2,243	2,252	3,041	3,862	4,232	4,555	3,982	3,461	3,378
2009	2,242	2,309	2,751	3,277	3,525	3,871	3,848	3,966	3,911
Change	-1	57	-290	-585	-707	-684	-134	505	533

Source: General Register Office for Scotland 2009 based population estimates

**2.8** It is therefore possible GROS may have somewhat over-estimated the scale of net out-migration amongst 16-24 year olds.

### **Components of Population Change**

**2.9** The two components of population change are natural change<sup>4</sup> (i.e. births and deaths) and migration.

- From 2001 to 2009 there were 547 more births than deaths in Aberdeen City. This accounts for just under a third of the total population increase of 1,900 over this period.
- There were 2,916 more births than deaths in Aberdeenshire, equivalent to 18% of the total population increase of 15,240 since 2001.

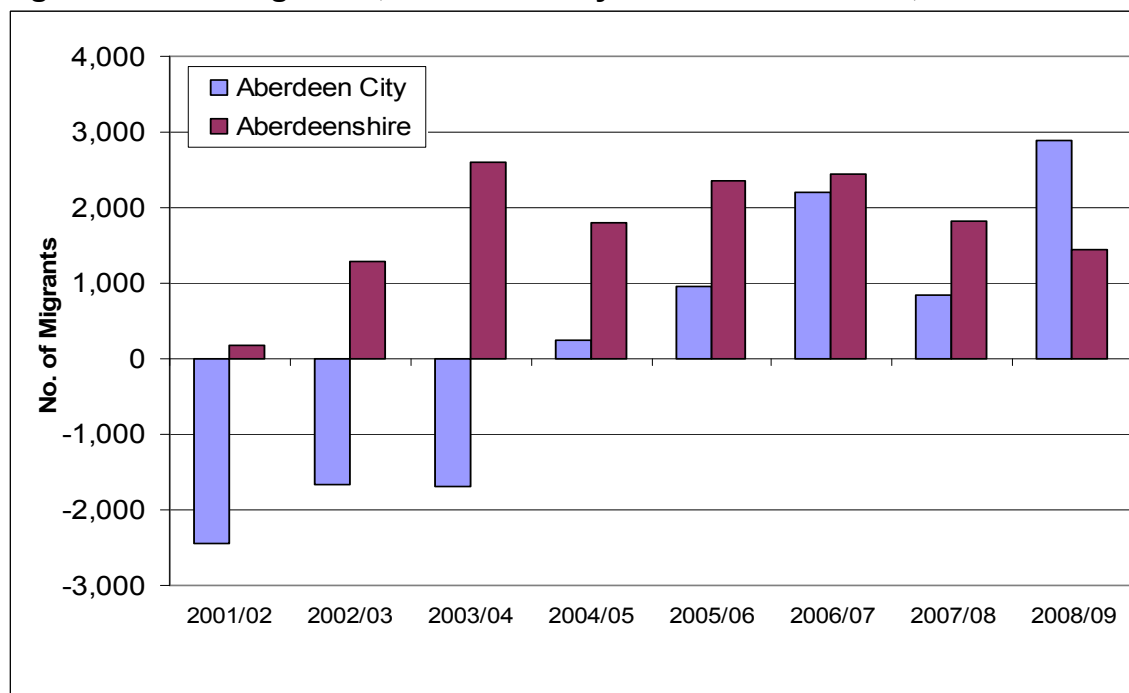
### **Migration Flows**

**2.10** Migration has been the major factor that has influenced population change over the past decade. Figure 2.2 shows that:

- Since 2001, 1,330 more people moved into Aberdeen City than moved away. This net in-migration is a reversal of the trend for out-migration prior to 2004.
- Aberdeenshire experienced net in-migration of 13,915 people. Much of this gain has been since 2003/4.

<sup>4</sup> For more information, see Briefing Paper 2010/01 Population Report , Aberdeen City and Shire <http://www.aberdeencity.gov.uk/nmsruntime/saveasdialog.asp?IID=30342&SID=3365>

**Figure 2.2: Net migration, Aberdeen City and Aberdeenshire, 2001 – 2009**



Source: General Register Office for Scotland

**2.11** The increase in net migration since 2003/04 mirrors national trends and the increase in individuals coming from the rest of the UK and elsewhere in Europe to Scotland to work.

**2.12** Table 2.5 shows the migration flows for Aberdeen City and Aberdeenshire for 2008/2009.

- 2,884 more people moved to Aberdeen City than moved away. The large numbers of people moving into the City from overseas (a net gain of 3,582) has more than offset the net outflow of people from Aberdeen to other parts of Scotland (-1019) including Aberdeenshire.
- 1,450 more people moved to Aberdeenshire than moved away. In contrast to the City, inflow and outflows were dominated by people moving within Scotland or the rest of the UK

**Table 2.5: In, out and net migration 2008 - 2009 Aberdeen City and Aberdeenshire**

	In-migration			
	Total	within Scotland	Rest of UK	Overseas
Aberdeen City	14,008	5,764	2,709	5,535
Aberdeenshire	8,894	5,576	1,908	1,410
	Out-migration			
	Total	within Scotland	Rest of UK	Overseas
Aberdeen City	11,124	6,783	2,388	1,953
Aberdeenshire	7,444	4,867	1,653	924
	Net-migration			
	Total	within Scotland	Rest of UK	Overseas
Aberdeen City	2,884	-1,019	321	3582
Aberdeenshire	1,450	709	255	486

Source: General Register Office for Scotland

### **Inter local authority migration flows**

**2.13** Looking more closely at GROS estimates of the migrants that moved within Scotland during 2008-2009:

- Of the 6,783 migrants that moved away from Aberdeen City and stayed within Scotland, 47% moved to Aberdeenshire (3,204). Most of the other out-migrants moved to Edinburgh, Glasgow, Highland, Fife, Moray, Dundee Angus and Perth and Kinross.
- Of the 4,867 migrants that moved away from Aberdeenshire but stayed within Scotland, 43% moved to Aberdeen City (2,087). Most of the other out-migrants moved to Edinburgh, Moray, Highland, Angus, Glasgow, Fife and Perth & Kinross.
- Of the 5,764 migrants that came to Aberdeen City from elsewhere in Scotland, 36% came from Aberdeenshire (2,087). The remaining in-migrants came from across Scotland, although the highest percentages came from Edinburgh, Highland, Glasgow, Moray, Angus, Fife, Dundee and Perth and Kinross
- Of the 5,576 migrants that moved to Aberdeenshire from elsewhere in Scotland, 57% came from Aberdeen City (3,204). A further 14% came from the neighbouring authorities of Angus, Moray and Highlands.

**2.14** Looking at the period from 2001 to 2009, although there have been fluctuations from year to year in the numbers moving from Aberdeen City to Aberdeenshire and vice versa, there has been no substantive change in the pattern of flows over this period. On average, around 3,500 people moved to Aberdeenshire from Aberdeen City each year with around 2,200 people moving in the other direction from Aberdeenshire to Aberdeen. This means that over the period there was a net outmigration of 10,800 people from Aberdeen City to Aberdeenshire, an average of 1,350 people each year.

**2.15** The 2001 Census records the numbers of wholly moving households. This term refers to households where all members had moved from the same previous address in the year to 29 April 2001.

- For Aberdeen City, there was a net loss of wholly moving households with dependent children: 20% of the inflow of wholly moving households had dependent children, compared with 26% of the outflow.
- In Aberdeenshire, the situation was reversed. There was a net gain of wholly moving households with dependent children: 36% of the total inflow, compared with 25% of the outflow.

**2.16** Census evidence supports local perceptions that there are two main reasons why Aberdeen City, in common with Scotland's other three major cities, experiences net out-migration in relation to migrants moving within Scotland:

- Firstly, a very large proportion of moves out of the City are short-distance residential related moves by established households moving from the City to Aberdeenshire, and in particular settlements within the wider Aberdeen HMA.
- Second, there are considerable numbers of longer distance moves, many involving recent graduates moving back to their area of origin and/or somewhere else to pursue employment opportunities.

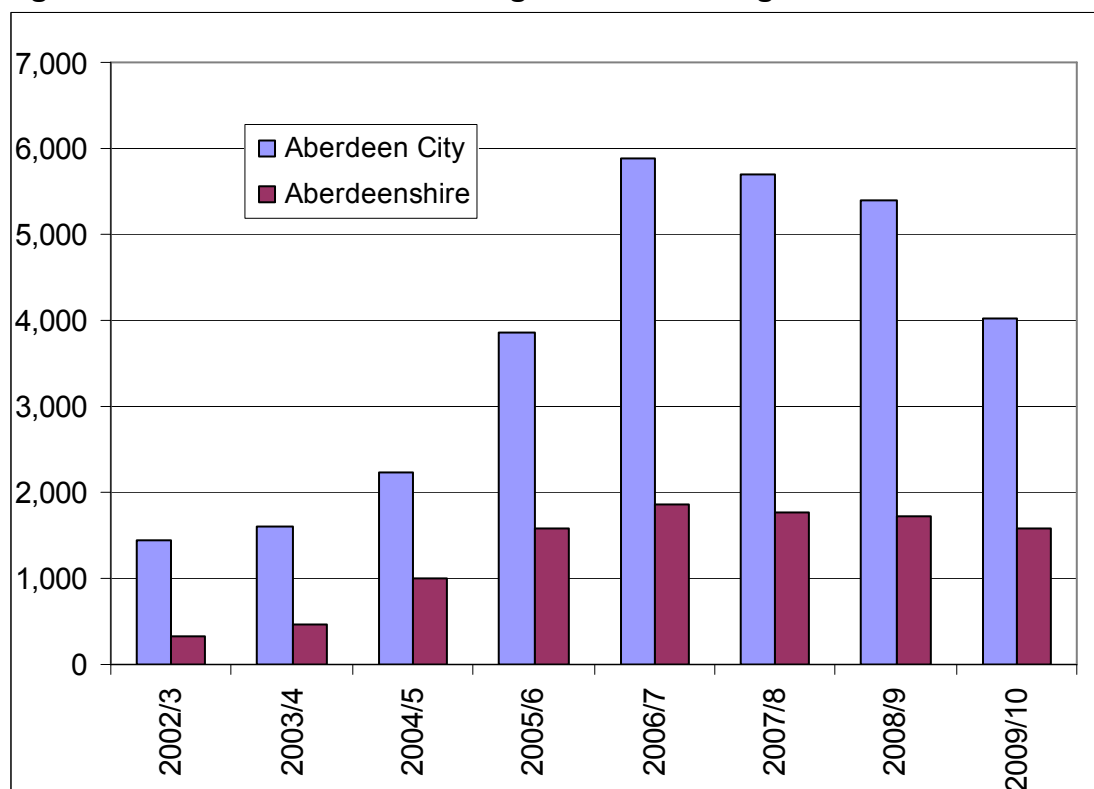
### ***Overseas migrant workers***

**2.17** The numbers of National Insurance Number (NINo) registrations issued to overseas workers in Aberdeen City and Aberdeenshire between 2002/03 and 2009/10 are summarised in Figure 2.3<sup>5</sup>. These figures reinforce GROS estimates that Aberdeen City has experienced much higher rates of in-migration from individuals coming from abroad than Aberdeenshire.

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<sup>5</sup> A fuller analysis of NINo registrations to non-UK nationals can be found in "Migrant Workers in Aberdeen City and Shire" (Ref: 2010/05), which can be downloaded from :[http://www.aberdeencity.gov.uk/Statistics/stt/stt\\_Home.asp](http://www.aberdeencity.gov.uk/Statistics/stt/stt_Home.asp)

**Figure 2.3: National Insurance Registrations to Migrant Workers 2002-2010**



Source: Department of Work and Pensions

**2.18** Figure 2.3 shows the sharp increase in net in-migration has occurred subsequent to the 2004 enlargement of the European Union (EU) following the accession of A8 and A2 countries<sup>6</sup> to the EU.

**2.19** The latest figures indicate that between 2002 and 2010, 40,470 migrant workers resident in Aberdeen City and Aberdeenshire were allocated a National Insurance number of whom:

- 30,160 (75%) resided in Aberdeen City and 10,310 (25%) in Aberdeenshire.
- 18,320 (45%) originated from the 12<sup>7</sup> EU accession countries, including 11,150 from Poland.
- 5,950 (15%) originated from other EU countries, particularly the Republic of Ireland, France, Germany and the Netherlands.
- 60% of migrants from the EU accession countries registered in Aberdeen City as did 84% of those from Western European countries.
- 80% were under 35 years of age at the point of registration, including 39% who were under 25 years.

<sup>6</sup> A8 = Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia. A2 = Bulgaria and Romania.

<sup>7</sup> Includes Cyprus and Malta

**2.20** Migrant workers play a significant role in the local economy. It is estimated that 2.7% of Aberdeen City's working age population are overseas migrants. Perth & Kinross is the only Scottish local authority where this rate is higher. At 1%, the proportion of Aberdeenshire's working age population comprised of overseas migrants is lower but is still well above that in most other authorities.

**2.21** There is no comprehensive data on the qualifications of migrant workers, but the majority of workers registered on the Worker Registration Scheme (WRS) were employed in unskilled or semi-skilled posts. In Aberdeen City, almost a quarter worked as cleaners or domestic staff. In Aberdeenshire, 50% were labourers or process operatives<sup>8</sup>.

**2.22** In 2009/10, there were 5,620 NINo registrations by non-UK nationals in the Aberdeen City and Shire Area, down from 7,120 in 2008/09 and 7,460 in 2007/8. This is a significant decrease but the fall has been less marked in this area than elsewhere in Scotland, including Edinburgh, Glasgow, Fife and Highland.

**2.23** As discussed below, the UK recession and the fall in demand for labour has probably been the main factor that has contributed to a downturn in the numbers of overseas in-migrants. Other contributing factors have included the relaxation of restrictions on EU Accession migration in other EU countries and the introduction of a cap on the number of migrant workers from out with EU countries permitted to work in the UK.

**2.24** There is much uncertainty regarding short and long-term prospects for the UK and local economy, which makes it difficult to predict future overseas migration. Consequently migration assumptions built into demographic projections and forecasts must be treated with some caution.

### ***Gender and sexual orientation***

**2.25** The proportion of females and males is fairly consistent across Aberdeen City and Aberdeenshire and at a HMA level. Approximately 49.5% of the population are male and 50.5% of the population are female. This is a result of longer female life expectancy<sup>9</sup> giving higher proportions of females than males in most local authorities in Scotland.

**2.26** There are difficulties in quantifying the numbers of people who are from the Lesbian, Gay, Bisexual and Transgender (LGBT) community. The Scottish Government<sup>10</sup> estimates the number of LGBT people as approximately 5% of the

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<sup>8</sup> "Migrant Workers in Aberdeen City and Shire" (Ref: 2010/05), which can be downloaded from:

[http://www.aberdeencity.gov.uk/Statistics/stt/stt\\_Home.asp](http://www.aberdeencity.gov.uk/Statistics/stt/stt_Home.asp)

<sup>9</sup> Life Expectancy for Administrative Areas within Scotland, 2007-2009, <http://www.gro-scotland.gov.uk/files2/stats/life-expectancy-admin-areas/07-09/le-admin-areas-07-09.pdf>

<sup>10</sup> Scottish Government (2008) Challenging Prejudice, Recommendations of the LGBT Hearts and Minds Agenda Group <http://www.scotland.gov.uk/Resource/Doc/212871/0056591.pdf>



population, therefore for the population of Aberdeen City and Shire this may roughly equate to around 23,000 people.

### **Ethnicity**

**2.27** The Census provides the only comprehensive if dated source of information on ethnicity. Table 2.6 shows that in 2001 some 7,779 individuals from a non-white ethnic background lived in the Aberdeen City and Aberdeenshire Area. This equated to 1.8% of the population, slightly below the comparable rate of 2% for Scotland.

**2.28** In 2001 almost 4 out of every 5 residents from a non-white ethnic minority lived in Aberdeen City, reflecting the fact that the increase in the local ethnic minority population between 1991 and 2001 was largely restricted to the City. Between 1991 and 2001 the numbers of people from non-white ethnic groups living in Aberdeen doubled to 6,151, in part due to the increase in the numbers of people of Indian, Pakistani and Bangladeshi origin from 622 to 1,580. In Aberdeenshire the number of people from a non-white ethnic group increased by around 600.

**Table 2.6: Ethnic groups in Aberdeen City and Aberdeenshire, 2001**

<b>Ethnic Group</b>	<b>Number</b>	<b>% of population</b>
<b>Aberdeen City</b>		
White ethnic groups	205,974	97.1%
All other ethnic groups	6,151	2.9%
All People	212,125	100.0%
<b>Aberdeenshire</b>		
White ethnic groups	225,243	99.3%
All other ethnic groups	1,628	0.7%
All People	226,871	100.0%
<b>Aberdeen City and Shire</b>		
White ethnic groups	431,217	98.2%
All other ethnic groups	7,779	1.8%
All People	438,996	100.0%
<b>Aberdeen HMA</b>		
White ethnic groups	303,181	97.7%
All other ethnic groups	7,083	2.3%
All People	310,264	100.0%
<b>Rural HMA</b>		
White ethnic groups	128,036	99.5%
All other ethnic groups	696	0.5%
All People	128,732	100.0%
<b>Scotland</b>		
White ethnic groups	4,960,334	98.0%
All other ethnic groups	101,677	2.0%
All People	5,062,011	100.0%

Source: 2001 Census (Table UV 10)

**2.29** In 2001 individuals from the Indian/Pakistani/Bangladeshi community formed the largest single ethnic group in both local authorities and housing market areas. Subsequent to the increase in overseas in-migration, the ethnic composition of the Aberdeen City and Aberdeenshire area population has changed, although statistical evidence of the changing ethnic mix of the population remains limited.

**2.30** The potential specific housing related needs of those from ethnic backgrounds and other equalities groups are discussed in more detail in Chapter 5 – the Housing Requirements of Specific Household Groups.

### Recent Household Trends

**2.31** Since 2001, the numbers of households in Aberdeen City and Aberdeenshire have increased at a faster rate than for Scotland as a whole. 206,064 households lived in the area in 2009, 10% more than in 2001. In Scotland the increase was 7%. Much of this growth has occurred since 2003.

**2.32** As Table 2.7 shows, household growth in the Aberdeen HMA and the Rural HMA has continued to rise at a faster rate than the national average. In the Aberdeen HMA there was an 8% increase while in the Rural HMA there was a 6% increase in the number of households between 2003 and 2009 compared with a 5% increase nationally.

**Table 2.7: Households in Aberdeen City and Aberdeenshire, 2003 - 2009**

	Aberdeen City	Aberdeenshire	Aberdeen City and Aberdeenshire	Aberdeen HMA	Rural HMA	Scotland
<b>2003</b>	97,924	93,727	191,651	138,538	53,113	2,229,535
<b>2004</b>	98,635	95,597	194,232	140,060	54,172	2,249,160
<b>2005</b>	99,269	97,401	196,670	141,581	55,089	2,271,353
<b>2006</b>	100,735	98,774	199,509	143,536	55,973	2,291,415
<b>2007</b>	102,195	100,191	202,386	145,610	56,776	2,313,778
<b>2008</b>	102,899	101,516	204,415	146,999	57,416	2,331,250
<b>2009</b>	103,438	102,626	206,064	149,941	56,123	2,344,436
<b>Change 2003-2009</b>	5,514 6%	8,889 9%	14,413 8%	11,403 8%	3,010 6%	114,901 5%

*Source: GROS local authority household estimates and datazone occupied dwelling estimates*

*Note: Comparable HMA level household estimates for the years prior to 2003 are not available*

**2.33** The rate of growth in the numbers of households in Aberdeen City has been lower than elsewhere in the area but is still higher than the Scotland wide rate despite lower rates of population growth. This reflects the continuing trend towards the formation of smaller and in particular single person households which has been more marked in Aberdeen City.

### Household Composition and Tenure

**2.34** In 2001 the composition of households living in Aberdeen City and Shire was broadly comparable to that for Scotland, although the former has a slightly higher

proportion of couples and families. As table 2.8 shows however, there were sharp distinctions in the household profiles across the local area.

**Table 2.8: Composition of households in Aberdeen City and Shire Area, 2001**

Household type	Aberdeen City	Aberdeenshire	Aberdeen City and Shire	Aberdeen HMA	Rural HMA	Scotland
Single Adult	24%	12%	19%	21%	13%	18%
Single Pensioner	13%	13%	13%	13%	14%	15%
Couple (inc. pensioner)	25%	30%	27%	26%	29%	25%
Lone Parent with Dependant Child(ren)	5%	4%	5%	5%	5%	7%
Couple with dependant Child(ren)	16%	27%	21%	20%	24%	19%
Other	16%	14%	15%	15%	14%	16%
<b>All Households</b>	100%	100%	100%	100%	100%	100%

Source: 2001 Census

**2.35** Relative to Aberdeen City and Scotland, there were high proportions of couples and families in Aberdeenshire and low proportions of single adult households. Differences in the household composition between the Aberdeen HMA and the Rural HMA mirrored that of the two local authorities but were less extreme.

**2.36** Aberdeen City's household profile was similar to those of other city authorities. Likewise, differences in the composition of households living in Aberdeen and in Aberdeenshire were similar to the pattern found in Scotland's three other city based housing market areas. This is indicative of the wide UK trend for cities to import younger people and to export family units (see Champion, et al 2007<sup>11</sup>).

**2.37** Table 2.9 gives more recent data from GROS which shows that:

- Whilst the household composition of the population of Aberdeen City and Aberdeenshire remains similar to that for Scotland, there remain sharp differences between the two local authority areas.
- Both local authority areas and Scotland have seen a continuing increase in the numbers and proportions of single person and couple households since 2001, although the scale of change is difficult to quantify because GROS and SHS figures are not directly comparable with Census figures.

<sup>11</sup> Tony Champion, Mike Coombes, Simon Raybould and Colin Wymer (2007) Population movement and the socio-economic complexion of communities, Joseph Rowntree Foundation

**Table 2.9: Composition of households in Aberdeen City and Aberdeenshire, 2008**

	<b>Aberdeen City</b>	<b>Aberdeenshire</b>	<b>Aberdeen City and Aberdeenshire</b>	<b>Scotland</b>
Single person under 65	31%	15%	23%	22%
Single pensioner 65+	13%	13%	13%	14%
Couple (2+ adults under 65 years)	26%	31%	29%	27%
Older couple (2+ adults 65+ years)	9%	13%	11%	12%
Lone parent	7%	4%	6%	7%
Family	14%	24%	19%	18%
All Households	100%	15%	100%	100%

*Source: General Register Office for Scotland 2009*

**2.38** In terms of the tenure profile of households, table 2.10 shows that:

- Most households now own their own home but the rate of owner occupation is considerably higher in Aberdeenshire (75%) than in Aberdeen (65%) or Scotland (66%). Likewise, Aberdeenshire (37%) has a higher proportion of households that are outright owners (i.e. without a mortgage) than Aberdeen City (25%) or Scotland (29%).
- Just over a third of households in Aberdeen rent from a social or private landlord. This is in line with the Scottish average, but the proportion of households renting privately in Aberdeen City (9%) is markedly lower than in Glasgow (13%), Dundee (14%) or Edinburgh (19%).
- In both local authority areas, more than 7 out of 10 families and couples of all ages live in the owner occupied sector.
- There has been some increase in the numbers and proportions of single person and lone parent households living in the owner occupied sector in recent years. However single person, single pensioner and lone parent households collectively account for 3 out of 5 households that rent from a social landlord in both local authority areas.

**Table 2.10: Estimated tenure of households in Aberdeen City and Aberdeenshire**

	Aberdeen City (%)	Aberdeenshire (%)	Aberdeen City and Aberdeenshire (%)	Scotland (%)
Owner occupied	65	75	70	66
Social Rented	24	15	19	23
Private Rented	10	9	9	10
Other	2	2	2	2
All Households	100	100	100	100
Base (sample size)	1,044	1,345	2,389	27,225

Source: Scottish Household Survey, 2007/08

**2.39** In summary, it is clear that while the demographic profile of Aberdeen City and Aberdeenshire partly mirrors national trends, there are some significant differences specific to this area. In particular there has been a consistently higher rate of population and household growth than nationally. This is linked to the structure and performance of the Aberdeen City and Aberdeenshire economy, which in turn has been shaped by the changing fortunes of the oil and gas industry. This is explored in more detail in the next section.

### Recent Economic Trends

**2.40** Aberdeen City and Aberdeenshire has one of the most buoyant local economies in the UK and “makes a disproportionately large contribution to economic output in Scotland”<sup>12</sup>.

**2.41** Gross Value Added (GVA) is a measure of the value of the goods and a service produced in the economy and is the Office for National Statistics (ONS) preferred measure for monitoring economic performance and overall economic well-being. Figures published by ONS at the start of the year indicate:

- In 2008 GVA per head of population was just under £27,400 compared to £20,000 for Scotland and £21,000 in the UK.
- Between 2001 and 2008 Aberdeen City and Aberdeenshire’s GVA per head of population remained some 33% above the UK average whereas Scotland remained 5% below the UK average.

**2.42** These figures confirm that the Aberdeen City and Aberdeenshire economy continued to perform strongly in spite of the fact that Government accounting conventions mean that GVA estimates exclude offshore oil and gas activity. In 2006 the Scottish Council for Development and Industry estimated that the value of international sales from the Scottish oil and gas industry was £4.7 billion, the bulk of which would have been attributable to companies in and around Aberdeen.

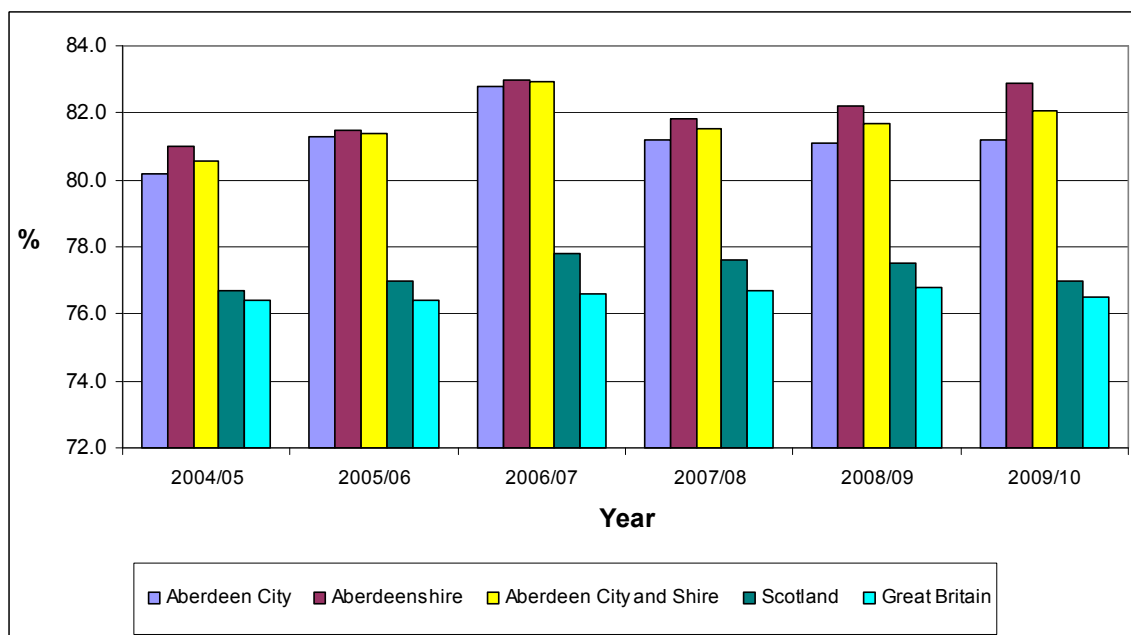
<sup>12</sup> Scottish Enterprise Aberdeen City and Shire Economic Review (March 2009), [ACSEF Reports](#)

**2.43** In 2008 the UK economy moved into a sustained and deep economic recession for the first time since 1991. The recession followed in the wake of the global financial crisis known as the credit crunch. The UK was particularly exposed to the financial turbulence brought about by the credit crunch because of the size of the financial sector, an inadequate financial regulatory system and the overvaluation of the housing market.

**2.44** During 2009 the UK recession deepened as aggregate demand continued to fall. On the domestic front, the fall in house prices and other assets led households to scale back spending and thus demand. Lending by UK banks also declined as they sought to rebuild their balance sheets. The tightening in the supply of credit further accelerated the downturn in GDP as companies found it increasingly difficult to secure working capital to help them adjust to the downturn in demand.

**2.45** In terms of output, GDP for the UK fell by 6% from peak to trough. Labour market conditions also weakened but the fall in employment was lower than many had expected. In part this was because UK employers opted to retain staff by making cost savings through reducing hours, by substituting part-time workers for full-time staff and reducing wage settlements.

**Figure 2.4: Economic Activity rate – adults of working age April 2004 - March 2010**

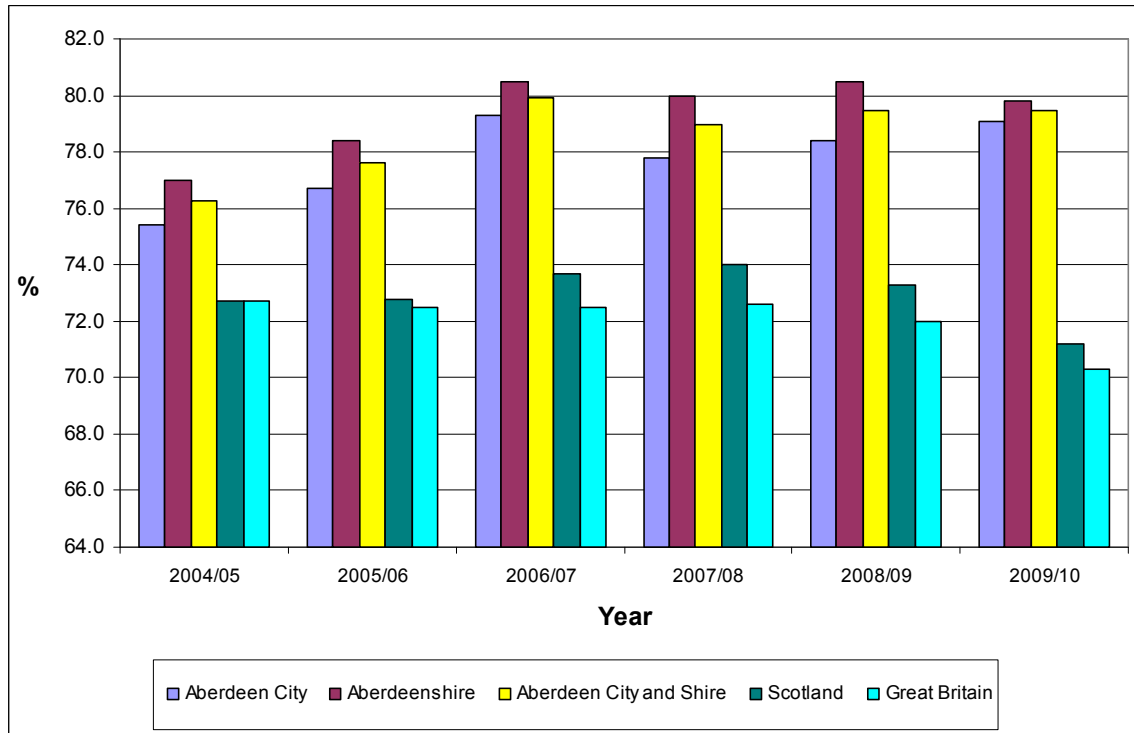


Source: Annual Population Survey, (via Nomis, 2010)

**2.46** Economic activity rates, which reflect the numbers of people of working age that are in employment or seeking employment, for Aberdeen City and Aberdeenshire remained well above the comparable rate for Scotland and Britain throughout 2008 to 2010 (see figure 2.4). Likewise, employment rates for Aberdeen City and Aberdeenshire remained buoyant relative to Scotland and the UK (see figure 2.5). In the year to March 2010, the employment rates for Aberdeen and Aberdeenshire were 79.1% and 79.8% respectively. By contrast the employment rate for Scotland was 71.2%.

**2.47** ONS also report Aberdeen City and Shire was the only local economic area in the UK where there was not a slowdown in the rate of annual growth in GVA during 2008.

**Figure 2.5: Employment rate amongst those of working age, April 2004 - March 2010**



Source: Annual Population Survey, (via Nomis, 2010)

**2.48** The main reason why the Aberdeen City and Aberdeenshire economy has proved more resilient than elsewhere in Scotland and the UK to the global recession is because local economic performance is intrinsically linked to the performance of the North Sea oil and gas industry, which is the main driver of the local economy. The sector directly employs some 23,500. Experian<sup>13</sup> estimate that once chain supply jobs plus jobs generated through oil industry employee spending are included, total employment supported by the industry could exceed 137,000. This represents almost 60% of all employment in the area.

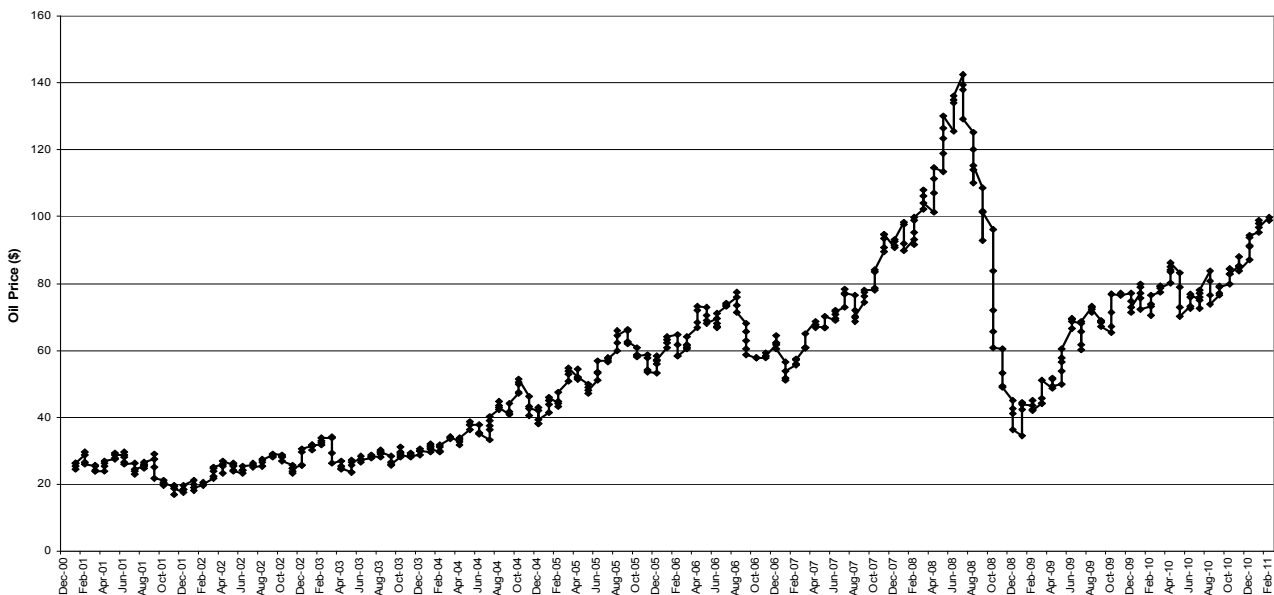
**2.49** This is not the first time that the performance of the local economy has been out of alignment with that of the UK economy. For example, the oil price collapse in 1986 and again in 1998 lead to a downturn in the local economy and employment loss at a time when the Scottish and UK economies were growing.

<sup>13</sup> Experian used Office of National Statistics (ONS) data to provide an update estimate of the employment generated by the Oil and Gas sector on behalf of Oil and Gas UK which is the leading representative body for the sector. Figures quoted here are those reported in the Oil and Gas UK 2010 Economic Report for Aberdeen City Briefing Paper 2010/02.

**2.50** Oxford Economics and SLIMS (2009) report that Gross Value Added<sup>14</sup> (GVA) per employee amounted to £39,700, compared to £32,600 in Scotland and £34,800 in the UK. This was in spite of the fact that in the seven years to 2006 the average annual rate of GVA growth in Aberdeen City and Aberdeenshire was 1.8%, compared to 2.8% for Scotland and 3.2% for the UK.

**2.51** Experian<sup>15</sup> (2008) note that the rise in Brent crude oil prices from less than \$30 per barrel in 2001 to over \$140 in mid 2008 (see figure 2.6) boosted capital expenditure on the UK continental shelf. This in turn stimulated oil and gas jobs growth throughout the period.

**Figure 2.6: Brent Crude Oil Price (January 2001 – February 2011)**



Source: US energy Information Administration ([www.eia.doe.gov](http://www.eia.doe.gov))

**2.52** Difficult global economic conditions and the steep fall in oil prices in 2008 resulted in a sharp decline in activity, exploration and investment in the oil and gas sector in 2009. However, confidence in the sector returned as oil prices began to rise again and global economic conditions have improved. There has been an upturn in investment in the sector and most operators and contractors expect to increase staff over the next three years<sup>16</sup>.

**2.53** Although the local economy has proved to be better insulated from the recession that other areas of the UK, the local housing market has fared less well. Throughout 2009 and 2010 households and firms seeking to raise finance continued to be faced with historically low loan-to-income ratios and high deposit requirements. As discussed in Chapter 3, constraints on the availability of loan finance have constrained demand and supply in the housing market both locally and nationally.

<sup>14</sup> Gross Value Added (GVA) is often used to provide an indication of the contribution of each industrial sector to a large spatial area's economy. It is a measure of the difference between the value of goods and services produced and the cost of raw materials and other inputs which are used up in production.

<sup>15</sup> Experian (2008) Aberdeen City and Region Economic Review

<sup>16</sup> Aberdeen and Grampian Chamber of Commerce 12<sup>th</sup> Oil and Gas Survey (2010) <http://www.agcc.co.uk/oil-and-gas-survey-2010/>

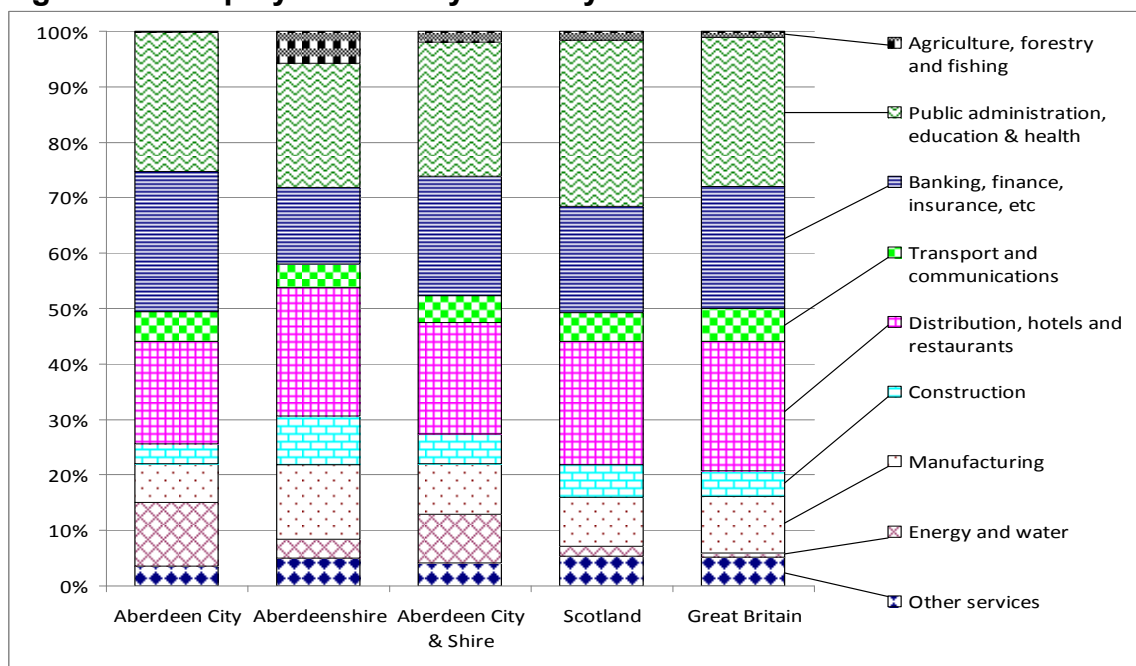


**2.54** Whilst the UK economy gradually returned to growth during 2010, the recession and the UK government's quantitative easing measures will continue to influence economic and housing market conditions for some time to come. What these possible implications might be are discussed in Chapters 4 and 7.

**Structure of local labour market**

**2.55** In the year to June 2010 some 241,300 people living in Aberdeen (114,000) and Aberdeenshire (127,300) were in employment, including some 23,900 self-employed individuals. At 8% the rate of self-employment is close to the Scottish average (7%), although the rate varies from 5% in Aberdeen to 11% in Aberdeenshire.

**Figure 2.7: Employee share by industry in 2008**



Source: Nomis (December 2010) Annual Business Inquiry 2008

**2.56** In terms of the profile of employees by industrial sector, figure 2.7 shows that:

- The largest employing industrial sectors in Aberdeen City and Aberdeenshire are public services (24% of all employees), financial & business services (21%) and distribution, which includes retail and catering (20%).
- Relative to Scotland, the local economy has a high proportion of employees in the energy and water sector (9%) This sector is concentrated in the Aberdeen HMA and more especially Aberdeen City.

**2.57** Between 2001 and 2008 job growth was concentrated in public services (20%) and financial & business services (34%). Most of the addition public sector and financial sector jobs have been located in Aberdeen. In the case of the public sector, this reflects the fact that most 'new' jobs were in the health and social sector.

**2.58** By contrast, there was a decline in manufacturing (-10%), and agricultural & fishing (-3%) jobs. In both sectors this reflects a combination of global competition, rising input costs and in some instances, such as fishing, increased regulation. The numbers of employees in the construction sector also fell by 20% to 14,200. Much of this fall has been due to the growth in the numbers of self-employed individuals working in this sector. Moreover there was some recovery in the numbers of construction employees during 2007/8.

### ***Spatial distribution of employment***

**2.59** In the 5 years to 2001 there was a rapid growth in jobs in Aberdeenshire. Since 2001, jobs growth in the two local authority areas has become somewhat more balanced. Between 2001 and 2008, ABI data indicates that the number of jobs in Aberdeenshire grew by 9% whilst the numbers of jobs in Aberdeen City grew by 7%. The more modest growth in employee jobs within the City reflects the fact that although many new jobs have been created in the City, job losses have also tended to be concentrated in the City.

**2.60** The shift in workplace location has centred on the movement of business and employees from the City to surrounding settlements in the Aberdeen HMA. The reasons for this shift are not clear. One possibility may have been a possible lack of suitable sites to support business growth within the City.

**2.61** Although it is hard to be precise, evidence from the ABI and other sources suggest that up to 80% of employee jobs in the Aberdeen City and Aberdeenshire economy are located within the Aberdeen HMA. Overall we estimate<sup>17</sup> that some 52,000 employee jobs are located in the Rural HMA, most of which are in the following four sectors:

- public services
- manufacturing
- agriculture and fishing
- distribution, hotels and catering

**2.62** As Table 2.11 shows, the Rural HMA has a working age population of around 85,000, which is greater than the estimated numbers of jobs in the area. Assuming that 25% to 30% of the working age population are self employed, unemployed or economically inactive, we estimate that around 6,000 to 12,000 people may commute from the Rural HMA into the Aberdeen HMA to work.

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<sup>17</sup> The actual figure may vary by up to 5 % in either direction.

**Table 2.11: Working Age Population by Housing Market Area, 2009**

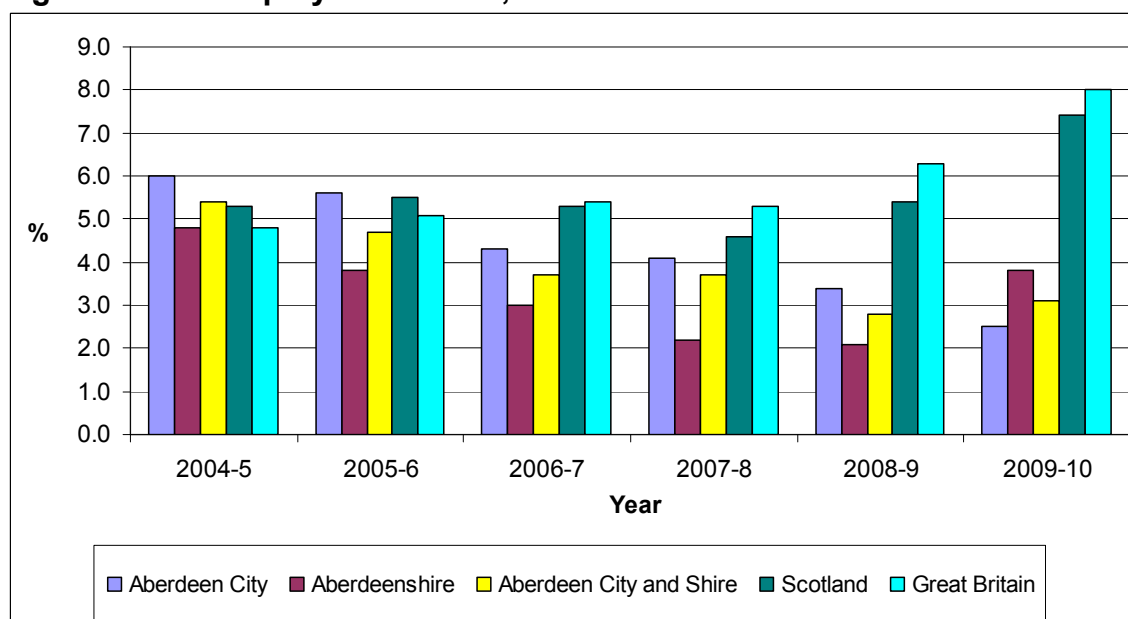
Housing market	Working age population	% total population
Aberdeen City	148,135	69%
Aberdeenshire	157,842	65%
Aberdeen City and Shire	305,977	67%
Aberdeen HMA	220,675	68%
Rural HMA	85,302	64%
Scotland	3,413,148	66%

Source: GROS population estimates 2009

## Unemployment

**2.63** Official unemployment figures are shown in figure 2.8. These statistics refer to people without a job who are available to start work, who have looked for work in the past four weeks or who are waiting to start a job they have already secured. Consistent with the high rates of employment noted earlier, unemployment rates throughout Aberdeen City and Aberdeenshire have for the most part remained well below the rate in Scotland and Great Britain. In 2010, the unemployment rate in Aberdeen City was 2.5% and 3.8% in Aberdeenshire compared with 7.4% in Scotland.

**Figure 2.8: Unemployment Rates, 2004 - 10**



Source: Annual Population Survey (via Nomis 2010)

**2.64** However, although the overall unemployment rates are low for both authorities, there are significant local variations with pockets of much higher unemployment in parts of both Aberdeen City and Aberdeenshire.

## Incomes and Earnings

**2.65** The Annual Survey of Hours and Earnings (ASHE) is the Scottish Government's preferred data source for earnings. Table 2.12 shows trends for the lower quartile, median and upper quartile gross weekly wage from 2002 to 2009 for

employees that reside in Aberdeen and Aberdeenshire. Table 2.13 shows the equivalent workplace earnings.

**2.66** ASHE data is not available at housing market level. It has therefore been assumed that Aberdeen workplace earnings provide a reasonable approximation of earnings for the Aberdeen HMA as a whole. This decision is based on the high proportions of individuals that live in the Aberdeenshire part of the housing market but commute into the city to work. Similarly, the Aberdeenshire workplace earnings appear to provide an indication of the distribution of earnings in the Rural HMA because in the main they will tend to reflect the earnings of those who live and work in the Rural HMA. The two tables show that between 2002 and 2009:

- The median wage for employees residing in Aberdeen or Aberdeenshire has remained above the comparable Scotland-wide median wage over the period (see Table 2.12). In 2009 the median wage was £500 in Aberdeen City, £533 in Aberdeenshire and £472 in Scotland.
- Since 2002, median wages have increased by just under 30% in both Aberdeen City and Aberdeenshire and in Scotland as a whole.
- Lower quartile resident earnings display a similar trend with earnings higher in this area than in Scotland. In 2009 the lower quartile wage in Aberdeen was £358, some 29% more than in 2002. In Aberdeenshire the lower quartile wage was £378, 36% more than in 2002.

**Table 2.12: Residence based analysis of changes in gross weekly earnings 2002-9**

Earning distribution	2002	2003	2004	2005	2006	2007	2008	2009
Aberdeen LQ	£277	£278	£288	£303	£331	£333	£345	£358
Aberdeenshire LQ	£277	£288	£306	£311	£320	£328	£350	£378
Scotland LQ	£264	£275	£284	£293	£304	£317	£329	£342
Britain LQ	£281	£290	£300	£307	£316	£328	£341	£355
Aberdeen median	£389	£409	£399	£441	£460	£460	£481	£500
Aberdeenshire median	£422	£422	£418	£446	£468	£477	£521	£533
Scotland median	£369	£382	£391	£410	£428	£441	£463	£472
Britain median	£393	£406	£421	£433	£446	£460	£480	£491
Aberdeen UQ	£560	£560	£573	£615	£634	£621	£673	£645
Aberdeenshire UQ	£599	£599	£587	£611	£675	£668	£751	£766
Scotland UQ	£512	£531	£551	£582	£594	£611	£644	£652
Britain UQ	£555	£576	£593	£614	£632	£653	£682	£680

Source: ONS Annual Survey of Hours and Earnings (via NOMIS)

**Table 2.13: Workplace based analysis of changes in gross weekly earnings 2002-9**

Earning distribution	2002	2003	2004	2005	2006	2007	2008	2009
Aberdeen LQ	£292	£300	£307	£335	£355	£337	£368	£383
Aberdeenshire LQ	£257	£272	£282	£286	£295	£315	£333	£360
Scotland LQ	£265	£275	£284	£293	£304	£316	£329	£383
Britain LQ	£280	£289	£299	£307	£316	£327	£340	£354
Aberdeen median	£442	£443	£425	£469	£481	£479	£532	£538
Aberdeenshire median	£373	£374	£387	£383	£433	£460	£468	£500
Scotland median	£372	£381	£390	£409	£428	£442	£463	£474
Britain median	£392	£405	£420	£432	£445	£459	£479	£490
Aberdeen UQ	£637	£653	£629	£690	£730	£667	£766	£760
Aberdeenshire UQ	£512	£530	£551	£555	£598	£640	£673	£664
Scotland UQ	£514	£530	£551	£582	£594	£613	£642	£550
Britain UQ	£554	£575	£593	£613	£632	£652	£680	£682

Source: ONS Annual Survey of Hours and Earnings (via NOMIS)

- Wages in the Aberdeen HMA (workplace Aberdeen) are higher at all points of the earning distribution curve than those reported for the Rural HMA, Scotland or Britain.
- In 2009, the lower quartile Rural HMA wage (Aberdeenshire workplace) was £360, below the comparable wage for Scotland (£383) and provisional data for 2010 suggests this remains the case.

### **Net household incomes**

**2.67** The 2007/08 Scottish Household Survey (SHS) net household income estimates, (Table 2.14), suggest the spread of incomes in Aberdeen and Aberdeenshire are reasonably similar to those for Scotland as a whole.

**2.68** Aberdeen and Aberdeenshire have slightly lower proportions of households reporting a net income of up to £10,000 and higher proportions reporting a net income of more than £25,000 relative to the Scotland. However, this difference may reflect sampling error.

**Table 2.14: Net Annual Household Income, 2007/08**

Income Band	Aberdeen City	Aberdeenshire	Scotland
£0 - £6,000	4%	4%	6%
£6,001 - £10,000	11%	11%	14%
£10,001 - £15,000	18%	13%	19%
£15,001 - £20,000	15%	11%	15%
£20,001 - £25,000	11%	9%	11%
£25,001 - £50,000	32%	39%	29%
Over £50,000	9%	13%	5%
<b>All</b>	100%	100%	100%

Source: Scottish Household Survey, 2007/08

**2.69** In terms of the income profiles of households in Aberdeen City and Aberdeenshire in each of the main tenures (table 2.15):

- In the social rented sector, the income profile for both local authorities is similar to that in Scotland as a whole.
- Proportionately more homeowners in Aberdeen City (65%) and Aberdeenshire (70%) have an income in excess of £20,000 compared with homeowners across Scotland (59%).

**2.70** Similarly, proportionately more households renting privately in Aberdeen City (36%) and particularly Aberdeenshire (63%) have an income in excess of £20,000 relative to the Scottish average of 35%.

**Table 2.15: Net Annual Household Income by Tenure in Aberdeen City, Aberdeenshire and Scotland 2007/08**

<b>Aberdeen City</b>					
<b>Income Band</b>	<b>Owner occupied</b>	<b>Social Rented</b>	<b>Private Rented</b>	<b>Other</b>	<b>All</b>
£0 - £6,000	3%	6%	5%	*	4%
£6,001 - £10,000	7%	21%	12%	*	11%
£10,001 - £15,000	12%	32%	24%	*	18%
£15,001 - £20,000	13%	20%	22%	*	15%
Over £20,000	65%	20%	36%	*	51%
All	100%	100%	100%	*	100%
<b>Aberdeenshire</b>					
<b>Income Band</b>	<b>Owner occupied</b>	<b>Social Rented</b>	<b>Private Rented</b>	<b>Other</b>	<b>All</b>
£0 - £6,000	3%	7%	4%	*	4%
£6,001 - £10,000	8%	27%	9%	*	11%
£10,001 - £15,000	10%	33%	11%	*	13%
£15,001 - £20,000	10%	13%	12%	*	11%
Over £20,000	70%	20%	63%	*	61%
All	100%	100%	100%	*	100%
<b>Scotland</b>					
<b>Income Band</b>	<b>Owner occupied</b>	<b>Social Rented</b>	<b>Private Rented</b>	<b>Other</b>	<b>All</b>
£0 - £6,000	4%	8%	8%	13%	6%
£6,001 - £10,000	10%	27%	13%	22%	14%
£10,001 - £15,000	13%	33%	24%	25%	19%
£15,001 - £20,000	13%	16%	19%	15%	15%
Over £20,000	59%	16%	35%	24%	46%
All	100%	100%	100%	100%	100%

Source: Scottish Household Survey 2007/08

## **Gross Household Incomes**

**2.71** Experian (2007) compared average gross household income per head of population<sup>18</sup> for 1999 and 2006 at 2003 prices. Their analysis suggests that:

- The average household income for Aberdeen City and Aberdeenshire over the period increased from £11,959 to £15,451, an increase of around 29%.
- In 2006 Aberdeenshire's average income per head was £14,450, which was £1,950 less than the equivalent figure of £16,940 for Aberdeen City. This gap has only marginally reduced over the period.
- In 2006 the average income for residents in Aberdeenshire was 18% higher than the Scottish average (£12,237) and in Aberdeen City it was some 35% higher and this difference has increased over time.

**2.72** Experian note that the increasing gap between the average household income in Aberdeen City and Aberdeenshire and Scotland reflects high wage rates and higher pay awards in parts of the local economy.

**2.73** In reality there is much variation in earnings and incomes. ASHE suggests that in 2010 the median gross weekly earnings for those engaged in oil and gas extraction in the UK<sup>19</sup> was £926. This compares to £340 in the agricultural and fishing sector, £481 in the manufacturing sector, £508 in the construction sector, £563 in the financial services sector and between £542 in the public services sector.

**2.74** Figure 2.9 compares the probable gross annual household income distribution using CACI PayCheck<sup>20</sup> for the Aberdeen HMA, the Rural HMA and Scotland.

**2.75** Some 24% of households in the Rural HMA and 21% in the Aberdeen HMA have a gross annual income from all sources of less than £15,000. These proportions do not differ substantively from the comparable Scotland wide figure of 25%. This seems plausible because:

- CACI make adjustments to allow for state benefit and tax credit transfers. This has the effect of ascribing similar gross incomes to households who are at the lower end of the income distribution that are entitled to some form of state benefit regardless of location and whether benefits are claimed.

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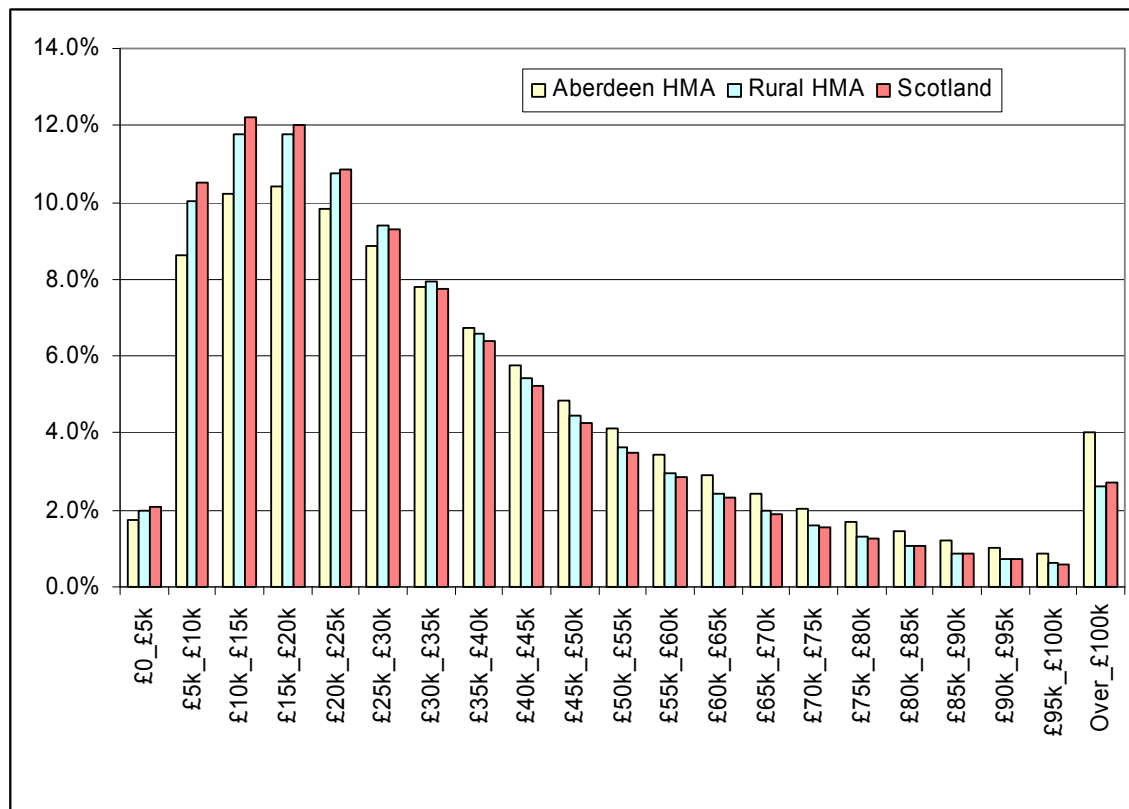
<sup>18</sup> This measure is based on wages plus other sources of income such as investments and benefits.

<sup>19</sup> UK figures are used because earnings by industrial sector is not reliable at the local level and is also has to be used with considerable caution at the Scotland level.

<sup>20</sup> CACI PayCheck is the only available local data source. It does not provide a precise measure of gross household income but instead estimates the probability that a household selected at random within a particular area will fall into a particular income band. CACI do not publish their method but the data is routinely used by local authorities throughout GB and appears to provide a reasonable indication of the distribution of gross household incomes across the 2 housing market areas.

- The Aberdeen HMA, as discussed below, has a lower proportion of households in receipt of income related benefits relative to Scotland and the Rural HMA.

**Figure 2.9: Gross Household Income Distribution for Housing Market Areas and Scotland, 2009**



Source: CACI PayCheck

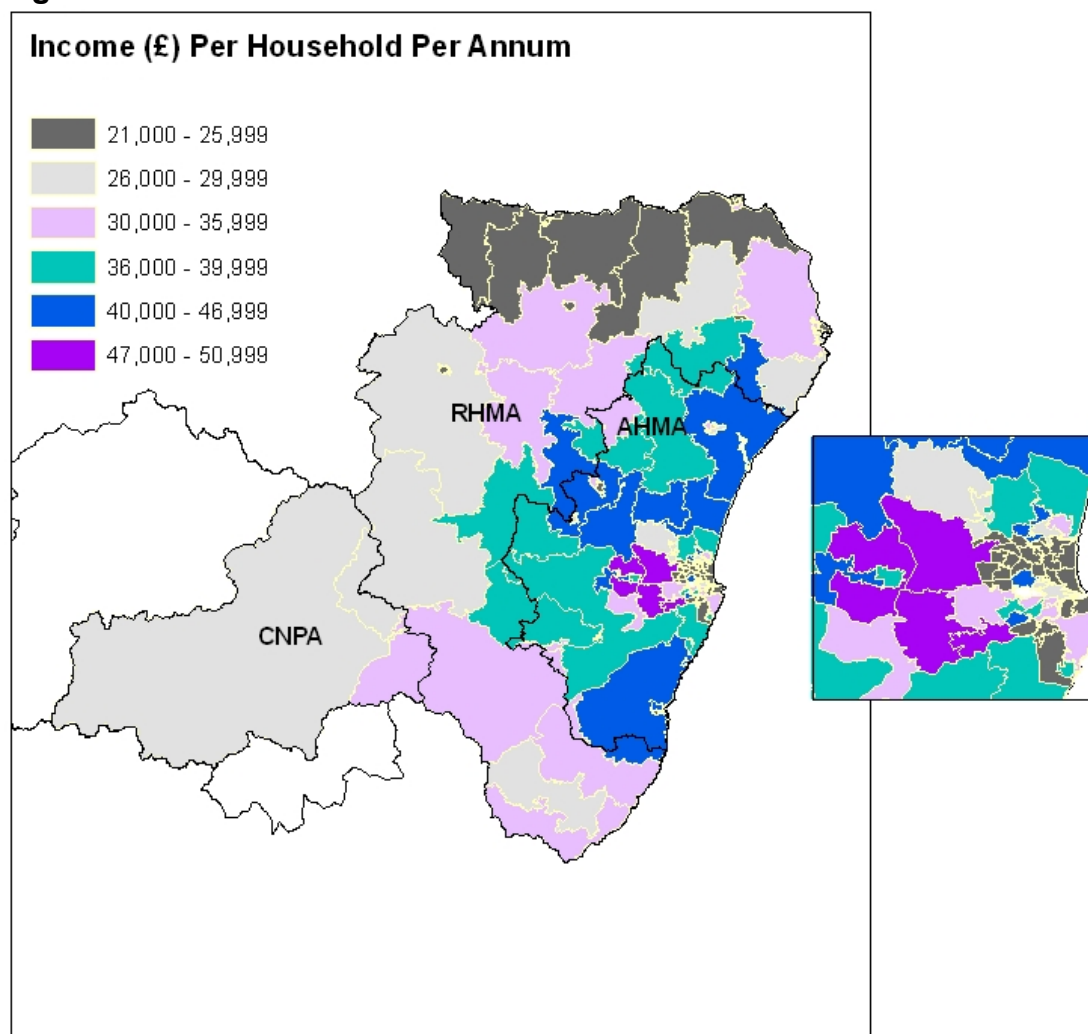
**2.76** A further 20% of Aberdeen HMA resident households have a gross annual income in the range from £15,000 to £25,000 compared to a 23% of all Scottish households and 23% of Rural HMA households.

**2.77** At the other end of the spectrum, 36% of households in the Aberdeen HMA have a gross annual income of £40,000 or more compared to 29% of all Scottish households and 30% of Rural HMA households. CACI data suggests that incomes in this area have levelled off in recent years but clearly still remain high relative to other parts of Scotland.

**2.78** It is possible CACI PayCheck under estimates the number and proportion of low-income households in less densely populated areas of Aberdeenshire. A limitation of all models of this kind is that they can only make minor allowance for local variation for areas with small populations and have to rely on assumptions derived from national data sources. Nonetheless, as figure 2.10 shows, the variation in median gross household annual income across Aberdeen City and Aberdeenshire are consistent with local perceptions that households in the Aberdeen HMA on average have higher incomes than those in the Rural HMA.



**Figure 2.10: Median Income at Intermediate Data Zone Level**



Source: CACI PayCheck 2009

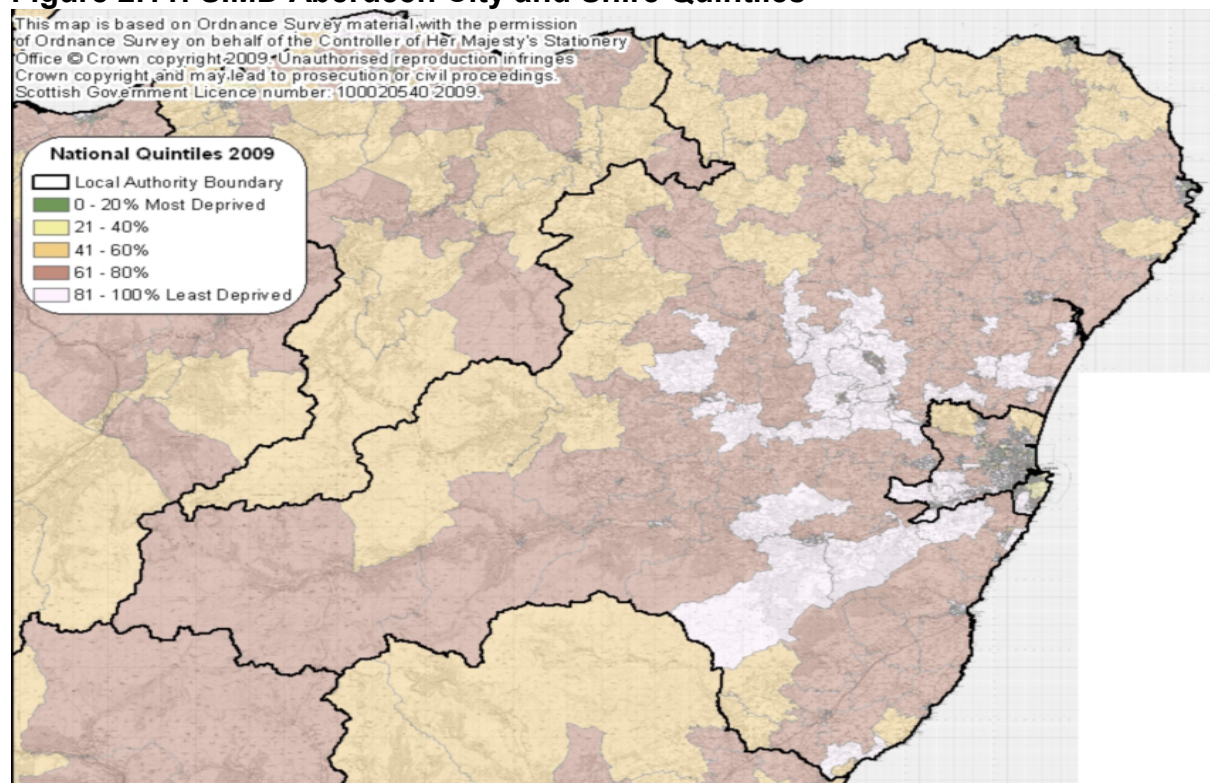
### **Deprivation**

**2.79** As evidenced above, Aberdeen City and Aberdeenshire is one of the most prosperous areas in the United Kingdom. Nonetheless, there are areas of deprivation and there are households at high risk of poverty.

**2.80** Figure 2.11 highlights relative deprivation rates across the area according to the Scottish Index of Multiple Deprivation (SIMD)<sup>21</sup>. The Scottish Government sometimes uses a 20% threshold as the basis for identifying spatial concentrations of multiple deprivation. Both the Aberdeen and Rural HMAs have datazones that fall below this threshold (see table 2.16).

<sup>21</sup> The Scottish Index of Multiple Deprivation (SIMD) is the Scottish Government's tool for identifying small areas of deprivation across Scotland. It is based on the small area geographies known as data zones.

**Figure 2.11: SIMD Aberdeen City and Shire Quintiles**



Source: SIMD 2009 <http://www.scotland.gov.uk/Topics/Statistics/SIMD>

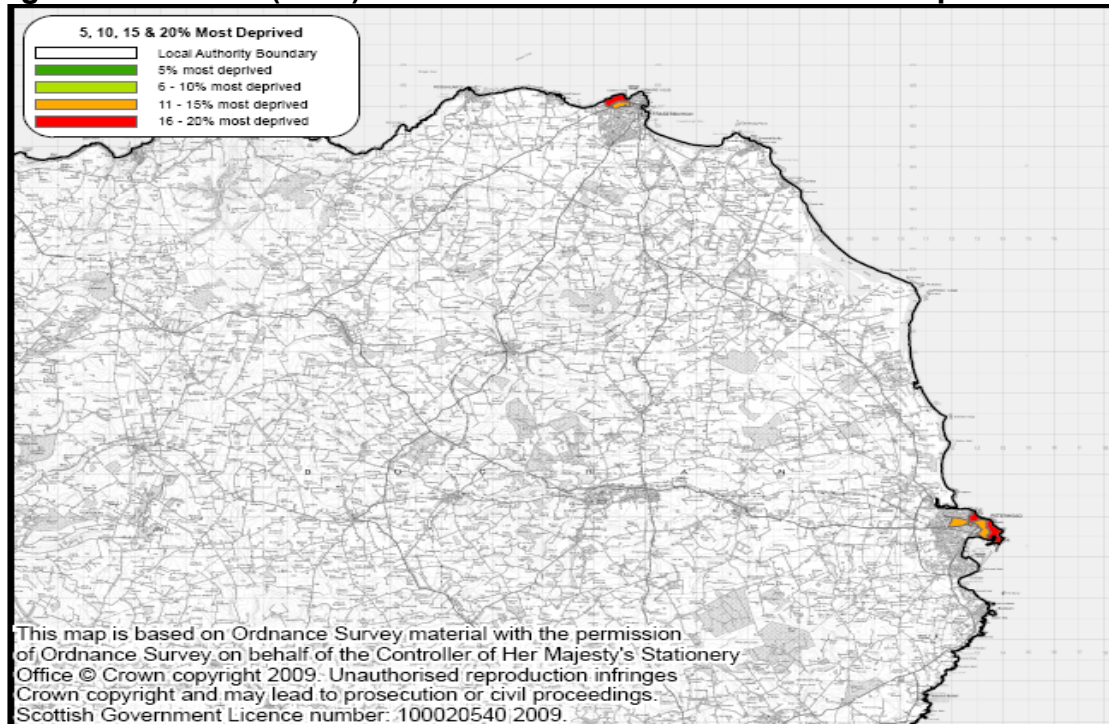
**Table 2.16: Numbers and percent that are amongst the 20% most deprived in Scotland**

Area	No. of Data Zones	Data Zones in most deprived 20% in Scotland	% of all Data Zones in area
Aberdeen City	267	36	13%
Aberdeenshire	301	6	2%
Aberdeen City and Aberdeenshire	568	41	7%
Aberdeen HMA	397	36	9%
Rural HMA	172	6	4%
Scotland	6,505	1,301	20%

Source: SIMD 2009

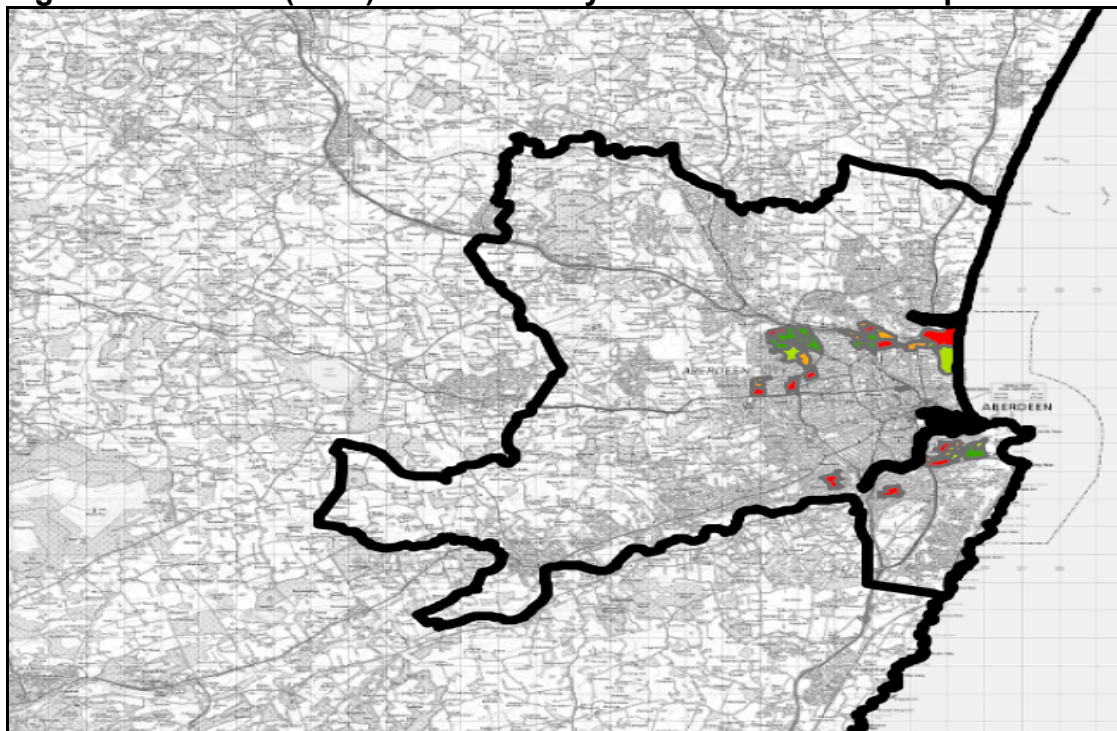
**2.81** Within the Rural HMA these datazones are concentrated in Peterhead and Fraserburgh (figure 2.12). These areas are the focus of ongoing regeneration programmes. Within the Aberdeen HMA the 36 datazones are located in the regeneration areas of Aberdeen City (figure 2.13) including the areas of Middlefield, Tillydrone, Woodside, Cummings Park, Northfield, Seaton and Torry.

**Figure 2.12: SIMD (2009) Aberdeenshire Areas in 20% Most Deprived**



Source: SIMD 2009 <http://www.scotland.gov.uk/Topics/Statistics/SIMD>

**Figure 2.13: SIMD (2009) Aberdeen City Areas in 20% Most Deprived**



Source: SIMD 2009 <http://www.scotland.gov.uk/Topics/Statistics/SIMD>

### ***Income related benefits, tax credits and poverty***

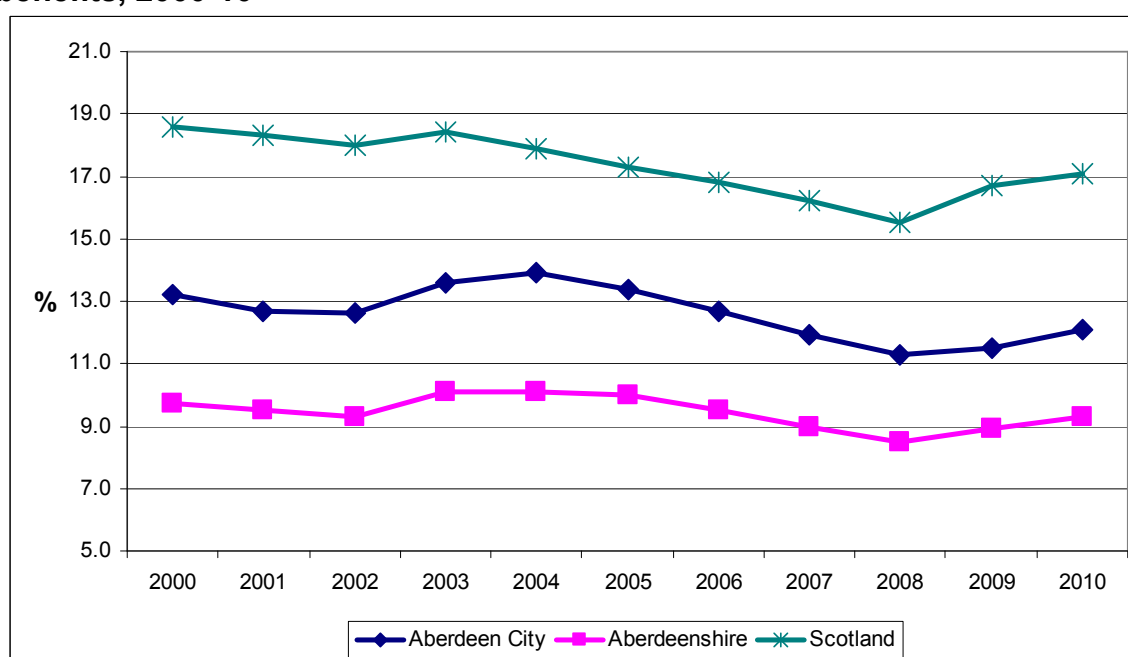
**2.82** The deprivation index does not provide a comprehensive picture of the prevalence of poverty. We therefore also examined trends in the number and



proportion of working age people in receipt of 'key out-of-work benefits'<sup>22</sup> and the numbers of pensioners that rely on state retirement pension and means tested benefits.

**2.83** Figure 2.14 shows after a period of steady decline, there has been some increase in the numbers of working age adults claiming key out of work benefits since 2009. In May 2010 there were some 31,930 claimants in Aberdeen City and Aberdeenshire which was equivalent to 10.4% of those aged 16 to 64. Relative to the Scotland wide rate of 16.7%, the proportions of claimants in Aberdeenshire (9.1%), Aberdeen City (11.8%), the Aberdeen HMA (10.0%) and Rural HMA (11.7%) remain low.

**Figure 2.14: Percentage of working age persons in receipt of key out of work benefits, 2000-10**



Source: DWP benefit claimants - working age client group (via Nomis 2010)

**2.84** The proportion of pensioner households (aged 65 years or over) in receipt of pension credits in Aberdeen City and Aberdeenshire (29%) is also below the Scottish average (39%). At May 2010 there were 14,400 pension credit claimants in Aberdeen City and Aberdeenshire aged 65+ of which:

- 6,830 lived in Aberdeen and 7,570 lived in Aberdeenshire. This equates to 31% and 27% respectively of older households in each local authority area.
- Around 3 out of 4 were in receipt of the guaranteed part of Pension Credit and this proportion varied only very marginally between the two local authority areas.

<sup>22</sup> This measure is based on the numbers in receipt of income support, jobseeker's allowance, family credit/working families' tax credit and disability working allowance/disabled person's tax credit. This measure is adjusted by the Department of Work and Pensions to reflect changes in tax credit and state benefits.

## **Housing Benefit**

**2.85** Table 2.17 indicates that in November 2010, there were 25,850 Housing Benefit recipients in Aberdeen City and Aberdeenshire, equivalent to 13% of households. 87% of Housing Benefit recipients live in social rented housing. The numbers and percentage of households in receipt of Housing Benefit in both local authority areas has changed little in recent years and remains well below the Scottish average.

**Table 2.17: Housing Benefit recipients, Aberdeen City & Aberdeenshire November 2010**

	<b>All HB recipients</b>	<b>HB recipients as % of all households</b>	<b>Social Rented Sector</b>	<b>Private Rented Sector</b>
Aberdeen City	15,290	15%	13,850	1,410
Aberdeenshire	10,560	10%	8,750	1,800
Aberdeen City and Shire	25,850	13%	22,600	3,210
Scotland	467,530	20%	381,720	85,550

Source: DWP <http://statistics.dwp.gov.uk>

## **Demographic and Economic Context: Summary and Key Issues**

**2.86** Population and household growth in Aberdeen City and Aberdeenshire has been increasing at a faster rate than for Scotland as a whole. Between 2001 and 2009 the population increased by 4% to 457,320 whilst household numbers increased by 10% to 206,000, in part due to declining household size. Household growth has been most heavily concentrated in the Aberdeen HMA. From 2003 to 2009 household numbers in the Aberdeen HMA increased by 8% compared with a 6% increase in the Rural HMA and 5% in Scotland.

**2.87** Reflecting national trends, the population has been aging. In particular, the rapid growth in numbers of people over the age of 55 in Aberdeenshire has brought the age profile of Aberdeen City and Aberdeenshire and the Aberdeen HMA into closer alignment with the age profile for Scotland as a whole.

**2.88** Population growth in Aberdeen City and Aberdeenshire has been driven by inward migration, particularly since 2004. In Aberdeen City, high rates of overseas migration have more than compensated for the fall in population that occurred following the downturn in the oil and gas industry in the late 1990s. Whilst overseas migration has fallen back since the onset of the UK recession, rates of in-migration from overseas and the rest of UK remain comparatively high.

**2.89** One of the main reasons for the continuation of net inward migration is that the Aberdeen City and Aberdeenshire economy remains one of the most prosperous in the UK. The success of the oil and gas sector has led to a high level of efficiency and participation in the labour market.

**2.90** The strength of the oil and gas industry has largely protected the local economy from the downturn in the UK economy, which remained in the doldrums

throughout 2010. Although the local economy has experienced some rise in unemployment, the overall numbers in employment have been largely unaffected.

**2.91** On average, household incomes across Aberdeen City and Aberdeenshire are higher than those for Scotland. During the noughties, rising earnings has been one of several factors that have contributed to rising house prices, which in turn has contributed to increasing housing affordability pressures for those in a less advantageous position in the local labour market. This issue is investigated further in Chapter 3.

**2.92** Across Scotland there are disparities in deprivation rates and income levels and Aberdeen City and Aberdeenshire is no exception. There is a continuing requirement to promote regeneration activities in parts of Aberdeen and in some more remote areas and former fishing reliant areas of Aberdeenshire.

**2.93** The oil and gas sector entered a period of consolidation in 2009-10, but there are encouraging signs that the sector is now looking to expand investment and employment. The potential impact on the local housing market of improving local economic conditions in the context of continuing economic difficulties nationally including tight mortgage lending and public expenditure cuts is discussed in Chapter 4.

**2.94** The analysis presented in this chapter poses strategic questions regarding the mix of housing that would support greater levels of urban living. Likewise, the aging of the population alongside the movement of older households into parts of Aberdeen City and Aberdeenshire area, especially settlements in the Rural HMA is likely to remain an important influence on the housing market. This suggests there will remain a requirement to develop innovative and cost-effective services that can assist growing numbers of older households stay in their own home. At the same time there is a need to consider what actions may help to expand the choices for older households to move to attractive housing which is suitable for their needs.

**2.95** There remains a lack of robust evidence on the savings and wealth of households, the quality of employment and associated issues such as the rates of part time employment and seasonal employment. These important evidence gaps are not easily addressed and will require resources and time to investigate.

### 3. The Current Housing Market

#### Introduction

**3.1** The following chapter explores the housing supply trends, including the condition of the housing stock, and recent housing market dynamics.

*The research questions that are addressed in this chapter are:*

- *What is the current housing stock profile and how has the housing stock changed over the last 10 years?*
- *How have housing market dynamics in the private and social sectors changed over the last 10 years?*
- *What do market indicators tell us about the accessibility, affordability of housing and the extent to which the market has proved responsive to changes in demand?*
- *What are the key issues for future policy/strategy?*

#### Total stock and changes over time

**3.2** In 2009 there were 217,261 dwellings across Aberdeen City and Aberdeenshire, of which 72% were located within the Aberdeen HMA.

**Table 3.1: Total dwellings in Aberdeen City and Aberdeenshire, 2003 and 2009**

Area	2003	Stock 2009				Change 2003-9
		All Dwellings	Occupied Dwellings	Vacant Dwellings	Second Homes	
Aberdeen City	106,213	110,709	96%	2%	2%	4.2%
Aberdeenshire	97,806	106,552	96%	3%	2%	8.9%
Aberdeen City & Aberdeenshire	204,019	217,261	96%	3%	1%	6.5%
Aberdeen HMA	147,336	157,212	96%	2%	1%	6.7%
Rural HMA	56,683	60,049	95%	4%	2%	5.9%
Scotland	2,348,611	2,479,954	96%	3%	1%	5.6%

Source: GROS local authority totals and SNS website based for HMAs

Notes: There is a slight difference between GROS and SNS figures due to differences in the source and time the data is collected. GROS figures are generated from Council Tax billing systems as at September each year which does not include property attribute data. The SNS data is derived from the Assessors' Portal, which has been updated in January each year since 2003.

**3.3** Of the 61,954 dwellings, in the Rural HMA, a large proportion are situated in the main settlements of Peterhead and Fraserburgh. Table 3.1 shows that between 2003 and 2009:

- The number of dwellings in Aberdeen City and Aberdeenshire increased by some 6.5%, which was higher than the comparable Scotland wide figure (5.6%)

- Of the total 13,242 additions to the housing stock an increase of 9,876 dwellings (75%) were in the Aberdeen HMA. The housing stock in the Aberdeen HMA increased by 6.7%, the Rural HMA increased by 5.9% (3,366).
- Aberdeen City's housing stock increased by 4,496 (+4.2%) whilst Aberdeenshire's housing stock increased by 8,785 (+8.8%).

**3.4** As discussed in more detail below, the higher rate of growth in Aberdeenshire and the Aberdeen HMA reflects the comparatively high rates of new housing completions in Aberdeenshire.

**3.5** Table 3.2 shows that there were approximately 11,100 vacant dwellings spread across the area in 2001, which was equivalent to 5.5% of the total stock. In the intervening period both GROS and local Council Tax records confirm there has been a downward trend in vacant properties. GROS estimate that in 2009 the vacancy rate for Aberdeen City and Aberdeenshire stood at 2.6%.

**Table 3.2: Vacant dwellings in Aberdeen City and Aberdeenshire (2001–2008)**

	2001	2002	2004	2006	2008	2009
Aberdeen City	6,912	5,694	5,910	4,491	3,658	2,214
Aberdeenshire	4,182	5,412	4,946	4,676	4,674	3,254
Aberdeen City and Aberdeenshire	11,094	11,106	10,856	9,167	8,332	5,468
Scotland	87,394	n/a	n/a	n/a	69,933	74,399

Source: Aberdeen LA & Aberdeenshire LA Council Tax Register 2002-9; 2001 from Census 2001

**3.6** There was a particularly pronounced fall in the number of vacant dwellings in Aberdeen City between 2004 and 2009. Over this period the number of vacant dwellings in Aberdeen fell by 3,696, which equated to a fall of 63%. The single most important reason for this was the sharp fall in the number of empty council properties, which is attributed to an upturn in demand and better stock management. Over the same period empty properties fell by 1692 or 34% in Aberdeenshire.

**3.7** This downward trend in vacant stock across all tenures since the start of the decade is consistent with local perceptions that new housing supply, especially in Aberdeen City, has not kept pace with housing demand. It also suggests that higher prices have made it financially viable to bring many private properties back into use. Aside from short-term vacancies associated with people moving house, it is possible that most of the remaining vacant dwellings across both HMAs are long term empty properties that have been vacant for over 12 months and require substantial investment to modernise but there is no hard evidence to confirm this at present.

### **House Completions**

**3.8** Over the 10 year period from 2000/1 2009/10 an average of 2,108 new houses were completed each year, across Aberdeen City and Aberdeenshire, although actual completion numbers fluctuated from one year to the next. Since the downturn



of the UK housing market in 2007/8, the average annual numbers of completions for Aberdeen City and Aberdeenshire remained more or less unchanged. By contrast, Scotland wide completion numbers fell by 10%. The Aberdeen City and Aberdeenshire figure masks very low completions in Aberdeen City during 2008/9 and 2009/10.

**Table 3.3: All sector new build completion rates (2000/1–2009/10)**

Financial Year	Aberdeen City		Aberdeenshire		Aberdeen City and Aberdeenshire		Scotland	
	Total Completions	Completions per 1,000 households	Total Completions	Completions per 1,000 households	Total Completions	Completions per 1,000 households	Total Completions	Completions per 1,000 households
2000-01	775	8.0	942	10.4	1,717	9.1	22,111	10.1
2001-02	618	6.4	1,447	15.9	2,065	11.0	22,571	10.3
2002-03	599	6.1	1,345	14.6	1,944	10.2	22,747	10.3
2003-04	688	7.0	1,471	15.7	2,159	11.3	23,822	10.7
2004-05	1,002	10.2	1,768	18.5	2,770	14.3	26,468	11.8
2005-06	727	7.3	1,772	18.2	2,499	12.7	24,947	11.0
2006-07	346	3.4	1,284	13.0	1,630	8.2	24,247	10.6
2007-08	928	9.1	1,528	15.3	2,456	12.1	25,781	11.1
2008-09	258	2.5	1,509	14.9	1,767	8.6	21,019	9.0
2009-10	280	2.7	1,793	17.5	2,073	10	17,148	7.3
<b>Ave 2000/1-2009/10</b>	<b>622</b>	<b>6</b>	<b>1486</b>	<b>15</b>	<b>2,108</b>	<b>11</b>	<b>23,086</b>	<b>10</b>

Sources: Scottish Government new build returns by financial year and GROS midyear household estimates

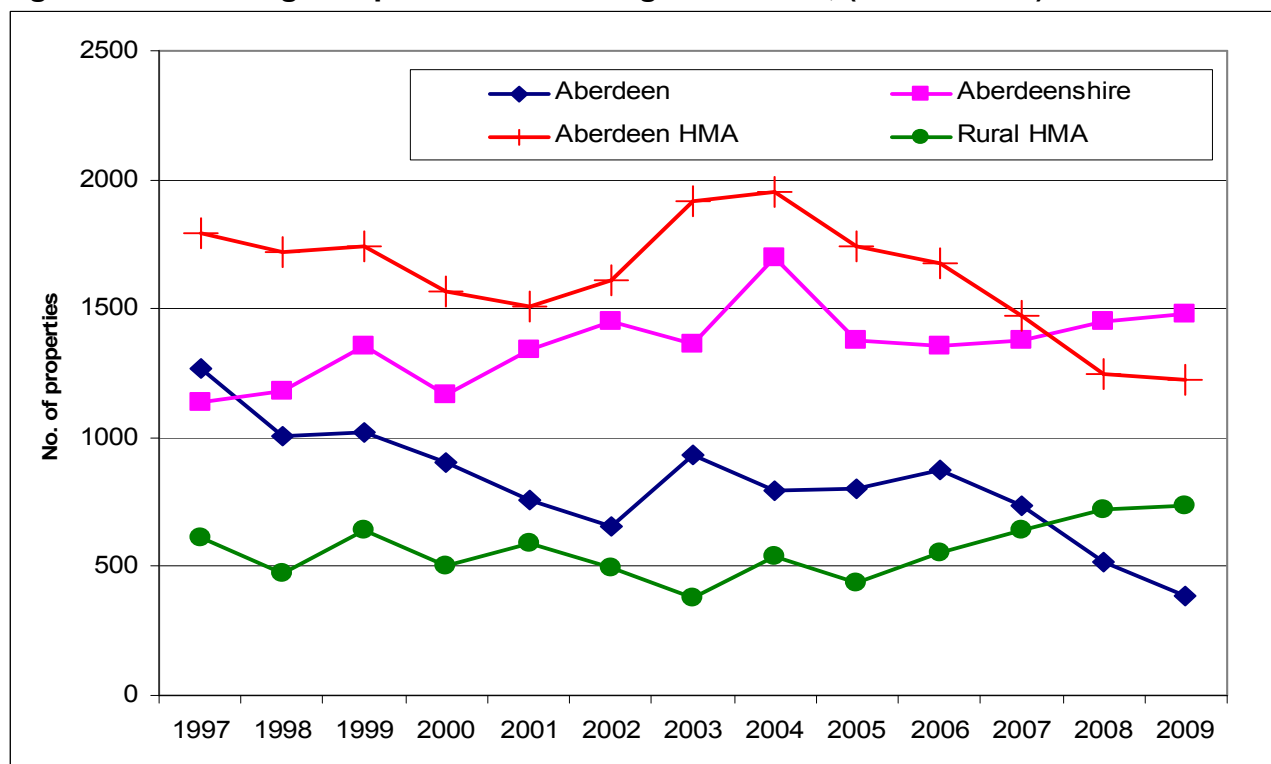
**3.9** To facilitate comparisons between areas with different household numbers, it is useful to look at completions per 1,000 households. Table 3.3 shows that:

- In the 8 years to 2006/7 inclusive, there were around 12 units completed for every 1,000 households in Aberdeen City and Aberdeenshire compared to 11 units for every 1,000 households in Scotland. For Aberdeen City and Aberdeenshire the comparable rates were 8 and 15 respectively.
- In the 3 years to 2009/10 inclusive the Aberdeen City and Aberdeenshire rate of completions fell to 10 whereas the Scotland wide rate fell to 9. The dip in local completion rates has however been confined to Aberdeen City.
- The average annual rate of completions in Aberdeenshire increased over the 3 years to 2009/10. As discussed below, not only have private sector completion rates remained reasonably strong, but there has also been a spike in social sector completions during 2009/10.

**3.10** Evidence from the annual Housing Land Audit (HLA) is not wholly comparable to Scottish Government returns (because it draws on information supplied by developers and not just on completion certificates issued) but it provides a reasonable indication of completion trends at housing market area level. Figure 3.1 shows that in the period from 1999 to 2006 completion rates in the Rural HMA

remained broadly stable and averaged around 520 per annum. In the 3 years to 2009 inclusive however the average annual number of completions has climbed to over 700. A large proportion of this increase is as a result of the Devanha Programme.

**Figure 3.1: Housing completions according to the HLA, (1997 – 2009)**



Source: Housing Development Schedules/Annual Housing Land Audit

**3.11** In spite of this recent upturn in completions in the Rural HMA, the large majority of new dwellings continue to be constructed within the Aberdeen HMA. For example between 2007 and 2009 some 65% of all completions were situated in the Aberdeen HMA.

### ***Private sector and social sector completions***

**3.12** The comparatively high rate of completions at the Aberdeen City and Aberdeenshire level has been driven by private sector construction. In the 8 years to 2006/7 inclusive, just 11% of dwellings were completed by the social sector (local authority and RSL) compared to 17% for Scotland as a whole.

**3.13** The proportion of new dwellings completed by the social sector at the Aberdeen City and Aberdeenshire level increased to 15% in the 3 years to 2009/10. The main factor was the delivery of new properties through the Devanha project. This 5 year contract between the Scottish Government and 5 RSLs took some time to commence which has meant that most of the completions have been delivered towards the end of the 5 year period. Across the Aberdeen city and Aberdeenshire area this should see the delivery of 1,212 new affordable units. That said, this proportion remained below the Scotland wide figure of 23%. Moreover:

- Most of the increase in the proportion of social sector completions over the 3 year period was due to an exceptionally high number of completions in Aberdeenshire (460 units) in 2009/10.
- Private sector completions in Aberdeenshire have remained reasonably buoyant. The total number of private completions between 2007/8 and 2009/10 (4,122) was slightly higher than in the 3 years from 2001/2 to 2003/4 (3,795). By contrast, the private sector completed 15% fewer houses throughout Scotland in the 3 years to 2009/10 (49,174) than it did in the 3 years to 2003/4 (57,701).

An encouraging sign is that the numbers of new housing starts by the private sector has increased in recent months. For example, there were 425 new private sector starts in the third quarter of 2010 compared to 307 private sector starts in the same quarter of 2009. Thus, upturn is mainly the result of an increase in private sector starts in Aberdeenshire.

### ***Conversions, demolitions and other stock disposals***

**3.14** A conversion can entail remodelling a non-domestic property such as a barn, church or warehouse to provide a home. It can also refer to the sub-division of larger houses into smaller dwellings or ‘merging’ two or more dwellings to form a larger dwelling. In the last 10 years we estimate conversions have added some 2,042 dwellings to the Aberdeen City housing stock and 573 units to the Aberdeenshire housing stock. It is currently not possible to report on conversions by HMA or tenure, but conversions have not been a significant feature of council and RSL development or improvement programmes. Thus most conversions have been by private individuals or companies.

**3.15** Demolitions<sup>23</sup> have had minimal impact of the total stock numbers across Aberdeen City and Aberdeenshire. Over the last ten years there have been just 201 demolitions in Aberdeen and 244 demolitions in Aberdeenshire. In particular, demolitions in the Aberdeen City have been very low compared to Dundee (3,420), Edinburgh (2,985) and Glasgow (18,230).

**3.16** In recent years, there has been some small scale demolitions of local authority stock in Aberdeen, and in both Aberdeen and Aberdeenshire there has been small scale individual private sector demolitions. Currently neither local authority have ongoing or planned regeneration programmes that involve demolition activity. There are long-term plans to redevelop council stock that will be affected by the Haudagain junction improvements, but proposals to demolish the 274 dwellings affected depend on several factors, not least the timescale for the completion of the Aberdeen Western Peripheral Route.

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<sup>23</sup> The demolition figures include a small number of houses ‘taken out of housing use’, including houses converted to office or shops or used for agriculture purposes, such as a store. The demolition figures are based on published Scottish Government and local data. Demolition estimates by HMA are not available.

## Changing stock profile

### Tenure

**3.17** According to the 2001 Census 66% of households in Aberdeen City and Aberdeenshire were homeowners, 25% were social renters and 9% were renting from a private landlord or other. This proportion of owners varied little between the Aberdeen HMA and the Rural HMA. The proportions renting from private or social landlords also varied very little. There were significant differences between the Aberdeen City and Aberdeenshire area with higher levels of owner occupation in Aberdeenshire and lower levels of social and private rented in comparison to Aberdeen City and Scotland.

**Table 3.4: Tenure of households, 2001 and 2008**

	Aberdeen City	Aberdeenshire	Aberdeen City and Aberdeenshire	Scotland
<b>2001</b>				
Owner Occupied	60	72	66	65
Social rented	29	20	24	28
Private rented	9	5	6	6
Other	1	3	3	2
Total	100	100	100	100
<b>2008</b>				
Owner Occupied	65	74	70	66
Social Rented	23	16	20	23
Private Rented	9	8	9	9
Other	3	2	2	2
Source: Census 2001 and Scottish Household Survey, 2008 (sample base= 1,206 for Aberdeen City (544) and Aberdeenshire (662))				

**3.18** Since 2001 there have been some changes in the tenure profile. Although HMA level data is not available, table 3.4 shows that by 2008 an estimated:

- 70% of households were homeowners. At 74%, significantly higher shares of households in Aberdeenshire are homeowners relative to Aberdeen City (65%) or Scotland (66%) as a whole.
- 20% of households in the Aberdeen City and Aberdeenshire area rented from a social landlord. The proportion of households renting from a social landlord in Aberdeen (23%) was in line with the Scotland wide average whereas Aberdeenshire (16%) had one of the lowest rates of all Scottish local authority areas.

**3.19** Evidence from the Scottish Household Survey also points to some increase in private renting in the wider area, although we suspect that the survey may not fully reflect the full scale of increase, especially in Aberdeen City.

**3.20** In 2010 over 18,000 individuals and organisations had registered or had applied to register<sup>24</sup> as a private landlord in Aberdeen City and Aberdeenshire (see table 3.5). With 14,004 registered (or awaiting registration) dwellings it seems likely that the proportion of households renting privately in the City may be around 12%.

**Table 3.5: Numbers seeking private landlord registration**

	Aberdeen City	Aberdeenshire	Aberdeen City & Aberdeenshire	Aberdeen HMA	Rural HMA
Registered Landlords	12,027	6,065	18,092	n/a	n/a
Registered Properties	14,004	8,977	22,323	17,926	5,075

Source: Aberdeen City and Aberdeenshire Council (February 2010)

### ***Houses in Multiple Occupation (HMO)***

**3.21** A house in multiple occupation (HMO) is a residential property occupied by at least 3 persons that are members of 2 or more separate families. It therefore includes shared accommodation, and larger forms of residential accommodation such as hostels, student halls of residence and hospital staff accommodation. The HMO segment of the private rented therefore provides accommodation for a diverse range of households, including adults that are studying or are at an early stage in their employment career.

**Table 3.6: Aberdeenshire HMO by number of occupants**

Number of Occupants	Aberdeenshire					
	Number of licenses 2005	Number of licenses 2006	Number of licenses 2007	Number of licenses 2008	Number of licenses 2009	Number of licenses 2010
3	3	6	7	9	9	12
4	5	11	32	36	38	37
5	3	14	24	29	24	28
6-10	15	21	25	32	38	52
11-20	6	8	8	8	10	14
21-100	2	2	1	1	4	5
TOTAL	34	62	97	115	123	148

Source: Aberdeenshire – Environmental Health Department March 2010

**3.22** Table 3.6 indicates that the numbers of licensed HMOs in Aberdeenshire increased from 34 in 2005 to 148 in 2010, mainly because of an increase in HMOs housing 10 or fewer residents. Local officers confirm this increase has been due to an increase in demand from migrant workers, including those from overseas.

**3.23** As expected, table 3.7 confirms that there are many more HMOs in Aberdeen City. In 2010 there were 837 HMOs in Aberdeen City. Since 2006 the numbers of licenses have fluctuated between 669 and 837. There are probably a number of reasons for this, but one important reason is that smaller shared flats and houses

<sup>24</sup> Aside from a few exceptions, landlords must register with their local authority, to make sure they are "fit and proper" to be letting property.

can move to and from the HMO sector and the 'mainstream' private rented sector depending on the profile of tenants.

**3.24** To-date there has been no assessment of the concentration of HMO licenses in particular communities or neighbourhoods. However, future monitoring arrangements may look at the spatial concentration of HMOs and whether there is a potential requirement to limit the issuing of further licences in specific areas.

**Table 3.7: Aberdeen City HMO by number of occupants**

Number of Occupants	Aberdeen City					
	Number of licenses 2005	Number of licenses 2006	Number of licenses 2007	Number of licenses 2008	Number of licenses 2009	Number of licenses 2010
3	N/A	N/A	N/A	N/A	324	307
4	N/A	N/A	N/A	N/A	240	239
5	N/A	N/A	N/A	N/A	137	177
6-10	N/A	N/A	N/A	N/A	57	80
11-20	N/A	N/A	N/A	N/A	4	6
21-100	N/A	N/A	N/A	N/A	6	28
TOTAL	384	748	831	669	768	837

Source: Aberdeen City – HMO Unit 2010

**3.25** Table 3.8 shows that 55% of all dwellings in Aberdeen City and Aberdeenshire were constructed from 1965 onwards compared to 44% of Scotland's dwellings.

**Table 3.8: Dwelling age as a percentage of total stock, 2007-9**

	Aberdeen City	Aberdeenshire	Aberdeen City & Aberdeenshire	Scotland
Pre-1919	17%	18%	18%	19%
1919-1944	11%	5%	8%	14%
1945-1964	27%	12%	20%	23%
1965-1982	25%	32%	29%	23%
Post-1982	19%	33%	26%	21%

Source: Scottish House Condition Survey, 2007-09  
Note: data is not available at housing market area level

**3.26** Looking across the two local authorities, 77% of dwellings in Aberdeenshire have been constructed since 1945 with 33% built after 1982, reflecting the high completion rates over the past 20 years noted earlier. The age profile of Aberdeen City's housing stock is reasonably similar to that for Scotland, although the City has a smaller proportion of dwellings constructed prior to 1945.

### ***Dwelling size and type***

**3.27** Table 3.9 shows that whilst over 6 out of 10 dwellings in Aberdeen City and Aberdeenshire comprise of 3 to 5 rooms, relative to Scotland the area has proportionately smaller 1-2 room dwellings and more 6+ room dwellings. More specifically:

- Aberdeen City has a relatively high proportion of small 1 - 2 room dwellings, which reflects that fact that all 4 Scotland cities tend to have a high concentration of small flats.
- Aberdeenshire has relatively high proportions of 6+ room dwellings. This is partly explained by the more rural nature of the area and the fact that the housing stock in rural areas typically comprise of different forms of houses as opposed to flats. In addition, a reasonable share of completions in locations within the Aberdeen HMA over the past two decades has been larger properties aimed at the upper end of the housing market.

**Table 3.9: Housing stock by dwelling size, 2009**

Number of Rooms	Aberdeen City	Aberdeenshire	Aberdeen City & Aberdeenshire	Aberdeen HMA	Rural HMA	Scotland
1	3%	1%	2%	3%	1%	1%
2	21%	10%	16%	18%	11%	12%
3	30%	17%	24%	26%	18%	30%
4	20%	22%	21%	19%	25%	27%
5	13%	21%	17%	15%	20%	17%
6	6%	13%	9%	9%	11%	7%
7+	6%	17%	11%	10%	14%	6%
Total	110,709	106,552	217,261	157,212	60,049	2,476,157

Source: GROS 2009 Estimates of Households and Dwellings

**3.28** According to the Census 2001, the housing stock throughout Aberdeen City and Aberdeenshire contained more detached dwellings (27%) than Scotland as a whole (20%) and corresponding fewer terraced houses (15% compared to 20%) and flats (32% compared to 36%). It also confirmed that apartment living was mainly a city phenomena. Table 3.10 indicates that since 2001 there has been an increase in the numbers of flats. At present around 34% of the housing stock comprises of flats, in Aberdeenshire this is 13% rising to 55% in Aberdeen City. There has also been a slight rise (2%) in the proportion of Aberdeen City's stock that is comprised of terraced dwellings to 18%. In Aberdeenshire 46% of the housing stock is now consists of detached dwellings, a rise of 2% since 2001

**Table 3.10: Housing stock by dwellings type 2009**

	Aberdeen City	Aberdeenshire	Aberdeen City and Aberdeenshire	Aberdeen HMA	Rural HMA	Scotland
Dwellings	110,709	108,457	217,261	157,212	60,049	<b>2,476,157</b>
Flats	55%	13%	34%	42%	13%	38%
Terraced	18%	12%	15%	15%	14%	21%
Semi-detached	17%	30%	23%	21%	30%	20%
Detached	11%	46%	28%	22%	43%	21%

Source: GROS 2009

## A closer look at social landlord stock

### Local Authority

**3.29** At the start of 2010/11 there were 35,733 local authority dwellings in Aberdeen City and Aberdeenshire, of which 74% were located within the Aberdeen HMA. As table 3.11 shows, there is a predominance of flats in the Aberdeen HMA (69%). This in turn reflects the high proportion of council flats within Aberdeen City (76%) relative to Scotland (56%) as a whole.

**Table 3.11: Local authority housing stock, 31<sup>st</sup> March**

	Aberdeen City		Aberdeenshire		Aberdeen City and Aberdeenshire		Aberdeen HMA		Rural HMA		Scotland	
	No	%	No	%	No	%	No	%	No	%	%	
<b>2000</b>												
Houses	7,820	28%	11,875	74%	19,695	45%	N/A	N/A	N/A	N/A	41%	
Flats	20,009	72%	4,250	26%	24,259	55%	N/A	N/A	N/A	N/A	59%	
All	27,829	100%	16,125	100%	43,954	100%	N/A	N/A	N/A	N/A	100%	
<b>2005</b>												
Houses	6,199	25%	9,960	71%	16,159	42%	N/A	N/A	N/A	N/A	44%	
Flats	18,484	75%	4,034	29%	22,518	58%	N/A	N/A	N/A	N/A	56%	
All	24,683	100%	13,994	100%	38,677	100%	N/A	N/A	N/A	N/A	100%	
<b>2010</b>												
Houses	5,531	24%	9,081	70%	14,612	41%	8,230	31%	6,382	69%	44%	
Flats	17,278	76%	3,843	30%	21,121	59%	18,269	69%	2,852	31%	56%	
All	22,809	100%	12,924	100%	35,733	100%	26,499	100%	9,234	100%	100%	
Source: Stock 1 returns to the Scottish Government plus Aberdeenshire Housing Stock data as 2010.												

**3.30** RTB sales and other stock disposals and the virtual absence of new house building ensured that the numbers of council properties throughout Aberdeen City and Aberdeenshire continued to decline in the decade to 2010. At the same time, the fact that more houses than flats have been sold though RTB has meant that an increasing share of council stock:

- is comprised of flats. In 2000 55% of the council stock throughout the area comprised of flats but by 2010 this proportion had increased to 59%.
- is comprised of 3 rooms (2 bedrooms) or less – As table 3.12 shows, 8 out of 10 council properties contain 2 or less bedrooms and this proportion varies little between the two housing market areas or the two council areas.



**Table 3.12: House size in the social rented sector, 2010**

Number of rooms	Aberdeen City		Aberdeenshire		Aberdeen City and Aberdeenshire		Aberdeen HMA		Rural HMA	
	No.	%	No.	%	No.	%	No.	%	No	%
1 (bedsit)	862	4	58	4	920	3	865	4	55	1
2	7,360	32	4,967	32	12,327	35	9,100	34	3,227	35
3	10,381	46	5,240	46	15,621	44	11,633	44	3,988	43
4	3,939	17	2,519	17	6,458	18	4,598	18	1,860	20
5+	198	1	140	1	338	1	234	1	104	1
Total	22,740	100	12,924	100	35,664	100	26,430	100	9,234	100

Source; Aberdeen City and Aberdeenshire Council records, Autumn 2010

**3.31** The annual level of RTB sales have fallen back since the start of the decade across Aberdeen City and Aberdeenshire as in the rest of Scotland (see table 3.13). The fall in RTB sales reflects market conditions and legislative changes relating to eligibility for RTB. In addition, both local authorities secured Pressured Area Status (PAS) between 2007 and 2008 which has restricted RTB sales in order to protect the remaining social rented stock. A combination of PAS, difficult market conditions and further changes in national legislation suggest that RTB sales are likely to remain low in the future.

**Table 3.13: RTB sales in council sector, 1999/2000 to 2009/10**

	Aberdeen City	Aberdeenshire	Aberdeen City and Aberdeenshire	Aberdeen HMA	Rural HMA	Scotland
1999/00	798	353	1,151	N/A	N/A	13,490
2003/04	643	334	977	746	231	13,548
2008/09	185	126	311	221	90	2,968
2009/10	133	43	176	144	32	1,637

Source: Stock 1 returns to the Scottish Government, (Housing Statistics) 2010

### **Registered Social Landlords**

**3.32** Within both Aberdeen City and Aberdeenshire there are 8 RSLs in operation. Data for the Housing Market areas is not currently available although systems are being put in place to allow future collection of this. Some RSLs do not record data by settlement in the same format that is reported to Scottish Government i.e. self contained or non self-contained units although they have this information for total numbers of units. However this data should be available from 2010/11 onwards.

**3.33** Due to the costs of purchase and occupancy payments shared ownership properties are not affordable for some people in housing need. Although shared ownership is accepted in planning policy as affordable housing, it is not seen as 'social housing'.

**3.34** The increases in RSL self-contained stock has been as a result of their ongoing development programme and very low levels of house sales.

**Table 3.14: RSL total number of units**

	Aberdeen City	Aberdeenshire	Aberdeen HMA**	Rural HMA**
<b>Stock Numbers 04/05</b>				
Self contained	3,773	3,514	n/a	n/a
Non self contained	139	73	n/a	n/a
Shared ownership	570	219	n/a	n/a
Total	4,482	3,806	n/a	n/a
<b>Stock Numbers 08/09</b>				
Self contained	4,030	3,800	n/a	n/a
Non self contained	113	91	n/a	n/a
Shared ownership	443	165	n/a	n/a
Total	4,586	4,227	n/a	n/a
<b>Stock Numbers 09/10</b>				
Self contained	4,044	4,273	n/a	n/a
Non self contained	120	104	n/a	n/a
Shared ownership	472	163	n/a	n/a
Total	4,636	4,540	n/a	n/a
Source: Scottish Housing Regulator; APSR 2010 HMA split based on data supplied by RSLs and data published on RSL websites but excludes specialist housing provision.				

**3.35** There have only been a total of 35 new units of shared ownership units completed over the last 5 years, in 2010. A large portion of the difference in shared ownership numbers are due to owners increasing their share with the consequence of the tenure changing to full owner occupation.

**3.36** The number of non self-contained units has slowly decreased in Aberdeen City but increased in Aberdeenshire. A non self-contained unit tends to be a shared house where each tenant has their own tenancy agreement, mainly used for clients with particular needs who require some element of housing and care support. Within Aberdeenshire the number of non self-contained units has been increasing due to resettlement programmes from long term stay hospitals in the area.

**3.37** Table 3.15 highlights the RSL new build completions. Local Authority data would suggest that the completions for Aberdeen have been under reported for 2009-10. This information highlights a peak in completions in 2009-10 in Aberdeenshire, which has been as a result of the Devanha programme. This innovative contract between the Scottish Government and 5 RSLs has taken time to deliver completed projects with most developments completing in 2010/11 and 2011/12. In Aberdeen up to Q3 there have already been 67 completions and it is expected there will be approximately 50 more before the end of the financial year. Housing Market Area figures are unavailable, but historically 80% of completions have taken place in the Aberdeen HMA and 20% in the Rural HMA.

**Table 3.15: RSL new build completions**

	Aberdeen City	Aberdeenshire	Aberdeen City and Aberdeenshire
2000-01	40	24	64
2001-02	156	183	339
2002-03	52	160	212
2003-04	35	125	160
2004-05	47	238	285
2005-06	128	207	335
2006-07	11	77	88
2007-08	100	86	186
2008-09	33	162	195
2009-10	60	460	520

Source: Scottish Government Housing Investment Division: Affordable Housing Investment Programme

### **Quality and suitability of the housing stock**

**3.38** In determining whether a dwelling meets a household's requirements it is important to consider the physical condition of the property and the suitability of the house for the current occupant and their family.

#### Stock condition

**3.39** The Scottish Housing Quality Standard was introduced in 2004 and is based on 5 high-level quality criteria. To meet the Standard a house must be:

- Compliant with the tolerable standard
- Free from serious disrepair
- Energy efficient
- Provided with modern facilities and services; and
- Healthy, safe and secure.

**3.40** The SHQS is routinely used as a statistical measure to assess the quality of housing stock in all tenures. Only social landlords have a duty to ensure their stock attains this standard by 2015.

**Table 3.16: Total dwelling stock by SHQS**

	SHQS Flag 2004-07				Total
	Pass	Fail	Pass (%)	Fail (%)	
Aberdeen City	29,000	70,000	29	71	101,000
Aberdeenshire	32,000	67,000	32	68	101,000
Scotland	648,000	1,627,000	28	72	2,310,000
	SHQS Flag 2005-08				
Aberdeen City	35,000	65,000	34	66	102,000
Aberdeenshire	36,000	65,000	36	64	101,000
Scotland	732,000	1,560,000	32	78	2,320,000
	SHQS Flag 2007-09				
Aberdeen City	37,000	65,000	36	64	102,000
Aberdeenshire	38,000	64,000	37	63	102,000
Scotland	821,000	1,509,000	35	65	2,330,000

Source: SHCS , Scottish Government  
Note: changes in method mean that findings for 2004-7 are less comprehensive and thus less robust than for later years. Also HMA level findings are not available

**3.41** Table 3.16 indicates that there has a small fall in the proportion of the total stock failing the SHQS across Aberdeen City and Aberdeenshire and Scotland.

**3.42** Of the estimated 129,000 properties in Aberdeen City and Aberdeenshire that failed the SHQS in 2007-9, over 8 out of 10 properties fail the energy efficiency criteria. One reason for this is that many households do not have an efficient full central heating system, which is a strict component of this criterion. Many dwellings also have inadequate thermal insulation. The use of solid wall construction in many properties in both local authority areas means that good thermal insulation can be very difficult to achieve.

**3.43** Local authority and RSL standard delivery plan targets to meet the SHQS by 2015 are summarised in Table 3.17.

**3.44** In 2008 most RSL dwellings already met the SHQS standard. A somewhat higher proportion of the council stock in Aberdeenshire (44%) had also attained the standard than in Aberdeen City (39%). This difference tends to reflect the age of the housing stock. A large share of Aberdeenshire's council stock was built during the 1970s whilst most RSL stock was built since 1980

**Table 3.17: SHQS targets for social housing stock**

	<b>Aberdeen City – LA</b>	<b>Aberdeenshire – LA</b>	<b>Aberdeen City – RSL</b>	<b>Aberdeenshire – RSL</b>	<b>Scotland –RSL</b>
2008	39	44	67	70	63
2010	48	80	76	78	69
2012	71	99	89	89	80
2015	100	100	99	99	96

Source: Scottish Housing Regulator (RSL) Aberdeen City and Aberdeenshire Council's databases.

**3.45** Evidence from the SHCS indicates that very few properties in Aberdeen City and Aberdeenshire are in serious disrepair (1.4%) but this does not mean properties do not require repair. Urgent disrepair is one which, if not carried out, would cause the fabric of the property to deteriorate further or place the health and safety of the resident at risk.

**Table 3.18: Percent of total stock in urgent disrepair by area**

	<b>2004-7</b>	<b>2005-8</b>	<b>2007-9</b>
Aberdeen City	23	26	28
Aberdeenshire	27	26	27
Aberdeen City and Aberdeenshire	25	26	27
Scotland	38	37	37

Source: SHCS derived dataset, 2004-7 and 2007-9 and SHCS excel published tables  
Note: Any apparent changes in percent over time appears to be due to sampling error rather than change on the ground

**3.46** As table 3.18 shows, over a quarter of dwellings across Aberdeen City and Aberdeenshire show some sign of urgent disrepair, which is somewhat lower than the Scottish average (37%). After allowing for sampling error, it appears that there has been no significant change in the rate of urgent disrepair locally or nationally in recent years. Likewise there is little evidence that rates of urgent disrepair found in the private sector and the social rented sector vary substantially in either Aberdeen City or Aberdeenshire.

## Energy Efficiency

**3.47** Table 3.19 summarises the energy rating of dwellings according to the National Home Energy Rating (NHER) criteria. It is the most commonly used energy-rating system in Scotland because it makes some allowance for climatic variations<sup>25</sup>. The evidence suggests that at the Aberdeen City and Aberdeenshire level there has been some increase in the numbers of dwelling with a 'good' NHER rating and a fall in the numbers of dwellings with a 'poor' NHER rating.

**Table 3.19: Total housing stock by National Home Energy Rating**

<b>2004/07</b>	<b>NHER score banded</b>			
<b>Local Authority</b>	<b>Poor (0 - 2)</b>	<b>Moderate (3 - 6)</b>	<b>Good (7 - 10)</b>	<b>Total</b>
Aberdeen City	4,000	53,000	43,000	101,000
Aberdeenshire	15,000	62,000	23,000	101,000
Scotland	99,000	1,113,000	1,092,000	2,310,000
<b>2005/08</b>	<b>NHER score banded</b>			
Aberdeen City	2,000	52,000	48,000	102,000
Aberdeenshire	13,000	64,000	23,000	101,000
Scotland	88,000	1,089,000	1,136,000	2,320,000
<b>2007/09</b>	<b>NHER score banded</b>			
Aberdeen City	3,000	51,000	49,000	103,000
Aberdeenshire	11,000	65,000	25,000	101,000
Scotland	81,000	1,041,000	1,208,000	2,330,000

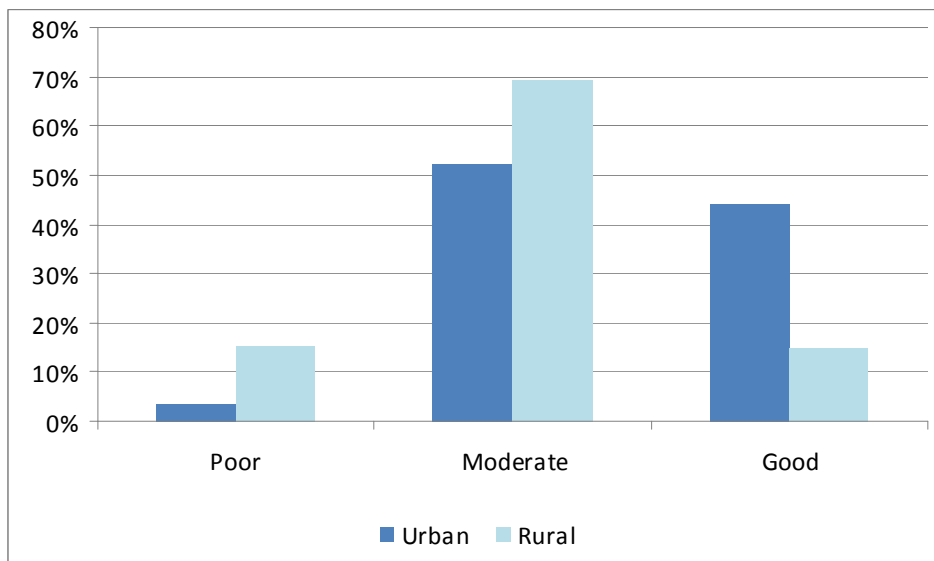
Source: SHCS local authority published excel tables

**3.48** Figure 3.2 shows that dwellings in rural areas tend to have a lower NHER rating. This is linked to the fact that rural areas have a higher concentration of older pre-1945 properties and a higher concentration of houses (houses having more outside walls than flats and hence are more likely to have lower ratings). Moreover, high numbers of rural properties do not have access to mains gas.

**3.49** All houses sold or rented now require an energy performance certificate, which rates a property from A to G, with A being the most efficient. There is some expectation these certificates will promote investment in energy efficiency measures and boost consumer demand for new or upgraded dwellings. In practice however, it may be difficult to disentangle what impact (if any) these certificates have from the myriad of factors that shape the housing choices of consumers, including personal tastes, location and available supply.

<sup>25</sup> Energy efficiency can be measured using either the National Home Energy Rating (NHER) or the Standard Assessment Procedure for the Energy Rating of Dwellings (SAP). The NHER is preferred measure in Scotland because it takes into consideration climatic variations across areas. Whereas the SAP only considers energy used by heating and hot water (and lighting under SAP 2005).

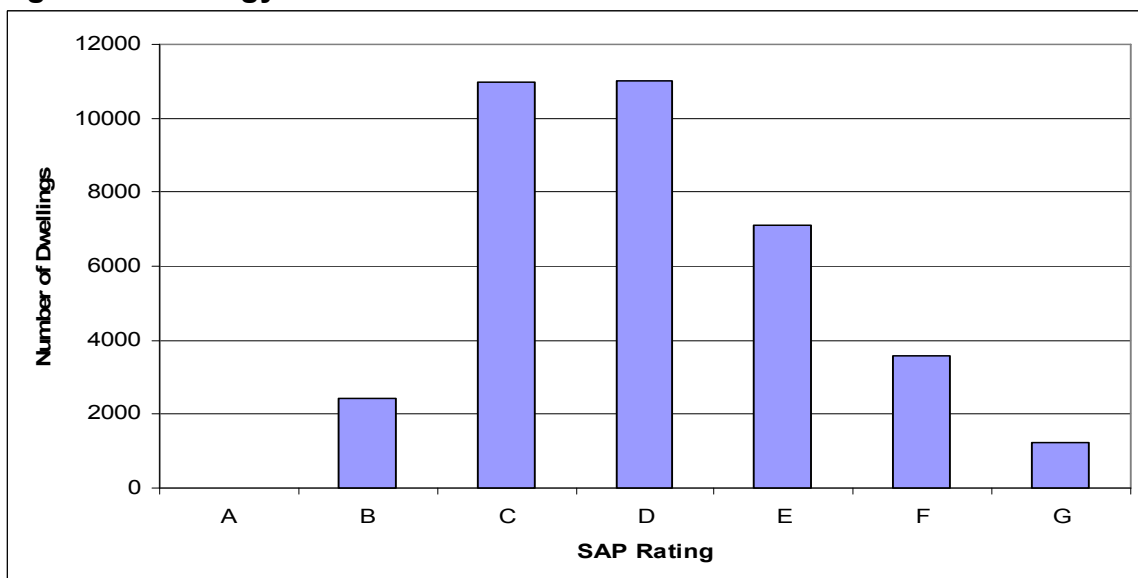
**Figure 3.2: NHER rating - Aberdeen City and Aberdeenshire by urban/rural 2007-9**



Source: SHCS derived variable dataset, 2007-9

**3.50** Figure 3.3 below demonstrates the SAP rating by bands A to G that dwellings registered since 1 December 2009 in Aberdeen City and Aberdeenshire have achieved. This excludes new build properties. As a comparison the current 2010 building standards for new dwellings would equate, roughly, to band B. Indicating that new build property performs better than the majority of the existing housing stock.

**Figure 3.3: Energy Performance Certificates**



Source: Energy Saving Trust

### **Fuel Poverty**

**3.51** According to the Scottish Government “a household is in fuel poverty if it would be required to spend more than 10% of its income on all household fuel use”. A household required to spend more than 20% of its income on fuel is considered to be

in extreme fuel poverty. Fuel poverty rates are influenced by net household income, fuel prices and the energy efficiency of a property. In particular, fluctuating fuel prices can have a major impact on the numbers of households considered fuel poor from one year to a next<sup>26</sup>.

**3.52** Table 3.20 shows there have been a rise in fuel poverty rates both nationally and locally in recent years. This has been due to rising fuel prices which have negated any improvements in the energy efficiency of the housing stock over this period. The indications are that fuel prices will continue to increase, in which case fuel poverty across Scotland is likely to rise still further in future years<sup>27</sup>.

**3.53** Aberdeenshire has a comparatively high incidence of fuel poverty. This is a reflection of the lower energy efficiency rating of the housing stock in rural areas and the lack of access to mains gas and other forms of more efficient and less costly fuel. It also linked to the growth in older households in Aberdeenshire noted in Chapter 2. Figures from the SHCS 2007-9 suggest that around 45% of all householders aged over 60 that live in Aberdeen City and Aberdeenshire are at risk of fuel poverty but in rural areas this proportion increases to 60%.

**Table 3.20: Percentage of households in fuel poverty**

Area	2003-06		2004-2007		2005-2008		2007-2009	
	No	Yes	No	Yes	No	Yes	No	Yes
Aberdeen City	83	17	82	18	79	21	77	21
Aberdeenshire	76	24	70	30	67	33	67	31
Scotland	81	19	78	22	75	25	71	28

Source: SHCS

### **Overcrowding**

**3.54** The Bedroom Standard is used in government surveys to measure overcrowding. It identifies the number of bedrooms required depending on the age, gender and marital status of each household member. If the required number of bedrooms is higher than the number of bedrooms available, a household is considered overcrowded.

**3.55** Table 3.21 indicates that overcrowding rates at the Aberdeen City and Aberdeenshire level are similar to those for Scotland as a whole, although a higher proportion of households in Aberdeen City experience overcrowding than in Aberdeenshire.

**Table 3.21: Percentage of households experiencing overcrowding**

Area	Aberdeen (%)	Aberdeenshire (%)	Aberdeen City and Aberdeenshire (%)	Scotland (%)
SHCS 2003-6:	5	2	3	4
SHS 2005-6	3	2	2	3

Source: Scottish Household Survey, 2005-6 and Scottish House Condition Survey, 2003-06

<sup>26</sup> The “multiplier effect” that is locked into the current ‘10% of income’ definition of fuel poverty means that the real incomes of those on the margins of fuel poverty would need to rise by an amount ten times greater than any increase in fuel prices assuming the energy efficiency of their home remained constant.

<sup>27</sup> Review of Fuel Poverty in Scotland 2008

**3.56** Allowing for sampling error, anywhere from 2,000 to 8,000 households in Aberdeen City may experience overcrowding and anywhere from 1,000 to 4,000 households in Aberdeenshire may experience overcrowding. At the end of 2010, some 2,487 Aberdeen City housing register applicants and 1,129 Aberdeenshire housing register applicants were assessed to be in housing need because of overcrowding. The housing register estimates are at the lower end of the range of available estimates because families in the private sector that experience overcrowding generally do not seek rehousing in the social rented sector.

### ***Under-occupation***

**3.57** The majority of households, and in particular homeowners, choose to occupy dwellings that are larger than the Government’s bedroom standard allows for. Families often want to ensure each child has their own bedroom. Many households also want additional rooms to pursue hobbies, to enable them to work from home or allow other family members and visitors to stay overnight.

**3.58** As table 3.22 confirms, 2 out of 3 households in Scotland occupy dwellings that have at least one more room than the bedroom standard suggests is necessary. For owner-occupiers this proportion increases to over 3 out of 4 households. A similar pattern is found throughout Aberdeen City and Aberdeenshire.

**Table 3.22: Percentage of households above or below bedroom standard**

HNDA	Scotland				Aberdeen City and Aberdeenshire			
	Owner	Social Renter	PRS and Other	All	Owner	Social Renter	PRS and Other	Total
2+ above standard	36%	10%	18%	27%	38%	6%	21%	29%
1 above standard	41%	34%	34%	39%	41%	29%	39%	38%
Equal to standard	22%	52%	44%	31%	20%	60%	37%	31%
Below standard	2%	4%	4%	3%	1%	5%	4%	2%
total	100%	100%	100%	100%	100%	100%	100%	100%

Source: SHS 2004-5

**3.59** By contrast, allocation policies ensure households entering the social rented sector occupy properties that ‘fit’ with locally defined bedroom standards. These local measures are often slightly more ‘generous’ than the Government’s statistical measure. For example, they may assume children of a different gender should not share a bedroom from the age of 8 upwards as opposed to the age of 10 upwards. Nonetheless, as children grow up and leave home it is possible for social tenants to occupy larger units than is strictly required.

**3.60** Around 44% of social renters in Scotland and 35% of social renters in Aberdeen City and Aberdeenshire occupy dwellings that are larger than the Government’s bedroom standard. A proportion of these households probably occupy a dwelling of a size consistent with local allocation policies.

**3.61** Proposed housing benefit reforms which will link HB eligibility for working age households to the number of bedrooms their household is assessed to require may potentially lead to further reductions in under-occupation in the social rented sector. However, the likely impact of this and other planned welfare reforms remain uncertain. Supply constraints in the social rented sector discussed elsewhere in this



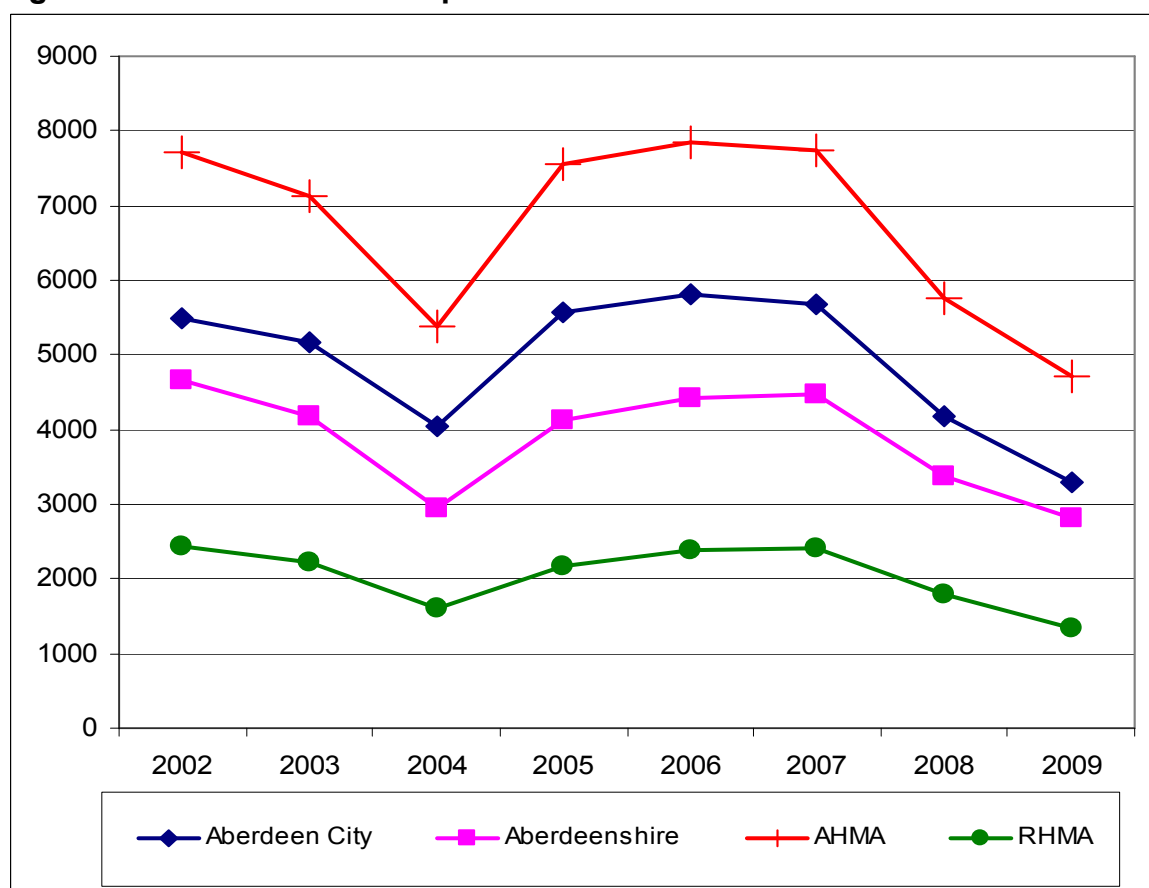
chapter as well as the financial and emotional costs of moving may prohibit or deter households from moving.

**3.62** Moreover, 7 out of 10 tenants that occupy dwellings above the required bedroom standard in Aberdeen City and Aberdeenshire are retired or in full time employment and therefore are unlikely to be affected by Housing Benefit reforms.

### Housing market dynamics: transactions and prices

**3.63** The most comprehensive data on transaction levels and house prices is the data published by the Registers of Scotland, but it has some limitations. Most noticeably it under-reports new build sales and does not yet include dwelling attributes. The following analysis mainly explores resale house price trends (which exclude new build and RTB sales) at the lower, median and upper quartile point of the price range to gain an insight into trends across different ends of the housing market.

**Figure 3.4: Total number of open market resale transactions**



Sources: LVIU, University of the West of Scotland and Registers of Scotland with further processing by Scottish Government

**3.64** Figure 3.4 shows that from 2002 to 2007 house sale transaction levels remained relatively stable in the Aberdeen HMA<sup>28</sup> at around 8,000 to 9,000 per

<sup>28</sup> There apparent dip in house sales in 2004 occurred across Scotland and it generally considered to be an error in data processing. The figures exclude new build sales because the numbers reported through the Sasines data is not particularly comprehensive in the local area.

annum. By contrast the Rural HMA saw a modest increase in the sales from 2,569 in 2002 to 2,701 in 2007.

**Table 3.23: Sales per 1,000 households (2009)**

	Aberdeen City	Aberdeenshire	Aberdeen City and Aberdeenshire	AHMA	RHMA	Scotland
2003	52.9	44.5	48.8	51.4	41.8	42.0
2004	41.0	30.9	36.0	38.4	29.8	39.0
2005	56.3	42.5	49.4	53.3	39.5	44.8
2006	57.8	44.7	51.3	54.7	42.8	48.3
2007	55.6	44.5	50.1	53.2	42.3	49.0
2008	40.5	33.1	36.9	39.1	31.2	30.9
2009	31.9	27.3	29.6	31.4	21.7	15.0

Sources: LVIU, University of the West of Scotland and Registers of Scotland with further processing by Scottish Government and GROS Household Estimates

**3.65** Subsequent to the UK housing market housing downturn transaction levels have decreased drastically in both HMAs, although this decline has been less pronounced than for Scotland as whole. Table 3.23 shows that the number of re-sales per 1,000 households throughout the Aberdeen City and Aberdeenshire area continue to be proportionally higher than for Scotland as a whole.

**3.66** Quarterly data published by the Registers of Scotland, which is shown in figure 3.4, indicates that although sales remain down on the levels seen at the peak of the market in 2007, sales rates are beginning to rise.

**Figure 3.5: Quarterly transaction levels 2007 to 2010**



Source: Registers of Scotland [http://www.ros.gov.uk/public/news/quarterly\\_statistics\\_time\\_series.html](http://www.ros.gov.uk/public/news/quarterly_statistics_time_series.html)

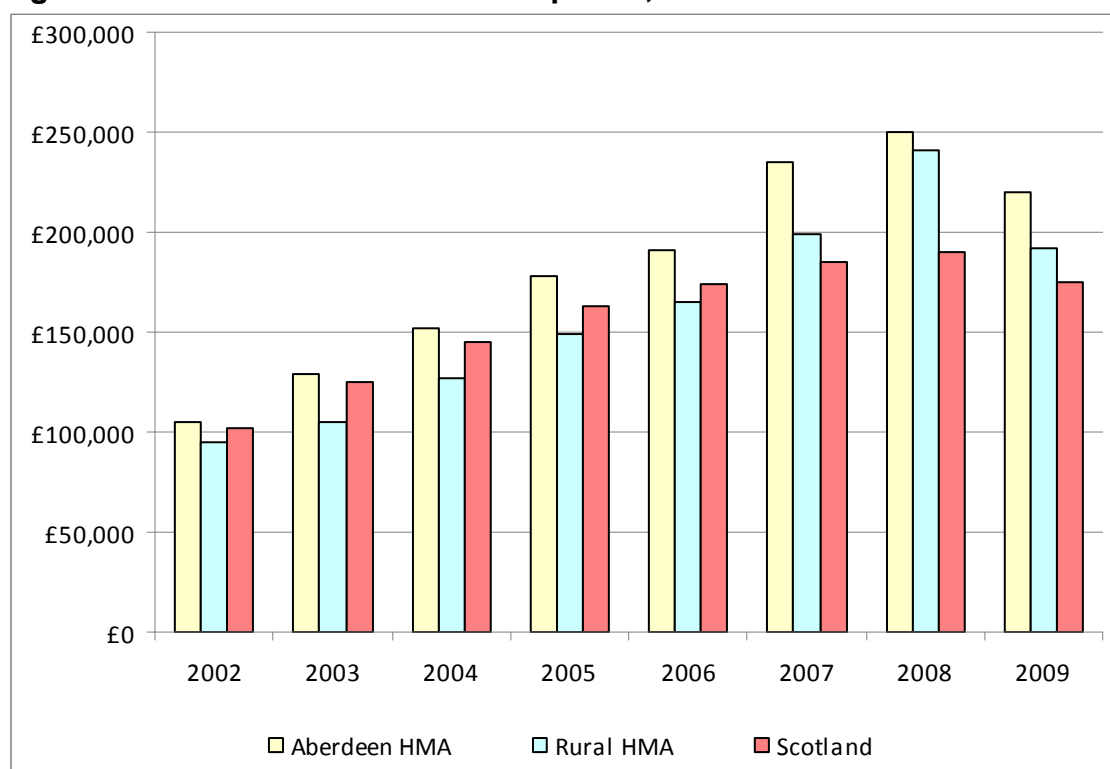
### ***New build price trends***

**3.67** As noted earlier, price and transaction data for new build properties is not wholly comprehensive. Nonetheless, as figure 3.6 confirms, new house prices in the Aberdeen HMA and the Rural HMA increased more sharply than new prices for

Scotland from 2002 to 2007. Similar trends were observed at the lower and upper end of the new build market.

**3.68** During 2008 and 2009 the median new build house price fell back in both local housing markets but remained significantly above the comparable price for Scotland. In 2009 the median new build price in the Aberdeen HMA was £220,000, some 26% higher than the comparable Scotland wide figure of £175,000. The Rural HMA median new build price was £192,000, some 10% above the comparable Scotland wide figure.

**Figure 3.6: Median new build house prices, 2002 to 2009**



Sources: LVIU, University of the West of Scotland and Registers of Scotland with further processing by Scottish Government

### **Resales price trends**

Following a period of steady rates of inflation, there was a dramatic increase in resale house prices at all points in the price spectrum between 2004 and early 2008. As Table 3.24 shows:

- The Scottish lower quartile house price increased by 111% between 2002 and 2008 whilst prices in the Aberdeen HMA and the Rural HMA have increased by 155% and 133% respectively.
- The Scottish median resale price increased by 103% whilst the median price in the Aberdeen HMA and the Rural HMA increased by 146% and 141% respectively.

- At the upper quartile point the Scottish house price increased by 93% whilst the prices in the Aberdeen HMA and the Rural HMA increased by 135% and 139% respectively.

**3.69** The sharp increases in prices in the period to early 2008 was due to the mix of local economic and demographic changes. In particular the strong economy and growing levels of net in-migration which boosted higher rates of population and household growth and thus the aggregate demand for housing.

**3.70** During the second half of 2008 and 2009 prices fell back across all areas. In the case of Aberdeen City and Aberdeenshire the fall in demand and prices was largely driven by the UK wide decline in lending in the wake of the credit crunch. However, the UK economic recession also dented consumer confidence in the local housing market and lowered expectations regarding future price trends.

**Table 3.24: Sasines Resale House Prices, 2002 - 2009**

	Aberdeen City	Aberdeenshire	Aberdeen HMA	Rural HMA	Scotland
<b>lower quartile</b>					
2002	£44,000	£50,000	£47,000	£43,000	£43,550
2003	£46,554	£52,500	£50,790	£44,472	£50,000
2004	£53,000	£58,000	£57,003	£45,328	£60,000
2005	£63,000	£70,050	£68,500	£55,000	£70,000
2006	£80,000	£86,317	£85,000	£71,525	£80,000
2007	£111,739	£120,000	£120,000	£95,000	£90,500
2008	£115,000	£122,000	£120,000	£100,000	£92,000
2009	£110,000	£120,000	£117,562	£98,000	£89,000
<b>Median</b>					
2002	£60,000	£70,000	£65,000	£60,000	£63,000
2003	£68,000	£79,700	£75,000	£64,000	£75,000
2004	£75,255	£89,000	£82,500	£70,000	£90,000
2005	£90,000	£108,000	£98,151	£85,000	£99,500
2006	£108,000	£130,000	£120,000	£108,000	£113,500
2007	£145,145	£172,000	£160,000	£143,322	£125,000
2008	£148,000	£175,000	£160,000	£145,000	£128,000
2009	£146,500	£172,500	£160,000	£145,000	£128,000
<b>upper quartile</b>					
2002	£94,000	£100,000	£100,000	£90,000	£97,000
2003	£107,000	£121,000	£116,833	£102,000	£118,534
2004	£118,000	£134,000	£128,545	£115,000	£140,000
2005	£137,000	£159,900	£150,000	£140,000	£152,000
2006	£155,000	£187,000	£172,766	£170,000	£166,000
2007	£208,443	£240,000	£231,000	£214,825	£185,000
2008	£210,000	£247,000	£235,000	£215,000	£187,000
2009	£205,000	£240,000	£230,000	£200,000	£185,000

Sources: LVIU, University of the West of Scotland and Registers of Scotland with further processing by Scottish Government

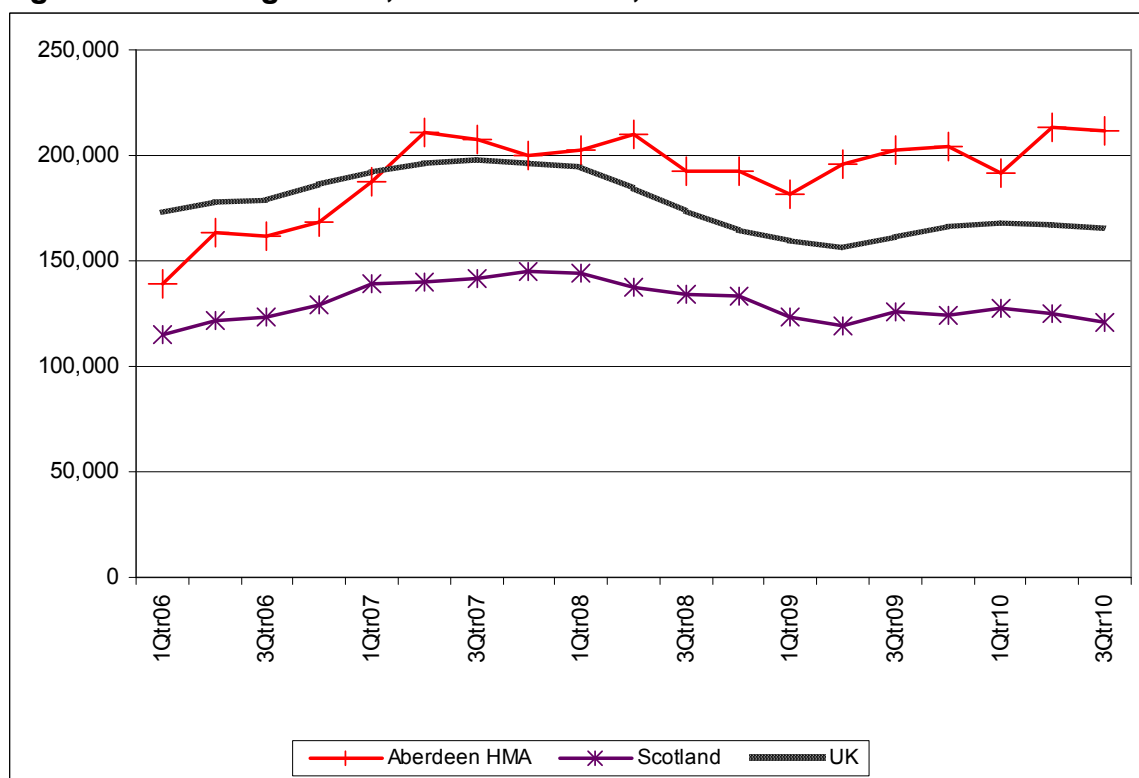
**3.71** Sasines data indicated local prices began to rise towards the end of 2009, (figures from the ASPC Housing Market Bulletin). As discussed in Chapter 2, this recent dynamic is consistent with the buoyancy of the local economy relative to the UK economy and the fact that the local labour market has not experienced the scale of decline in employment and net in-migration witnessed elsewhere in the UK. That

said, as discussed later in this chapter, effective demand for house purchase both nationally and locally continues to be constrained by the lack of mortgage credit as lenders seek to repair their balance sheets.

**3.72** Figure 3.7 also suggests that prices fell back during 2009 but began to climb back towards 2007 price levels during 2010. By contrast, average prices in Scotland the UK appear to have remained stagnant or fallen slightly during 2010.

**3.73** As discussed in Chapter 2, this recent dynamic is consistent with the buoyancy of the local economy relative to the UK economy and the fact that the local labour market has not experienced the scale of decline in employment and net in-migration witnessed elsewhere in the UK. That said, as discussed later in this chapter, effective demand for house purchase both nationally and locally continues to be constrained by the lack of mortgage credit as lenders seek to repair their balance sheets.

**Figure 3.7: Average Price, Aberdeen HMA, Scotland and UK**



Source: ASPC Housing Market Bulletin 20010 data for Aberdeen HMA and Halifax House Price Index Seasonally adjusted figures for Scotland and UK  
[http://www.lloydsbankinggroup.com/media/excel/09\\_03\\_10\\_Historic\\_Data.xls](http://www.lloydsbankinggroup.com/media/excel/09_03_10_Historic_Data.xls)

### **Entry level house prices**

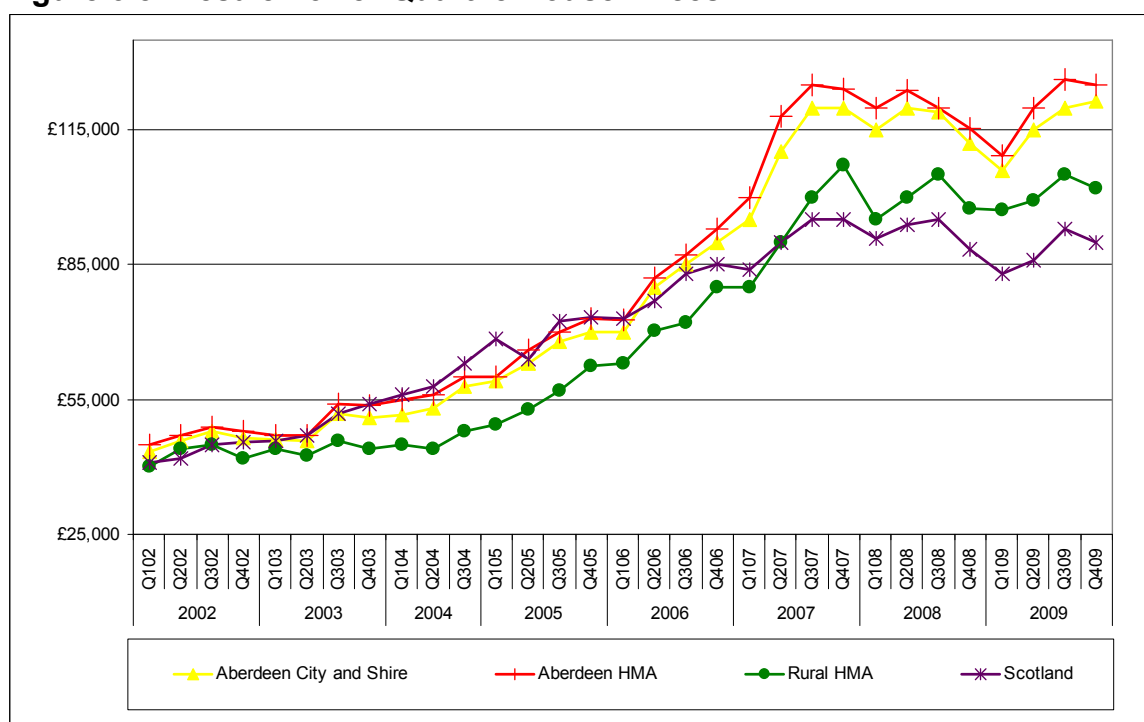
**3.74** The following paragraphs look in more detail at price trends at the entry-level end of the market, which is commonly understood to be represented by the lower quartile resale price.

**3.75** Aberdeen City experienced a particularly sharp rise in entry-level house prices. In 2002 the lower quartile price for Aberdeen was just £1,000 more than the comparable Scotland wide price point. By 2008 this difference had increased to £23,000. Nonetheless, entry-level prices in Aberdeen remain below those for

Aberdeenshire. One reason for this difference is the mix of properties available for sale in the two local authority areas. The lower end of the housing market within the City is mostly comprised of flats whilst the lower end of the market in Aberdeenshire, especially in the Rural HMA, mainly consists of houses.

**3.76** Figure 3.8 shows that high rates of house price inflation across Aberdeen City and Aberdeenshire, meant that by 2008 local entry-level house prices were considerably higher than for Scotland as a whole. In 2008 the Aberdeen HMA (£120,000) and Rural HMA (£100,000) entry-level price were 30% and 9% higher than the Scotland wide entry-level price of £92,000. Likewise, the Aberdeen (£115,000) and Aberdeenshire (£122,000) entry-level price points were 25% and 33% higher than the Scotland wide entry-level price.

**Figure 3.8: Resale Lower Quartile House Prices**



Sources: LVIU, University of the West of Scotland and Registers of Scotland with further processing by Scottish Government

**3.77** Since the downturn in the housing market entry level prices across Aberdeen City and Aberdeenshire have remained above those for Scotland as a whole. For 2009 as a whole, the entry-level price for the Aberdeen HMA and the Rural HMA were £117,562 and £98,000 respectively.

**3.78** However, as Figure 3.8 shows, during the latter half of 2009, entry-level prices, especially in the Aberdeen HMA, began to rise again. For example in the fourth quarter of 2009 the entry price for the Aberdeen HMA and Rural HMA were £125,000 and £102,000 respectively.

**3.79** Although 2010 data is not yet available, ASPC average price trends reported above indicate that entry levels may have continued to rise during 2010.

## Affordability of entry level house prices

**3.80** Affordability analysis provides information about which locations and types of property are most and least accessible to households. Poor affordability can lead to excess commuting, unsustainable travel patterns, difficulties recruiting employees, increase pressure for social housing and increase the risk of homelessness, overcrowding and other forms of need. All neighbourhoods will vary in their affordability but this concept is most readily assessed at the HMA and local authority area level.

**3.81** The Scottish Government advise that a household should be considered able to afford to buy a home if it costs no more than 3.5 times the gross household income for a single earner household or 2.9 times the gross household income for dual income households.

**Table 3.25: Aberdeen HMA house price to earnings ratios**

		2002	2003	2004	2005	2006	2007	2008	2009
Single earner	lower Q	£15,184	£15,600	£15,964	£17,420	£18,460	£17,524	£19,136	£19,916
	Median Q	£22,984	£23,036	£22,100	£24,388	£25,012	£24,908	£27,664	£27,976
Dual earner	lower Q X2	£30,368	£31,200	£31,928	£34,840	£36,920	£35,048	£38,272	£39,832
	Median Q X2	£45,968	£46,072	£44,200	£48,776	£50,024	£49,816	£55,328	£55,952
Resale price	lower Q	£47,000	£50,790	£57,003	£68,500	£85,000	£120,000	£120,000	£117,562
	Median Q	£65,000	£75,000	£82,500	£98,151	£120,000	£160,000	£160,000	£160,000
<b>PRICE: INCOME RATIO</b>									
<b>Single Earner</b>									
LQ price/LQ Earnings		3.10	3.26	<b>3.57</b>	<b>3.93</b>	<b>4.60</b>	<b>6.85</b>	<b>6.27</b>	<b>5.90</b>
LQ price/median		2.04	2.20	2.58	2.81	3.40	<b>4.82</b>	<b>4.34</b>	<b>4.20</b>
<b>Dual Earner</b>									
LQ price/LQ Earnings		1.55	1.63	1.79	1.97	2.30	<b>3.42</b>	<b>3.14</b>	<b>2.95</b>
LQ price/median		1.02	1.10	1.29	1.40	1.70	2.41	2.17	2.10
Sources: LVIU, University of the West of Scotland and Registers of Scotland with further processing by Scottish Government for resale prices and ASHE workplace earnings for LQ earnings									

**Table 3.26: Rural HMA house price to earnings ratios**

		2002	2003	2004	2005	2006	2007	2008	2009
Single earner	lower Q	£13,364	£14,144	£14,664	£14,872	£15,340	£16,380	£17,316	£18,720
	Median Q	£19,396	£19,448	£20,124	£19,916	£22,516	£23,920	£24,336	£26,000
Dual earner	lower Q X2	£26,728	£28,288	£29,328	£29,744	£30,680	£32,760	£34,632	£37,440
	Median Q X2	£38,792	£38,896	£40,248	£39,832	£45,032	£47,840	£48,672	£52,000
Resale price	lower Q	£43,000	£44,472	£45,328	£55,000	£71,525	£95,000	£100,000	£98,000
	Median Q	£60,000	£64,000	£70,000	£85,000	£108,000	£143,322	£145,000	£145,000
<b>PRICE: INCOME RATIO</b>									
<b>Single Earner</b>									
LQ price/LQ Earnings		3.22	3.14	3.09	<b>3.70</b>	<b>4.66</b>	<b>5.80</b>	<b>5.78</b>	<b>5.24</b>
LQ price/median Earnings		2.22	2.29	2.25	2.76	3.18	<b>3.97</b>	<b>4.11</b>	<b>3.77</b>
<b>Dual Earner</b>									
LQ price/LQ Earnings		1.61	1.57	1.55	1.85	2.33	2.90	2.89	2.62
LQ price/median Earnings		1.11	1.14	1.13	1.38	1.59	1.99	2.05	1.88
Sources: LVIU, University of the West of Scotland and Registers of Scotland with further processing by Scottish Government for resale prices and ASHE workplace earnings for LQ earnings									

**3.82** Taking this as a benchmark, Table 3.25 compares lower quartile price to lower quartile and median earnings for the Aberdeen HMA.

**3.83** Table 3.26 repeats this analysis for the Rural HMA. Ratios highlighted in red are those considered not to be affordable<sup>29</sup>. The two tables indicate that:

- Affordability pressures increased between 2002 and 2008, especially from 2005 onward in both housing market areas.
- Since 2008 there has been some easing of affordability pressures, but for single earners prices across Aberdeen City and Aberdeenshire remain unaffordable.
- Dual earner households at the lower end of the earnings distribution are likely to face affordability barriers to buying an entry level priced dwelling.
- Affordability pressures in the Aberdeen HMA are more severe than in the Rural HMA. In 2009, a single, lower quartile earner looking for a lower quartile property would have to pay 5.90 times their annual salary in the Aberdeen HMA and 5.24 times their salary in the Rural HMA.

**3.84** As discussed in the economic profile section, however, many households do not contain one or more people in full time employment. The above analysis was therefore replicated using CACI gross household income estimates for 2009, which are based on total household incomes. Table 3.27 below indicates that house prices exceed affordable levels for both lower quartile household incomes and median household incomes. In particular:

- Households with a lower quartile income in the Aberdeen HMA would require to pay 6.35 times their income to buy an entry level priced house whilst those in the Rural HMA would have to pay 6.87 times their income.
- With ratios in excess of 3.5, there are affordability constraints for median income households seeking to purchase an entry level priced house.

**Table 3.27: House price to income ratios for Aberdeen HMA and Rural HMA**

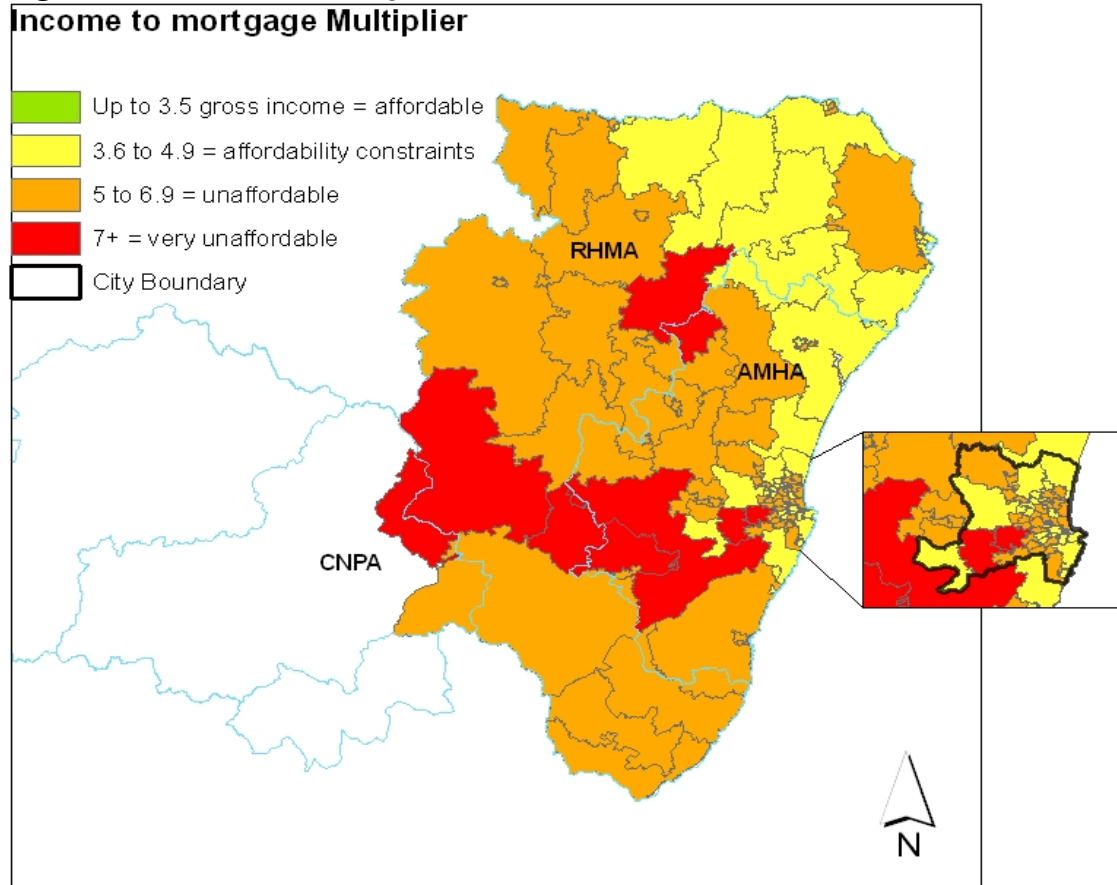
		<b>Aberdeen HMA</b>	<b>Rural HMA</b>
2009 CACI income	Median	£30,172	£26,954
	Lower quartile	£17,123	£15,505
Sasines Resale Price 2009	LQ	£117,562	£98,000
	Median	£160,000	£145,000
LQ price/ LQ income		<b>6.35</b>	<b>6.87</b>
LQ price / median income		<b>3.69</b>	<b>3.90</b>
Median price / Median income		<b>4.92</b>	<b>5.30</b>
Source: LVIU, University of the West of Scotland and CACI Paycheck			

<sup>29</sup> Tables for Aberdeen and Aberdeenshire can be found in Appendix 4a and Appendix 4b



**3.85** Figure 3.9 also illustrates the variability of affordability pressures across Aberdeen City and Aberdeenshire. It shows CACI paycheck median income to entry-level price ratios for 2009. Median income and prices has been used because these are considered more robust than lower quartile figures for small areas, especially for less populated areas which tend to have few sales and few sample points.

**Figure 3.9 Median house price to median household income ratios, 2009**



Source: 2009 Median income from CACI paycheck 2009 Lower quartile house price from LVIU, University of the West of Scotland

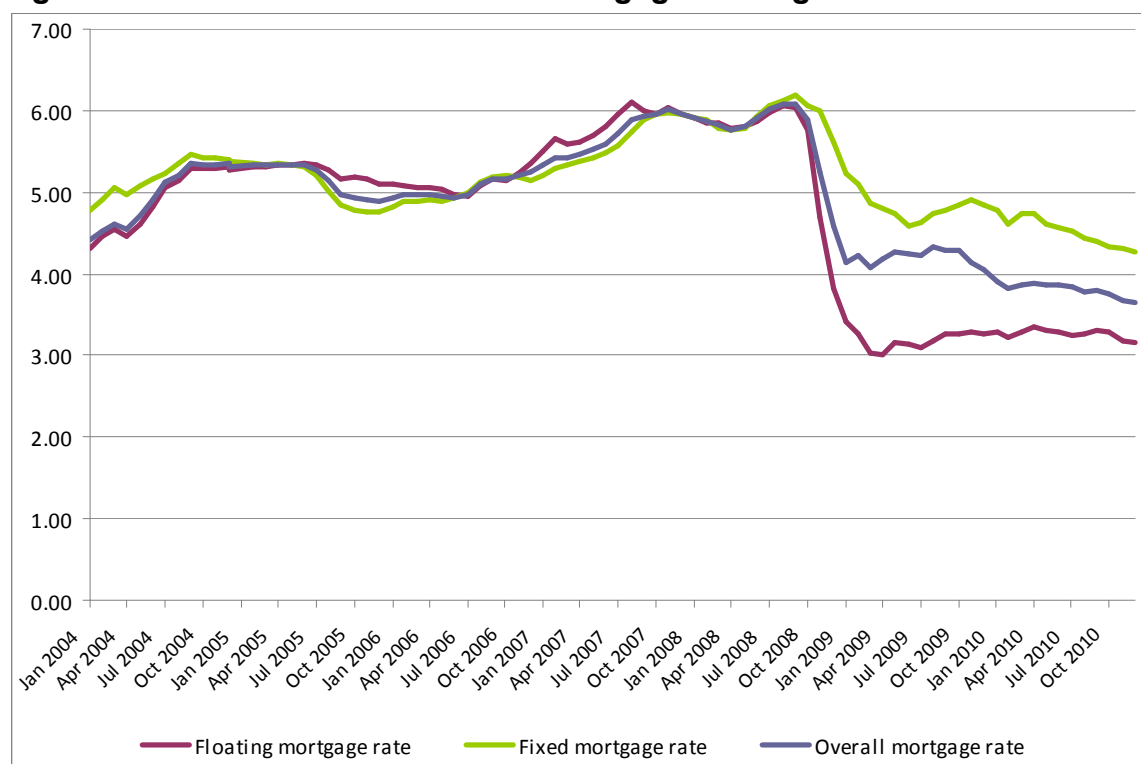
- Within Aberdeen apart from areas to the west of the city housing prices ranges between 3.6 – 6.9 times annual income, and no area is classified as affordable.

### ***Interest rates and access to finance***

**3.86** Housing demand is not solely driven by the relationship between income and price. As recent market conditions have highlighted, a key factor is the cost and availability of credit finance, especially for first time buyers.

**3.87** The Bank of England base rate fluctuated between 4% and 6% from 2004 to 2007. Consistent with long-term underlying trends, mortgage rates (see figure 3.9) during this period remained reasonably similar to the base rate.

**Figure 3.10: Effective rates for new mortgage lending 2004-2010**



Source: Bank of England

**3.88** With the onset of the credit crunch, the Bank of England cut interest rates such that by March 2009, the base rate was just 0.5%, and has remained at this level for the past year. Mortgage rates also fell back, during 2009 and 2010. Although they remain well above the base rate, they remain low by historic standards. This has eased affordability pressures for the majority of households that are buying their home with a mortgage.

**3.89** The problem for prospective first time buyers is that they have not been able to take advantage of lower house prices and lower interest rates because of the continued reluctance of financial institutions to lend. This has found expression through a sharp decline in lending at high LTV ratios.

**3.90** Between 2000 and the start of 2008 first time buyers could potentially secure loan to value ratios of up to 125% but it is important to put this in context. In the 15 years to 2007, loan to value ratios in Scotland for first time buyers remained remarkably stable, fluctuating within a percent or so of around 83%.

**3.91** Since the start of 2008 deposit requirements have increased sharply as lenders have sought to minimise their risk of exposure to mortgage default. The Regulated Mortgage Survey indicates that over the last two years the average first time buyer deposit in Scotland has been in excess of 23%. This is a major barrier for first time buyers who have to save a deposit from their own earnings and cannot rely on support from their family.

**3.92** At the start of 2011 mortgage rates of 4% could be found but this required loan to value (LTV) ratios of less than 75%. For higher LTV ratios, mortgage rates can be as high as 5% or 6%. These higher mortgage interest rates reflect the requirement

for lenders to hold much higher levels of capital to support mortgages with high LTV ratios.

**3.93** Although the UK has pulled out of recession, lending for mortgage and other purposes remains subdued. As discussed in chapter 4 there are still few clear signs in terms of when the mortgage market will recover. Renewed confidence in the funding markets is likely to be a gradual process and the speed of recovery may be influenced by the impact of public spending cuts on the economy and the demand for housing.

### ***House purchaser expectations***

**3.94** Housing demand is also shaped by the preferences and expectations of house purchasers.

**3.95** The local 2009 homebuyers' survey<sup>30</sup>, confirmed that house purchasers tend to have above household incomes close to or above median. It also confirmed that whilst purchasers move for a mix of reasons,

**3.96** Table 3.28 almost a quarter are seeking larger property, rising to 3 out of 10 families. Those seeking to move to smaller property were mainly older households.

**Table 3.28: Reasons for Moving**

Reason	Aberdeen HMA (%)	Rural HMA (%)	All
Larger property	24	21	23
Change of location	10	10	10
Change in job location	11	8	10
First time buyer	10	8	9
To be near friends or relatives	4	8	6
Marriage or cohabitation	5	8	6
Smaller property	6	6	6
Relationship breakdown	7	4	6
Other	10	16	13
Source: Aberdeen City and Shire Homebuyers Survey 2009			

**3.97** In terms of location, Table 3.29 indicates that the four factors that exert most influence on purchaser decisions are the quality of the local environment, price, dwelling design (including size) and proximity to friends and relatives. This fourth factor was the most frequently cited by those purchasing in the Rural HMA.

<sup>30</sup> The survey achieved 1,144 useable responses. The sample was drawn from SASINES house purchasers from 2006,2007 and 2008 see appendix 5 for further information

**Table 3.29: Reasons for Choosing and Area**

Reason	Aberdeen HMA (%)	Rural HMA (%)	All
Good Environment	22	13	19
House prices	17	17	17
Design, type or size of houses	13	16	14
To be near friends or relatives	11	20	14
Close to work	10	5	9
Looking for rural lifestyle	4	13	7
To be near shops, schools, leisure & other amenities	5	1	4
Choice or quality of school	5	1	4
Good commuting to Aberdeen	3	1	3
Good transport links	1	1	1
Other	3	4	3
Not answered	6	7	6

Source: Aberdeen City and Shire Homebuyers Survey 2009

**3.98** The survey explored whether the housing market downturn had influenced house purchase. The findings must be treated with caution. Only 470 respondents had purchased since the onset of the credit crunch and their perceptions and experiences may differ from households that looked but were unable to purchase.

**3.99** For most existing homeowners (61%) the housing market downturn had little or no effect. Of those that said the downturn had some influence, most commented on the difficulty selling their previous home. Some also indicated that they had changed their search patterns, presumably in response to the decline in the numbers of property available for sale.

**3.100** Half of all first time buyers also said the downturn made little impact. Those that did report an impact mainly commented on the need to increase the deposit in order to secure mortgage finance.

### ***Private renting activity***

#### **Distinctive role of private renting**

**3.101** Private renting plays a pivotal role in meeting housing requirements in the Aberdeen HMA and the Rural HMA but there are important differences between the characteristics of private tenants and landlords in the two areas.

**3.102** In the Aberdeen HMA private renting is more readily accessible than homeownership and social renting. It has absorbed many migrants from the rest of the UK and abroad, including individuals working in the oil and gas sector and other high earning professional that relocate to the City. It also houses many students and recently formed households, including those with low incomes. It is therefore not surprising that the evidence from the SHCS 2007-9, although not particularly robust, indicates private renters are spread across the income distribution curve.

**3.103** Around 7 out of 10 private renters in Aberdeen City are single person and couple households of working age. This figure is consistent with broader societal changes that have seen growing proportions of households opting not to 'settle down' in a permanent location or to enter homeownership until their 30s.

**3.104** In the Rural HMA, private renting also caters for a diverse range of tenants. In recent years it has absorbed migrant households, including those coming from the Poland and other countries that have joined the EU since 2004. It also continues to play an important role in meeting the housing needs and demands of local residents. It often provides a long-term home for families and other households, especially in more remote areas, where private letting is the only alternative to buying because of the absence of social housing.

**3.105** Although there are few reliable and timely statistics, the Rural HMA is believed to contain a larger share of unfurnished lets, which makes them more suitable for households looking to rent long-term. A significant proportion of private lets in the Rural HMA are also believed to comprise of tied and informal lettings (i.e. renting from family, friends etc) which are not readily accessible to all households that might seek private rented provision.

**3.106** A recent research programme<sup>31</sup> indicates that 95% of landlords in Scotland are individuals that own 5 or less properties, mainly acquired through debt funding. Only 5% of landlords are companies and charities but they, account for some 25% of all private lettings.

**3.107** The profile of landlords operating in Aberdeen is similar to the national profile. Around 75% of all registered properties are owned by landlords with 5 or less properties (most of which own one property). By contrast, around a third of registered properties in Aberdeenshire are owned by landlords with 10 or more properties.

**3.108** The highly segmented nature of the private rented sector on the demand side and the supply side make it difficult to monitor short-term dynamics. That said, it appears that the sector has proved more resilient to the housing market downturn than some anticipated. There is little evidence that the volume of private rented properties have fallen back. Whilst there was a sharp downturn in buy to let (BTL) activity in 2009, CML report that lending activity has increased in recent months.

**3.109** One reason why the sector has proved resilient across Aberdeen City and Aberdeenshire is because of the continued growth in demand from households that are unwilling or unable to access owner occupation and are a low priority for social rented housing. This demand is unlikely to subside in the near future.

**3.110** Further growth in the private rental market in the Aberdeen HMA and Rural HMA seems probable. However, the scale of any growth will depend on the combined impact of political and economic drivers. As discussed in chapter 4, changes to housing benefit and other planned welfare reforms are likely to impact on the future nature and rate of growth of the private rental market locally.

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<sup>31</sup> Scottish Government Review of the Private rented sector Volumes 1 to 5

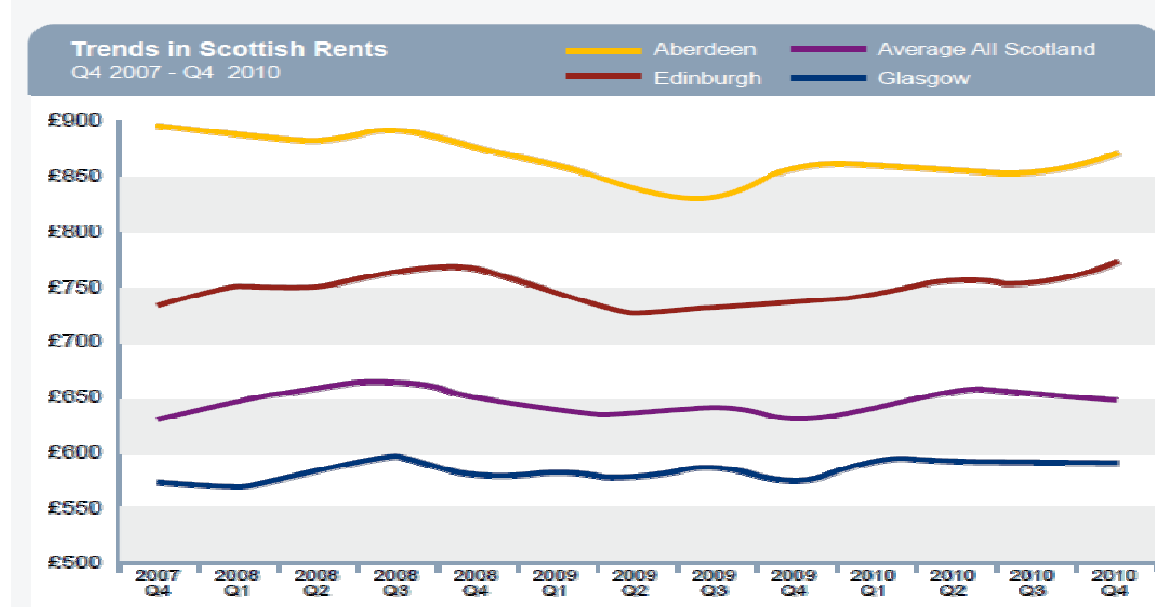
## Private rents and turnover

**3.111** Evidence on rents and turnover in the private rental sector is under-developed nationally and locally. The following paragraphs draw on Citylets<sup>32</sup> data and the Local Housing Allowance (LHA) rates used to calculate housing benefit entitlement. This has been supplemented, where possible, with data from other sources and interviews with solicitors, estate agents and landlords.

### Aberdeen HMA private rents

**3.112** Citylets evidence (see Figure 3.11) indicates rents in and around Aberdeen remain higher than elsewhere in Scotland, including Edinburgh and Glasgow.

**Figure 3.11: Trends in private rents in Aberdeen and Scotland's other cities**



www.citylets.co.uk

**3.113** It also indicates that whilst the average PRS rent rents have fluctuated, there has been little change in the average advertised private rent both locally and nationally since 2009.

**3.114** Table 3.30: shows that the average advertised 1 bedroom rent peaked in 2008 and then fell back during 2009 but began to rise in the last half of 2010. Rents for 2 and 3 bedroom dwellings have followed a broadly similar trend. Feedback from estate agents and solicitors indicate that rental levels reported through Citylets are consistent with their own records. Evidence from other on-line sites support the rent levels patterns reported by Citylets.

<sup>32</sup> Citylets published private rents data is based on 45,000+ advertised lets p from some 200 letting agents in Scotland. Citylets do not release the dataset because it is commercially sensitive.

**Table 3.30: Average monthly market rents, Aberdeen City**

	1 Bed	2 Bed	3 Bed
Q1 07	£484	£835	£1,110
Q2 07	£507	£809	£1,165
Q3 07	£515	£813	£1,002
Q4 07	£544	£825	£1,066
Q1 08	£544	£821	£1,166
Q2 08	£559	£821	£1,163
Q3 08	£573	£817	£1,110
Q4 08	£573	£810	£1,089
Q1 09	£566	£797	£1,105
Q2 09	£551	£767	£1,101
Q3 09	£540	£764	£1,169
Q4 09	£547	£809	£1,106
Q1 10	£556	£796	£1,172
Q2 10	£543	£790	£1,151
Q3 10	£554	£800	£1,130
Q4 10	£575	£825	£1,094
% Change 2007-2010	8.68%	-2.16%	4.70%
Source: Citylets.co.uk reports <a href="http://www.citylets.co.uk/reports/">http://www.citylets.co.uk/reports/</a>			

**3.115** Local Housing Allowance (LHA) figures for January 2011 are shown in table 3.31. These rates have changed very little in the past 18 months. Changes to the LHA to be introduced from 2011 will see the LHS rate set as the 30th percentile point in the range of private rents as opposed to the median point. The likely scale of this reduction in LHA is also illustrated in table 3.31.

**Table 3.31: Local Housing Allowance for Aberdeen City and Aberdeenshire**

1 Room Shared	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
£330.50	£530	£650	£750	£950	£1,100
<b>Illustrative LHA based on 30th percentile point</b>					
1 Room Shared	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
	£500	£600	£695	£900	Na
Source: <a href="http://www.scotland.gov.uk/Topics/Built-Environment/Housing/PrivateRenting/rent-registration-service/setting-lha/figures">http://www.scotland.gov.uk/Topics/Built-Environment/Housing/PrivateRenting/rent-registration-service/setting-lha/figures</a>					

**3.116** The LHA for a 2-bedroom dwelling of £7,800 per annum (£650\*12) is £1,800 lower than the comparable average advertised rent of £9,600 (£800\*12). In other words the advertised average rent for a 2 bedroom flat in and around Aberdeen is 23% higher than the LHA upper threshold.

**3.117** There are possible reasons why the LHA rate is much lower than the advertised rent. LHA rates are intended to represent the median rent, which is typically lower than the average rent. Landlords advertising through Citylets tend to operate at the middle to upper end of the market and advertised lettings may not necessarily provide a guide to the total spread of rents across the whole private sector, including rents paid by existing tenants. The representativeness of the market evidence base underpinning the LHA rates is also not known.

**3.118** Probably the most significant factor, however, is that LHA rates are intended to represent the midpoint of rents charged throughout Aberdeen City and Aberdeenshire as opposed to rents charged in the Aberdeen HMA or Aberdeen City. LHA rates are, therefore, influenced by the fact that rents in Aberdeenshire and in particular the Rural HMA are lower.

### **Rural HMA private rents**

**3.119** It is difficult to obtain a picture of private rents patterns and turnover in the Rural HMA private rented sector. Few private rented properties are advertised for let. Private landlords indicate that informal networks are commonly used to re-let vacated property, although some landlords with larger portfolios 'maintain' some form of waiting list.

**3.120** One leading factor who manages a stock portfolio of some 500 to 600 properties on behalf of landlords with stock in the Rural HMA suggested the rent ranges reported in Table 3.32. These rents costs are significantly lower than the LHA levels but it is difficult to know how representative these figures are.

**Table 3.32: Illustrative Rural HMA private rents, 2009**

	<b>1 Bed*</b>	<b>2 Bed</b>	<b>3 Bed</b>	<b>4 Bed</b>
<b>Rent (£)</b>	£300-£350	£500-£600	£650-£700	£800-£1000
Source: Factor Interviews December 2009 This range probably includes a room in a shared flat and bedsit accommodation				

**3.121** One reason why rents tend to be lower in the Rural HMA is because many lets are let on an unfurnished basis. Another reason is the landlords do not charge full open market value rents :

- Landed estates and other private landlords often have wider motives for renting, such as accommodating local employees, and other local households to help sustain local communities.
- Many private lets continue to comprise of tied and informal lettings (i.e. renting from family, friends etc) and are therefore not accessible to all households seeking private rented provision.

**3.122** To help gain a better picture of the rental market in the Rural HMA Questionnaires were issued to those registered landlords within Aberdeenshire with an email address - 4,135 in total, during November 2010. 173 landlords or managing agents responded covering a total of 938 properties, approximately 10% of the private rented sector stock within Aberdeenshire. Of those 938 properties just over half were owned by 8 landlords/estates, with property profiles ranging from 40 units - 80 units. Some caution needs to be exercised in the use of these findings as not all respondents answered every question and in some instances the sample size was very small.

**3.123** Approximately 4 out of 5 properties were either 2 or 3 bedroom properties. In terms of monthly rental charges of those who answered the question, 48% of properties were within the £400 - £600 range, 21% within the £200- £400 range and 22% within the £600 - £800 range. Of the two bedroom properties 57% were within the £400 - £600 range and 23% within the £600 - £800 range. In comparison of the three bedroom properties, 42% were within £400 - £600 range, with 31% within the £600 - £800 range.

**3.124** Turnover in the private rented sector in the Rural HMA is known to be very low and it is common for tenancies to last for 7+ years. Moreover, it is not unusual for



generations of the same families to continue to live in the same property or for families to remain with the same landlord but to move house as their family circumstances change. The long term nature of these relationships tend to exert a downward pressure on rents.

**3.125** Private landlords confirm there is high demand for private lets. Although it is difficult to document, there is widespread agreement that low turnover in the private rental sector across the Rural HMA means there is insufficient supply to meet demand from households that want to rent a home within reasonable travel distance of their family and/or place of employment.

**3.126** More generally, local experts also believe there is a shortage of rented accommodation, irrespective of whether social or private, to meet demand in more remote rural areas.

**3.127** Overall, there is a lack of robust and routinely updated evidence concerning the operation of the private rented sector across Aberdeen City and Aberdeenshire. This is a data gap that the Strategic Housing Market Partnership will continue to investigate through additional surveys and interviews to provide more robust evidence.

### ***Affordability of private rents***

**3.128** . The Scottish Government suggest that an 'affordable' rent should not exceed 25% of gross household income. Using this benchmark, table 3.33 looks at income to rent ratios whilst table 3.34 look at earning to rent ratios. Overall: :

- The LHA rental value for a 2 bed property exceeds the benchmark threshold of 25% for lower income and median income households in the Aberdeen HMA and the Rural HMA. This is also the case in respect of single earners at the lower quartile and median point in the earnings distribution.
- If the rent was £7,200 per annum (i.e. the suggested 30th percentile), private rents would become affordable for median income households in the Aberdeen HMA but not the Rural HMA.
- A LHA rental value of £7,200 would still create affordability ratios in excess of 25% for single earners at the lower quartile and median point of the earnings distribution curve.
- Increasing the Aberdeen HMA rent to £9,600 (i.e. Citylets average rent) would require a household to have a gross annual income of £38,400. This would only be possible for single earners at the top end of the earning distribution or dual earner households.

**3.129** It is difficult to be precise about what percentage of existing private renters are paying more than 25% of their income on rents because little is known about the

incomes of private tenants. However, if we assume that their income profile is reasonably similar to that for households as a whole then around half of private renters may be paying in excess of 25% of the income on rent. This percentage seems at the upper end of what might be plausible.

**Table 3.33: Income to private 2 bedroom rent ratios**

CACI incomes	Aberdeen HMA	Rural HMA	Aberdeen City and Aberdeens hire
Lower quartile CACI 2009 income	£17,123	£15,505	£16,621
Median 2009 CACI income	£30,172	£26,954	£29,203
<b>LHA based on annual rent of £7,800</b>			
LHA 2 bed rent as a % of LQ income	46%	50%	47%
2 bed rental price / median income	26%	29%	27%
<b>Alternative LHA scenario based on annual rent of £7,200 (30<sup>th</sup> percentile)</b>			
LHA 2 bed rent as a % of LQ income	42%	46%	43%
2 bed rental price / median income	24%	27%	25%
<b>City Let rent based on annual rent of £9,600</b>			
City lets average 2 bed flat /LQ income	56%	NA	NA
City lets average 2 bed flat /LQ income	32%	NA	NA
<b>Maximum rent could afford at income point</b>			
Lower income household; maximum annual rent	£4,281	£3,876	£4,155
Median income household; maximum annual rent	£7,543	£6,739	£7,301
Source: Scottish Government LHA rates, CACI PayCheck and City Lets			

**Table 3.34: Earnings to private 2 bedroom rent ratios**

Earnings	Aberdeen HMA	Rural HMA
Lower quartile single earner	£19,916	£18,720
Median single earner	£27,976	£26,000
Lower quartile dual earner	£39,832	£37,440
Median dual earner	£55,952	£52,000
<b>LHA based on annual rent of £7,800</b>		
LHA 2 bed rent as a % of LQ single earnings	39%	42%
LHA 2 bed rent as a % of median single earnings	28%	30%
LHA 2 bed rent as a % of LQ dual earnings	20%	21%
LHA 2 bed rent as a % of median dual earnings	14%	15%
<b>LHA based on annual rent of £7,200</b>		
LHA 2 bed rent as a % of LQ single earnings	36%	38%
LHA 2 bed rent as a % of median single earnings	26%	28%
LHA 2 bed rent as a % of LQ dual earnings	18%	19%
LHA 2 bed rent as a % of median dual earnings	13%	14%
Source: Scottish Government LHA rates, ASHE		

**3.130** Scottish Government private rented research programme observed that around 4 out of 10 private renters in Scotland paid 25% or more of their income on rent in 2006.

**3.131** Historic evidence on rent to income ratios is scarce. However, national studies confirm that the expansion of the private rental market has been accompanied by improvements in the quality of most (but not all) private rental

properties for let. It has also exerted downward pressure on rents. As Steve Wilcox (2008) notes, new investment in private rented housing has been one of several factor that has contributed to house price rises and the affordability constraints faced by prospective first time buyers but it has also increased the supply in the sector and helped to keep rent increases to modest levels.

### **Comparison of entry level house price and costs with private rental costs**

**3.132** Table 3.35 provides a simple snapshot comparison of the costs of buying and renting across Aberdeen City and Aberdeenshire.

**Table 3.35: Income to private 2 bedroom rent ratios**

	<b>Aberdeen City</b>	<b>Aberdeenshire</b>	<b>AHMA</b>	<b>RHMA</b>
<b>Entry level purchase price or private ownership or rent</b>				
Entry house purchase price	£110,000	£120,000	£117,562	£98,000
Annual cost for a 25 year 100% repayment mortgage with an interest charge of 4.5%	£7,418	£8,093	£7,928	£6,609
Median CACI household income	£27,767	£30,765	£30,172	£26,954
<b>Annual mortgage cost or rent</b>				
Annual LHA limit: 2 bedroom dwelling	£7,800	£7,800	£7,800	£7,800
Annual 30th percentile LHA: 2 bedroom dwelling	£7,200	£7,200	£7,200	£7,200
Annual City Let: 2 bedroom average advertised rent	£9,600	NA	£9,600	NA
<b>Housing cost as % of median household income</b>				
Mortgage cost to income ratio	27%	26%	26%	25%
LHA to income ratio	28%	25%	26%	29%
30th percentile LHA to income ratio	26%	23%	24%	27%
City Let rent to income ratio	35%	NA	32%	NA

**3.133** This analysis adopts the same broad approach used in national studies<sup>33</sup> and does not provide a full economic comparison of the long-term annual costs of renting and owning. In common with national studies it makes no allowance for:

- Building insurance and repairs and improvements costs that owners would incur. By contrast, rental charges include an element to cover landlord costs for building insurance, maintenance and upgrading costs.
- Legal and other transaction costs associated with purchase or for service charges and factoring fees which tenants and owners may be obliged to pay.
- Deposits which would lower mortgage costs

**3.134** The findings suggest that the costs of renting at or below the LHA rate and the mortgage costs of purchase are similar. At both the housing market and local authority area level the housing cost to income ratios are within 5% of each other.

**3.135** To put these figures in context, Wilcox (2008) found that on average UK private rents equate to 68% of the mortgage costs of house purchase. In addition:

<sup>33</sup> See for example Wilcox (2008) Can't Supply Can't Buy: the affordability of private renting in GB which also makes no provision for the additional costs of renting or owning.

- In over 93% of all areas rents were 20% lower than mortgage costs. For UK as a whole rent to income ratios were some 12% lower than mortgage cost to income ratios
- In Aberdeen City and Aberdeenshire the two ratios were within 5% points of each other. In Glasgow rent to income ratios were 10% lower than mortgage to income ratios whilst in Edinburgh rent to income costs were 15% lower.

**3.136** Likewise it is important to keep in mind that:

- Whilst Aberdeen City and Aberdeenshire house prices have more than doubled since 2002, private rents have largely increased in line with earnings. Consequently, the costs of renting have declined relative to the mortgage, albeit they remain higher than elsewhere in Scotland.
- Households make important trade-offs when choosing housing and paying for housing. Younger more mobile households are often unwilling or not in a position to overcome the entry barriers to owner occupation. These include the additional costs associated with homeownership and the higher deposits currently being sought from prospective first time buyers. Private renting also offers the potential for a household to 'crowd up' and share the rental cost with another household, an option that is rare in the owner occupied sector.
- In the Rural HMA entry level priced housing to buy tends to be located in and around Peterhead and Fraserburgh. These broad measures therefore mask the difficulties that lower income households face in buying in other rural settlements and more remote areas across the Rural HMA. In some of these areas, rents may be more affordable than Rural HMA wide rates imply.
- For lower income households receipt of housing benefit will make private renting more affordable. Figures for DWP crosschecked against the SHCS 2007-9 tenure estimates suggest that some 10% of private renters in Aberdeen and somewhere between 20% and 25% of private renters in Aberdeenshire are in receipt of housing benefit.

**3.137** In 2007, Aberdeen City was one of only 13 areas in UK outside London where rents to earnings ratios exceeded 30% (Wilcox 2008). This raises question regarding whether the expansion of private renting has been sufficient to match increased demand. At 12%, the sector's share of the housing stock remains below the average for all UK regional centres of 14% in 2001. Looking more widely, the comparatively high prices and rents in the Aberdeen HMA may reflect a tight housing market and a general shortage of housing.

**3.138** The small proportion of tenants in receipt of housing benefit hints at the possibility that much of the additional supply have been aimed at students and mobile individuals and couples in better paid professional and technical jobs that do

not want the additional responsibilities and costs associated with homeownership, at least for a transitional period of time. This warrants further investigation because if demand remains high relative to supply, landlords may choose to further restrict access to households reliant on housing benefit rather than accept lower rent once the downward adjustment to LHA comes into effect.

### ***Demand and supply in the social rented sector***

**3.139** In terms of responding to the expressed demand for re-housing, a key consideration is the number of existing social rented properties that fall vacant and become available for re-let each year. In the 3 years to 2009/10 inclusive the annual number of self contained permanent lettings in the social rented sector averaged

- 2,314 in Aberdeen and 1,335 in Aberdeenshire
  
- 2,704 in the Aberdeen HMA and 933 in the Rural HMA

**3.140** Historical trends on permanent lets for the whole social rented sector are not available but table 3.36 indicates that at both the local and national level re-lets numbers have fallen over the past decade. Moreover, re-lets as a proportion of council stock have gradually fallen. This trend highlights that the fall in re-lets over the decade has not been driven solely by the reduction in the stock of council housing.

**3.141** Particularly since 2004 there has been a fall in the numbers of tenants exiting the sector, presumably because tenants have found it harder to move into the private sector because of rising prices. There has also been a fall in the proportion of relets to transfer tenants, which has had a knock on effect on overall relet rates.

**Table 3.36: Number of permanent local authority let as % stock**

	Scotland		Aberdeen City		Aberdeenshire		Aberdeen HMA		Rural HMA	
	No	%	No	%	No	%	No	%	No	%
2001-02	53,187	9.60%	3,014	11.10%	1,583	10.10%	N/a	N/a	N/a	N/a
2002-03	52,535	9.90%	2,782	10.50%	1,542	10.20%	N/a	N/a	N/a	N/a
2003-04	39,136	9.40%	2,905	11.20%	1,522	10.40%	N/a	N/a	N/a	N/a
2004-05	33,883	8.70%	2,650	10.50%	1,246	8.70%	N/a	N/a	N/a	N/a
2005-06	31,822	8.50%	2,683	10.90%	1,162	8.30%	N/a	N/a	N/a	N/a
2006-07	30,022	8.30%	3,326	13.80%	1,115	8.20%	3,605	13.09%	836	8.16%
2007-08	26,881	7.80%	2,234	9.40%	895	6.70%	2,458	9.09%	671	6.65%
2008-09	24,737	7.50%	1,705	7.40%	927	7.10%	1,937	7.32%	695	7.08%
2009-10	28,462	8.70%	1,787	7.80%	921	7.10%	2,017	7.71%	691	7.11%

*Source: Lettings returns by local authorities to the Scottish Government, Communities Analytical Services (Housing Statistics) and Aberdeenshire Council statistics*

**3.142** One consequence of the fall in lettings and the increase in new applicants joining the waiting list is that the numbers of applicants on the housing register has increased over time, as shown in table 3.37.

**3.143** At March 31<sup>st</sup> 2010 there were 15,270 households seeking re-housing in the Aberdeen City and Aberdeenshire area. Internal estimates suggest anywhere from 10% and 15% of households have applied to both councils. A significant share of these 'dual applicants' are existing council or RSL tenants living in Aberdeen City.

**Table 3.37: Housing Lists**

	Aberdeen City	Aberdeenshire	Aberdeen HMA	Rural HMA	Scotland
<b>31 March 2002</b>					
Waiting List	4,359	2,603	N/a	N/a	126,300
Transfer list	4,042	1,034	N/a	N/a	69,500
Total	8,401	3,637	N/a	N/a	195,835
<b>31 March 2005</b>					
Waiting List	7,031	4,058	N/a	N/a	109,400
Transfer list	5,284	1,188	N/a	N/a	81,700
Total	12,315	5,246	N/a	N/a	191,075
<b>31 March 2009</b>					
Waiting List	4,307	6,951	7,782	3,476	146,400
Transfer list	4,285	1,033	4,626	692	53,200
Total	8,592	7,984	12,408	4,168	199,554
<b>31 March 2010</b>					
Waiting List	5,606	6,294	8,696	3,204	160,800
Transfer list	2,351	1,019	2,689	681	38,000
Total	7,957	7,313	11,385	3,885	198,754

Source: Lettings returns by local authorities to the Scottish Government, Communities Analytical Services (Housing Statistics) and Aberdeenshire Council Statistics

**3.144** Although Aberdeenshire's waiting list has steadily increased over time, Aberdeen City's housing register showed a decline after 2005. This reflects changes in local housing management practices (including better void management) and a decision not to continue with the common housing register. Additional analysis indicates that the annual numbers of new applicants joining the Aberdeen City Housing Register each year from 2003 to 2009 increased by over 2,000 to 9,600.

**3.145** In terms of the split between waiting list and transfer list applicants, the annual numbers of transfer applicants in Aberdeenshire has changed little over time. This is linked to the fact that most of the stock is comprised of houses as opposed to flats and because tenants are aware that the opportunities to transfer within their settlement are limited. By contrast, prior to 2010 large shares of Aberdeen City's applicants were transfer applicants. Many of these applicants had been seeking a transfer for some years because many aspired to transfer to a better property or location. However, as discussed in chapters 5 and 6 many of transfer applicants remaining on the housing register in 2010 need to move to larger property or a more suitable property.

**3.146** A measure that is sometimes used to assess the pressure for social renting housing is to calculate housing register applicants to letting ratios. This measure was an important input into the agreement to grant Pressured Area Status.

**3.147** Table 3.38 shows there has been a general upward trend in the number of applicants seeking re-housing for every re-let that becomes available. For example,

in 2002 there were 2 applicants on the Aberdeenshire housing register for every applicant that became available. In the year to March 2010, there were 8 applicants for every re-let.

**Table 3.38: Housing register applicant to re-lets ratio**

	Aberdeen City	Aberdeenshire	Aberdeen HMA	Rural HMA	Scotland
2002	3:1	2:1	n/a	n/a	4:1
2005	5:1	4:1	n/a	n/a	6:1
2009	5:1	9:1	6:1	6:1	8:1
2010	5:1	8:1	6:1	6:1	7:1
Source: Lettings returns by local authorities to the Scottish Government, Communities Analytical Services (Housing Statistics).					

### Bringing the Evidence Together

**3.148** In 2009 there were 217,261 dwellings in Aberdeen City and Aberdeenshire of which 72% were in the Aberdeen HMA and 28% in the Rural HMA. In the period from 2002 to 2009 the size of the housing stock in Aberdeen City and Aberdeenshire increased at a faster rate than for Scotland as whole, reflecting the high rates of household growth and the aggregate demand for housing over this period.

**3.149** In addition to comparatively high rates of new housing construction by the private sector, particularly in Aberdeenshire, growing demand has led to a fall in the numbers of properties lying empty across all tenures and has prompted faster turnaround of vacant stock in the social rented sector. However, evidence supports local perceptions that housing supply has not kept pace with the growth in demand, especially in Aberdeen City and elsewhere in the Aberdeen HMA.

**3.150** In the wake of the credit crunch and the downturn in the UK housing market, there has been some fall in completion rates at the Aberdeen City and Aberdeenshire level, but this has mainly be confined to Aberdeen City. On the other hand, the rate of decline has been lower than experienced in other parts of the UK. In large part this is because the influence of the oil and gas sector has insulated the local economy from some of the effects of UK wide economic recession.

**3.151** Aberdeen City has a high and increasing number of flats (55%) relative to Aberdeenshire. Some redress of this balance along with improvements to neighbourhood quality is likely to be necessary if the residential offer available in different parts of the City is to influence more households to choose to remain in Aberdeen City over the longer term. Likewise, further expansion of the homeownership and private rental market in Aberdeen City is likely to be necessary if some reduction in out-migration to Aberdeenshire is to be achieved over the long-term.

**3.152** Although the numbers of dwellings in the owner occupied and private rented sectors have continued to expand over the past decade, there has been a reduction in the numbers of social rented sector properties. This is largely because the

numbers of new social housing constructed has failed to keep pace with the numbers of properties lost through RTB and other stock disposals. The introduction of PAS and wider economic and housing market processes has led to a sharp fall in RTB sales since 2004/5 but this has not led to an increase in the availability of social renting. Turnover in the existing stock of social rented housing declined over the past 5 years. At the same time, rates of new affordable housing provision have remained below the comparable Scotland wide rate. As a result, as discussed in chapters 5 and 6, levels of homelessness and unmet housing need have continued to increase.

**3.153** Between 2002 and 2008 house prices rose sharply and increasing numbers of prospective first time buyers found it difficult to secure access to the sector. Whilst there has been some downward adjustment in prices in the past 2 years, this has not eased affordability constraints.

**3.154** Unlike the local economy, the housing market has been very much affected by changes in the lending policies of financial institutions in response to the financial crisis. In particular, deposit requirements in excess of 20% have further reduced the numbers of first time buyers. This has slowed the housing market because existing homeowners have been unable to sell and move up the housing ladder.

**3.155** Faced with increasing access barriers to the owner occupied and social rented sectors, there has been growing demand for private renting from households living in the Aberdeen HMA and the Rural HMA. This demand has been further fuelled by the growth in inward migration discussed in Chapter 2.

**3.156** Private renting is predominately the domain of the small scale investor, although there are some large scale providers, especially in the Rural HMA.

**3.157** This high level of segmentation in the sector in terms of the diverse mix of households that look to the private rented sector for accommodation alongside the highly fragmented nature of ownership makes it challenging from a policy perspective to engage with the sector. It requires inter-departmental working, information sharing and a willingness to enforce minimum standards if necessary in order to protect the interests of consumers and the vast majority of landlords. As the sector looks set to continue to expand in the future, maintaining active engagement with a dynamic landlord base will remain vital.

**3.158** This chapter has highlighted that no single tenure can meet the demands and needs of all households living in the Aberdeen HMA and the Rural HMA. More generally, private renting cannot resolve housing shortages, including shortages in affordable supply that are determined by the interaction supply and demand across the whole housing sector.

**3.159** Strong and stable home ownership, private rental and social rented markets are all vital to sustaining a more balanced housing system in the longer term. For this reason there is a continuing requirement to expand housing supply, choice and quality in all three main tenures.

**3.160** Finally, this chapter has highlighted some important evidence gaps. Arguably the most important is a lack of robust and routinely updated evidence concerning the



operation of the private rented sector across Aberdeen City and Aberdeenshire.  
This is a data gap that the SHMP wishes to see addressed in the future.

## 4. Future Housing Market

### Future Housing Market

**4.1** This chapter discusses future economic, demographic and policy drivers that will shape the dynamics of the housing system over the short-term and into the longer term. In particular they provide a base to discuss the scale of future housing requirement across Aberdeen City and Aberdeenshire and the potential balance between demand and need and thus private and affordable housing provision.

*The research questions that are addressed in this Chapter are:*

- *How might economic factors influence total future demand?*
- *Is affordability likely to worsen or improve?*
- *How might the total number of households and household structure change in the future?*
- *How are household types changing?*

### Future Economic Performance

#### **Forecasts of economic growth: short to medium term outlook**

**4.2** As noted in Chapter 2, the UK economy has now come out of the deepest and longest recession since 1945. However, there is little optimism amongst economic forecasters about the rate of growth in UK in the next 12 to 24 months. Table 4.1 shows a range of the latest forecasts for UK economic growth up to 2012. It indicates that most forecasters expect modest growth in GDP of around 2% in 2011 and possibly 2.4% in 2012. Thus forecasters suggest the pace of economic recovery to be slower than in the recoveries of the three previous recessions that occurred between the 1970s and 1990s.

**Table 4.1: UK Economic Forecasts to 2012**

	2009	2010	2011	2012
International Monetary Fund (Oct 2010)	-4.9	1.7	2.0	n/a
OECD (May 2010)	-4.9	1.3	2.5	n/a
Ernst and Young Item Club (Oct 2010)	-5.0	1.4	2.2	2.9
Economist Poll of Forecasts(Nov 2010)		1.7	1.8	n/a
HMT Average of UK Independent Forecasts (Oct 2010)	-4.9	1.3	2.1	2.4
HM Treasury Budget (OBR) (Nov 2010)	-5.0	1.8	2.1	2.6

*Source: State of the Economy Presentation' December 2009, Office of the Chief Economic Adviser, Scottish Government (2009) and 'Economist Poll of Forecasters', Economist Magazine (Jan 2010) (Updated Dec 2010). Office for Budget Responsibility Nov 2010.*

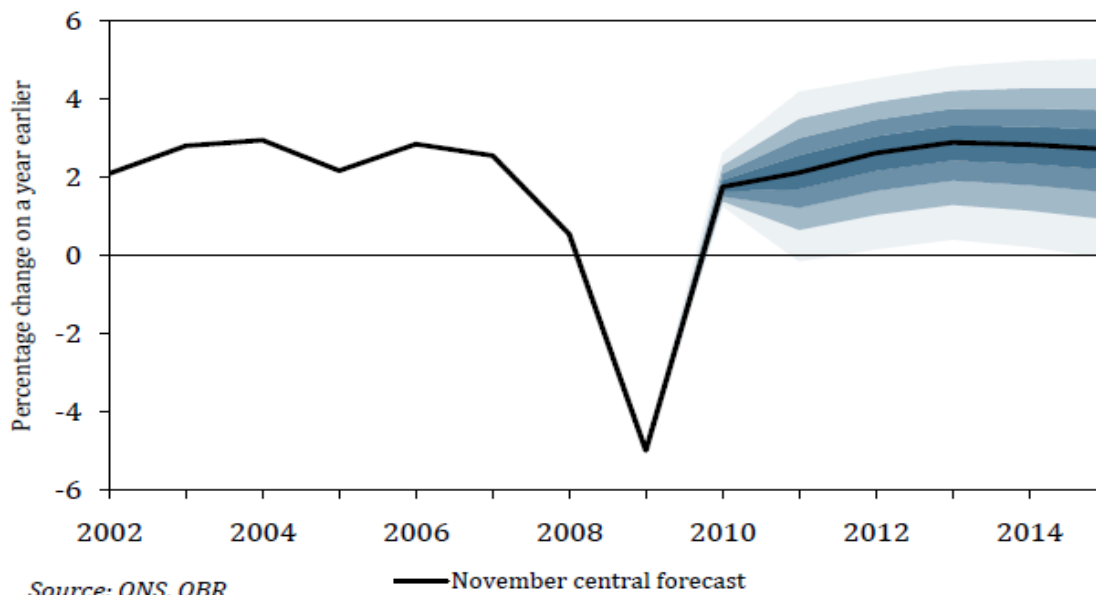
**4.3** Traditionally, improvements in consumer spending and employment growth tend to lag behind GDP growth during economic recovery. The continuation of tight credit conditions as tax rises and public spending cuts take affect suggest that consumer spending and thus consumer demand for housing at the UK level are likely to remain subdued during 2011 and possibly 2012.

**4.4** The Office of Budget Responsibility (OBR) forecasts of GDP to 2015 are shown in Figure 4.1. Their central estimate shows a gradual growth in GDP to 2.6% by

2012. Thereafter GDP growth is expected to climb slightly before falling back to 2.7% in 2015. The OBR therefore expect GDP growth to remain 'relatively sluggish' over the medium-term and that 'normalisation' of credit conditions will only gradually re-emerge. The medium term outlook also indicates that:

- Measures to reduce public expenditure, which are discussed in more detail below, are likely to dampen GDP growth.
- Relative to the decade to 2008, future growth in the economy will be driven less by consumer spending and more by business investment and exports.

**Figure 4.1: GDP growth fan chart for the UK**



**4.5** OBR are careful to stress that there are major uncertainties around future economic growth. Figure 4.1 therefore shows the outcomes that might arise over the medium term, with each coloured area containing a 10% probability distribution.

**4.6** Scotland's economy has also moved out of recession but recovery has been faltering in recent months. Both Fraser of Allander Institute and Ernst and Young forecast (see Table 4.2) that Scotland's economy will grow at a slower rate than either predicted last summer. This reflects a mix of factors including the fact that public spending cuts are likely to have a more severe effect in Scotland, continuing weak consumer demand, and sluggish export performance.

**Table 4.2: Forecasts for Scottish Economic Growth**

	2009	2010	2011	2012	2013	2014	2015
Ernst and Young ITEM Club: GVA	-4.4	1.1	2.2	2.4	3.1	3.0	2.2
Fraser of Allander Institute: GVA	-4.9	1.0	1.1	1.6	1.9	NA	NA

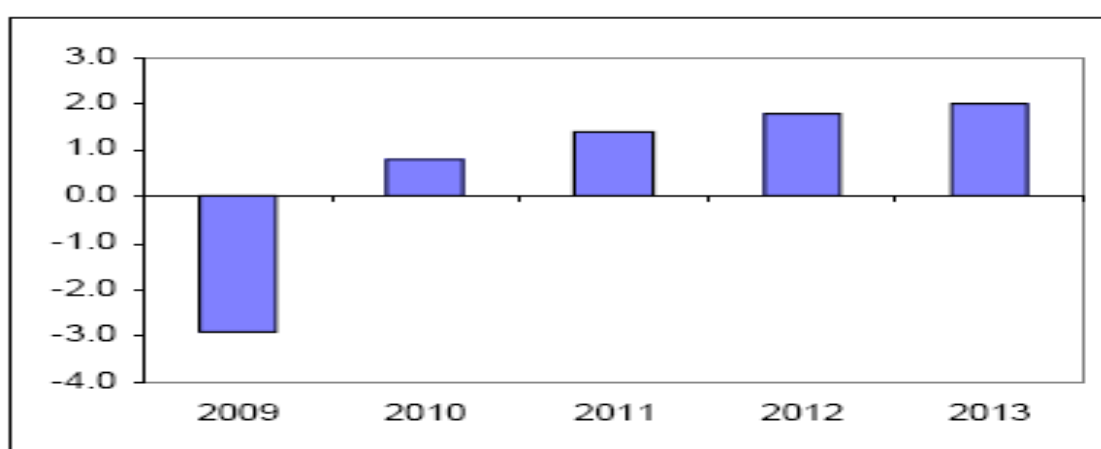
Source: Ernst & Young Scottish ITEM Economic Forecasts for 2011  
The Fraser of Allander Institute Economic Commentary March 2011

**4.7** At the end of 2010 the Chief Economic Adviser<sup>34</sup> also reported that the latest independent forecasts predict only a modest recovery in Scottish GDP, with GDP expected to grow by around 2% in 2011.

**4.8** At the local economy level, Mackay Consultants (figure 4.2) suggest the North East economy will grow by 1.4% in 2011, 1.8% in 2012 and 2.0% in 2013. These rates are higher than these consultants forecast for Scotland as a whole.

**4.9** Mackay observes that world oil and gas prices have a major influence on the North East economy but are very difficult to predict. In spite of this qualification, the upward direction in economic growth gives additional reason for optimism for the economic future in the area.

**Figure 4.2: North East GDP growth for the period to 2013**



Source: North East Scotland Monthly Economic Report, Mackay Consultants, October 2010

**4.10** Mackay Consultants (2010)<sup>35</sup> and Oxford Economics (2009)<sup>36</sup> offer contrasting views on Aberdeen City and Aberdeenshire's growth prospects which are outlined in Table 4.3 and Table 4.4.

**Table 4.3: Aberdeenshire Economic Growth Forecast**

	2009	2010	2011	2012
Oxford Economics/Slims(March 2009)	-2.5	+0.9	+2.5	+3.1
Mackay (2010)	-3.2	+0.5	+1.3	+1.8

Source: North East Scotland Monthly Economic Report, Mackay Consultants, October 2010 and Scottish Enterprise Aberdeen City & Shire Economic Review March 2009

**Table 4.4: Aberdeen City Economic Growth Forecast**

	2009	2010	2011	2012
Oxford Economics/Slims (March 2009)	-2.8	+0.1	+1.6	+2.1
Mackay (2010)	-2.7	+0.9	+1.4	+1.8

Source: North East Scotland Monthly Economic Report, Mackay Consultants, Feb 2010 and Scottish Enterprise Aberdeen City & Shire Economic Review March 2009

<sup>34</sup> State of the Economy Presentation' November 2010, Office of the Chief Economic Adviser, Scottish Government (2010)

<sup>35</sup> North East Scotland Monthly Economic Report, Mackay Consultants, 2010.

<sup>36</sup> Aberdeen City and Shire Economic Review, Slims/Oxford Economics, (March 2009)

## Labour market prospects

**4.11** In comparison to previous recessions the labour market across the UK displayed considerable resilience during the recession but forecasts suggest this is beginning to peter out. OBR forecasts suggest that unemployment will continue to move upwards during 2011 because of subdued recruitment in the private sector and increased redundancies in the public sector.

**4.12** Looking further ahead to 2015, OBR forecasts shown in Table 4.5 indicate there will be a gradual increase in employment over the period but that ILO (International Labour Organisation) rates will not fall back to around 6% until 2015. OBR also anticipate growth in average earnings will remain modest until 2013.

**Table 4.5: UK Labour market forecasts 2009-2015**

	2009	2010	2011	2012	2013	2014	2015
Employment (millions)	29.0	29.0	29.1	29.3	29.6	29.8	30.1
Average earnings	1.8	2.3	2.2	2.4	3.8	4.4	4.4
ILO unemployment (% rate)	7.6	7.9	8.0	7.7	7.2	6.7	6.1
Claimant count (millions)	1.53	1.50	1.51	1.44	1.34	1.24	1.14

Source: ONS, OBR 2010

**4.13** Although other forecasters expect the expansion of private sector jobs to offset public sector job cuts this transition may take longer than OBR anticipate, not least because there are significant mismatches in terms of the location and skills of the two sectors. High-level figures also mask an increase in long-term unemployment and an increase in unemployment amongst young adults entering the labour market. These factors combined with the gradual increase in the UK workforce are some of the reasons why unemployment rates for the UK are likely to remain higher than pre-recession levels in the period to 2015.

**4.14** Against this UK wide background, forecasters anticipate little net employment growth in Scotland until 2013 at the earliest. Although employment trends usually lag economic growth during a period of recover, worryingly, Ernst and Young suggest their upbeat forecasts of growth for the Scottish economy will not translate into substantial employment growth in the period to 2015. They forecast that only 80,000 additional jobs may be created across Scotland by 2015 and that employment rates may not recover to pre-recession level until the 2020s. Whether these forecasts are correct will depend on the extent to which the public sector shed jobs and the extent to which private sector employment expands.

**Table 4.6: Unemployment Forecasts for Scotland: % working age population**

		2009	2010	2011	2012	2013	2014	2015
Ernst and Young ITEM Club	Claimant Count	4.5	5.0	5.2	5.1	4.8	4.7	4.6
	ILO based	7.8	8.0	8.8	8.4	7.9	NA	NA
Fraser of Allander Institute	Claimant Count	5.0	4.9	5.3	5.0	4.7	NA	NA

Source: Ernst & Young Scottish ITEM Club Economic Forecasts 2011  
The Fraser of Allander Institute Economic Commentary March 2011

## ***Economic prospects for oil and gas sector***

**4.15** As noted in Chapter 2 the fortunes of the local economy are closely intertwined with the oil and gas industry. Since the latter half of 2009 global oil prices have been rising - up from \$43.38 in January 2009 to just over \$100 in February 2011.

Although the performance of the oil and gas sector has not crowded out the effects of the recession, the recovery of oil prices has helped to stave off more redundancies in the oil and gas sector than may otherwise have occurred. This has also boosted employment in other sectors, including sectors of the economy that benefit from expenditure by industries and individuals working in the oil and gas sector.

**4.16** The oil and gas survey, published by Aberdeen and Grampian Chamber of Commerce November 2010 revealed that 60 per cent of operating companies and 89 per cent of contract companies are now seeking to hire more staff.

**4.17** The oil and gas industry is difficult to assess because it is fragmented across different statistical sectors. However, the Oil and Gas UK's 2010<sup>37</sup> survey confirms there is optimism about future investment in the UK Continental Shelf (UKCS). UK Oil & Gas estimates indicate there could be £70 billion of new capital invested in the North Sea over the next 10 years in response to improved oil prices and technological developments that have made it economically feasible to extract previously hard-to-reach reservoirs of "heavy crude".

**4.18** Future investment in the sector suggests that medium to long-term employment prospects for Aberdeen City and Aberdeenshire will remain strong and that in the period to 2015 and beyond, the local economy will continue to remain one of the most strongly performing local economies in the UK.

Prospects for Aberdeen City and Aberdeenshire labour market

**4.19** Although timely labour market forecasts for Aberdeen City and Aberdeenshire are not available, a recent report<sup>38</sup> on the UK cities best placed to create jobs and drive economic recovery identified Aberdeen City as one of 5 UK cities 'to watch'.

**Table 4.7 Cities Outlook 2011: Annual index**

City	Claimant count Nov 2010	Employment rate Jul 2009- Jun 2010	Potential job losses in public sector by 2014/15	Residents with high level qualifications 2009	Business stock per 10,000 population 2009
Aberdeen	2.2% (3/64)	78.5 (2/63)	1.0% (59/63)	41.4% (4/64)	341.2 (8/64)
Bristol	2.8% (13/64)	74.2% (11/63)	1.5% (40/63)	33.2% (14/64)	313.3 (15/64)
Leeds	4.1% (35/64)	70.4% (25/63)	1.5% (37/63)	30.9% (15/64)	269.5 (33/64)
Milton Keynes	3.5% (23/64)	72.5 (14/63)	0.8% (62/63)	33.7% (12/64)	379.0 (4/64)
Reading	2.2% (3/64)	76.2% (6/63)	1.1% (55/63)	37.9% (9/64)	371.0 (5/64)
GB average	3.5%	70.4%	N/A	29.9%	334.7

Centre for Cities 2011

<http://www.centreforcities.org/cities-outlook-2011-annual-index-reveals-uk-cities-best-placed-to-create-jobs-and-drive-economic-recovery.html>

<sup>37</sup>Oil and Gas UK Activity Survey (2010).

<sup>38</sup> Cities Outlook 2011: Annual Index, Centre for Cities 2011

**4.20** These five towns (which are listed in Table 4.7) were assessed to:

- Be better insulated from the economic impact of the public spending squeeze
- Have a lower vulnerability to public sector job losses
- Have a high potential to create private sector jobs.

**4.21** The positive assessment for the local economy centred on Aberdeen is supported by work carried out by Experian<sup>39</sup>. Their recent study identified Aberdeen City and Aberdeenshire as the most economically resilient part of Scotland and that the local economy is performing well when compared with the rest of the UK. Experian's analysis was based on a 'resilience ranking' of factors such as business start-up rates, insolvency rates and the proportions of the economy vulnerable or resilient to the economic recession and its aftermath. Experian ranked Aberdeenshire (1/32) and Aberdeen City (2/32) as the most economically resilient out of the 32 local authority areas in Scotland. In addition, the two local authority areas were ranked 20th and 56th out of 356 in the UK.

**4.22** The findings above support and reinforce perceptions that employment growth in Aberdeen City and Aberdeenshire will exceed rates for Scotland and the UK as a whole and that local rates of unemployment will remain low in the period to 2015 and beyond.

**4.23** In 2007 Aberdeen City and Shire Economic Future (ACSEF) issued 'Building on Energy: The Economic Manifesto for Aberdeen City and Shire'<sup>40</sup> which set out an action plan for the growth and diversification of Aberdeen City and Aberdeenshire's economy up to 2025. Aside from maintaining the energy industry at 40,000 employees, the manifesto promoted the need to establish Aberdeen City and Aberdeenshire as a global centre of excellence for all-energy development.

**4.24** In October 2010 ACSEF announced plans to "facilitate over £1.5 billion in investment in the next 15 to 20 years which will safeguard and create thousands of jobs. The plan seeks to deliver key actions around the priorities of improving transport, maximising intellectual capital, developing, retaining and attracting skilled people, anchoring a global oil and gas industry, stream-lining the planning process, redeveloping the city centre and attracting more corporate head-quarters.

### ***Government spending review and welfare reforms***

**4.25** In October 2010 the UK set out its spending plans for the 4 years from 2011/12 to 2014/5. This includes the block allocation to the Scottish Government. The plan is to cut UK public spending by £80 billion, equivalent to 6% of UK GDP, by 2014-15. The spending plans will require most UK government departments and the Scottish Government to make the deepest cuts for at least 65 years. These cuts alongside tax changes and welfare benefit reforms are intended to reduce the UK deficit and provide the stability the private sector needs to expand and create new jobs.

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<sup>39</sup> Aberdeen City and Shire SDPA Bulletin- December 2010

<sup>40</sup> <http://www.acsef.co.uk/infoPage.cfm?pageID=2>

**4.26** The Comprehensive Spending Review (CSR) confirmed particularly sharp reductions in capital expenditure for housing and other building and infrastructure projects. The budget also confirmed measures to reduce housing benefit and other welfare benefit expenditure by some £18 billion over the 4 years, most of which were announced in the emergency budget of June 2010. These welfare reforms will primarily affect families and other households of working age.

**4.27** In terms of Scotland's block allocation, the CSR points to a real reduction in resource spending of almost 11% and a real reduction in capital spending of 36% by 2014-15. The steep reduction in capital expenditure for Scotland reflects the Barnett consequential of the decision by the UK Government to impose steep cuts in social housing and schools in England.

### ***Housing and Regeneration Budget***

**4.28** The Scottish Government spending plans for 2011/12 indicate that the Housing and Regeneration Budget will fall by some £96 million to £392<sup>41</sup> million. Other evidence<sup>42</sup> published at the end of January 2011, points to further reductions in the Housing and Regeneration Budget in the period to 2015.

**4.29** In response to the CSR reduction in capital expenditure, the Scottish Government announced it is changing the way it will invest in housing in order to lever in far more resources from other sources, including private finance<sup>43</sup>.

The Innovation and Investment Fund and other new funding approaches

**4.30** In February 2011 the Scottish Government announced a £50 million Innovation and Investment Fund. This fund, which is to be allocated following a competitive bidding process, has been divided into three funding streams:

- £20 million will be for council house building (social rent);
- £20 million will be for RSL building (primarily for social rent but can include other elements of affordable housing);
- £10 million for new and innovative affordable housing across all tenures which will be open to all providers, including the private sector.

**4.31** These proposals apply to 2011-12 only and assume maximum subsidies of £30,000 for councils and £40,000 RSLs. Moreover, grant funds will only be paid upon completion of the relevant developments, which is a major change to the current grant draw down process for RSLs. In terms of the £10 million innovation programme, there is an expectation that proposals must demonstrate significantly better value for money for the Scottish Government than achievable on a like-for-like basis by other means (including council and RSL subsidies).

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<sup>41</sup> Scotland's Budget Documents 2011-12: Budget (Scotland) Bill Supporting Document for the year ending 31 March 2012

<sup>42</sup> <http://www.scotland.gov.uk/Topics/Government/Finance/18127/BudgetFigs2012-15>

<sup>43</sup> <http://www.scotland.gov.uk/Publications/2011/02/03132933/3>: Homes fit for 21<sup>st</sup> Century



**4.32** The Scottish Government has also announced £16 million investment to expand shared equity and support infrastructure investment. Some £10 million will be allocated to the “House building Infrastructure Fund”, £3 million to the “Open Market Shared Equity Scheme” and £3 million to the “New Supply Shared Equity with Developers Scheme”.

**4.33** Other Scottish Government Plans to secure investment in housing include the expansion of the National Housing Trust model to deliver a greater number of homes for intermediate rent. They also include commitments to explore the potential for RSLs to access institutional investment through mechanisms such as a Scottish Housing Bond and to reform Stamp Duty to encourage new investment in the private rented sector.

**4.34** None of these possible avenues outlined by the Scottish Government are likely to deliver major investment in the short term. The scale of the capital expenditure cuts along with changes in the Scottish Government approach to funding new housing provision will pose major challenges for RSLs and local authorities in terms of building new affordable housing in the period to 2015 at least. Moreover, these national policy decisions will have long reaching implications for the dynamics of the housing system and the provision of affordable housing supply into the 2020s. At this stage however, it is very difficult to know what these changes might look like.

### ***Housing Benefit and wider welfare reforms***

**4.35** As noted above the CSR confirmed measures to reduce housing benefit and other welfare benefit expenditure. As noted in Chapter 3, the housing benefit entitlement for private tenants will be based on local rents at the 30th percentile instead of the 50th percentile and the age threshold for the shared room rate will rise from 25 to 35 years<sup>44</sup>. In addition, both social and private tenants will also be subject to an increase in non-dependency deductions

**4.36** Other longer-term measures that will require primary legislation include plans to restrict HB for working age social rented tenants that under-occupy their home and to uprate LHA rates by CPI as opposed to RPI from 2013/14.

**4.37** These longer-term measures are linked to the Coalition Government’s plans to introduce a ‘Universal Credit’ from 2013 to replace most in work and out of work benefits for people of working age. The aim is to transfer all existing claimants onto the new system by October 2017. The key features of the proposed Universal Credit are:

- The adaptation of a single ‘taper’ of £0.65 per pound for the withdrawal of the Credit to remove the need for most people to transfer from one set of benefits to another as their employment situation changes.
- Setting an upper limit to the amount of benefit that can be claimed by working age except for households in receipt of Disability Living Allowance or War Widows Benefit or families on working tax credit. This weekly cap would be

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<sup>44</sup> A number of other changes to the LHA will take place including the restriction of the LHA rate for larger dwellings to the 30<sup>th</sup> percentile for 4+bedroom dwellings.

around £500 for a household with children and £350 for single person household, including assistance with housing related costs and child benefit. The stated purpose of the cap is to ensure that no household could receive more in welfare than net median earnings.

- The requirement for households claiming a credit to enter a contract based on one of four levels of conditionality, ranging from 'full conditionality' for jobseekers to 'no conditionality' for claimants such as carers and lone parents with a child under the age of one. Those on full conditionality contracts would be required to participate in mandatory work programmes and would face financial sanctions for non-compliance, which could lead to a loss of benefit for up to 3 years. In the case of couples, conditionality will apply to both partners individually.
- The use of the Consumer Price Index (CPI) to uprate all benefits from 2013.

**4.38** The Universal Credit is to be accompanied by a new Citizen's Pension for people retiring from 2015 onwards but plans for this pension and how low-income pensioners would be assisted to meet their housing costs remain unclear. As DWP acknowledge, details of how housing costs and other key elements of the Universal Credit system will work remain to be answered.

**4.39** An impact assessment of the planned HB reforms published by the Scottish Government in January 2011 reported that the move to the 30th percentile will affect most private renters in receipt of housing benefit. Whilst the Scottish Government concede that the impact of this change could be partly offset by landlords choosing to lower their rents, they stress that many landlords may have borrowing and other commitments that limit their capacity or willingness to lower rents.

**4.40** Over the long term the proposed change to CPI could have a severe impact. Work by CIH suggests that if rents were to rise in line with earnings an increasing small share of private rents would be accessible by those in receipt of Housing Benefit. Although the study is necessary based on some simplifying assumptions it suggests that in some instances less than 10% of private lets may be 'affordable' for HB claimants within 10 years.

**4.41** Finally the plan to restrict housing benefit for those "under-occupying" could, according to the Scottish Government, potentially impact on up to 110,000 households in Scotland. However, it is difficult to know what the actual figure will be. Much depends of the definition of under-occupation applied and the extent to which the UK Government will be prepared to make allowance for the fact that demand for smaller accommodation will outstrip supply.

## Population and Household Forecasts

### Local strategic demographic forecasts<sup>45</sup>

**4.42** The following discussion draws on our 2008-based population and household strategic forecasts for Aberdeen City and Aberdeenshire, which build on the GROS 2008 based population and household projections. The local strategic forecasts apply somewhat different migration assumptions from those used by GRO. These assumptions were produced in consultation with planning teams, other public bodies and other stakeholders through the Strategic Housing Market Partnership (SHMP). Essentially it is assumed that the historically very high rates of migration from Aberdeen to Aberdeenshire will gradually fall back over the forecast period.

**4.43** The strategic forecasts include a probable forecast plus a low and high economic growth scenario. These scenarios build on local intelligence to make a realistic appraisal of the future direction of demographic trends assuming there are no dramatic policy changes and the recent economic events do not change the overall pace or direction of underlying economic growth in the long term. Likewise, the forecasts do not include aspirational or policy targets which may be set within a development plan context.<sup>46</sup>

**4.44** Following discussions with the SHMP, it was agreed that the probable scenario projections are the most realistic forecasts in light of changes in recent years. These probable projections were used to inform the central estimate of net annual need discussed in Chapter 6.

### Population forecasts

**4.45** The population for Aberdeen City and Aberdeenshire is forecast to increase from 451,860 in 2008 to 498,438 in 2033, which is an increase of 10.3%. This trend is mirrored in both the Aberdeen HMAs with an 11% increase and Rural HMA with an increase of 8.65%. As Table 4.8 indicates, the population of Aberdeen (11%) is expected to grow at a faster rate than the population of Aberdeenshire (9.6%).

**4.46** The probable growth scenario from the projections follows the same upwards trend as in the previous HNDA. One of the main differences is between the predictions for Aberdeen and Aberdeenshire. The projections expect that the levels of migration between Aberdeen and Aberdeenshire will continue at the same rate and population will grow by 11% in Aberdeen and will grow by 9.6% in Aberdeenshire compared to 6.3% and 10.9% respectively in the previous HNDA.

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<sup>45</sup> The figures in this chapter for population and household projections are based on GROS projections for 2010 (2008 based) whereas the population and household figures used in Charter 2 are GROS estimate current figures for 2009. Therefore the base figures in this chapter for population and household projections are based on the revised 2008-based population and household projections for Aberdeen City and Shire.

<sup>46</sup> For more information on the methodology for the population and household forecasts please refer to the Revised 2008-based population and household projections for Aberdeen City and Shire Population at <http://www.aberdeencity.gov.uk/nmsruntime/saveasdialog.asp?IID=30608&SID=3365>

**Table 4.8: Population Forecasts**

	Aberdeen City	Aberdeenshire	Aberdeen City and Aberdeenshire	Aberdeen HMA	Rural Area
2008	210,400	241,460	451,860	320,506	131,354
2013	214,443	248,413	462,856	328,025	134,831
2018	219,126	254,146	473,272	335,574	137,697
2023	224,317	259,059	483,376	343,222	140,154
2028	229,262	262,712	491,974	350,140	141,834
2033	233,796	264,642	498,438	355,716	142,722
% Change	11%	9.60%	10.30%	11%	8.65%

*Revised 2008-based population and household projections for Aberdeen City and Shire*

### **Population forecasts by age group**

**4.47** Table 4.9 below identifies the population forecasts split by age group for Aberdeen City and Aberdeenshire, and the Aberdeen HMA and Rural areas. This shows:

- Changes in the age structure of the population are forecast to be generally in line with Scotland. The only difference being a decrease in the 25-29 age group of 3.2% in Aberdeen City and Aberdeenshire compared to a decrease of 3.6% in Scotland as a whole. The population is aging at a faster rate than Scotland. There is significant increase in the 65-74 age group (64%), compared to 10.3% in Scotland. There is also significantly faster growth in the 75-84 in Aberdeen City and Aberdeenshire compared to Scotland.
- Within the Aberdeen HMA there is projected to be significant increases in the over 65 age group. In the Rural HMA there is an even more significant increase in the age groups of 65 years and over.
- At local authority level an ageing population has been projected for both Aberdeen and Aberdeenshire, especially in the over 85+ age group. In Aberdeenshire, a larger increase in the 65+ age groups is projected compared to Aberdeen
- Although the population forecasts by age group shows an ageing population other age groups at local authority level show a contrasting picture. Those in the working age group (16 - 64 years old) are projected to increase in Aberdeen City over the period but to decrease in Aberdeenshire. So although the projected figures for Aberdeen City and Aberdeenshire show an overall decrease in the working age population, in the City this is not the predicted scenario.

**Table 4.9: Population Forecasts by Age Group**

<b>Aberdeen City</b>	<b>2008</b>	<b>2033</b>	<b>% Change</b>	<b>Aberdeenshire</b>	<b>2008</b>	<b>2033</b>	<b>% Change</b>
PERSONS				PERSONS			
All Ages	210,400	233,796	11%	All Ages	241,460	264,642	9.6%
0-15	33,100	37,812	14.2%	0-15	46,335	42,042	-9.3%
16-24	28,732	28,734	0%	16-24	24,399	21,847	-10.5%
25-29	18,801	18,189	-3.3%	25-29	10,985	11,351	-3.3%
30-34	14,808	16,555	11.8%	30-34	12544	12203	-2.7%
35-49	45,320	49,634	9.5%	35-49	57597	48694	-15.5%
50-64	37,444	37,450	0%	50-64	51328	49423	-3.7%
65-74	16,566	21,803	31.6%	65-74	21087	35793	69.7%
75-84	11,712	15,404	31.5	75-84	12631	26327	113%
85+	3,917	8,217	109.8%	85+	4554	16962	272.5%
<b>AHMA</b>	<b>2008</b>	<b>2033</b>	<b>% Change</b>	<b>RHMA</b>	<b>2008</b>	<b>2033</b>	<b>% Change</b>
PERSONS				PERSONS			
All Ages	320506	355716	11%	All Ages	131354	142722	8.65%
0-15	54229	56699	4.5%	0-15	25206	23155	-8.1%
16-24	39858	38571	-3.2%	16-24	13273	12010	-9.5%
25-29	23810	23361	-1.9%	25-29	5976	6179	3.4%
30-34	20528	22038	7.4%	30-34	6824	6719	-1.5%
35-49	71584	71553	0%	35-49	31333	26774	-14.5%
50-64	60850	59536	-2.2%	50-64	27922	27336	-2.1%
65-74	26182	38940	48.7%	65-74	11471	18655	62.6%
75-84	17472	28235	61.6%	75-84	6871	13496	96.5%
85+	5994	16782	180%	85+	2477	8397	239%

*Revised 2008-based population and household projections for Aberdeen City and Shire*

### Future household trends

**4.48** Table 4.10 below demonstrates the forecast changes in the number of households in the Aberdeen HMA and rural areas. It shows:

- The number of households in Aberdeenshire is forecast to increase at a faster rate than in Aberdeen, at 25.4% increase compared to a 23.7%.
- The overall number of households in Aberdeenshire is expected to be approximately the same as in Aberdeen by 2033.
- The number of householder in the Aberdeen HMA and the Rural area will increase by 25.6% and 21.9% respectively.

**Table 4.10: Household Forecasts**

	Aberdeen City	Aberdeenshire	Aberdeen City and Aberdeenshire	Aberdeen HMA	Rural Area
2008	102900	101520	204420	147163	57257
2013	107826	107366	215191	155011	60180
2018	113075	113106	226181	163131	63050
2023	117607	118395	236002	170307	65695
2028	122161	123169	245330	177439	67891
2033	127337	127317	254653	184855	69799
% Change 2008 - 2031	23.7%	25.4%	24.6%	25.6%	21.9%

*Revised 2008-based population and household projections for Aberdeen City and Shire*

**4.49** These projections show a slight increase in household numbers in Aberdeen and a slight decrease for Aberdeenshire when compared to the previous HNDA projections. Further analysis of the household projections is shown below (Table 4.11) by looking at the age structure and household types projections to give an indication of house type requirements for the future.

### ***Changes in age structure of households***

**4.50** Over the forecast period the age of heads of household as shown in the table, indicate that there will be significant changes. Some of these are:

- Within Aberdeen City and Aberdeenshire there is an expected increase of 20.8 % in the 16-29 year old households.
- In Aberdeen City and Aberdeenshire there will be a significant 57.3% increase in the number of households aged 60+.
- The Aberdeen HMA projections are mainly in line with the Aberdeen City and Aberdeenshire projections. The main difference is the Aberdeen HMA showing a projected increase of 20% in the 30-44 age group, compared to the City and Aberdeenshire projected increase of 12.7%
- In contrast, the projection for the Rural Area differs significantly from both the City and Aberdeenshire and the Scottish projections for the period.
- The Rural Area projections show little projected increase in the 16-29 age group (3.2%)
- The most significant projected trend is the increase in the 30-44 and the 45-59 year old age groups who are most associated with work age families. These are projected to decrease by 6.2% and 6.1% respectively in the Rural Area.
- In the 60+ age group it is projected that there will be a 68.5 increase in the Rural Area.

**Table 4.11: Age Structure of Heads of Households**

	2008	2033	Change	% Change		2008	2033	Change	% Change
<b>Aberdeen City</b>					<b>Aberdeenshire</b>				
16-29	18994	24160	5165	27.2%	16-29	7222	7501	279	3.9%
30-44	28432	37620	9188	32.3%	30-44	27343	25255	-2088	-7.6%
45-59	26516	29543	3028	11.4%	45-59	31329	29002	-2327	-7.4%
60+	28958	36014	7056	24.4%	60+	35626	65558	29932	84.0%
Total	102900	127337	24437	23.7%	Total	101520	127317	25797	25.4%
	2008	2033	Change	% Change		2008	2033	Change	% Change
<b>Aberdeen City &amp; Aberdeenshire</b>					<b>AHMA</b>				
16-29	26216	31661	5445	20.8%	16-29	22143	27459	5316	24.0%
30-44	55775	62875	7100	12.7%	30-44	40354	48414	8060	20.0%
45-59	57845	58545	700	1.2%	45-59	40175	41946	1771	4.4%
60+	64583	101572	36989	57.3%	60+	44490	67710	23220	52.2%
Total	204420	254653	50233	24.6%	Total	147163	185530	38367	26.1%
	2008	2033	Change	% Change		2008	2033	Change	% Change
<b>RHMA</b>					<b>Scotland</b>				
16-29	4073	4202	129	3.2%	16-29	279840	326840	47000	16.8%
30-44	15421	14461	-960	-6.2%	30-44	628710	679500	50790	8.1%
45-59	17670	16599	-1071	-6.1%	45-59	640110	653470	13360	2.1%
60+	20093	33862	13769	68.5%	60+	782580	1152700	370120	47.3%
Total	57257	69124	11867	20.7%	Total	2331240	2812510	481270	20.6%

*Revised 2008-based population and household projections for Aberdeen City and Shire*

**4.51** The projected figures have an impact on the HNDA in that the type of house requirements needs to reflect the need for smaller house types, suitable for younger and older forming households in the two housing marketing areas.

- Another significant projection is that the age of the households in the Rural Area shows a slight increase in demand in the 16-29 year old age group but that there may be a decrease in the demand for family type houses in the area.
- In the Rural Area there will be an increased demand for housing and housing support service from those in the 60+ age group. There are similar issues in both Aberdeen City and the Aberdeen HMA.
- Younger forming households may indicate a future need for smaller sized housing.

### **Changes in household type**

**4.52** Households are classified in terms of their composition, i.e. the number of adults and children in a household. The relationship between persons in the household has not been distinguished. Table 4.12 projects broad changes in household types in Aberdeen City and Aberdeenshire compared to Scotland, which shows that area is following national trends and there are significant increases in smaller households, both 1 and 2 person households and decreases in larger households in the projected period of 2008-2033.

**Table 4.12: Projected percentage change of households of each type, between 2008 and 2033**

	1 Adult	2 Person Households	3+ Person Households
Scotland	49%	27%	-21%
Aberdeen City	56%	16%	-17%
Aberdeenshire	72%	35%	-26%
Aberdeen City and Aberdeenshire	62%	27%	-22%
AHMA	62%	25%	-22%
Rural Area	62%	33%	-22%

*Revised 2008-based population and household projections for Aberdeen City and Shire*

**4.53** The above table confirms the assumption made previously in this chapter that the future housing type requirements may be for smaller types/ sizes of houses. However if the area is to grow in both an economic and demographic sense there is a need to attract young people and families to the area. If housing is not provided for these types of households it will be more difficult to attract these types of households to the area and this may have an impact on the future growth of the area. These issues will be discussed further in the HNDA.

### ***Implications of drivers for the Aberdeen City and Aberdeenshire Housing System***

**4.54** The continued strong performance of the local economy will support continued growth in the numbers of households living in the Aberdeen HMA and Rural HMA.

#### **Short to medium term implications**

**4.55** In the short term the challenge will be to boost new housing supply rates, particularly in Aberdeen City to meet the continued growth in aggregate demand for housing. Public expenditure constraints mean much of this new supply over the next 3 to 5 years will be in delivered by private developers.

**4.56** The difficulty is that, as discussed in Chapter 3 credit conditions remain tight. As Homes for Scotland recently advised the SHMP, financial institutions remain wary of lending to the property sector and that banking covenants for residential developments are extremely severe. This has reduced the capacity of private developers to secure debt funding to support new construction. Many RSLs across Scotland report similar difficulties. There is no way of knowing how long this situation will remain. There is therefore some risk that the upturn in new housing starts reported in Chapter 3 may not continue apace.

**4.57** Tight mortgage-lending criteria have also contributed to the increase in demand for rented housing in both the social and private rented sectors. In terms of household expectations a significant share of those that have choose to rent or share accommodation are likely to want to become homeowners in the long term.

**4.58** The future trajectory of house prices, household incomes and the financial requirements households must satisfy in order to secure mortgage credit will influence the future tenure mix of the housing market. Looking forward it is difficult to assess with any accuracy how each of these trends might evolve let alone anticipate their combined impact. However, there are signs that a proportion of households in



their 20s and 30s may find it more difficult to achieve their ambitions to become homeowners for some time.

**4.59** In 2010 the Financial Service Authority (FSA)<sup>47</sup> issued a consultation paper that raises issues about how lenders had been operating in the past and outlined proposals to tighten regulation. As the FSA state, it is clear that “the existing regulatory framework had been ineffective in constraining particularly risky lending and unaffordable borrowing”. The FSA consultation, which ended in November sought comments on proposals that would require lenders to:

- Assess a consumer’s ability to repay their mortgage that would involve a detailed assessment of their income and expenditure
- Only lend where the mortgage was assessed to be affordable and income sources had been verified.
- Take account of future interest rate increases, to ensure that, as far as possible, assessments are robust.
- Address concerns around the use of interest-only mortgages where there is no repayment method in place.

**4.60** Early indications are that only some of the above and other proposals outlined by FSA are likely to become part of the regulatory procedures adopted by the FSA. That said it seems clear that many consumers will find it more difficult to secure mortgage funding than before the recession, even as the lending sector recovers.

**4.61** Demand for private renting across the Aberdeen HMA and the Rural HMA is likely to rise in the period to 2015. In part this is because of the growing barriers consumers face to securing access the two other main tenures. In the case of the Aberdeen HMA it also because some households welcome the flexibility that private renting offers. In parts of the Rural HMA this is because the sector has long played a pivotal role in providing a long – term permanent housing solution for local residents.

**4.62** In recent months there has been Government discussion of a need for a shift towards large-scale landlords that can raise money through pension funds and other financial institutions. However, it is difficult to see why large-scale players would wish to enter a market where prospects for making a capital return on investment will remain low for some years. Aside from areas of Aberdeen City and Aberdeenshire where large scale landlords already operate, small scale landlords will remain the norm.

**4.63** Private rental supply will continue to depend on the willingness of banks to lend. Individuals seeking to become a private landlord or that want to expand their portfolio need to be able to demonstrate that their rental income stream is sustainable. There is therefore a clear risk that the UK Government plans to reduce HB paid to households renting from a private landlord may see more landlords choosing to avoid renting to tenants claiming housing benefit.

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<sup>47</sup> Mortgage Market Review: Responsible Lending

**4.64** Looking across Aberdeen City and Aberdeenshire, the risk of this occurring seems strongest in Aberdeen where there remains high demand from students, recent graduates and other mobile households relative to supply. On the other hand, the benefit cuts are likely to have a proportionately greater impact in Aberdeenshire. This is partly because, as discussed in Chapter 3, higher proportions of private renters currently rely on housing benefit. Households in the Rural HMA that have their housing benefit restricted may have limited capacity to move because of the shortage of rented properties.

**4.65** In recent years the private rented sector has played a valuable role in absorbing households at risk of homelessness and has helped to limit the growth in the numbers of households seeking social rented housing.

**4.66** The HB reforms are likely to have a detrimental impact on the ability of councils to secure temporary accommodation for households that have applied as homeless. This may well place more pressure on both councils to use a greater share of their housing stock for temporary accommodation for homeless households. This in turn would have a knock on impact in terms of growing housing need amongst those seeking rehousing through the waiting list.

### **Long-term implications**

**4.67** One of the most important issues facing Aberdeen City and Aberdeenshire is the extent of future aggregate demand for housing. Available evidence all points to continued strong growth in the requirement for housing over the next decade and beyond.

**4.68** Firstly, increasing longevity means that more households are living into old age which adds to the total volume of housing required. Second, an increasing number of people live alone or in small households. In the short term, weaker employment prospects for those looking to join the labour market and the local shortage of rented housing may encourage some adults in their teens and twenties to delay household formation. However, any such impact is unlikely to continue over the long term. Thirdly, although net inward migration is like to be lower than during the noughties, the strong performance of the local economy supports current projections of continued net-inward migration to the area.

**4.69** In terms of the projected long-term changes to the profile of households, the evidence presented earlier in this chapter provides some important insights into the likely mix of housing which may be required in the future.

**4.70** Over the next decade and beyond there is likely to be growth in absolute terms of households aged 30–59. This household age group represents the age-band most likely to represent families and therefore most likely to be looking for family style properties within easy commuting distance of employment.

**4.71** There will also be strong growth in the numbers of single person and couple households between the ages of 60-75. In absolute terms there will be a particularly steep rise in the numbers of households headed by someone between the ages of 60 and 75 over the next 10 to 15 years. As others have observed, this age group may be more willing than previous generations of older people to move house in order to release some assets to help fund their retirement.

**4.72** Looking more broadly, the underlying assumptions behind the moderated population and household strategic forecasts are based on the assumption that there will be a higher level of containment within Aberdeen City.

**4.73** Migration flows out of the city tend to be linked to couples and families seeking good quality, spacious housing in good quality neighbourhood surroundings, including good schools and services. It will therefore be important to provide the types of housing sought by out-migrants in popular neighbourhoods if families and other households are to be convinced to remain within the city.

**4.74** The evidence also suggests that increasing the demand for housing within the City would also be facilitated by the development of housing that is attractive and appealing to older households. In this context, improved understanding of issues regarding the type of residential offer sought by households willing to consider downsizing and the value placed on proximity to services, accessible design and property size would be beneficial. Likewise using the SHMP and planning policy to help ensure the market is aware of the impact of ageing on future patterns of housing demand would be beneficial.

**4.75** Population aging means that there will be a steep rise in the numbers of single person households aged over 80 in the next 20 years. This will, as discussed in Chapter 5, increase the requirement for housing support and adaptations. Compared to working households, older households typically have lower incomes and are required to spend more on fuel. This demographic trend will also have important implications in terms of future policy to alleviate fuel poverty.

**4.76** Table 4.13 below sets out the household forecasts using the revised 2008 based population and household projections for Aberdeen City and Aberdeenshire and provides an average annual housing requirement based on the newly forming households. This would solely meet the requirements of the forecast change in households.

**Table 4.13: Average Annual Housing Requirements**

	<b>Probable</b>
Aberdeen City	1,069
Aberdeenshire	1,120
Aberdeen City & Aberdeenshire	2,189
AHMA	1,557
RHMA	632

*Source: Revised 2008-based population and household projections for Aberdeen City and Shire*

**4.77** The addition of the household projections and housing stock changes provides an indication of the housing requirement in Aberdeen City & Aberdeenshire and the two council areas.

**4.78** Table 4.14 summarises the breakdown of the total housing requirement for the five year periods to 2033.

**Table 4.14: Housing requirements, by five year bands**

	2008/13	2013/18	2018/23	2023/28	2028/33	Total
Aberdeen City	5,386	5,723	4,976	4,999	5,646	26,730
Aberdeenshire	6,317	6,207	5,736	5,197	4,543	28,000
Aberdeen City & Aberdeenshire	11,703	11,930	10,712	10,196	10,189	54,730
AHMA	8,140	8,422	7,440	7,215	7,561	38,778
RHMA	3,563	3,508	3,272	2,981	2,628	15,952

Source: Revised 2008-based population and household projections for Aberdeen City and Shire

## Bringing the Evidence together

**4.79** Unlike other chapters in the HNDA, this chapter is based on projections, forecasts and assumptions about possible future trends. At best these can identify possible future scenarios. However, they cannot be relied upon unthinkingly; the assumptions behind them will be subject to change in the future.

**4.80** “The Scottish housing system: selected economic and social trends” (the Paper) by the Scottish Government Communities Analytical Services issued in February 2011, comes to many of the same conclusions for Scotland as a whole as this chapter has come to for the Aberdeen City and Aberdeenshire area.

**4.81** Available evidence predicts a more buoyant economic recovery, particularly within the local economy operating within Aberdeen City and Aberdeenshire, than was the case 12-15 months ago in the UK. Both the Centre for Cities and Experian reports forecast the Aberdeen City and Aberdeenshire area as more able to sustain growth in the future than the rest of the UK.

**4.82** In particular there has been a sharp improvement in the outlook for the oil and gas industry. Future prospects for other local indigenous industries are also improving and that can only bode well for those in employment and those currently seeking employment.

**4.83** The combined impact of the CSR, the Scottish Government Budget and Welfare Reforms are difficult to assess at this time. Nonetheless it is clear that:

- There will be cuts in public sector employment, although this will have a lower impact on the local economy than elsewhere in Scotland;
- There will inevitably be a reduction in the number of new affordable houses constructed in the period to 2015 and beyond. While it is assumed that the Scottish Government will meet existing commitments to fund new affordable housing, it is doubtful that the new approach to funding (outlined by the Scottish Government in February 2011) will deliver the level of funding required to match the reduction in public spending in the period to 2015. It is simply too early to assess whether much needed new innovation will deliver the levels of investment required after 2015;
- The Paper says there are “significant constraints on the amount of resources that the Scottish Government can make available to assist in addressing these housing pressures, following the UK CSR”.

**4.84** According to the Paper the increasing size of the private rented sector, increasing younger households and affordability issues faced by the households in this sector who are on below average incomes, will be compounded by the looming cuts in housing benefit. This chapter has shown that housing benefit and the wider set of welfare reforms pose major risks to the housing market and all tenants in the area. There is the potential that private landlords, rather than reduce rents, opt out of renting to tenants in receipt of housing benefit. The restrictions to be introduced regarding house sizes for social rented tenants will have an impact on under occupying tenants. Smaller houses may not be available and additional expected demand from reducing household sizes will increase pressure for the provision of smaller house types. As a result of these changes local authorities may not be able to achieve the homelessness targets set by the Scottish Government. As these reforms are introduced over the next couple of years there will be more pressure put on the housing market to meet housing need and the ability of local housing markets to respond to housing demand.

**4.85** The Paper states that there are barriers to those in owner occupation arising from constraints on mortgage finance, particularly for younger households who do not have parental or other support for the higher levels of deposit now required to obtain a mortgage. As shown in this chapter the local housing perspective is that borrowers, and especially first time buyers, will continue to have difficulty obtaining a mortgage. The latest loan restrictions, which take into account the total income and debt assessment of the applicant, may also affect existing homeowners. It is not only future purchasers of houses who are experiencing difficult times in the financial market housing developers and builders are also experiencing stricter borrowing/lending conditions. The situation for developers is not expected to improve in the short to medium term. The above factors are also expected to put additional pressure on the housing market.

**4.86** In relation to population changes the Paper highlights increasing pressure on the housing market from demographic change:

**4.87** smaller households and an increasing population mean greater demand for new housing,

- an ageing population increases the demand for housing support, adaptations, as well as an increased supply of suitable housing.

**4.88** As with the Scottish Government's paper the future population projections for Aberdeen City and Aberdeenshire show that there is an expected increase in the older population and a decrease in the working age population for the overall area. However the decrease in the working age population is confined to Aberdeenshire. The predictions for population growth in this HNDA, compared to the previous HNDA, show an increase in Aberdeen City from 6.3% to 11% and in Aberdeenshire a decrease from 10.9% to 9.6%.

**4.89** Table 4.9 the population by age group, shows that in Aberdeen City there will be a slight change in the composition of working age groups with the exception of the 30-35 age group, which is projected to increase by 7.4%. The greatest population increase is in the 65+ age group, Aberdeenshire being affected more than Aberdeen City. In Aberdeen City it is projected that there will be a decrease of 8.1%

in the 0-15 age group. Evidence suggests that, compared to the previous HNDA projections on population by age, there will be a greater demand on both local authorities for housing services and support than previously thought.

**4.90** The household forecasts during this period show that there will be an increase of 23.7% in Aberdeen City and 25.4% in the Aberdeenshire areas. The previous HNDA predicted an increase of 22.2% and 28.3% respectively. This chapter further analyses the age structure and type of future household projections. The age structure reflects the population projections to some extent. For both Aberdeen City and Aberdeenshire, the greatest increase in the age structure of households occurs in the 19-29 age group and the 60+ age group. As older people are likely to already be housed the main issue is where are the younger age group going to be housed? The most substantial projection is in household types with one adult or two person households predicted to increase by 62% and 27% respectively and a 22% decrease in the three+ person households. Translating the population and household forecasts into housing requirements the figures show there would be a requirement of 34,345 houses between 2008 and 2023 and of 54,730 by 2033 in Aberdeen City and Aberdeenshire.

**4.91** Finally the Paper states “The Scottish housing system has experienced considerable volatility over the past decade. As a result, there are significant challenges facing the housing sector, and housing policy, over the next decade.”

## 5. Housing Requirements of Specific Household Groups

### Introduction

**5.1** This chapter examines the housing requirements of specific household groups in accordance with Scottish Government guidance.

*The research questions that are addressed in this chapter are:*

*To establish the extent and nature of housing need particular to specific household groups*

**5.2** Scottish Government (2008) guidance emphasises the requirement to consider the needs of certain population sub-groups and how their needs might differ from those of the general population. The sub-groups of the population considered in this chapter include the following vulnerable households with particular housing needs.

- Older people;
- People with physical disabilities;
- People with learning difficulties; and
- People with mental health or substance misuse.

**5.3** This chapter also considers the distinctive housing requirements of:

- Families and lone parents;
- Ethnic minority households;
- EU migrant workers;
- Gypsy/Travellers and show people;
- Students;
- Homeless Households including young vulnerable adults, especially those under 18 years leaving care and those households fleeing domestic violence or abuse; and
- Lesbian, Gay, Bisexual and Transgender households.

**5.4** This chapter draws on the findings from several independent studies that are referenced as footnotes throughout the chapter. It also makes use of prevalence<sup>48</sup> rates. The rates for older persons, people with physical disabilities and/or learning disabilities are those detailed in Communities Scotland Local Housing Systems Analysis: Good Practice Guidelines (O'Sullivan et al, 2004) whilst the Alzheimer's Scotland prevalence rate was applied in respect of people with dementia.

**5.5** Prevalence rates only provide a generalised approximation of need and there may be some crossover between the various groups. The Strategic Housing Market Partnership has also highlighted that such rates are not particularly robust for areas

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<sup>48</sup> The percentage of people with a specific requirement/need in the population as a whole

with small and/or more dispersed populations. An important aspect of developing the HNDA in the longer-term will be to improve locally gathered evidence to permit finer grained analysis, especially in the more rural areas of Aberdeenshire.

## Older People

**5.6** Within this section older people are considered to be in the aged group 50 years plus. The rationale for age groups 50 plus to be considered within the HNDA stems from national policy decisions. For example *All our futures: Planning for a Scotland with an Ageing Population* states that for the purpose of the strategy there was to be a focus mainly on, although not exclusively, on the over 50 age group<sup>49</sup>.

**5.7** This section considers the needs of older people, aged 65 years or above with a physical disability, Learning Disability or Mental Health issues. This reflects the Scottish Government's methodology for recording statistical information in relation to the 65 plus age group.

**5.8** The number of older people in Aberdeen City and Aberdeenshire as a proportion of the total combined population aged 50 years or above is projected to rise by 33% from 159,239 to 211,379, an increase of 52,140.

**5.9** Table 5.1 shows the proportion of the combined Aberdeen City and Aberdeenshire population aged 50 years or above is currently 35%. This is projected to increase to 42% by 2033, which is comparable to the rate for Scotland as a whole.

**Table 5.1: Proportion of population aged 50 years and above**

Population aged 50+	2008	2033	Increase
Aberdeen City	69,639	82,874	13,235
% of total population	33%	35%	19%
Aberdeenshire	89,600	128,505	38,905
% of total population	33%	49%	30%
Aberdeen city and Aberdeenshire population	159,239	211,379	52,140
% of total of Aberdeen City and Aberdeenshire population	35%	42%	33%

<sup>49</sup> *All Our Futures: Planning for a Scotland with an ageing population*, Scottish Executive, 2007



**Table 5.2: Numbers older people, 2008-2033 and prevalence of dementia**

Age Group	2008	2023	2033	Number Change	% Change	Age Group	2008	2023	2033	Number Change	% Change
<b>Aberdeen City</b>						<b>Aberdeenshire</b>					
50-64	37,444	39,357	37,450	6	0%	50-64	51,328	55,585	49,423	-1,905	-3.71%
65-74	16,566	20,192	21,803	5,237	32%	65- 74	21,087	31,566	35,793	14,706	69.74%
75-84	11,712	12,778	15,404	3,692	32%	75-84	12,631	20,749	26,327	13,696	108.43%
85+	3,917	6,199	8,217	4,300	110%	85+	4,554	9,850	16,962	12,408	272.47%
Dementia Prevalence Projected* (in 85+)	924	1463	1939	1,015	92%	Dementia Prevalence Projected* (in 85+)	1075	2325	4003	2,928	178%
<b>Aberdeen City and Shire</b>						<b>Aberdeen HMA</b>					
50-64	88,772	94,942	86,873	-1,899	-2.14%	50-64	60,850	66,391	59,536	-1,314	-2.16%
65-74	37,653	51,758	57,595	19,942	52.96%	65-74	26,182	35,047	38,940	12,758	48.73%
75-84	24,343	33,527	41,731	17,388	71.43%	75-84	17,472	22,597	28,235	10,763	61.60%
85+	8,471	16,049	25,179	16,708	197.23%	85+	5,994	10,923	16,782	10,788	179.98%
Dementia Prevalence Projected* (in 85+)	1,999	3,788	5,942	3,943	41.10%	Dementia Prevalence Projected* (in 85+)	1,415	2,578	3,961		
<b>Rural HMA</b>						<b>Scotland</b>					
50-64	27,922	31,551	27,336	-586	-2.10%	50-64	988,160	1,116,820	974,395	-13,765	-1.39%
65-74	11,471	16,711	18,655	7,184	62.63%	65-74	463,364	585,401	685,282	221,918	47.89%
75-84	6,871	10,930	13,496	6,625	96.42%	75-84	292,696	397,313	464,902	172,206	58.83%
85+	2,477	5,125	8,397	5,920	239.00%	85+	100,483	172,730	258,684	158,201	157.44%
Dementia Prevalence Projected* (in 85+)	585	1,210	1,982			Dementia Prevalence Projected* (in 85+)	23,714	40,764	61,049	37,335	41.10%
<p>Source: Strategic Forecasts and GROS 2008 Projections (Scotland)</p> <p>*23.6% of 85+ from Alzheimer's Disease International Factsheet 3 (April 1999)</p>											

**5.10** Table 5.2 also indicates that:

- The rates of increase in the numbers of older people in the two housing market areas is similar for the 50-64 age cohort, however, the 65+ age group in the Rural HMA is set to increase at a far greater rate than Aberdeen HMA and the Scottish rate.
- Aberdeenshire is forecast to have a much greater numeric and proportionate increase in the numbers of older people aged 65+ than Aberdeen City. This is based on the assumption that the resident population currently aged 45-64 years will remain in Aberdeenshire in to retirement as well as a continued in-migration of older people to Aberdeenshire.
- The steep rise in the population aged 85+ years across Aberdeen City and Aberdeenshire, will lead to a corresponding rise in the numbers of people with some degree of dementia.

**5.11** Appendix 6 provides an overview of the older population age group (65+) and the potential growth in terms of housing services, care and support. Medium needs give an indication of the potential demand for housing services such as community alarm and adaptations, whilst high needs shows the potential growth of those who may require more intensive housing support and have particular housing needs. Clearly there will be a requirement to work closely with clients, social work services and the NHS to plan for and appraise the available range of options, including for example extra care housing or intensive home care packages.

**5.12** According to the prevalence based estimates, 636 per 1000 people aged 65+ could require low level preventative/housing support, either in their own homes or in sheltered accommodation. 67 per 1000 people aged 65+ could require higher levels of care, with the rest not requiring any support.

### ***Older person living arrangements***

**5.13** 'Shifting Balance of Care' (SBC<sup>50</sup>), which aims to assist older households and other vulnerable people to live in their own home or a community setting is a central objective of health and community care policy.

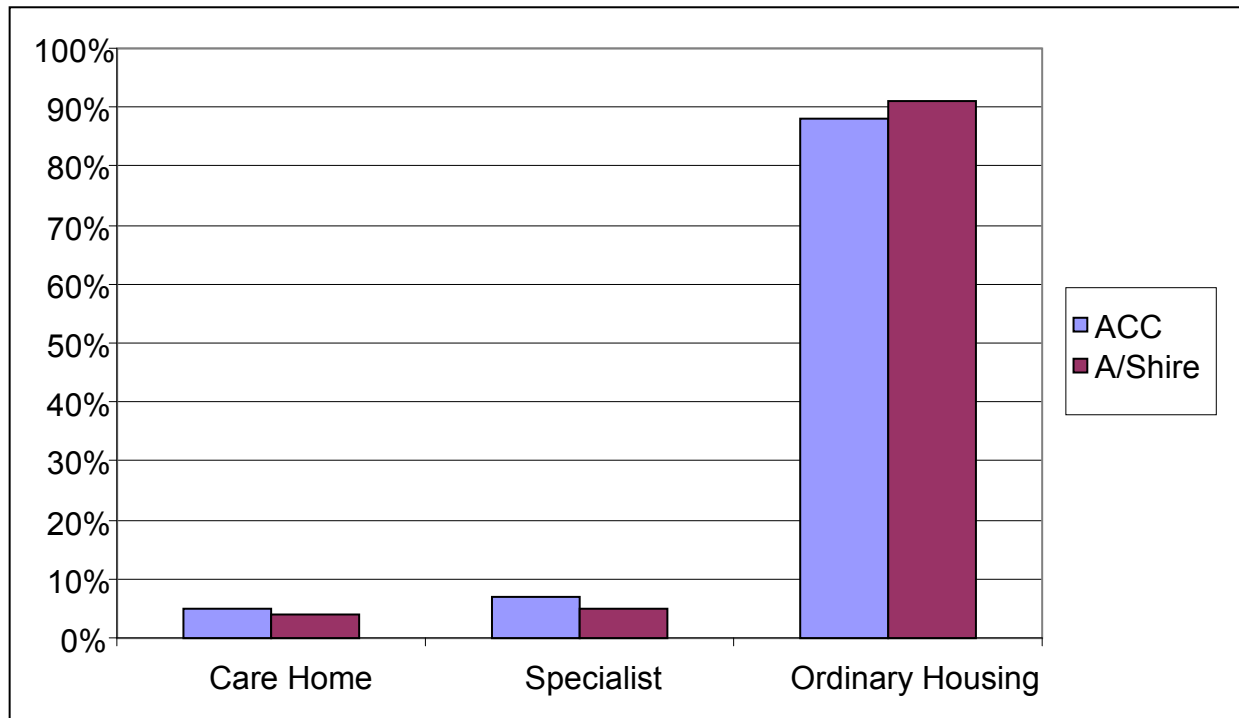
**5.14** Within Scotland in 2001, 90% of older people lived in ordinary housing, 5% within sheltered and very sheltered housing and 5% within Care Homes<sup>51</sup>. This is broadly similar to the profiles in Aberdeen City and Aberdeenshire as shown in Figure 5.1.

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<sup>50</sup> *Shifting Balance of Care' requires a partnership approach from the NHS, Local Authorities and the third sector (www.shiftingthebalance.scot.nhs.uk)*

<sup>51</sup> *Housing for an Ageing Population, DoH, 2007*

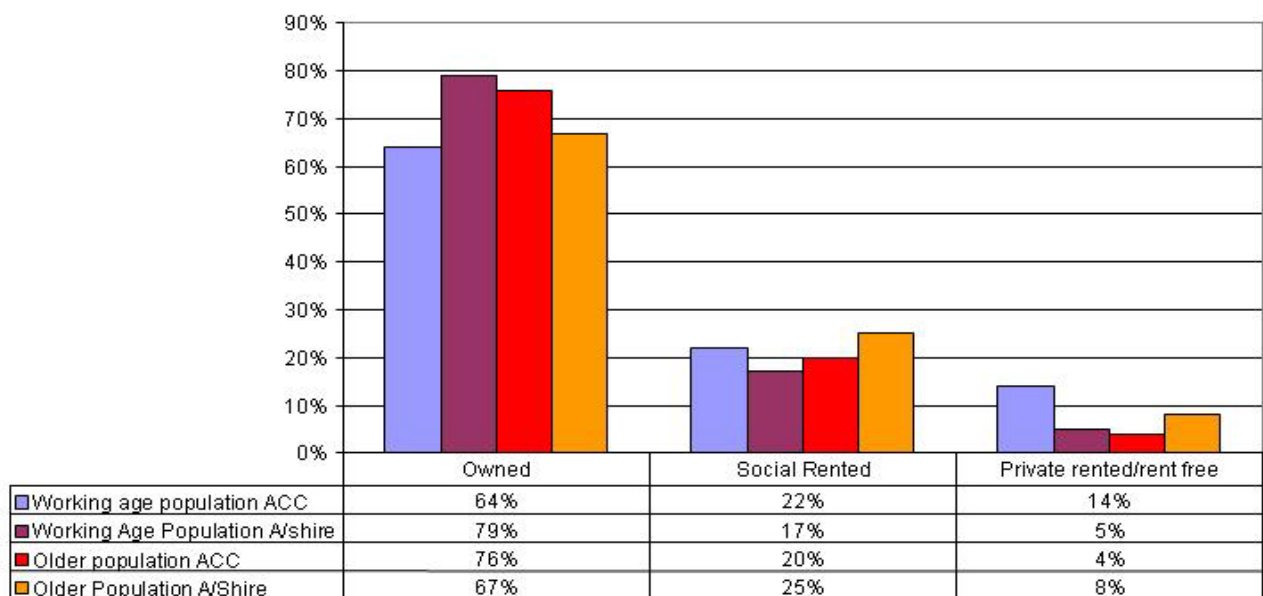
**Figure 5.1: Living Arrangements of Older People in Aberdeen City & Aberdeenshire 2001**



Source: Census 2001

**5.15** Of the older households living in the community, as Figure 5.2 shows, around 7 out of 10 were owner-occupiers and most others were living in general or specialist social rented housing.

**Figure 5.2: Household Tenure of Working Age Population (16-59) and Older People in Aberdeen City and Aberdeenshire**



Source: Census, 2001

**5.16** Scottish Government figures<sup>52</sup> indicate that in line with the 'Shifting Balance of Care' agenda, there has been some fall in the numbers of care home places since 2001. Nonetheless, as Table 5.3 shows, both Aberdeen City and Aberdeenshire continue to have a higher proportion of care home places per 1,000 older people relative to Scotland as a whole.

**Table 5.3: Number of Care Home places per 1000 population aged 65+, March 2010**

	<b>Aberdeen City</b>	<b>Aberdeenshire</b>	<b>Aberdeen City and Aberdeenshire</b>	<b>Scotland</b>
Number of care places March 2000	1,896	2,017	3,913	39,178
Number of care places March 2010	1,709	1,865	3,574	39,150
Change March 2000-2010	-9.8%	-8.0%	-8.6%	-0.01%
Number care home places per 1000 people aged 65+ March 2010	53	49	50	45
<i>Source: Scottish Care Home Census Information, 2010</i>				

**5.17** In Aberdeen City 22.9% of older people with intensive care needs are cared for at home, rather than in care homes or geriatric long-stay hospital compared to 18.6% in Aberdeenshire and 31.7% in Scotland<sup>53</sup>. The continuing policy driven shift away from care home provision will no doubt increase the numbers of older households living in their own home and may increase demand for dwellings that are or can be easily adapted to suit the varying needs of this client group.

### ***Sheltered and Extra Care Housing***

**5.18** Table 5.4 summarises the numbers of specialist housing units in the social rented sector within Aberdeen City and Aberdeenshire. 72% of the 319 very sheltered units are owned by housing associations, 77% of sheltered housing is owned by the two local authorities.

<sup>52</sup> *Health Series: Care Homes, Scotland, 2010*

<sup>53</sup> *Home Care Statistical Returns, 2010*

**Table 5.4: Social Rented Housing Units for Older People, March 2010**

Housing for older people	Aberdeen City	Aberdeenshire	Scotland
Very Sheltered	180	139	5,320
Per 1,000 older people population	4.2	2.6	4.6
Sheltered	2,655	2,078	32,993
Per 1,000 older people population	61.7	38.5	28.2
of which LA wheelchair adapted	179	1,191	1,803
Per 1,000 older people population	4.2	22.1	1.5
Medium dependency	722	69	12795
Per 1,000 older people population	16.8	1.3	10.9
LA Dwellings with community alarm	1,896	2,014	28,317
Per 1,000 older people population	44.1	37.3	24.2

*Source; Scottish Government, housing for older people and those with disabilities Annual S1B Return web tables, 2010<sup>^</sup>*

**5.19** In addition to this social rented provision, there are 510 private sector retirement housing (sheltered housing equivalent) in Aberdeen City and Aberdeenshire, Aberdeen City has 8 developments providing 322 flats and Aberdeenshire has 3 developments providing 188 flats<sup>54</sup>.

**5.20** Both Aberdeen City and Aberdeenshire councils are currently reviewing the future demand for and sustainability of their sheltered housing stock. This could result in some changes in the provision of sheltered housing in the coming years, such as the conversion of some existing units into extra care housing, mainstream housing and the conversion of bedsit provision into larger 1 and 2 bedroom units.

### ***Housing related circumstances and needs of older people***

**5.21** Figure 5.3 shows the numbers of households, who are on the two Council's waiting lists for sheltered and very sheltered housing. For Aberdeen City the list has decreased from 1081 in 2007 to 826 in 2010 and for Aberdeenshire the applicants increased from 734 in 2007 to 804 in 2008, then decreased to 748 in 2010.

**5.22** The reduction in the sheltered waiting list may be as a result of the increased aspirations of older people to remain within their own home and the fact that those aspirations have been supported through the shifting the balance of care agenda. This is supported by the finding of the Lowland Research, commissioned by

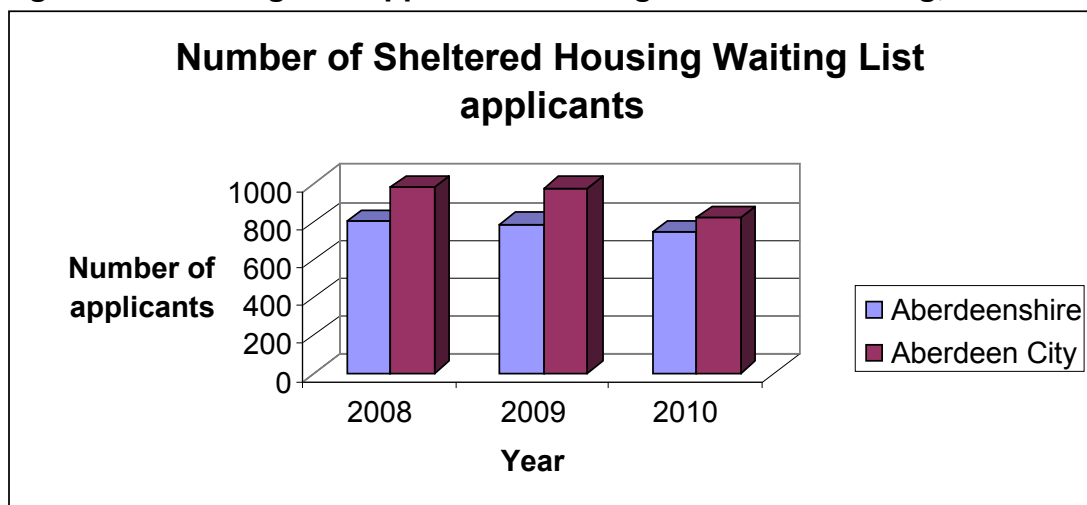
<sup>^</sup> The table shows rate per 1,000 population aged 60+. The numbers should be treated with some caution because for some there may be differences in the recording and reporting mechanisms used by each local authority area. Wheelchair and community alarm numbers relate to local authority dwellings only. Medium dependency housing is sometimes known as amenity housing. Dwellings are adapted to suit particular needs of tenants, so numbers in these categories may rise or fall from year to year.

\*Local authority internal estimate, not reported to Scottish Government

<sup>54</sup> House Key database, Scottish Government, 2010

Aberdeenshire Council,<sup>55</sup> which identified that most people aged 55 to 65 would prefer to be assisted to stay in their current property for as long as possible.

**Figure 5.3: Waiting List Applicants seeking sheltered housing, 2008 -2010**



Source: Aberdeen City Council, Housing & Environment Service  
 Source: Aberdeenshire Council, Housing & Social Work Service

**5.23** Some caution needs to be exercised with regards to the use of waiting lists as a measure of demand. Some people apply for sheltered housing as an insurance against future need and some older people only seek sheltered housing or some other form of specialist provision at a crisis point.<sup>56</sup> Nonetheless, the absence of any significant growth in the numbers of applications for specialist housing in recent years (especially when set against the growth in the numbers of older households) is important. This supports the general perception that the growth in older households over the next two decades will result in considerably higher numbers of older households living in the private sector, primarily in the owner occupied sector. In common with the rest of the UK, Aberdeen City and Aberdeenshire is therefore likely to see continuing growth in demand for:

- aids and adaptations to assist older households’ live more comfortably in and/or remain in their own home cross all tenures. In the last 5 years there has been increasing demand for Care and Repair<sup>57</sup> services, including the small repairs service. Growing numbers have also applied for grant assistance to undertake more substantial repairs and adaptations; and
- housing support and other care services, particularly from the growing numbers of older single person households that are likely to survive into their 80s or 90s but may have mobility problems or other infirmities, including some degree of dementia. The percentage of households who receive free

<sup>55</sup> *Care and Accommodation Needs of Older People, Qualitative Research, Lowland Research, August 2010*

<sup>56</sup> *Review of Sheltered Housing in Scotland, Scottish Government, 2008*

<sup>57</sup> *Care and Repair offers free advice and assistance with repairs, improvements and adaptations to resident owner-occupiers and private tenants. The services in both Aberdeen City and Aberdeenshire are for the age of 60 and/or have a disability.*

personal care at home is 5.0% in Aberdeen City and 5.0% in Aberdeenshire, this compares with 5.3% in Scotland.<sup>58</sup>

**5.24** There is also much speculation that growing numbers and proportions of owner-occupiers will look to move house in their 50s to 70s in order to find more manageable homes and/or free up equity. This is supported by Lowland Research<sup>59</sup> which indicates that there are aspirations to be able to purchase smaller, more manageable properties that would free up equity to pay for living expenses and care services. This signifies a potentially greater demand for smaller, ground floor accessible accommodation across all tenures. Further consideration will be required in terms of planning policy to ensure an appropriate future provision of housing size and type.

### **Physical Disability**

**5.25** The Disability Discrimination Act 1995 (DDA) defines disability as: ‘a physical or mental impairment which has a substantial and long-term adverse effect on a person’s ability to carry out normal day-to-day activities’. For the purposes of this study, the following paragraphs consider the needs of people with a physical or sensory disability and/or those with an acquired brain injury, which may result in physical or cognitive difficulties.

**5.26** The 2001 Census estimated the number of people with a physical disability residing in Aberdeen City was 37,173, and 34,000 in Aberdeenshire.

**5.27** Applying the prevalence rates from the Local Housing System Analysis Good Practice Guide to the future population projections suggests that there will be an across the board fall in the number of persons within the 16-64 age range with a disability. The needs of people ages 65 and over are considered within the “Older People’s” section of this document.

**5.28** This is largely because the numbers of people in this age band are expected to decline, especially after 2023. However, the anticipated fall in the numbers of working age people with a disability in Aberdeen City and Aberdeenshire is projected to be much lower than for Scotland as a whole, as shown in table 5.5.

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<sup>58</sup> *Home Care Statistical Returns 2010.*

<sup>59</sup> *Care and Accommodation Needs of Older People, Qualitative Research, Lowland Research, August 2010*

**Table 5.5: Prevalence estimates of people aged 16-64 years with physical disabilities 2008-2033**

Age Group (16-64)	2008	2023	2033	Change	% Change
<b>Aberdeen City</b>					
Population with a disability	7,400	7,527	7,679	278	4%
Low need	4,368	4,443	4,532	164	4%
Medium needs	2,220	2,258	2,304	83	4%
High needs	813	827	843	31	4%
<b>Aberdeenshire</b>					
Population with a disability	8,000	7,777	7,319	-680	-9%
Low need	4,721	4,590	4,320	-401	-9%
Medium needs	2,400	2,333	2,196	-204	-9%
High needs	878	854	804	-75	-9%
<b>Aberdeen HMA</b>					
Population with a disability	11,048	11,064	10,968	-80	-7%
Low need	6,521	6,530	6,473	-47	-7%
Medium needs	3,314	3,319	3,290	-24	-7%
High needs	1,213	1,215	1,204	-9	-7%
<b>Rural HMA</b>					
Population with a disability	4,352	4,240	4,030	-322	-7%
Low need	2,568	2,503	2,378	-190	-7%
Medium needs	1,306	1,272	1,209	-97	-7%
High needs	478	466	443	-35	-7%
<b>Aberdeen City and Aberdeenshire</b>					
Population with a disability	15,400	15,348	14,998	-478	-3%
Low need	9,089	9,058	8,852	-282	-3%
Medium needs	4,620	4,604	4,499	-143	-3%
High needs	1,691	1,685	1,647	-52	-3%
<b>Scotland</b>					
Population with a disability	173,320	171,046	165,024	-8,296	-5%
Low need	102,293	100,951	97,396	-4,896	-5%
Medium needs	51,996	51,314	49,507	-2,489	-5%
High needs	19,031	18,782	18,120	-911	-5%
Source: 2008-based population projections - Probable variant (no GROS equivalent) and Scottish Government 1997 prevalence based guidelines <sup>^</sup>					

**5.29** The needs of service personal injured in action and wishing to return to the Grampian area may have an impact on housing, equipment and adaptations and support. The Grampian area, Aberdeen in particular, has strong local links with regiments including the Highlanders, 4th Battalion the Royal Regiment of Scotland (4 SCOTS) who have seen active service in areas such as Afghanistan. Historically, each deployment sees approximately 10% of the unit is medically evacuated; of those around 60 to 80 personnel some will be relatively minor injuries or amputees.

<sup>^</sup> *Low need –low level support possible minor adaptations*

*Medium Needs –possibly moderate adaptations/ramps and/or possibly domiciliary support*

*High Need – likely to require high support and possibly specialist housing – barrier free and wheelchair*



Given the varying degree of injuries, the assistance required in order to meet the needs of the returning military personnel may well include housing and/or support. It can also be assumed that there may well be some overlap with other particular needs groups such as mental health and homelessness

### **Living arrangements and tenure**

**5.30** Over a quarter of households of all ages in Aberdeen City and Aberdeenshire contain someone with a long-standing illness, health problem or disability (27% in Aberdeen City and 26% in Aberdeenshire<sup>60</sup>). However, there is considerable overlap between this group and older households.

**5.31** Table 5.6 shows almost a third of such households are outright owners. Although firm evidence is not available, we assume most of this sub-group are older households. In Aberdeen City 45.8% and in Aberdeenshire 39.7% live in the social rented sector, suggesting a reliance on this sector in terms of addressing their housing need, particularly amongst those below 60 years.

**Table 5.6: Housing Tenure for households that had a long standing illness, health problem or disability**

Local Authority Area	Housing tenure			
	Owned outright	Buying with help of loan/mortgage	Social rented	Other
Aberdeen City	31.9%	13.9%	45.8%	8.4%
Aberdeenshire	33.3%	13.6%	39.7%	13.4%

*Source: Scottish Household Condition Survey 2003/04*  
*Note: other – should be treated with caution due to small sample numbers.*  
*A percentage of those in all tenures may not necessarily have a physical disability/ mobility related problem but rather a long standing illness or health problem*

**5.32** The high levels of working age households that contain someone with a disability and rent from a social landlord is broadly consistent with the Scottish level; disabled persons and their families are twice as likely to live in the social rented sector as non-disabled households. This possibly reflects the fact that disabled people and their families typically have lower than average incomes and above average living costs<sup>61</sup>.

**5.33** Table 5.7 shows the number of properties suitable for those with a physical disability provided by the social rented sector. Aberdeenshire has a significant proportion of other suitable properties, as is shown in the table below; 1,263 properties in total against a total within Scotland of 8,504. The figure for Aberdeen City is not available. Work is required to develop robust mechanisms for recording the number of adapted properties.

<sup>60</sup> *Characteristics of Adults in Scotland with Long-Term Health Conditions: An Analysis of Scottish Household and Scottish Health Surveys, Scottish Government (2007)*

<sup>61</sup> *Communities Scotland, 2007 www.scotland.gov.uk/resource/doc/1035/0090728.xls*

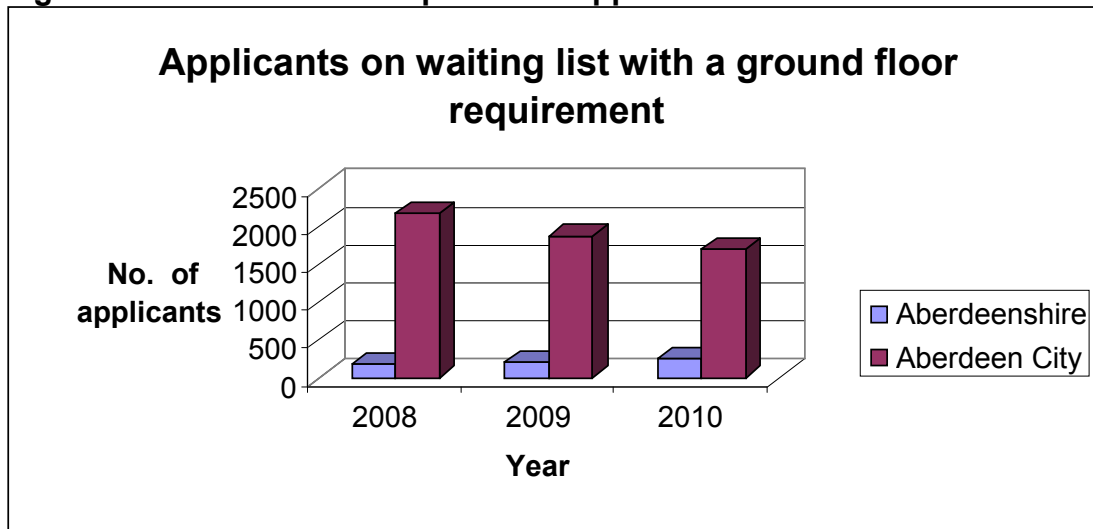
**Table 5.7: Housing provision specifically for those with disabilities by public authorities and housing associations as at March 2010**

	Housing for people with a physical disability		
	Adapted for wheelchair use	Ambulant disabled	Other adapted
Aberdeen City	96	N/A	N/A
Aberdeenshire	60	236	1,263
Scotland	6,342	22,115	8,504

*Note: These figures should be treated with a measure of caution as the recording and monitoring processes are currently being reviewed due to the significant disparity in numbers between local authorities.*

Annual S1B return - Housing for older people and those with disabilities, Scottish Government, 2010

**Figure 5.4: Ground floor requirement applicants**



Source: Aberdeen City Council, Housing & Environment Service  
 Source: Aberdeenshire Council, Housing & Social Work Service

**5.34** The number of applicants with a ground floor requirement in Aberdeenshire has increased from 178 in 2008 to 249 in 2010. Whereas in Aberdeen City the number of applicants has decreased from 2,182 in 2008 to 1,702 in 2010. One possible reason to explain the significant disparity in these numbers could be a reflection of the stock profile within Aberdeen City and Aberdeenshire; most specifically the predominance of flats in Aberdeen City as discussed in chapter 3.

**5.35** In 2010 there were 117 on Aberdeen City and 71 applications on Aberdeenshire Council’s waiting list and from applicants who would require a wheelchair accessible property.

**5.36** In Aberdeen City and Aberdeenshire, the provision of community alarm, telecare and environmental control systems linked to communication centres have been provided in order to support people with complex needs to remain in their own homes, preventing hospital and/or residential care admission. In Aberdeen City, there are currently 92 people with a telecare package and 5,716 people with

community alarm, 1,981 dispersed and 3,735 in sheltered housing. In Aberdeenshire 162 have a telecare package, a further 5,203 have community alarm of those 3,208 have a dispersed alarm in mainstream housing and 1,995 in sheltered housing setting.

**5.37** The Scottish House Condition Survey (SHCS) identified that within Aberdeenshire and Aberdeen City, 30% of all households contained someone with a life limiting illness or disability. Overall the SHCS identified 15% of these households would require their property to be adapted. If underlying trends remain unchanged future need at a household level can be estimated as follows:

**Table 5.8: Predicted future demand for adaptations as at year identified.**

<b>Households with someone with a life limiting illness/disability with a need for adaptations</b>						
	<b>2008</b>	<b>2013</b>	<b>2018</b>	<b>2023</b>	<b>2028</b>	<b>2033</b>
Aberdeen City	4,631	4,852	5,088	5,292	5,497	5,730
Aberdeenshire	4,568	4,831	5,090	5,328	5,543	5,729

*Source: Scottish Household Condition Survey 2009/10*

## **Learning Disability**

**5.38** Table 5.9 shows that, according to projections, the number of persons with a learning disability in Aberdeen and Aberdeenshire is decreasing, however, the prevalence based estimates only capture those aged 16-64. The number of adults with a learning disability is decreasing at a slower rate in Aberdeen City than they are in Aberdeenshire.

**Table 5.9: Prevalence estimates for people aged 16-64 with a learning disability**

	2008	2023	2033	Number Change	% Change		2008	2023	2033	Number Change	% Change
<b>Aberdeen City</b>						<b>Aberdeenshire</b>					
Overall	2859	2908	2966	107	-0.90%	Overall	3,090	3,004	2,827	-263	-5.70%
Low Need	856	871	888	32	-0.90%	Low Need	925	900	847	-79	-5.70%
Medium Needs	1437	1461	1491	54	-0.90%	Medium Needs	1,553	1,510	1,421	-132	-5.70%
High Needs	566	576	587	21	-0.90%	High Needs	612	595	560	-52	-5.70%
<b>Aberdeen City and Shire</b>						<b>Aberdeen HMA</b>					
Overall	5,949	5,912	5,793	-185	-3.40%	Overall	4268	4274	4237	-31	-0.72%
Low Need	1,782	1,770	1,735	-55	-3.40%	Low Need	1278	1280	1269	-9	-0.72%
Medium Needs	2,989	2,971	2,911	-93	-3.40%	Medium Needs	2145	2148	2129	-16	-0.72%
High Needs	1,178	1,170	1,147	-37	-3.40%	High Needs	845	846	839	-6	-0.72%
<b>Rural HMA</b>						<b>Scotland</b>					
Overall	1681	1638	1557	-124	-7.39%	Overall	66,949	66,071	63,744	-3,205	-5%
Low Need	503	491	466	-37	-7.39%	Low Need	20,051	19,788	19,091	-960	-5%
Medium Needs	845	823	782	-62	-7.39%	Medium Needs	33,644	33,203	32,034	-1,610	-5%
High Needs	333	324	308	-25	-7.39%	High Needs	13,254	13,080	12,619	-634	-5%
<p><i>Source: 2008-based population projections - Probable variant (no GROS equivalent) and Scottish Government 1997 prevalence based guidelines and application of 1997 prevalence based guidelines from Scottish Government</i></p> <p><i>Low Needs – living in mainstream housing (including with family) with minimal support.</i></p> <p><i>Medium Needs – living in mainstream housing (inc with family) with medium support.</i></p> <p><i>High Needs - Require shared staffed or unstaffed housing with considerable support.</i></p>											

**5.39** The estimated number of children aged 18 years and under in Aberdeen City and Aberdeenshire, is currently 95,437. One in 40 of these children may have a learning disability giving an estimated figure of 2,386. Many will have a mild learning disability and require a little additional support. However, four in one thousand of the population (382) will have moderate to profound disabilities and require significant additional support.

**5.40** The prevalence rates estimate that 60 per 10,000 children will have autism spectrum disorder. Therefore, there are an estimated 573 children and young people under 19 in Aberdeen City and Aberdeenshire with autism spectrum disorder. Evidence suggests that there may be a requirement for additional support and adapted properties for this client group.

**5.41** In Aberdeenshire there are 1,407 people with learning disability who currently receive a social work service. The profile of known adults with learning disability is as follows; 193 people live in supported accommodation, 110 people live in registered adult care homes, 314 people live in mainstream housing, 60 people live in other settings including specialist accommodation.

**5.42** Table 5.10 shows that In Aberdeen City 1,248 people with a learning disability are known to social care and wellbeing service. The profile is as follows: 260 live in ordinary housing, 174 people live in supported accommodation, 175 live in registered care and 100 people live in other settings including specialist accommodation.

**5.43** Of those clients receiving a Social Work service from Aberdeenshire Council, 152 clients across Aberdeenshire require supported accommodation<sup>62</sup>. The majority of the clients with a learning disability requiring housing on the housing register have identified their preferred choice of location for being housed as the main towns in Aberdeenshire. There are variations in terms of the age profile and level of need across Aberdeenshire. There are a proportion of those who are older persons with a learning disability that are staying at home with elderly parents and so this need, while it has not been identified as a high priority, will become a significant factor in the medium term with regards to accommodation provision.

**5.44** In Aberdeen City, due to the scarcity of resources only high priority cases are accepted onto the supported accommodation list. In March 2010, the group had 61 “live” applicants who had been assessed as “high/urgent” priority. Recent information has been collected on those living with older parents and 18 people who are at risk of moving to emergency “placement” have been identified.

### ***Housing tenure of those with a learning disability***

**5.45** ‘The same as you?’ review signalled a fundamental change in the way services were provided for adults with learning disabilities. Increasingly services are no longer focussed on buildings, whether in a hospital or day centre. People with learning disabilities are now living in the community, often with their own tenancy, in a house or small group accommodation.

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<sup>62</sup> As at January 2011

**Table 5.10: Numbers of individuals with Learning Disabilities known to each local authority and the type of accommodation they reside in 2009**

Local Authority	Main stream	Supported Accommodation	Registered Adult Care Homes	Other* <sup>63</sup>	Total Adults for whom this information is known	Total Adults for whom this information is not known.	All Adults
Aberdeen City	260	174	175	100	710	538	1,248
Aberdeenshire	314	193	110	60	677	730	1,407
Scotland	13,626	5,388	2,364	1,102	22,480	5,191	27,671

Source: eSay 2009

**5.46** Table 5.10 highlights the fact that more individuals with a learning disability stay in their own tenancies with 71% of adults in Aberdeenshire and 75% in Aberdeen City living in either mainstream or supported accommodation. Of the "Other" category there may be more individuals in their own tenancies in sheltered and very sheltered accommodation for example. Also, in Aberdeenshire there are 300 individuals primarily with learning disabilities who are receiving home care<sup>64</sup>. The data for Aberdeen City is not comparable due to differences in recording mechanisms. However in Aberdeen City there are currently 20 people with home care packages and a further 141 people with a learning disability receiving Housing Support, which includes some home care tasks.

**5.47** In relation Table 5.11, it is encouraging to note that there has been an increase in the number of individuals with their own tenancy. In 2007 33% of adults with learning disability in Scotland had their own tenancy. In Aberdeen City the figure was 56%, while in Aberdeenshire 19% had their own tenancy. This has increased to 66% for Aberdeen City and 63% for Aberdeenshire. The marked increase in the number of individuals in Aberdeenshire with their own tenancy is in part in relation to policy changes which have taken place. The statistics are not completely robust due to a number of adults with learning disabilities living arrangements still being unknown to Aberdeen City and Aberdeenshire, although the over all number has increased.

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<sup>63</sup> The „Other“ category includes Homeless, Special Housing, Sheltered Housing, Specialist Rehabilitation Units, Registered Child Care Accommodation, NHS Facilities/Hospitals, Penal Institutions, Independent Hospitals, Independent Hospices and Mobile Accommodation.

<sup>64</sup> Scottish Home Care Statistical Returns, 30<sup>th</sup> November 2010.

**Table 5.11: Number of adults with learning disabilities living in same accommodation, 2009<sup>65</sup>**

Local Authority	1	2 to 4	5+	All adults
Aberdeen City	812	204	203	1,219
Aberdeenshire	407	172	66	645
Scotland	13,698	3,708	1,753	19,159

The Scottish Consortium for Learning Disability, 2010<sup>^</sup>

**5.48** Table 5.12 allows for an indication of the number of adults with a learning disability who have more complex requirements. Taking into account the medical and technological advances which have led to increased life expectancy in children and adults with complex disabilities, these services are likely to face increasing pressure in future years.

**Table 5.12: Care Homes and Registered Places by Local Authority - All Care Homes for Adults, March 2009**

Local Authority	Older People		Physical Disabilities		Mental Health		Learning Disabilities		Other	
	Care Homes	Places	Care Homes	Places	Care Homes	Places	Care Homes	Places	Care Homes	Places
Aberdeen City	40	1,775	4	59	13	120	31	235	7	83
Aberdeenshire	51	1,937	2	9	1	12	36	201	0	0
Scotland	936	38,843	40	547	81	1,052	311	2,875	47	595

Source: Scottish Care Home Census Information, 2009

***Housing related circumstances and needs of those with a learning disability.***

**5.49** People with learning disabilities have a wide and varied range of needs that may change during their lifetime. Accommodation needs can vary from mainstream housing with support for those with mild to moderate learning disabilities or supported tenancies, grouped accommodation or registered care home facilities for those with complex needs

**5.50** By far the most support provided for those with learning disabilities is provided by parents, brothers and sisters and other relatives. Research<sup>66</sup> suggests that:

- 25% of people with learning disabilities have a carer aged 65 or over;
- 20% have two carers aged 70 or over;
- 11% have one carer aged 70 or over; and
- 65% live with a parent.

<sup>^</sup> Local authorities were asked to include the person who was the subject of the assessment (i.e. "1 person" accommodation would be returned by local authorities where a person with a learning disability is the only person with a learning disability living in the household).

<sup>66</sup> Aberdeenshire Council Commissioning Strategy for Learning Disabilities services, 2009

**5.51** Although the majority of individuals with learning disabilities can live in mainstream accommodation, the care model and the level of support will vary depending on the needs of the individual. For some, specialist design is required, in particular for people with autism. This may include features such as extra sound proofing, strengthening to the interior and assistive technology.

**5.52** Group living and “core and cluster” models are often the preferred option for individuals with learning disabilities as this provides economies of scale in terms of support and a more appropriate environment for individuals. It is possible at times to use general needs housing to develop ‘core and cluster’ modelling through the use of telecare. Telecare packages are being used by people with long-term needs, physical or learning disabilities and cognitive conditions such as dementia, providing round-the-clock preventative support and help to keep service users healthy, safe and in control in their own homes<sup>67</sup>. Group living settings such as ‘core and cluster’ and sheltered accommodation also allow for the benefits of a ‘community’ element to be combined with the level preference for independence gained from individual tenancies.

### **People with mental health or substance misuse**

**5.53** Stable housing is a fundamental need for all people, but this is especially true for individuals with substance misuse and mental health issues who also require varying levels of support commensurate with their needs.

**5.54** The preponderance of evidence indicates that supportive housing is an essential component of an effective overall therapeutic and rehabilitation strategy for individuals with:

- substance misuse issues
- mental health issues, and
- those with dual diagnosis.

**5.55** Table 5.13 and Table 5.14 show the number of problem drug users known and estimated in Aberdeenshire and Aberdeen City. Research indicates<sup>68</sup> that 83% of problem drug users felt that stable housing was one of the most important support services required to help them stay clean. Also the majority of problem drug users are likely to either be homeless or at significant risk of becoming homeless.

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<sup>67</sup> York Health Economics Consortium at York University/Scottish Government Final Evaluation Report, Jan 09.

<sup>68</sup> A guide to improving practice in housing for drug users, drug interventions programme, 2008



**Table 5.13: Summary of data on known problem drug users by Council area (aged 15 to 64)**

Council Area	Treatment	Hospital Admissions	Social Enquiry Reports	Police	Total <sup>69</sup>
Aberdeen City	586	314	494	331	1,381
Aberdeenshire	650	73	72	154	778
Mainland Scotland	22,474	2,690	5,296	6,681	30,481

Source: Estimating the National and Local Prevalence of Problem Drug Misuse in Scotland, August 2009

**Table 5.14: Estimates of the number of problem drug users by Council area (age 15 to 64)**

Area	Estimate	Prevalence
Aberdeen City	2,597	1.80
Aberdeenshire	1,257	0.80
Scotland	55,328	1.62

Source: Estimating the National and Local Prevalence of Problem Drug Misuse in Scotland, August 2009<sup>70</sup>

**5.56** In Scotland, 5% of those who received home care had an identified mental health problem. In Aberdeenshire and Aberdeen City approximately 154 people with mental health problems were receiving home care in April 2010<sup>71</sup>.

**5.57** Individuals with substance misuse and mental health issues are at risk of homelessness, and constitute a highly vulnerable sub-population among the homeless. Moreover, service providers encounter great difficulty engaging mentally ill people who are living on the street<sup>72</sup>. The treatment of substance misuse and mental health issues cannot therefore be meaningfully considered in some circumstances where there is an absence of appropriate housing.

**5.58** A variety of models of housing have been studied in relation to the needs of people with substance misuse and mental health issues. Housing may be peer-based or run by professional staff. Some housing models require abstinence and others do not. "Supportive housing" is itself a broad term that refers to programs that provide a range of human services to meet the special needs of client populations, complementing some form of housing assistance e.g. case management, health care or addiction treatment. A positive relationship has been reported between supportive housing and various measure of social and occupational functioning for persons with substance misuse or mental health issues.

<sup>69</sup> As an individual can be present in more than one source, the columns cannot be added to provide the total (which accounts for multiple occurrences).

<sup>70</sup> Prevalence estimates were applied by University of Glasgow, using mid 2006 figures from the Office for National Statistics.

<sup>71</sup> Home Care Statistical Returns 2010

<sup>72</sup> Tsemberis, S. & Eisenberg, R. F. (2000). Pathways to housing: supported housing for street dwelling homeless individuals with psychiatric disabilities. *Psychiatric Serv*, 51, 487-493

**5.59** Once housed, people with substance misuse and/or mental health issues require varying levels of support in order to maintain positive outcomes, (including the maintenance of stable housing). The effectiveness of housing services can be improved by matching the type and intensity of service to an individual's level of psychiatric and substance misuse severity. In particular, people with higher psychiatric and substance misuse symptoms seem to require housing, support, and case management combined, while those with lower levels of symptoms achieve similar outcomes with case management alone<sup>73</sup>. Supportive housing for homeless people with substance misuse and mental disorders results in superior retention in housing compared to case management or usual care in the community, and achieve these benefits with only modest increases in public costs.<sup>74</sup>

**5.60** Local information sources relating to these needs are currently limited. However, staff working with these client groups have suggested a need for suitable longer term accommodation (long term supported housing) and a need for a transitional housing service. Furthermore it is suggested that individuals would like to have the choice to live in their own adapted flats as a pathway from shared/supported accommodation.

## **Families and Lone Parents**

**5.61** In 2001 26% of households in Aberdeen City and Aberdeenshire comprised of families or lone parents. By 2008 the percentage of such households has fallen slightly to just under 25%. Looking ahead, the revised 2008-based population and household projections for Aberdeen City and Aberdeenshire forecast that if underlying trends remain unchanged, then:

- there will be 33,506 families living in Aberdeen City and Aberdeenshire by 2023 (14%) and just 32,203 by 2033 (13%) a decline from 40,567 in 2008; and
- there will be 13,206 lone parents living in Aberdeen City and Aberdeenshire by 2023 (5%) and 15,350 by 2033 (6%) an increase from 10,043 in 2008.

**5.62** As noted earlier in Chapter 2, in 2001 close to 8 out of 10 families across the Aberdeen City and Aberdeenshire area were owner-occupiers. By contrast Table 5.15 shows that over half of all lone parents rented from a social landlord. Since 2001 there appears to have been some increase in the numbers and proportion of lone parents who have been able to access owner occupation. This may be partly attributable to RTB sales in the period to 2004. Nonetheless 59% of lone parents in Aberdeen City continue to rent their home from a social landlord suggesting affordability issues for single income households.

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<sup>73</sup> Clark, C. & Rich, A. R. (2003). *Outcomes of homeless adults with mental illness in a housing program and in case management only. Psychiatric Services. Vol.54 (1) (pp 78-83), 2003. Date of Publication: 01 JAN 2003. 78-83.*

<sup>74</sup> Rosenheck, R., Kaspro, W., Frisman, L., & Liu-Mares, W. (2003). *Cost-effectiveness of supported housing for homeless persons with mental illness. Archives of General Psychiatry. Vol.60 (9) (pp 940-951), 2003. Date of Publication: 01 SEP 2003. 940-951.*

**Table 5.15: Tenure by household composition**

Household type	All Households	Lone Parent with dependent child(ren)	Couple with dependent child(ren)	All lone parents and families
<b>Aberdeen City</b>				
Owned	61%	27%	77%	65%
Social Rented	27%	59%	17%	27%
Private	12%	14%	6%	8%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Aberdeenshire</b>				
Owned	71%	35%	82%	76%
Social Rented	19%	46%	10%	15%
Private	10%	19%	8%	10%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Aberdeen HMA</b>				
Owned	73%	38%	84%	78%
Social Rented	17%	44%	8%	13%
Private	10%	18%	8%	9%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Rural HMA</b>				
Owned	67%	27%	78%	70%
Social Rented	22%	53%	13%	20%
Private	11%	20%	9%	11%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Aberdeen City and Shire</b>				
Owned	66%	30%	80%	71%
Social Rented	23%	53%	12%	20%
Private	11%	16%	7%	9%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Scotland</b>				
Owned	63%	27%	78%	64%
Social Rented	27%	56%	16%	27%
Private	10%	17%	6%	9%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<i>Source: 2001 Census Table CAS056</i>				

***Housing circumstances and needs of families and lone parent households***

**5.63** Although not comparable with the bedroom standard applied in most social landlord allocation policies, the Census evidence suggests that in 2001, 10% of families and lone parent households across Aberdeen City and Aberdeenshire were overcrowded compared to 15% across Scotland<sup>75</sup>. Of the 49,312 families and lone parent households in Aberdeen City and Aberdeenshire, 4,888 were considered to be overcrowded. Of the 4,888 overcrowded households:

- 1952 (40%) are owner occupiers, which relates to 6% of all families/lone parents living within the owner occupied sector.

<sup>75</sup> The occupancy rating provides a measure of under-occupancy and overcrowding. -1 implies that there is one room too few and that there is a overcrowding in the household. Census 2001.

- 2106 (43%) are local authority tenants; which relates to 25% of all families/lone parents living within local authority housing.
- 200 (5%) are RSL tenants; which relates to 17% of all families/lone parents living within RSL housing.
- 600 (12%) are living within the private rented sector; which relates to 14% of all families/lone parents living within the private rented sector.

**5.64** Moreover, Table 5.16 demonstrates that:

- The incidence of overcrowding amongst families in Aberdeen City and Aberdeenshire, both HMAs and Aberdeenshire is lower than the rate for Scotland as a whole. A similar picture is evident in respect of lone parents with the exception of Aberdeen City; and
- this higher incidence of overcrowding in Aberdeen City partly reflects the greater incidence of smaller dwellings (3 or less bedrooms) in the City relative to Aberdeenshire. It also reflects the fact that the incidence of overcrowding is much more prevalent in the rented sector, and in particular the council sector, than in the owner occupied sector.

**Table 5.16: Families and Lone Parents defined as overcrowded by tenure**

	Aberdeen City	Aberdeen-shire	Aberdeen HMA	Rural HMA	Aberdeen City and Shire	Scotland
<b>Couples With Dependent Children</b>						
All Tenures	12%	6%	9%	7%	8%	12%
Owned	7%	4%	5%	5%	5%	8%
Council	31%	20%	29%	21%	26%	27%
RSL	25%	12%	21%	10%	17%	23%
Private	15%	7%	12%	8%	10%	15%
<b>Lone Parents with Dependent Children</b>						
All Tenures	22%	13%	19%	14%	18%	23%
Owned	13%	7%	10%	9%	10%	16%
Council	25%	18%	24%	18%	23%	26%
RSL	22%	11%	19%	12%	17%	25%
Private	27%	14%	25%	12%	20%	26%
<b>Combined Households with Dependent Children (couples and lone parents)</b>						
All Tenures	14%	7%	11%	8%	10%	15%
Owned	8%	4%	6%	5%	6%	9%
Council	28%	19%	27%	20%	25%	27%
RSL	23%	11%	20%	11%	17%	24%
Private	20%	9%	16%	9%	14%	21%
<i>Percentages relate to the proportion of families and lone parent households considered as overcrowded by tenure</i>						
<i>Source: Census 2001 (Table CAS053)</i>						

**5.65** Housing register evidence used to inform the assessment of backlog need (i.e. only applicants that had valid application and had applied since 2006) suggests that in winter 2010 some 3,627 applicants on the Aberdeen City or Aberdeenshire housing register had a valid needs application and points for overcrowding. Over 7 out of 10 of these applicants were families (31%) or lone parent (43%) households.

**5.66** Of the 2,652 family and lone parent applicants on the Aberdeen City (1,842) or Aberdeenshire (810) housing register that had been awarded overcrowding points:

- Around 1 out of 3 are existing tenants of a social landlord. The percentages in both local authorities' areas are reasonably similar. Moreover, overcrowding is the main reason this sub-group of families and lone parents state for seeking re-housing.
- Most other families or lone parents are either renting from a private landlord or are living with friends or relatives, with lone parents more likely than families to be living with friends or relatives, particularly in Aberdeenshire and the RHMA.
- Only 6% are owner-occupiers. Loss of employment or relationship breakdown are the most common reasons for those seeking re-housing; this indicates that working age households who have bought their home generally prefer to remain in this sector unless forced to move. This is further supported by our findings in Chapter 6 whereby comparisons with the Scottish Household Survey and Scottish House Condition Survey evidence suggests that for the most part owner-occupiers do not apply to social rented housing and furthermore the 2004/5 Survey of English Housing (SEH) indicates that less than 5% of owners would live in social rented housing if it was available.

**5.67** It can be assumed that the national and local policy decisions to give greater priority to homeless households has reduced the number of internal transfers and has contributed to some growth in the numbers of family and lone parent households living in overcrowded housing in the social rented sector. However, the lack of 3 and more, especially 4 bedroom dwellings, that are available for occupation because of first lets of newly completed dwellings or re-lets of existing stock, as discussed in chapter 3, are also contributing factors.

## **Ethnic Minorities**

**5.68** As Chapter 2 notes there was some increase in the ethnic population in Scotland and across Aberdeen City and Aberdeenshire between 1991 and 2001. However until figures from the 2011 Census become available, reasonably accurate data regarding the ethnic minority community remains limited.

**5.69** Table 5.17 shows the age distribution and changes within the ethnic minority population between 1991 and 2001. It shows that at Aberdeen City and Aberdeenshire level there were some increases in the proportion of ethnic minorities across all age bands, the most significant were within the 0-15 year old and 16-29

year old age bands. This is mainly attributable to the increase in 16-29 year olds in Aberdeen City, which in turn reflects the increase in the numbers of international students over this period<sup>76</sup>.

**Table 5.17: Ethnic Minorities as proportion of population by age band**

	Aberdeen		Aberdeenshire		Aberdeen HMA		Rural HMA		Aberdeen City and Shire		Scotland	
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
	1991	2001	1991	2001	1991	2001	1991	2001	1991	2001	1991	2001
0-15	1.6	4.7	0.7	1.1	NA	2.9	NA	0.9	1.1	2.6	2.1	3.0
16-29	1.5	4.3	0.5	0.8	NA	3.1	NA	0.6	1.0	2.9	1.6	3.2
30-49	1.4	3.1	0.6	0.8	NA	2.1	NA	0.6	1.0	1.9	1.4	2.1
50-Pensionable Age	0.4	1.2	0.2	0.5	NA	0.8	NA	0.4	0.3	0.8	0.7	1.0
Pensionable Age – 74	0.1	0.5	0.1	0.2	NA	0.4	NA	0.2	0.1	0.4	0.2	0.7
75+	0.1	0.4	0.1	0.1	NA	0.3	NA	0.1	0.1	0.3	0.1	0.4
Total	1.1	2.9	0.3	0.7	NA	2.0	NA	0.5	0.7	1.8	1.3	2.0
Number	2,234	6,151	674	1,628	NA	7,173	NA	606	2,908	7,779	62,634	101,677

*Source: Scottish Government and Census 1991 and 2001*  
*Note: Pensionable Age = 60 for Women and 65 for Men*  
*Note: NA = Figures Not Available*

**5.70** Over the decade to 2001 the numbers of households represented by someone from an ethnic minority also increased at the national and local level. As table 5.16 shows, upwards of 9 out of 10 ethnic minority households lived in the Aberdeen HMA in 2001, the large majority of whom lived in the City.

**Table 5.18: Ethnic Minority Households, 1991 and 2001**

	1991 No. of Ethnic Minority Households	1991 % of Total Households	2001 No. of Ethnic Minority Households	2001 % of Total Households
<b>Aberdeen City</b>	875	1.0%	2,023	2.1%
<b>Aberdeenshire</b>	211	0.3%	451	0.5%
<b>Aberdeen HMA</b>	NA	NA	2,256	1.4%
<b>Rural HMA</b>	NA	NA	218	0.4%
<b>Aberdeen City and Shire</b>	1,086	0.7%	2,474	1.3%
<b>Scotland</b>	15,920	0.8%	30,649	1.4%

*Source: Scottish Government, 1991 and 2001 Census*  
*Note: NA = Figures Not Available*

<sup>76</sup> The Economic Impact of International Students in Aberdeen City Briefing Paper 2008/03- Aberdeen City Council <http://www.aberdeencity.gov.uk/nmsruntime/saveasdialog.asp?IID=16524&SID=3365>

## **Housing Related Circumstances and Needs of Ethnic Minority Households**

**5.71** Table 5.19 shows the housing tenure for the ethnic minority households and the changes which have occurred between 1991 and 2001. It indicates there was a much greater increase in the numbers and proportion of ethnic minority households renting privately relative to the numbers in the other main housing tenures. In particular the numbers of households renting from a private landlord that were represented by an ethnic minority householder more than doubled in Aberdeen. This is consistent with the earlier findings that most of the growth in ethnic minority population was the result of an increase in the international student population.

**Table 5.19: Housing Tenure of Ethnic Minority Households, 1991 and 2001**

Tenure	Aberdeen (%)		Aberdeenshire (%)		Aberdeen HMA (%)		Rural HMA (%)		Aberdeen City and Shire (%)		Scotland (%)	
	1991	2001	1991	2001	1991	2001	1991	2001	1991	2001	1991	2001
Owned	0.8	1.4	0.3	0.5	NA	1.0	NA	0.4	0.6	0.9	1.0	1.3
Social Rented	0.9	1.5	0.1	0.4	NA	1.2	NA	0.4	1.7	1.1	0.3	0.9
Private Rented	2.9	6.8	0.5	1.0	NA	4.8	NA	0.8	0.7	4.3	2.6	3.5

*Source: Scottish Government, 1991 and 2001 Census*  
*Note: NA = Figures Not Available*

**5.72** The 2001 Census provides some insight into the three indicators of potential housing stress - overcrowding, lack of standard amenities and lack of central heating.

**5.73** In 2001 the proportion of ethnic minority households living in overcrowded housing conditions was lower than for the household population in both local authorities. Likewise, there was no evidence that ethnic minority households were more likely to lack the use of shower/bath or other standard amenities.

**5.74** In 2001, as in 1991, ethnic minority households were somewhat more likely than other households to live in a dwelling that lacked central heating. The most likely explanation for this is that in 2001 fewer private rented sector dwellings contained central heating than owner occupied or social rented dwellings.

**5.75** The only readily accessible and routinely collected data on the housing needs and demands of households, including those from an ethnic minority background is the two local authority housing registers.

**Table 5.20: Number of applicants by ethnicity and bedrooms required as at 2009 and 2010.**

Aberdeen City	As at 31/03/09						As at 31/03/10					
	Total		Ethnic Minority		White		Total		Ethnic Minority		White	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
1 Bed	4258	68%	86	45%	4172	69%	4989	59%	152	44%	4837	60%
2 Bed	1498	24%	63	32%	1435	23%	2374	28%	119	35%	2255	28%
3 Bed	469	8%	37	19%	432	7%	923	11%	60	18%	863	11%
4 Bed	42	1%	4	2%	38	1%	103	1%	11	3%	92	1%
5+ Bed	1	0%	1	1%	0	0%	4	0%	1	0%	0	0%
Total	6268		191	3%	6077	97%	8393		343	4%	8050	96%
Aberdeenshire	As at 31/03/09						As at 31/03/10					
	Total		Ethnic Minority		White		Total		Ethnic Minority		White	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
1 Bed	4104	58%	167	46%	3936	59%	4245	58%	207	47%	4038	59%
2 Bed	1653	23%	113	31%	1540	23%	1763	25%	132	30%	1631	24%
3 Bed	931	13%	64	17%	867	13%	888	12%	66	15%	822	12%
4 Bed	281	4%	20	5%	261	5%	280	4%	22	5%	258	4%
5+ Bed	87	1%	2	1%	85	1%	92	1%	6	2%	86	1%
Total	7056		366	5%	6689	95%	7268		433	6%	6835	94%
<i>Source: Aberdeen City Council, Housing &amp; Environment Service</i>												
<i>Source: Aberdeenshire Council, Housing &amp; Social Work Service</i>												

**5.76** Table 5.20 indicates that some 6% of applicants on the Aberdeenshire housing register and 4% in the Aberdeen City housing register were from an ethnic minority background as at 31st March 2010; an increase of 219 applicants from March 2009. It also continues to appear that households from an ethnic minority background (certainly in Aberdeenshire) are less likely to be assessed to need 1 bedroom than other applicants. Although Aberdeen City has a greater number of ethnic minorities in terms of their population compared to Aberdeenshire (as discussed in Chapter 2), conversely there are less ethnic minority applicants on Aberdeen City's housing register than that of Aberdeenshire. One possible explanation is that Aberdeen City has a larger private rented sector which may provide a preferred housing option for many in the ethnic minority community due to the likelihood that it offers more immediate access to accommodation.

**5.77** Over the past 4 years or so the proportions of lettings made to applicants from an ethnic minority background have fluctuated between 3% and 4%. This is very slightly lower than the proportion of applicants. This difference is in the main due to the high numbers of lettings going to homeless applicants and the greater turnover of bedsit and 1-bedroom properties.

**5.78** Heriot Watt University research (dating from 2004) on the housing circumstances of ethnic minority households in Aberdeen City and Aberdeenshire<sup>77</sup> concluded that brick and mortar solutions were not necessary. However, they did

<sup>77</sup> *Improving understanding of the Housing circumstances of ethnic minorities in Aberdeen City/ Aberdeenshire 2004, Heriot Watt University. In addition, the Ethnic Minority Forum: Community Engagement Event - Promoting Good Relations, Have your Say, was held in 2008/9 in Peterhead and included ethnic minority community representatives from across the SPA. After the event an action plan for the housing issues raised at the event was prepared, many of which coincided with the findings of the Heriot Watt research again no bricks and mortar issues were raised as part of the action plan.*



suggest that perhaps other barriers such as language, lack of information, limited awareness of RSLs and issues around harassment may prevent members of the ethnic minority community realising their housing aspirations.

**5.79** Subsequent to completion of this study an Ethnic Minority Outreach Worker has been appointed to work across the Aberdeen City and Aberdeenshire area. Feedback from this officer continues to suggest that the housing needs of those from an ethnic minority background are very similar to those of the indigenous population. However, there remain some specific housing management issues around harassment and racist incidents, especially in the City. In addition, there remain problems around language barriers which can make the application process more confusing and make it more difficult to find out about and explore alternative housing options, including those provided by RSLs. Furthermore the Ethnic Minority outreach Worker has also noted that typically in their experience ethnic minority households are more likely to live in overcrowded conditions.

## **EU Migrants**

**5.80** As referred to in Chapter 2, there had been a sharp rise in the numbers of migrants from Poland and other European Union (EU) countries subsequent to the 2004 enlargement of the EU. However, as further reported in chapter 2 numbers of new NINo registrations/applications have fallen from a high of 7,750 in 2006/07 to 5,620 in 2009/10 but it is too early to tell if this will continue.

**5.81** Research by UHI PolicyWeb (University of the Highlands and Islands)<sup>78</sup> during 2006/7 concluded that migrant workers have no particular housing needs over and above the general population in Aberdeen and Aberdeenshire. The report found that the housing experiences of migrant workers were similar to those of the local population seeking housing. Thus migrant workers, in common with other lower income households, often find it difficult to afford the high rents charged in the market orientated and readily accessible segment of the private rental market and often had little option but to live in multiple occupied and overcrowded housing.

**5.82** UHI PolicyWeb also pointed out that migrant workers were beginning to access social rented housing, but sounded a note of caution that there was some evidence that perhaps migrant workers tended to be allocated housing in less popular areas.

**5.83** Table 5.21 shows that in the 4 years to March 2010, the numbers of A8 and A2 nationals on the council housing waiting lists<sup>79</sup> has increased, albeit by a relatively modest number.

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<sup>78</sup> *A Study of Migrant Workers in Grampian February 2007*

<http://www.aberdeencity.gov.uk/nmsruntime/saveasdialog.asp?IID=9121&slD=4677>

<sup>79</sup> *Aberdeen City Council's Housing Application forms detail the countries of origin of applicants. Although this level of detail is not currently listed on the Aberdeenshire Council's application forms, with the introduction of the new Common Housing Register (CHR) which includes the Moray Council and local Housing Associations, this information will be captured.*

**Table 5.21: A8 & A2 Council Housing Register Applicants as at 31 March 2007-10**

	2007	2008	2009	2010
Aberdeen City	731	791	877	869
Aberdeenshire	60	101	95	125
Aberdeen City and Shire	791	892	972	984
<i>Source: Aberdeenshire Council Housing, &amp; Social Work Service</i>				
<i>Source: Aberdeen City Council Housing, &amp; Environment Service</i>				

**5.84** In the 4 years to March 2010, the ratio of the number of lettings to migrant workers for every migrant worker applicant has been broadly in line with the overall lettings to applicant ratio for Aberdeenshire, as reported in Chapter 3 (table 3.38). In Aberdeen City, a similar picture was evident in 2006/7 and 2007/8. However, the numbers of lettings to migrant workers in Aberdeen has declined since spring 2008, in part because of the sharp fall in Council re-lets and in part because of the policy decision to increase the share of re-lets allocated to homeless applicants. Nonetheless the ratio of the number of lettings to migrant workers for every migrant worker applicant in 2009/10 is slightly lower in both Aberdeen City and Aberdeenshire than for overall lettings to applicant ratio.

**Table 5.22: A8 and A2 applicants housed 2006/07 to 2009/10**

	2006/07		2007/08		2008/09		2009/10	
	Number of Lettings	Ratio	Number of Lettings	Ratio	Number of Lettings	Ratio	Number of Lettings	Ratio
<b>Aberdeen City</b>	403	1.8:1	383	2.1:1	218	4.0:1	181	4.0:1
<b>Aberdeenshire</b>	13	4.6:1	15	6.7:1	10	9.5:1	19	6.6:1
<b>Aberdeen City and Shire</b>	416	1.9:1	398	2.2:1	228	4.3:1	200	5.0:1
<i>Source: Aberdeenshire Council Housing, &amp; Social Work Service</i>								
<i>Source: Aberdeen City Council Housing, &amp; Environment Service</i>								

**5.85** From 1st May 2011, any A8 worker in work will be able to access in work Benefits regardless of whether he/she has registered with the WRS. Many A8 workers who are out of work who could not access benefits in the past because they had not registered or had not completed enough time in registered work will be able to access benefits. In brief, the rights of A8 nationals will be brought in line with the rights of other EEA nationals.

## Gypsies/Travellers

**5.86** The Scottish Government considers Gypsies/ Travellers as a distinct ethnic grouping. Craigforth (2009)<sup>80</sup> estimate that in 2008 some 373 Gypsies/Travellers resided in Aberdeen City and Aberdeenshire. This equates to 0.1% of the population in the Aberdeen City and Shire area and some 15% of the Scottish Gypsy/traveller population. Table 5.21 shows that in terms of actual households, around 56

<sup>80</sup> *Accommodation Needs Assessment of Gypsies/ Traveller in Grampian.*

Report by Craigforth, May 2009 <http://www.aberdeenshire.gov.uk/privatehousing/Travellers.asp>

households from the Gypsies/Travellers community resided in Aberdeen City and a further 50 were living in Aberdeenshire.

**Table 5.23: Estimated Population of Gypsies/Travellers in Aberdeen City and Aberdeenshire by Local Authority and Type of Site, July 2008.**

	Aberdeen City		Aberdeenshire		Aberdeen City and Shire**	
	Households	People *	Households	People*	Households	People
Council Sites	15	53	20	70	35	123
Encampments	20	70	21	74	41	144
Housed	6	21	6	21	12	42
Private Sites	15	53	3	11	18	64
<b>Total**</b>	<b>56</b>	<b>197</b>	<b>50</b>	<b>176</b>	<b>106</b>	<b>373</b>
*NB People=Householdsx3.5 (Craigforth)						
**Total columns – are the sum of the households and people columns						
Source: Craigforth Report <sup>1</sup>						

**5.87** Craigforth suggest that a very minimum of 12 households from the wider Gypsy/Traveller community live in permanent accommodation across Aberdeen City and Aberdeenshire. Most are believed to live in council housing, although a small number may have purchased private housing. However, it is extremely difficult to determine precisely how many households from the wider Gypsy/Traveller community now live in permanent housing or are seeking council housing. In particular applicants are often reluctant to self identify as Gypsies/Travellers on application forms.

**5.88** As table 5.22 indicates, in July 2008 there were 61 pitches across Aberdeen City and Aberdeenshire. At that time some 27% of Gypsies/Travellers households in Aberdeen were located on the Council site with 36% on encampments. In Aberdeenshire roughly similar proportions of the population were found on council sites (40%) and encampments (42%). However, the Aberdeenshire figures fluctuate considerably during the year because the sole permanent traveller site is open only on a seasonal basis.

**Table 5.24: Number of Pitches provided by Site Type, 2008.**

	Aberdeen City	Aberdeenshire	Aberdeen City and Shire
Authorised Council Sites	21	20	41
Commercial Sites (caravan site)	5	0	5
Private Sites	15	0	15
<b>Total Pitches</b>	<b>41</b>	<b>20</b>	<b>61</b>
Source: Accommodation Needs Assessment of Gypsies/Travellers in Grampian, Craigforth Consultancy and Research 2008			

**5.89** Craigforth also confirmed that a small number of Gypsies/Travellers sometimes set up unauthorised sites and suggested that may be because of the lack of availability of other authorised sites, particularly at certain times of the year, and/or socio-economic status.

**5.90** Based on analysis of quantitative and qualitative evidence, Craigforth concluded that there is a need to review local planning policies in respect of the development of private Gypsies/Travellers sites and to review future options in respect of Greenbanks site in Aberdeenshire and the Clinterty site in Aberdeen. In addition, the study team pointed to a need for Aberdeen City and Aberdeenshire to investigate the possibility of sharing transit sites with a maximum capacity of six pitches per site.

**5.91** Table 5.25 below, which is based on the Scottish Government's Twice Yearly Count of Gypsies/Travellers, demonstrates that between July 2006 and July 2009, the combined total number of Gypsy/Traveller households in Aberdeen and Aberdeenshire fell by 16, from 70 to 54

**5.92** The numbers of unauthorised encampments were at a high in both authorities in 2007, however by July 2009; these had fallen to just 9 in Aberdeen City with none recorded in Aberdeenshire. Some caution needs to be used with these return figures as they are a snapshot of the numbers on a particular day and the number of unauthorised encampments, in particular, fluctuates dramatically over the summer months in both Aberdeen City and Aberdeenshire.

**Table 5.25: Number of Gypsy/Traveller Households, July 2006 – July 2009**

Local Authority	Aberdeen City				Aberdeenshire			
	Council	Private	Unauthorised	Total	Council	Private	Unauthorised	Total
July 2006	8	8	28	44	19	0	7	26
July 2007	9	0	52	61	18	6	16	40
July 2008	11	7	15	33	20	12	12	44
July 2009	17	8	9	34	20	0	0	20

Source: Gypsies/ Travellers in Scotland: Twice Yearly count – No.16: July 2009/10

**5.93** In 2010 there were problems with the influx of Irish Gypsies/Travellers for both local authorities because of unauthorised encampments. The main attraction for these Gypsies/Travellers was the availability of work in the area. The encampments caused problem in the sense of providing facilities to these encampments, the upset caused to the settled community and clearing up the sites when vacated.

**5.94** Both Councils and the Scottish Government are working together to resolve the issue of unauthorised encampments in both the short and long term. Furthermore in order to reduce the number of unauthorised encampments in the area and address the issues raised through the Craigforth research both Councils, through their Local Development Plans have requested developers include transit sites within their master plans. However, as the Local Development Plans will not be adopted until 2012, both Councils are currently taking measures to establish transit sites in the meantime.

**5.95** Aberdeen City and Aberdeenshire have also, in partnership with the Moray Council, developed a Grampian wide Gypsy/Traveller Action Plan. This also involves partner organisations such as Grampian Police and NHS Grampian in order

to effectively address the issues surrounding the travelling community, not just housing issues.

## Other Travelling People

**5.96** The term Gypsy/Traveller does not include occupational travellers, such as travelling show people or new age/new travellers. Within Aberdeen City and Aberdeenshire, there are few, if any, known new age travellers.

**5.97** Travelling show people mainly consist of self-employed business people who travel the country, often within extended family groups, holding fairs or circuses and do not tend to share the same culture or traditions as Gypsies/Travellers. Many of these people have been taking part in this lifestyle for generations. Travelling show people continue to regularly use sites agreed by both local authorities to hold their funfairs/circuses throughout the summer. However, as few, if any, have 'winter quarters' in the area, it still does not appear that they have any ongoing housing requirements.

## Students

**5.98** Students are a vital component of the Aberdeen City and Shire population. The area is home to two universities and three colleges of further education. In terms of housing issues, there is no evidence to suggest that Banff and Buchan College students have any particular housing needs which create consequential housing issues that need to be addressed.

**5.99** However, full-time students account for some 13.5% of Aberdeen City's population (213,810).

**5.100** While some students at City institutions commute from their parental home (including from Aberdeenshire), many students, especially those pursuing full-time higher education move to the City to pursue their studies.

**Table 5.26: Students by institution – Further and Higher Education Student Number 2009/10**

<b>Aberdeen City and Aberdeenshire</b>	Full Time	Part Time	Total
Robert Gordon University	9,888	6,515	16,403
University of Aberdeen	12,925	2,739	15,664
Aberdeen College	5,933	28,296	34,229
Banff and Buchan College	1,373	11,045	12,418
Scottish Agricultural College (SAC)	194	57	251
Total	30,313	48,652	78,965
<i>Source: University and College Administration</i>			

**5.101** Table 5.24 shows that the universities and private student accommodation providers supply some 6,229 units throughout the city. Both Robert Gordons University (RGU) and Aberdeen University have disposed of student accommodation in recent years. This has been offset to a certain extent by the increased provision of student accommodation by private providers. RGU in particular works in partnership with Liberty Living and Ardmuir to provide accommodation to its students.

**Table 5.27: Existing Student Accommodation**

Existing Specialist Student Accommodation (No. of Bed Spaces)							
Aberdeen University	RGU	Liberty Living (In Partnership with RGU)	Unite	Hunter	Ardmuir (In Partnership with RGU)	Ardmuir	SAC
2720	790	591	1821	125	80	566	127
Source: University Accommodation Provider Contact							

**5.102** Traditionally student accommodation is only provided to students attending the University for the first time and in particular special circumstances thereafter<sup>81</sup>. Most other students rent from a private landlord, although some rent from a social landlord and some live in properties purchased by their (or their friends) parents, usually at the lower end of the market.

**5.103** Evidence from the Council Tax register suggest that in autumn 2010 some 3,659 residential dwellings were in receipt of student exemption, 84% of which were in the private sector (table 5.26). Many of these properties are likely to accommodate 2 or more students.

**Table 5.28: Other Student Accommodation**

Other Student Accommodation (properties with Student Exemption for Council Tax)						
Private	ACC	Langstane	Grampian	Unite	Others	Total
3,064	247	32	23	210	83	3,659
Source: Information from ACC Council Tax database, November 2010						

**5.104** There is a strong perception that the high levels of student demand for housing has been one factor that may have contributed to the tightness of the local housing market as evidenced by the high private rents and house prices as reported in chapter 3.

<sup>81</sup> Robert Gordon University report that to ease the over demand for accommodation they book rooms with the Youth Hostel from mid September to early October. This short-term measure reflects the fact that some students leave University within the first few weeks and that these departures then make room for those in temporary accommodation. International students who buy a lease remotely are also entitled to a "Cooling Off" period. Some of these students will not take up their accommodation because they find alternate accommodation through cultural networks and friends.

**5.105** As far back as 2003, Heriot Watt (2003)<sup>82</sup> reported that the lack of affordability of the private rented sector was a major problem facing international students with families because of the phasing out of university accommodation for families.

**5.106** More recent evidence indicates that the lack of private lettings at the lower end of the private rental market relative to the demand from students and other young households at the start of their housing career is adding to pressure for social rented housing. Aberdeen City Council has seen an increase in the number of students, applying as homeless.

**5.107** Historically, Aberdeen City Council did let low demand properties direct to the universities. These properties were then used to house overseas students who had no recourse to public funds. The Council could only enter into such an arrangement for hard to let property. There are currently 21 flats rented to Aberdeen University through this procedure. These properties will be returned to Aberdeen City Council as the current occupants end their studies or move out. As a result of increasing demand, the Council now has only a handful of hard to let property. This option may not therefore be possible in the future.

**5.108** More generally, faced with growing demand, fewer lettings, and a need to meet the 2012 homeless priority need target, it is likely that fewer student households will be able to secure social rented tenancies in the near future.

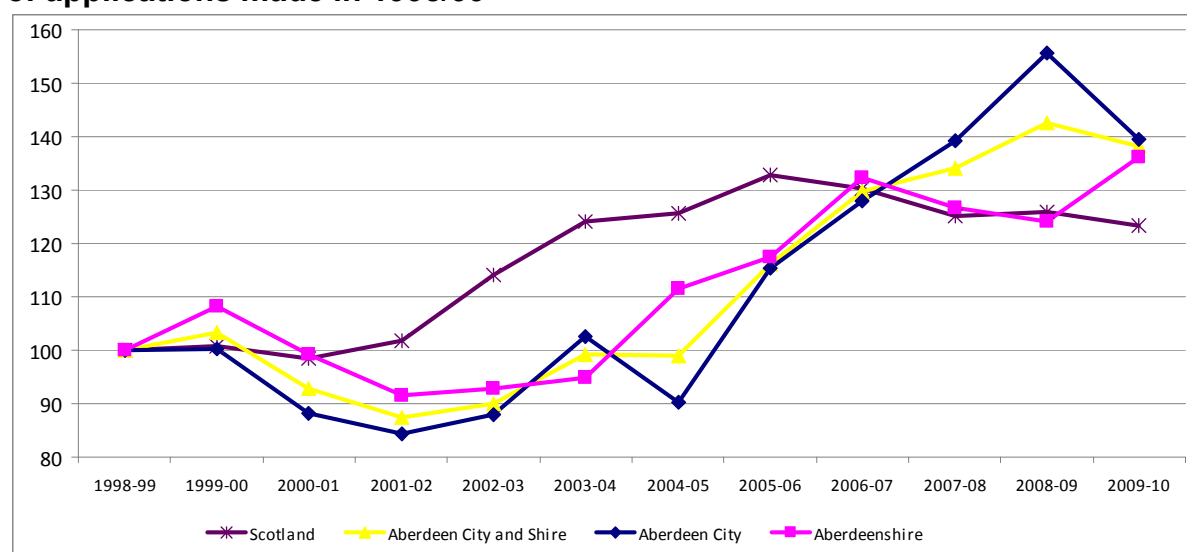
### **Homeless Households**

**5.109** Figure 5.6 shows, after a period of decline at the end of the nineties and start of the last decade which coincides with the last local economic recession, the numbers of homeless applicants in the Aberdeen City and Aberdeenshire area has risen sharply in the 5 years to 2008/9 inclusive.

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<sup>82</sup> *Improving Understanding of the Housing Circumstance of Minority Ethnic Communities in Aberdeen City*

**Figure 5.5: Number of Homeless applicants from a benchmark of the number of applications made in 1998/99**



Source: Scottish Government Homeless Statistics, Sept 2009 and March 2010

**5.110** In the year to March 2010, some 4,212 households applied to either Aberdeen (2,507) or Aberdeenshire (1,705) as homeless. The numbers of households applying as homeless in Aberdeen City had begun to level out, and this is consistent with a change in policy whereby housing options are explored with households that approach the homeless service. However from April 2010 to August 2010 the numbers of households applying as homeless has been averaging 320 per month, a significant increase compared to the same period in 2009/2010. This is thought to be related to a homelessness pilot project where 75% of all relets were allocated to homeless households. A reduction in the level of presentations is anticipated following the establishment of a prevention team later in 2010/2011. Meanwhile in Aberdeenshire homeless presentation levels have increased by 10% from 2008/09 and the reasons for this are difficult to discern. One possible explanation is linked to sustained affordability pressures as discussed in Chapter 3.

**5.111** Just under half of all homeless applicants in Aberdeen City and Aberdeenshire (48%) lived with family, other relatives or friends prior to applying, which is in line with the Scotland wide figure (47%). As with elsewhere in Scotland the most frequently cited reason applicants give for applying as homeless are:

- Dispute within household or relationship breakdown (32% Aberdeen City and 13% Aberdeenshire).
- Asked to leave (15% Aberdeen City and 35% Aberdeenshire.)
- Other reason for leaving accommodation/household (10% Aberdeen City and 1% Aberdeenshire).

**5.112** The numbers of applicants assessed as homeless (or potentially homeless) throughout Scotland changed little in the 6 years to 2009/10 inclusive. By contrast, the numbers of homeless applicants accepted as homeless across Aberdeen City and Aberdeenshire continued to rise. In 2004/5 some 1,607 applicants were accepted as homeless but by 2009/10 this figure had increased to 2,997. Most of



this increase has occurred within Aberdeen City, which is believed to reflect the changes to priority need definition introduced to respond to legislative changes.

**5.113** Consistent with the high priority both local authorities give to achieving the Scottish Government 2012 target to abolish priority need, almost 86% of all applicants accepted as homeless in 2009/10 were classed as priority need. The comparable Scotland wide figure was 85%.

**5.114** Although some 63% of all homeless applicants in Aberdeen City and Aberdeenshire are single persons, there has been some increase in the numbers of applicants with larger households, most of whom are single parents and to a lesser extent couples with children. In 2009/10 some 29% of applicants across Aberdeen City and Aberdeenshire contained one or more dependent children.

**5.115** Faced with a fall in the number of lettings available and an increase in the numbers of households accepted as homeless, both local authorities have had to increase the use of temporary accommodation and to some extent B&B accommodation. For example, Aberdeen Council has increased the number of properties used as temporary furnished accommodation from 6 flats in 2002/03 to 215 flats in November 2010, including properties suitable for people with mobility difficulties; whilst Aberdeenshire has 308 properties.

### **Young Vulnerable Adults, especially those 16-17 years old**

**5.116** In this section the particular needs of young vulnerable adults are examined, focusing on those aged 26 and under, but especially those under 16-17 years old, who are either homeless, or at risk of homelessness, and those leaving care.<sup>83</sup>

**5.117** Chapter 2 profiled the changes in the general population structure and essentially across Aberdeen City and Aberdeenshire over the period 1998 to 2008 the number and proportion of all young adults fell slightly to 64,996 or 14% of the total population. If underlying trends remain unchanged then the revised 2008-based population and household projections for Aberdeen City and Aberdeenshire project that across Aberdeen City and Aberdeenshire:

- There will be 9,920 16-17 year olds by 2033, 2% of the total population.
- There will be 53,069 18-26 year olds by 2033, 11% of the total population.

**5.118** More specifically, in terms of young vulnerable adults there has been a steady increase in the number of homeless applicants across Aberdeen City and Aberdeenshire. Table 5.29 demonstrates that during the period 2002-2010:

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<sup>83</sup> Councils have a corporate parenting role for young people in or leaving care under the "Support and Assistance of Young People Leaving Care (Scotland) Regulations 2003", there is an obligation for local authorities to help young people leaving care to plan for independent living and currently Aberdeenshire provide accommodation for those leaving care through the 'homelessness route'; this is widely acknowledged as poor practice. Aberdeen City provide accommodation through Betterways and Next Stage Housing Programmes.

- Across Aberdeen City and Aberdeenshire, just over 40% of all homeless presentations are from those aged less than 26 years old and under.
- Within Aberdeenshire there had been a steady increase in the number of 16-17 year olds presenting as homeless during the period 2002/03 to 2007/08. This now seems to have levelled off, with numbers at a similar level as at 2003/04. However it is difficult to predict whether this downward trend will continue. Nonetheless, this group has consistently comprised around 10% of all presentations.
- By contrast, within Aberdeenshire the number of 18-26 year olds has steadily increased over the period, the proportion of this group has increased from 26% in 2002/03 to 33% in 2009/10. The reasons for this are difficult to discern but given future legislative changes this is likely to have an impact on presentation rates especially amongst the 18-26 year olds.<sup>84</sup>
- Within Aberdeen City the proportion of 16-17 year olds presenting has fallen from 13% in 2002/03 to 5% in 2009/10.
- The proportion of homeless applicants aged under 18-26 year olds in the City has remained fairly consistent at around 34% but the actual number of applicants increased sharply in 2008/09, falling back again in 2009/10. There are various reasons for this increase, for example, in the City 16-26 year olds have been given automatic priority since 2008 and this age that would normally have looked to access the private housing market are finding it more difficult with rising house prices and private sector rents.

**Table 5.29: All Homeless Applicants by Age**

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
<b>Aberdeen City</b>								
16-17	201	198	198	250	232	212	228	132
18-26	538	600	549	624	723	819	1,068	890
All ages	1,579	1,841	1,623	2,074	2,300	2,376	2,796	2507
<b>Aberdeenshire</b>								
16-17	115	121	135	147	161	165	149	129
18-26	290	333	363	407	467	518	559	551
All ages	1,107	1,191	1,327	1,485	1,568	1,587	1,575	1705
<b>Aberdeen City and Shire</b>								
16-17	316	319	333	397	393	376	409	261
18-26	828	933	912	1,031	1,190	1,330	1,866	1441
All ages	2,686	3,032	2,950	3,559	3,868	3,943	4,362	4,212

Source: Aberdeen City and Aberdeenshire HL1 returns

Please note that figures for Aberdeenshire are banded 18-25 for the period 2002/03 to 2006/07 and 18-26 for the period 2007/08-2009/10

**5.119** Typically the main reason for single people aged 18-26 years presenting as homeless is ‘family and friends no longer willing to accommodate’.

**5.120** In terms of those leaving care, table 5.28 demonstrates that although the numbers of young people leaving care are fairly small, they have increased over the period 2006-2010. Previous practice in Aberdeenshire will have meant that the

<sup>84</sup> Craigforth Consultants. A Temporary Accommodation Strategy for Aberdeenshire – 2008

majority of this group will have been re-housed through the 'homeless route'; this practice is currently being reviewed.

**Table 5.30: Number of 16 or 17 year olds ceasing to be looked after**

	Aberdeen City	Aberdeenshire	Aberdeen City and Shire
Number of 16 or 17 year olds ceasing to be looked after at home			
2006/2007	24	11	35
2007/2008	20	10	30
2008/2009	27	17	44
2009/10	34	22	56
Number of 16 or 17 year olds ceasing to be looked after away from home			
2006/2007	11	17	28
2007/2008	39	7	46
2008/2009	36	16	52
2009/10	44	14	58
Number of 16 or 17 year olds ceasing to be looked after			
2006/2007	35	28	63
2007/2008	59	17	76
2008/2009	63	33	99
2009/10	78	36	114
<i>Source: Audit Scotland</i>			

**5.121** In terms of future projections and young adults leaving care intelligence from local officers suggest that those who are looked after at home are less likely to require assistance in terms of rehousing than those looked after away from home. Based on this assumption table 5.29 shows the likely numbers of those leaving care and requiring assistance in terms of re-housing.

**Table 5.31: Projected Numbers of Young People Leaving Care in Aberdeen City and Aberdeenshire**

Young People Leaving Care				
	2009/10	2010/11	2011/12	2012/13
Aberdeen City	36	27	14	28
Aberdeenshire	26	40	26	N/A
<i>Source: Social Care and Wellbeing Aberdeen City and Housing &amp; Social Work Aberdeenshire</i>				
<i>N/A – Not available</i>				

***Housing Related Circumstances and Needs of young vulnerable adults, especially those 16-17 years***

**5.122** In broad terms all young adults are at the start of both their housing and employment careers. However one of the largest issues facing young vulnerable people is their ability to access and maintain affordable accommodation; those leaving care are particularly at risk of homelessness.

**5.123** Generally their inexperience of living alone and their lack of knowledge of basic independent living skills such as budgeting and housekeeping can mean many young people have difficulty or are unable to maintain their accommodation. They

may well have other needs as well as a housing need for example education and employment needs, all of which can contribute to obtaining and sustaining their own accommodation.

**5.124** Addressing their housing need can often be critical to receiving the other support necessary to maintain independent living. The number of young people presenting as homeless and requiring some form of support has been increasing; local intelligence suggests that the form of support required can often be complex but that basic housing management and independent living skills support is increasingly required. During 2010/11 in Aberdeen City just under £1 million is used to provide support to young people taking up new tenancies, with around £750,000 being made available in Aberdeenshire.

### **Households Fleeing Domestic Abuse or Violence**

**5.125** The numbers of homeless applicants fleeing domestic abuse or violence fluctuates from year to year but on average around 200 applicants are currently accepted as homeless each year because of domestic abuse or violence.

**5.126** Although both councils are seeking to improve their support and mediation services for those suffering from domestic abuse, there is a strong perception that the main challenge is the need to increase the availability of suitable temporary accommodation and to improve the supply of affordable family housing.

**5.127** The most common type of accommodation provided in these situations is through women's refuges and homelessness temporary accommodation. Currently there are just 2 women's refuges which provide 11 bed-spaces in Aberdeen and a further 20 spaces in Aberdeenshire. However, not all this accommodation is compliant with the Homeless Persons (Unsuitable Accommodation) (Scotland) Order 2004. In response to this shortfall of suitable temporary accommodation, Aberdeen is proposing to open a refuge in 2011 which will provide 6 self-contained cluster flats. Aberdeenshire are also hoping to increase the number of self contained units specifically for woman fleeing violence.

### **Lesbian, Gay, Bisexual and Transgender Households (LGBT)**

**5.128** As stated in Chapter 2 it is difficult to estimate the number of LGBT in Aberdeen City and Aberdeenshire. However applying national prevalence rates<sup>85</sup> suggests that somewhere in the region of 5% of the Aberdeen City and Aberdeenshire population may be LGBT. For Aberdeen City this would equate to 10,691 and in Aberdeenshire 12,019 people.

**5.129** Both local authorities have equalities services which support and provide information to these diverse parts of the community. Work undertaken in support of this service indicates some members of the LGBT community experience

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<sup>85</sup> *Understanding the Housing Needs of lesbian, Gay, Bisexual and Transgender (LGBT) in Scotland: a Guide for Social Housing providers and Homelessness Services (2009, Stonewall and the Scottish Housing Regulator)*

harassment and other forms of discrimination that require a management solution as opposed to a bricks and mortar solution.

**5.130** As with elsewhere across Scotland, there remains a lack of 'hard evidence' on the housing circumstances of the LGBT community. Many in the LGTB community do not self identify. Moreover, many organisations are hesitant to ask questions on sexual orientation because they see this as a privacy issue and/or an issue that may prompt objections and complaints from those asked. At present neither council's housing application form includes questions on sexual orientation. It is therefore not known how many households from the LGBT community are on the housing register or have been housed by either of the local authorities.

### **Bringing the evidence together**

**5.131** The ageing population indicates a need to ensure a range of suitable housing options for older people, including, extra care/very sheltered housing provision and service delivery tailored to the needs of older people within existing homes and communities.

**5.132** Given the projected increase in older people households throughout Aberdeen City and Aberdeenshire, particularly in the Rural HMA, there is likely to be continuing growth in demand for aids and adaptations, housing support and other services to enable them to remain comfortably within their own homes. Furthermore, this growth in older person households will likely translate into more demand for barrier free/varying needs standards houses. An increase in provision of these property types would allow for their existing property to be adapted and for individuals to be able to live in their homes for longer before requiring adaptations.

**5.133** There is also a growing number and proportion of owner occupiers who may well look to 'downsize' in their 50s to 70s to either release property equity or find a new home which is more manageable. This is an area which will require monitoring to ensure that developers respond appropriately in terms of the size, mix and property type required.

**5.134** A steady demand for ground floor accessible properties in Aberdeen City and Aberdeenshire and the growing proportion of the population claiming disability related benefits indicates that the need for specialist and adapted properties is likely to increase. At present there is a reliance on the social rented sector from those with a physical disability and so further investigation may be required with regards to other tenure options including Low Cost Home Ownership (LCHO).

**5.135** The majority of individuals with learning disabilities can live in mainstream accommodation, however, the care model and the level of support will vary depending on the needs of the individual.

**5.136** Across Aberdeen City and Aberdeenshire there are a number of people with a learning disability who live in the family home; a proportion of these are living at home with a main carer over 65 years old. It is important that mechanisms are set in

place to ensure that appropriate housing provision, care and support are available should they need to be cared for within a different setting.

**5.137** Households with mental health and substance misuse issues require not only stable housing but varying levels of housing support commensurate with their particular need. In Aberdeen City and Aberdeenshire there has been an identified need for suitable longer term accommodation (long term supported accommodation) and a need for a transitional housing service.

**5.138** The demand for telecare is likely to increase as is housing related support, in line with the increased incidence of households with functional dependencies.

**5.139** Further evaluation needs to take place with regards to the changing role of sheltered housing and the role that it can play in meeting the future housing need, not just of older people, but of those individuals with a particular need.

**5.140** Clearly there is a need for Aberdeen City and Aberdeenshire councils and the NHS to explore how best to respond and manage growing demand for adaptations and care packages in a period of funding constraint.

**5.141** The proportion of family households is greater in Aberdeenshire than for the region as a whole with particularly significant proportions of lone parent households in Aberdeen City. Overcrowding, particularly within the social rented sector, due to the reduced number of transfers, homeless priorities and lack of supply in terms of 3 and 4 bedroomed dwellings is an issue which requires to be addressed. Aberdeen City Council's new build programme will see new developments with 3 and 4 bedroomed properties delivered to help address these issues. Policy responses may need to further consider the prioritisation of homeless households and also the use of planning policy, for example, development briefs, to ensure an appropriate future supply of housing provision in terms of house size and type.

**5.142** There is a relatively small black and ethnic minority population, although the numbers of households from a black or ethnic minority group have increased in recent years. Recent research and other evidence supports our interpretation of the limited statistical evidence from the housing register and other sources that the affordable housing needs of ethnic minorities or EU migrants are very similar to those of the indigenous population. However, there remains housing management issues associated with discrimination and harassment. In addition, further consideration is required in terms of language barriers and accessing affordable housing.

**5.143** Although there is a relatively small Gypsy/Traveller population, recent research has identified that this group has a distinctive housing requirement which requires to be addressed and works are now in progress.

**5.144** The student market is an important element of the market, specific to areas with access to the educational institutions in Aberdeen City. High levels of student demand for housing are contributing to the pressure within the private rented sector and owner-occupied sector within specific areas of Aberdeen City, particularly at the lower end of the housing market.

**5.145** There is a need to monitor the numbers of those households presenting as homeless to ensure an appropriate response in terms of housing provision, size, type and location. Given the commitment to meeting Scottish Government targets, it is likely that there will be continued pressure on affordable housing. Sustained homeless presentations from young people aged 16–26 years suggests that there will be continued pressure on affordable housing and likely increasing demand for housing support in order to prevent repeated homelessness. Increasing the supply of affordable housing is important in addressing homelessness but equally further work is required in terms of the prevention of homelessness and the reliance on the use of temporary accommodation.

**5.146** Data concerning some of these specific household groups remains under-developed; it is vital that reporting systems are set in place so that robust and timely data can be collated to inform strategic planning and this may take some time to establish. An action plan detailing the areas to be addressed will be progressed to assist in the preparation of the next housing need and demand assessment.

**5.147** The affordability model described in Chapter 6 does not separately identify the specific housing needs of these sub-groups, because in most cases data sources do not distinguish between them.

**5.148** However, the bricks and mortar related requirements (as distinct from their support or specialist housing design needs) of the majority of these sub-groups are taken into account in the model through their inclusion in the backlog count and newly arising need estimates

## 6. Estimate of Net Annual Housing Need

### Introduction

**6.1** This chapter presents our central estimate of net annual housing need and the proportion of those in need likely to be in a financial position to pursue some form intermediate tenure. Sensitivity analysis in relation to household forecasts, house prices and other factors is also reported in this chapter.

**6.2** The framework adopted is consistent with the approach suggested by the Scottish Government (2008) and is summarised in table 6.1. It involves adding current housing need and future housing need and then subtracting the projected affordable housing supply to arrive at an estimate of the net annual housing need.

**Table 6.1: Summary Description of the Scottish Government Approach**

Component	Summary description
Estimate of current housing need	<p>The number of existing and concealed households assessed to be in need and require a move to some form of affordable housing provision at a specific point in time</p> <p>This count excludes households that from a social landlord that already occupy affordable housing as well as other households for whom an in-situ need is judged to be a more appropriate solution</p> <p>The count also discounts households that are assessed to be able to afford market priced housing</p>
(converted into) Backlog reduction	The estimate of current need divided by the number of years it is assumed it will take to clear this backlog. Consistent with Scottish Government, we have assumed it will require 10 years to clear this
Plus Newly forming households in need	The numbers of new households that will form each year and have insufficient income to access open market housing without assistance.
Plus Existing households that fall into need	The annual number of existing households that own or rent a private dwelling that may experience a change of circumstances and can therefore no longer remain in the open market sector
Equals Annual number of households in need	The total number of households that require some form of affordable housing in any single year
Minus Annual supply of lettings	<p>The numbers of affordable housing that become available for occupation each year.</p> <p>This is the projected numbers of permanent non-transfer relets in the Council and RSL sector plus the number of social rented units that have secured funding and will be completed between 2010/11 and 2012/13</p>
Equals net annual housing need	The potential shortfall (or surplus) in affordable housing provision required each year to meet need



## **Summary description of model for assessing net annual housing need**

**6.3** The Scottish Government approach is intended to estimate the potential shortfall (or surplus) of affordable dwellings. It therefore assumes that existing social renters in need will be re-housed within the sector<sup>86</sup>. It also makes provision for the likelihood that other households may prefer an in-situ solution. It is therefore important that the net annual estimate of net housing need is interpreted alongside evidence of other forms of housing need discussed elsewhere in this report.

**6.4** The term ‘affordable supply’ refers to projected numbers of relets in the existing stock of social housing (exclusive of transfer lets) plus the numbers of first lets arising from the completion of affordable housing. We continue to discount turnover in the intermediate housing stock but this assumption remains under review<sup>87</sup>.

**6.5** All housing need assessments are sensitive to assumptions that are applied. We have sought to ensure that the main assumptions that have informed the central estimate have been discussed with the Housing Market Partnership and are made clear in the following paragraphs. Where a range of alternative inputs and assumptions are possible, we have generally applied the more conservative input assumptions to produce the central estimate of net annual housing need.

### ***Housing register dataset***

**6.6** Consistent with the 2009 estimate of net annual housing need, the housing registers maintained by each local authority have been used as the main data source for quantifying current need and for projecting the numbers of existing households likely to fall into need each year. This is because:

- No other single secondary data source collects information of the range of the housing need indicators and therefore cannot be used produce an estimate of backlog need that is free of double counting.
- National secondary data sources do not always provide timely, robust or comprehensive numbers.

**6.7** The Scottish Government (2008) encourage the use of housing register evidence but stress the need to ensure the data is robust. To ensure the underlying integrity of that housing register data:

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<sup>86</sup> The transfer of an existing social rented tenant creates a vacancy for another household in need. Consequently, internal transfers have no effect on the estimate of net annual housing need. In other words, to ensure the model is internally consistent, social renters are discounted from the count of households in need on the ‘demand’ side of the equation and transfer lettings are discounted from the supply side of the equation.

<sup>87</sup> At March 2010 there were 635 shared ownership units in the Aberdeen City and Aberdeenshire Area, some 54 fewer than in 2005/6 (Scottish Housing Regulator, 2011). Wallace (2008) reports that turnover in the LCHO sector in England can be as low as 1% and rarely exceeds 5% in any single year. Locally, just 5-15 shared units (or similar intermediate products) are available for resale each year. Excluding turnover in this sector therefore has minimal impact on our central housing need estimate. It is also worth noting that a number of shared ownership residents have applied for social rented housing.

- All applications received prior to January 2006 have been excluded from analysis in order to minimise the risk that the housing register evidence on their personal circumstances may be outdated.
- Almost all Aberdeen City residents that have applied to Aberdeenshire have been excluded from the analysis (and vice versa) in order to minimise any risk of double counting households that had applied to both local authorities. An exception has been made for a handful of cases, such as women applying to Aberdeenshire that currently live in the City's refugee.
- All applications received from households living elsewhere in the UK or abroad have been excluded. This is because these applications are not part of the existing household population of the area.

**6.8** A more detailed discussion of the steps taken to ensure the data was suitable for analysis is set out in appendix 7.

**6.9** Table 6.2 summarises the numbers of applicants on the housing register used to inform the analysis of housing need and the numbers discounted from our analysis. The needs assessment analysis is based on 77% of applicants on the Aberdeen City housing register and 73% of applicants on the Aberdeenshire housing register.

**6.10** Existing social renters do not form part of the final count of current housing need (or backlog need). However, they have been retained in the dataset to permit us to 'triangulate' housing register based estimates of the incidence of each 'backlog need' indicator with comparable estimates from other sources of evidence. This has allowed us to check that housing register estimates do not conflict with the numbers available from other sources.

**Table 6.2: Housing register data used to inform needs assessment**

	Numbers used to estimate incidence of backlog need indicators			Total discounted records		Total HR applicants end 2010
	Waiting or homeless list	Existing social rented tenant	Total	Pre 2006 applicant	Applicant outwith area etc	
Aberdeen City	4,472	2,166	6,638	1,091	897	8,626
Aberdeenshire	4,027	1,077	5,105	628	1,282	7,015

Source: Aberdeen City and Aberdeenshire Housing register edited dataset  
 Note: the high incidence on applicants from outside Aberdeenshire (1,282) is a reflection of the fact that 870 applicants seeking rehousing in Aberdeenshire reside in Aberdeen City. Of these some 800 have applied since January 2006

### Current (backlog) housing need

**6.11** The term backlog need refers to the number of households in need at the point in time when the assessment is undertaken. The indicators of backlog need that have been used to estimate backlog need are:

- Homeless households, including those living in temporary accommodation or threatened with repossession or eviction.
- Concealed households, which includes couples, families and lone parents that share accommodation with another household.
- Involuntary sharing single person households, which have been defined as single person households aged 35 years or above that share their home with another household. This age threshold is intended to minimise double counting with newly forming households falling into need<sup>88</sup>.
- Overcrowded households, which includes all households awarded points for overcrowding or do not meet the locally defined bedroom standard.
- Households living in a property in poor condition. This includes households that live in properties that are below the tolerable standard, lack basic amenities or fail the serious disrepair component of the Scottish Housing Quality Standard (SHQS).
- Households with mobility impairment or support needs that live in housing that is not suitable for the specific requirements.

**6.12** Consistent with our 2009 estimate, there is no indicator of ‘harassment from others living in the vicinity’. Although this is one of the Scottish Government (2008) suggested indicators, the Housing Market Partnership concurred that this was not an appropriate local indicator. Both local authorities have a policy to use non-bricks and mortar actions to deal with harassment and antisocial behaviour. Consequently, few cases of serious harassment are resolved through moving the ‘victim’ to another dwelling’ or recorded on the housing register.

### ***Incidence of backlog need***

**6.13** Table 6.3 shows the housing register based count of the incidence of each backlog need indicator. Appendix 7 provides further details regarding the calculation of the count of backlog need and compares the housing register based estimates of the incidence of backlog need with evidence from other sources of data.

**6.14** Comparisons with estimates derived from other data sources suggest that both local authority-housing registers tend to produce estimates towards the lower end of the range of available estimates for some indicators. In particular disrepair is underestimated. This is generally because owner-occupiers and a proportion of private renters that live in poor condition homes, experience overcrowding or have mobility impairment or support needs for the most part do not apply to social rented housing

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<sup>88</sup> For single person households under 25 years that rent privately, any entitlement to housing benefit is calculated on the basis of median cost of a single room in a shared house. As part of the Comprehensive Spending Review, The UK Government decided to extend this age threshold to single households’ to up to 35 years.

**Table 6.3: Incidence of backlog need**

Indicator	Aberdeen City	Aberdeenshire	Aberdeen HMA	Rural HMA
Homeless households or insecure tenure	1,531	921	1,961	491
Concealed family or lone parent	608	492	812	288
Involuntary sharer	415	222	512	125
Overcrowding	2,498	1,129	2,935	681
Dwelling in poor condition	5	178	74	109
Support needs	2,445	1,522	3,077	890

Source: Aberdeen City and Aberdeenshire Housing register edited dataset

***Moving from the incidence of backlog need to a count of backlog need***

**6.15** It is not possible to sum the numbers in table 6.3 to produce a count of backlog need because some applicants have more than one need. For example, concealed households may also live in overcrowded housing. Table 6.4 therefore shows the number of applicants with one or more needs. It should be noted that:

- The proportion of Aberdeenshire housing register applicants in need assigned to the Aberdeen HMA and the Rural HMA is based on the stated first choice area preference of housing applicants counted as being in need.
- Consistent with Scottish Government Guidance, a 10% quota has been applied to convert the backlog count into an annual flow. In effect this assumes that the backlog need will be eliminated over a 10-year period.

**Table 6.4: Numbers of household in current (backlog) need**

Indicator	Aberdeen	Aberdeenshire	Aberdeen HMA	Rural HMA	All
Count of current need after adjusting for double counting	4,837	3,395	6,278	1,954	8,232
Count of current need after discounting social renters	3,246	2,743	4,432	1,557	5,989
Converted into annual flow (divide by 10)	325	274	443	156	599

Source: Aberdeen City and Aberdeenshire housing register edited dataset

**6.16** The Scottish Government suggest discounting households in need that might benefit from an in-situ solution<sup>89</sup>. No deduction has therefore been made for in-situ need because, as discussed in appendix 7, few homeowners or private renters that might benefit from an in-situ solution apply for social rented housing. However, it is important to stress that it is evident from other chapters in this report that in-situ needs do exist and will be an important issue for the LHS of both local authorities to address.

<sup>89</sup> Examples of in-situ solutions could include the provision of adaptations, an extension to address overcrowding or assistance in organising necessary repair work. As discussed in appendix X most applicants assessed to live in poor quality housing have other needs as do most applicants assessed to have 'modest' medical conditions typically had other needs.

**6.17** In the absence of evidence to the contrary, it has been assumed that no household assessed to be in need could afford market priced housing. As appendix 7 discusses, the very limited evidence available suggests that applicant incomes are much lower than for the population as a whole.

**6.18** Overall we estimate 8,232 households in the Aberdeen City and Aberdeenshire Area are in current need. This figure falls to 5,989 households after social renters in need are screened out, of which 4,432 seek to be rehoused in the Aberdeen HMA and the remaining 1,557 seek to be rehoused in the Rural HMA area.

### ***A minimum estimate***

**6.19** We consider the figures reported in table 6.4 to be a minimum estimate of the likely scale of current need in spite of the absence of a downward adjustment for in-situ need or affordability. This is because:

- Although the register measures current need better than any other single secondary data source, it under-counts need amongst households in their 30s to 50s because this age group tend not to apply for social housing<sup>90</sup>.
- Householders in their 30s to 50s that live in separate privately rented or owner occupied properties that apply for rehousing tend to be assessed by both local authorities as experiencing less severe need than other applicants.
- There is no allowance for the needs of households that have applied to one or more RSLs but have not applied to either local authority. The Housing Market Partnership have previously concurred with local authority officers that there are few such households but it is planned to test this assumption once the Aberdeenshire common housing register is operational.
- It is widely acknowledged that the register under-counts housing need in parts of the Rural HMA where there is little or no social housing stock.

### ***Profile of households in current need***

**6.20** Table 6.5 shows the tenure of households in current need by household type. Alongside figure 6.1 it shows that:

- Some 42% in current need have their own home in the sense that they rent from a private landlord (25%) or are homeowners (17%). These proportions vary little by HMA or local authority area.
- Some 58% of those in current need lack a home of their own in the sense that they are classed as 'living with family or friends' or 'other'<sup>91</sup>. There is a marked

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<sup>90</sup> The 2004/5 Survey of English Housing (SEH) found that less than 5% of owners would live in social rented housing if it was available. This lends further support to our assumption that established households that fall into need and occupy separate private housing (particularly owner-occupiers) mostly prefer an in-situ or other market based solution rather than a move to the social rented sector.

<sup>91</sup> The term 'other' refers to a range of living arrangements. It includes emergency or temporary accommodation, specialist homeless provision and institutions (such as hospitals, care homes etc). It also includes those coded as 'no fixed abode'. Invariably most applicants with a tenure code 'other' state 'lack a home' 'homeless' or 'insecurity of tenure' as their reason for applying.

difference between the shares of households classed as 'living with' or 'other' at the local authority area level. This largely reflects differences in the way each local authority records tenure. However, there are many more applicants recorded as 'no fixed abode' in the City than in Aberdeenshire.

- At the Aberdeen City and Aberdeenshire level some 38% all households in current housing need are single person households, 25% are lone parents and 14% are families. At the housing market area level, there only significant difference in terms of household composition is that the Rural HMA has proportionately fewer lone parents.

**Table 6.5: Percent households in need by HMA, tenure and household type**

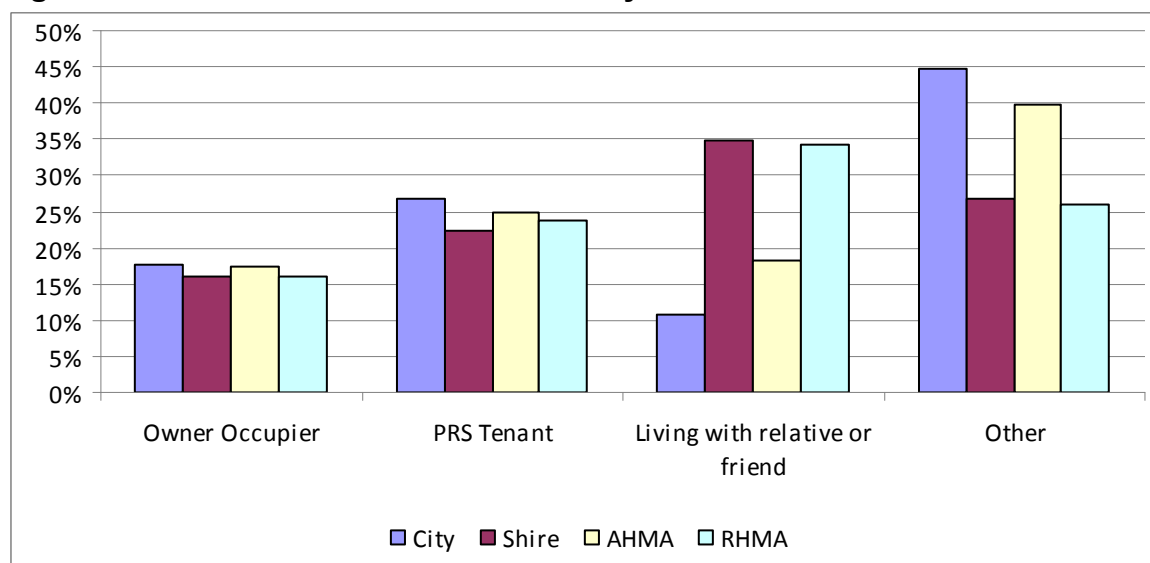
		Owner Occupier	Private Tenant	With Friend or Relative	Other	Total*
<b>Aberdeen HMA</b>	Single person	10	22	36	66	38
	Older single person	32	6	3	1	7
	Couple	6	12	17	4	10
	Older couple	21	2	0	0	4
	Family	8	32	14	5	14
	Lone Parent	22	26	29	23	27
	Other	1	0	1	0	0
	Total	100	100	100	100	100
<b>Rural HMA</b>	Single person	12	14	42	69	37
	Older single person	36	7	2	2	9
	Couple	4	8	19	5	11
	Older couple	25	6	1	0	6
	Family	5	40	8	5	15
	Lone Parent	18	22	26	17	21
	Other	0	3	2	1	2
	Total	100	100	100	100	100

Source: Aberdeen City and Aberdeenshire housing register edited dataset

Note\*: Tenure percent based on applicants where it was possible to code household type and tenure whilst total includes cases where tenure cannot be identified.

- Of the 862 families in current need 70% are renting privately or living with relatives or friends. Most families are seeking a separate home of their own and many have points for overcrowding and/or sharing their home with another household.
- Some 933 households in current need own their home, of which 55% are older households.
- Some 21% of owner-occupiers are lone parent households and in the main are seeking rehousing due to relationship breakdown or a change of financial circumstances. A further 17% are couple or single person households under retirement age. Again most are seeking rehousing due to a change in personal or financial circumstances.

**Figure 6.1: Households in current need by tenure**



Source: Aberdeen City and Aberdeenshire housing register edited dataset

**6.21** Older households, irrespective of current tenure, indicate that their main reasons for seeking rehousing are either health or care related. Nonetheless, the fact that over 500 households in current need are older households that own their home and may have considerable housing equity does suggest that solutions other than the provision of affordable housing may be appropriate, particularly in the current financial climate. This issue warrants further investigation in the coming months.

**6.22** On the other hand it is important to stress that removing a proportion of older homeowners from the count of current need would not lead to a major reduction in this figure. For example:

- If we assume all older homeowners could purchase a suitable home or benefit from an in-situ solution annual current need would fall to 407 in the Aberdeen HMA and to 141 in the Rural HMA.
- In practice a proportion of older homeowners will require a move from the owner occupied to the social rented sector. If we assume around half would require such a move then annual current need would in the Aberdeen HMA and Rural HMA would be 425 to 148 respectively.

### **Emerging (or future) need**

**6.23** We now turn to future need which involves projecting two components. The first is the average annual numbers of newly forming households in need. The second is the average annual numbers of existing households falling into need.

#### ***Number of newly forming households in need***

**6.24** The number of new households unable to afford to buy in the market involves:

- Estimating the number of newly forming households.

- Estimating the gross annual income levels of new households.
- Estimating the proportions that cannot afford market- priced housing.

### **Gross Household Formation Rates**

**6.25** The Guidance states that the calculation of newly arising need should be based on the total number of newly forming households. GROS do not currently project gross household formation. Instead the official household projections subsume household formation and dissolution as well as in and out migration into the calculation of net household growth.

**6.26** Bramley (2006) has published gross household formation rates for a selection of geographical areas, which are summarised in table 6.6. These GHF rates are for the total household population but GROS (2009) investigations confirm that most new households are represented by someone aged 15-29 years. As part of their ongoing investigation, GROS have also produced experimental GHF rates, which are also summarised in table 6.6.

**Table 6.6: Alternative estimates of gross household formation rate (GHF)**

Source	Geography	Date	Estimate
Bramley 2004 and 2006	Aberdeen	2005	2.2 - 2.4*
Bramley 2004 and 2006	Aberdeenshire	2005	2.0-2.4*
Bramley 2004	England urban	2004	2.18 - 2.49
Bramley 2006	Scotland rural	2005	2.14- 2.28
Bramley 2006	Scotland cities/urban LAs	2005	2.1 - 2.7
Bramley 2006	Scotland	2005	2.35
GROS 2009*	Aberdeen	2006	1.9 to 2.2**
GROS 2009*	Aberdeenshire	2006	1.7 to 1.9**
Survey of English Housing	Northern cities	2003/4	2.49
Survey of English Housing	Rural and suburban areas	2003/4	1.76 -1.95
Note: * Bramley estimates suggest the GHF rate for the City has been falling in recent years whereas those for Aberdeenshire have been rising. However the reasons for this are not clear, not least because Bramley stresses that GHF rates for the cities are higher than for other types of local authority. ** These are provisional estimates only and the range reflects different assumptions			

**6.27** Following a review of the figures presented in table 6.5 last year it was decided to adopt a gross household formation rate (GHF) of 2.2% for the Aberdeen HMA and a GHF rate of 1.96% for the Rural HMA. To ensure the local authority and HMA estimates of newly forming households are consistent, the GHF for Aberdeen City and Aberdeenshire have been set at 2.3% and 1.98% respectively.

**6.28** This adoption of separate but comparatively conservative GHF rates for the two HMAs was based on the following factors:

- Throughout Britain, cities have much higher rates of new forming households than rural areas, reflecting the long standing trend for younger adults to move to cities from rural areas and suburban areas



- New household formation is influenced by the age structure of the population. As noted in chapters 2 and 4, the population is aging. Over the long term this is likely to reduce GHF rates expressed as a percentage of all households, which is what is being projected.
- In tight housing markets, such as the Aberdeen HMA, high levels of competition for housing often suppress household formation. The main effect is to increase the age of first household formation such that more couples and fewer single person households form.

### ***Demographic projections***

**6.29** Consistent with the discussion in chapter 4, the central estimate of net annual housing need has been based on our strategic household forecasts.

**6.30** Table 6.7 summarises the average annual numbers of new households that are projected to emerge once the central GHF rates are applied to the strategic household forecasts and the GROS principal household projections.

**6.31** The decision to use the strategic household forecasts in preference to the GROS projections has a slight downward adjustment on the average annual numbers of new households likely to form in the period to 2019. This downward adjustment is a result of the migration assumptions embedded in the strategic forecasts.

**Table 6.7: Projected annual average number of new households, 2010-19**

<b>Household projections</b>	<b>Aberdeen</b>	<b>Aberdeenshire</b>	<b>AHMA</b>	<b>RHMA</b>	<b>Total</b>
Gross household formation rate (GHF)	2.3%	1.98%	2.2%	1.96%	2.14%
GHF applied to Aberdeen City and Shire strategic forecast	2,517	2,163	3,479	1,199	4,678
GHF applied to GROS principal 2008 based projections	2,512	2,192	3,487	1,204	4,696
Difference	5	-30	-8	-5	-18
Sources: Strategic household Forecasts, GROS and agreed GHF as discussed above Note: Figures do not match due to rounding					

### ***Estimating the gross annual income levels of new households***

**6.32** Scottish Government suggests affordability tests should be based on gross household income. At present, CACI Paycheck is the only source of data on gross household incomes available at local level.

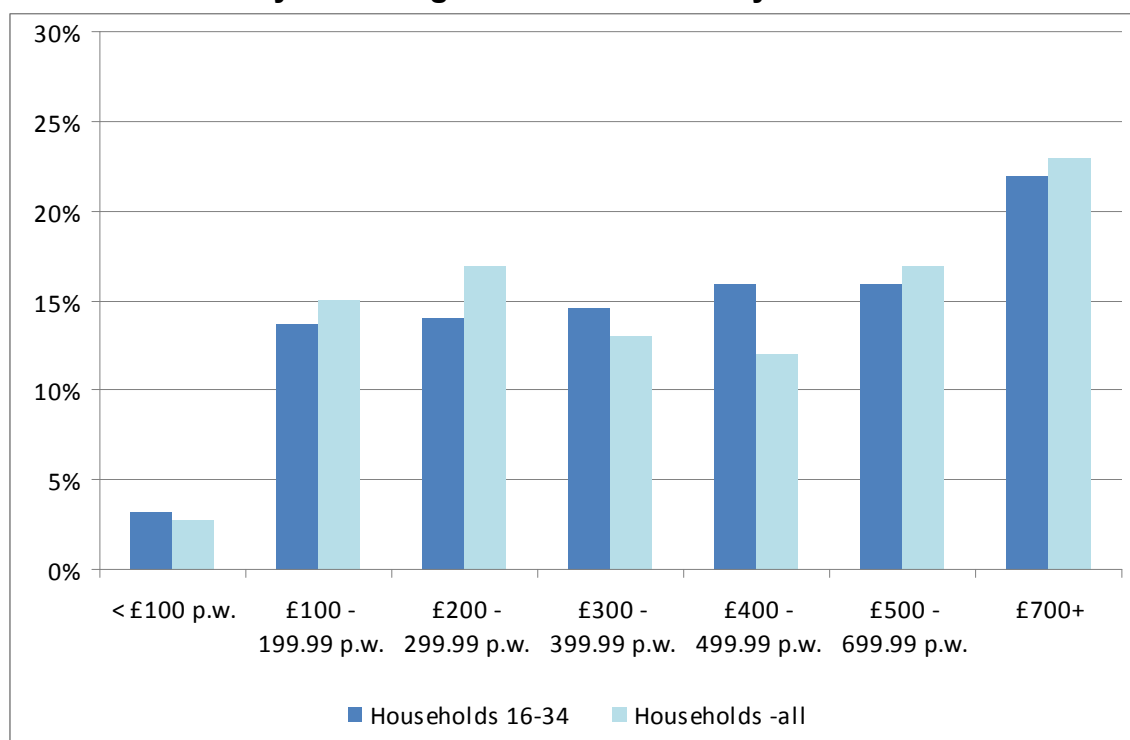
**6.33** It would be preferable to have specific data on the incomes of households represented by someone aged 16-34 years but such data is not available. However, the use of CACI is not considered unduly problematic.

**6.34** Evidence from the Scottish House Condition Survey for 2006-9, which is summarised in figure 6.2, indicates that the net income distribution for all households

in the Aberdeen City and Aberdeenshire area and the income distribution for households less than 35 years are similar. Although there are some variations, these fall within the margin of statistical of error. Evidence from the Scottish Households Survey, which was reported in the previous HNDA report, showed a very similar picture.

**6.35** Bramley (2004) reported that PayCheck figures were comparable with his affordability model income estimates and that both sources produced income distributions that were broadly consistent with outputs from the Family Resources Survey for different types of area. Since 2004 both income models have been refined.

**Figure 6.2: Distribution of net income for all households and households aged 16-34 years living in the Aberdeen City and Aberdeenshire area**



Source, Scottish House Condition Survey 2006-9-edited dataset

**6.36** CACI PayCheck estimates the propensity for households to fall into income bands of £5,000 (£0-£5,000, etc). For those bandings which straddled the affordability threshold we assumed that the numbers of households in that specific income band were evenly distributed across the £5,000. This assumption was then used to assign a proportionate share of households in the ‘threshold’ income band to below and above the price threshold<sup>92</sup>.

<sup>92</sup> For example, if CACI estimate some 13,000 households in the Aberdeen HMA have a gross annual income between £30,000 and £35,000 and the entry level threshold is judged to be £32,500 we assume that half of these households (6,500) have an income of less than £32,500 and half an income over £32,500 or more.

## ***Affordability threshold***

**6.37** Scottish Government guidance suggests the assessment of affordability requires household incomes to be measured against prices for entry-level priced housing. It also suggests the private rents should be considered if these “would constitute no more than 25% of gross household income”.

**6.38** We have adopted the lower quartile resale price for 2009 as representative of the affordability threshold for the Aberdeen HMA (£117,562) and the Rural HMA (£98,000). As discussed in chapter 3:

- Mortgage costs are comparable to the LHA 2 bedroom rent limit in the Aberdeen HMA.
- The entry-level price threshold is significantly lower than the LHA 2-bedroom rent limit in the Rural HMA.

**6.39** It is also important to note that a valid affordability test for full open value market renting should consider both rent levels and vacancy rates to ensure that there are adequate numbers of vacancies to accommodate those seeking to rent privately.

**6.40** At present the necessary data to undertake such analysis is not available but as discussed in chapter 3, turnover rates in this sector are low. Moreover, significant proportions of the sector in the Rural HMA comprise of tied and informal lettings (i.e. renting from family, friends etc) which are not accessible to everyone seeking to rent privately.

**6.41** Local experts also believe there is a shortage of rented accommodation and that the numbers of private rental vacancies in the Rural HMA are insufficient to meet demand from those seeking to rent a home within reasonable travel distance of their family and/or place of employment. It would therefore be inappropriate to simply assume there are sufficient vacancies to absorb demand from plus meet the needs of ‘less affluent’ households that have incomes below the Rural HMA affordability threshold.

**6.42** More generally, the Rural HMA is a somewhat artificial artifice. In reality, the area is ‘polycentric’ and is made up of several local markets that typically operate as standalone areas with little interaction between them. The housing needs model can only provide a broad-brush indication of the potential magnitude of the overall shortfall (or surplus) of affordable housing supply for such an area. This is because the needs model is not readily adaptable to reflect the distinctive structure and nature of sparsely populated and highly localised markets<sup>93</sup>.

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<sup>93</sup> It is not possible to produce robust projections of newly arising need or stock flows for small populations. We have apportioned local authority level projections to the 2 HMA areas but adopting such an approach becomes increasing unreliable as the numbers of households and dwellings in an area fall. Moreover, the translation of recent patterns of need, demand, prices and supply into projections suffer from problems associated with small

**6.43** For comparative purposes the impact of applying the LHA 2 bedroom rent affordability test is shown in table 6.8. However, the central housing need estimates for the Aberdeen HMA and for the Rural HMA are based solely on the affordability of entry-level house prices.

### ***Affordability tests***

**6.44** The Scottish Government (2008) indicates that households should be considered able to afford to buy an entry level priced house that costs 3.5 times the gross income for single income households or 2.9 times for dual income households. Our central estimate is based on the assumption that households with a gross income of at least £33,589 in the Aberdeen HMA and £28,000 in the Rural HMA can access the open market. These two figures represent the upper limit of income related affordability for a household that can borrow 3.5 times their income and can secure a 100 per cent mortgage.

**6.45** Several factors influenced our decision to use a single multiplier of 3.5 and a 100% mortgage. As table 6.8 shows:

- Applying a 2.9 multiplier and an assumed deposit of 17%<sup>94</sup> (test 4) produces comparable results to the application of a 3.5 multiplier.
- Applying a 3.5 multiplier generates figures that are within a few percentage points of those generated by applying the private rental affordability test (test 7). By contrast the 2.9 multiplier generates unaffordability rates that are more than 10% above those generated by test 7.
- Housing register evidence confirms that most households in current housing need are single income households and the national affordability model uses a multiplier of 3.5 (Bramley, 2006).

**6.46** Attempts to model the possibility of using 2 multipliers and the results are summarised in table 6.8 (see test 6). These findings are not considered robust because of the lack of data regarding the new households split by household type and numbers of earners in a household.

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populations. For example, changes in the circumstances of a few households can easily invalidate housing need estimates.

<sup>94</sup>We assumed a new household could make a deposit of 17% for comparison. According to figures published by the Department of Communities and Local Government (Live tables 539) this is the average deposit made by UK and Scottish first time buyers in the 15 years to 2009. It is therefore indicative of the long-term underlying trend.

**Table 6.8: Numbers of new households unable to afford market priced housing**

	City	Aberdeen shire	AHMA	RHMA
<b>Annual average number new households</b>	<b>2,517</b>	<b>2,163</b>	<b>3,479</b>	<b>1,199</b>
Percent all households aged 16-34 years that are single person household	50%	30%	43%	30%
Percent other households aged 16-34 years	50%	70%	57%	70%
<b>Entry level purchase price or private rent</b>				
Entry house purchase price	£110,000	£120,000	£117,562	£98,000
Mortgage required if assume 17% deposit	£91,300	£99,600	£97,576	£81,340
Annual LHA limit for a 2 bedroom dwelling (£150 pw)	£7,800	£7,800	£7,800	£7,800
Annual cost for a 25 year 100% repayment mortgage with an interest charge of 4.5%	£7,418	£8,093	£7,928	£6,609
Annual cost for a 25 year repayment mortgage with an interest charge of 4.5% and deposit 17%	£6,157	£6,717	£6,581	£5,485
<b>Gross income required to access open market</b>				
Gross income: 3.5 multiplier and 100% mortgage	£31,429	£34,286	£33,589	£28,000
Gross income: 2.9 multiplier and 100% mortgage	£37,931	£41,379	£40,539	£33,793
Gross income: 3.5 multiplier and 17% deposit	£26,086	£28,457	£27,879	£23,240
Gross income: 2.9 multiplier and 17% mortgage	£31,483	£34,345	£33,647	£28,048
Gross income: rent not to exceed 25% gross income	£31,200	£31,200	£31,200	£31,200
<b>Affordability test 1: entry level purchase: 100% mortgage &amp; 3.5 multiplier (central estimate)</b>				
Number unable to purchase	1,417	1,202	1,925	623
Proportion of new households unable to buy	56.3%	55.6%	55.3%	52.0%
<b>Affordability test 2: entry level purchase: 100% mortgage &amp; 2.9 multiplier</b>				
Number unable to purchase	1,654	1,409	2,257	740
Proportion of new households unable to buy	65.7%	65.1%	64.9%	61.7%
<b>Affordability test 3: entry level purchase: Assumed 17% deposit &amp; 3.5 mortgage multiplier</b>				
Number unable to purchase	1,181	996	1,599	510
Proportion of new households unable to buy	46.9%	46.0%	46.0%	42.5%
<b>Affordability test 4: entry level purchase: Assumed 17% deposit and 2.9 mortgage multiplier</b>				
Number unable to purchase	1,419	1,204	1,928	624
Proportion of new households unable to buy	56.4%	55.7%	55.4%	52.1%
<b>Affordability test 6: Application of single and dual income multipliers</b>				
Number unable to purchase: 100% mortgage plus 3.5 multiplier for single household & 2.9 others	1,535	1,347	2,114	705
% unable to afford	61%	62%	61%	59%
<b>Affordability test 7: rent 2 bedroom dwelling</b>				
Number unable to afford rent of £7,800 pa (£150 pw)	1,408	1,096	1,795	691
% unable to afford	55.9%	50.7%	51.6%	57.6%
Sources: CACI PayCheck, Sasines, and Scottish Government published LHA allowance January 2011 The difference between the numbers of new households that fall below the central affordability test 1,4 and 7 may be lower than suggested. This is because numbers are heavily influenced by apportionment of households in £30,000 to £35,000 income band for Aberdeen HMA and 2 LAs				

**6.47** We have also made no allowance for household wealth. Bramley (2006) estimates wealth (either through savings or financial support from parents) could improve affordability by some 6% at the Scotland wide level. At the local level, this figure could range from 2% to 10%. Although Bramley advises that the local findings are less robust, it suggests our assumed deposit of 17% (which tends to improve affordability by some 10%) is at the upper limit of income plus wealth related affordability that is likely to arise over the long term

**6.48** Finally, it is vital to develop appropriate policy responses to short-term dynamics in the housing market such as those discussed in chapters 3 and 4. On saying that, strategic planning for housing provision requires a longer-term perspective. Looking ahead, it is likely that the size of deposits currently being sought by lenders will fall back once market conditions improve. It is also likely that there will be a gradual increase in the levels of inter-generational transfers of wealth used to assist new households to buy a home. Both trends would ease affordability pressures for some new households. On balance therefore, it was judged prudent to use one of the more conservative affordability measures.

### ***Numbers of new households unable to afford market housing***

**6.49** Using CACI data for 2009, table 6.8 shows the estimated proportion of new households across the Aberdeen City and Aberdeenshire Area that had a gross income below the 2009 local entry price thresholds. It highlights that in terms of our central test of affordability (test 1):

- Of the 3,479 new households expected to form each year in the Aberdeen HMA, some 1,925 will be unable to purchase an entry priced house without some form of financial assistance.
- Of the 1,199 new households expected to form each year in the Rural HMA, some 623 would be unable to afford to purchase an entry level priced house.
- In the case of the Aberdeen HMA, the share of new households unable to buy (55%) is slightly higher than the proportion unable to rent (52%) whereas in the case of the Rural HMA a lower proportion are assumed unable to buy (52%) than rent (58%).

**6.50** At the Aberdeen City and Aberdeenshire area level, the two housing market area based estimates sum (2,548) to a lower total than the two local authority estimates (2,618). This difference of 70 is due to the fact that:

- The Aberdeen HMA price threshold is lower than the Aberdeenshire LA price threshold. This is because prices in the city tend to be lower than in the rest of the housing market area. This is linked to the higher proportion of flats and other small properties in the city.
- The Rural HMA price threshold is lower than the council wide threshold.

**6.51** When we recalculate the local authority estimates using the appropriate housing market area price threshold, the number of new households estimated to be in need:

- Falls from 1,202 to 1,045, for Aberdeenshire, although this still indicates that over 48% of new households are likely to fall into need.
- Increases to 1,503 for Aberdeen, which is equivalent to over 59% of all new households.

**6.52** The findings presented in table 6.8 alongside outputs from the national housing need and affordability model (Bramley, 2006) confirm there has been a sustained upward trend in the numbers and proportions of new households unable to buy across the Aberdeen City and Aberdeenshire Area. This is consistent with the analysis of price to earnings ratios in chapter 3 which highlighted that house price inflation outstripped wage inflation for most of the last decade.

### ***Existing households falling into need***

**6.53** Over time, some existing households may fall into need even though they have suitable accommodation today. For example, a member of a household may develop a medical condition that requires a house move<sup>95</sup>.

**6.54** The projected flow of existing households falling into need should ideally be based on the annual average number of applicants from the resident population (including those that are rehoused) that apply for social housing over the previous 3 years. However the necessary data is not available. Our projection of the annual flow of existing households falling into need is therefore derived from resident:

- Owner-occupiers aged 35+ years or over that applied for rehousing in the 12 months and assessed to be in need.
- Private renters and lodgers aged 35+ years that applied for rehousing in the 12 months and assessed to be in need.

**6.55** The age threshold was selected to in order to minimise double counting with newly forming households<sup>96</sup>. Table 6.9 summarises our annual allowance for emerging need amongst existing households broken down by tenure and local area.

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<sup>95</sup> There is no separate projection in respect of numbers of households that become homeless. Most homeless applicants are younger adults and are thus subsumed within the count of newly forming households. The estimate of existing households falling into need is likely to subsume most other households that become homeless.

<sup>96</sup> These age thresholds, as noted earlier, is also consistent with the HB “room rate” age threshold announced in the UK Government’s spending review.

**Table 6.9: Annual allowance for existing households falling into need**

Household projections	Aberdeen	Aberdeenshire	AHMA	RHMA	Total
Existing owners aged 35+ years falling into need	195	174	263	106	369
Existing private renters aged 35+ years falling into need	185	152	245	92	337
In-migrants in need	NA	NA	NA	NA	NA
Total	<b>380</b>	<b>326</b>	<b>508</b>	<b>198</b>	<b>706</b>
Source: Analyses of Housing register applicants for Aberdeen City and Aberdeenshire					

**6.56** Based on available evidence it is projected that over each of the next 10 years:

- 263 households in the Aberdeen HMA and a further 106 households in the Rural HMA may require a move from the owner occupied to the social rented sector. Most are households looking to move for health and/or care related reasons.
- 245 households in the Aberdeen HMA and 92 households in the Rural HMA may need a move from the private rented to the social rented housing.

**6.57** The overall projected numbers of existing households falling into need for both housing market areas are similar to the levels projected for 2009 in spite of the upward adjustment to the age threshold. It should also be noted that:

- Although we have assumed that the numbers of homeowners seeking to transfer into the social rented housing will remain constant over the decade ahead, population aging means that the proportion of older homeowners looking to transfers to the social rented sector will decline over time.
- The allowance for private renters is sensitive to the age threshold applied. In the coming months we hope to compare the register-based estimates of inter-tenure flows with evidence from the Scottish Household Survey.

**6.58** As discussed in Chapter 2, migration has added to household growth and the total requirement for housing. Most households that move to the Aberdeen City and Aberdeenshire area look to the private sector to meet their housing requirements. However, migrant workers from the new EU member states have contributed to the increase in the numbers of households seeking social housing in recent years.

**6.59** Although migration flows may have some influence on the numbers of existing households falling into need, there is much uncertainty regarding future migration trends. There is also an absence of robust secondary data to compare the socio-economic profile of in-migrant and out-migrant households. As in 2009 therefore, no allowance has been made for the change in the balance in the numbers of in-migrants in housing need relative to the outflow of migrants in housing need.

### Summary of emerging need

**6.60** Table 6.10 draws together the various components to provide a summary of the annual emerging (or future) need estimates by housing market area. On reflection we believe the most appropriate price thresholds are those for the two housing market areas. The estimates of the numbers of new households in need are



therefore based on the numbers of new households that fall below the appropriate HMA price threshold (and not the local authority price).

**6.61** Across Aberdeen City and Aberdeenshire, some 3,254 newly forming or existing households are projected to fall into need each year. This equates to less than 1.5% of the projected household population. This revised projection is around 145 higher than previously projected. This apparent increase is down to a mix of factors including:

- The higher numbers of households allowed for in the revised and updated household projections.
- A modest increase in the numbers of existing households anticipated to fall into need.

**Table 6.10: Consolidated central estimate of annual emerging need**

Household projections	Aberdeen	Aberdeenshire	AHMA	RHMA	Total
New households unable to buy (multiplier of 3.5) based on HMA price threshold	1,503	1,045	1,925	623	2,548
Existing owners aged 35+ years falling into need	195	174	263	106	369
Existing private renters aged 35+ years falling into need	185	152	245	92	337
<b>Total</b>	<b>1,883</b>	<b>1,371</b>	<b>2,433</b>	<b>821</b>	<b>3,254</b>

Note: new households in need based on HMA price threshold

**6.62** In addition, whilst the CACI income estimates for 2009 and 2010 are not directly comparable, there has been some slight downward adjustment to the income distribution profile of households in some areas – mainly more rural localities<sup>97</sup>.

## Projecting housing supply

### *Social rented stock estimates*

**6.63** To project the likely supply of social rented tenancies to address backlog and future need we projected changes in the total social rented stock and thereafter used this stock base to project relets.

**6.64** For both local authority and RSL stock we assumed that 2010 was the base year and projected annual and Right to Buy (and other rented stock) sales, demolitions and committed new build and conversion completions.

**6.65** Table 6.11 summarises the projected number of newly constructed local authority and RSL social rented units. This social rented new build projection is a 'policy neutral' option and only includes 'committed' supply. This means it only

<sup>97</sup> The most likely reason for the downward adjustment is technical. Last year we hinted at the possibility that the Rural HMA income distribution outputs were possibly on the high side. However, it is also possible that the incomes of households without someone in full time employment have changed little in recent months.

includes RSL and local authority social rented dwellings that are currently under construction or have secured a Scottish Government funding contribution. This should permit policy makers to assess whether there is likely to be a requirement for further new affordable housing provision to address housing need over the longer term.

**Table 6.11: Social sector new build programme**

<b>Aberdeen HMA</b>	<b>Rent</b>			<b>Intermediate</b>		
<b>Year</b>	<b>LA</b>	<b>RSL</b>	<b>rent all</b>	<b>LA</b>	<b>RSL/Other</b>	<b>All</b>
10/11	8	265	273	0	51	51
11/12	187	34	221	0	58	58
12/13	21	151	172	0	65	65
<b>sub-total</b>	216	450	666	0	174	174
<b>Rural HMA</b>	<b>Rent</b>			<b>Intermediate</b>		
<b>Year</b>	<b>LA</b>	<b>RSL</b>	<b>rent all</b>	<b>LA</b>	<b>RSL/Other</b>	<b>All</b>
10/11	23	54	77	0	16	16
11/12	81	0	81	0	13	13
12/13	0	0	0	0	0	0
<b>sub-total</b>	104	54	158	0	29	29
<b>TOTAL</b>	320	504	824	0	203	203

Source: Figures provided by Aberdeen City and Aberdeenshire Council

**6.66** Table 6.11 also shows the potential numbers of intermediate housing units that both councils expect to see completed over the period. Most of these units involve some form of Scottish Government assistance. The revised stock projections do not include provision for demolitions from 2011 onwards.

**6.67** RTB rates have been declining in recent years, no doubt in response to increasing affordability pressures and the impact of the modernised RTB and the designation of Pressured Area Status in many local areas. Since the downturn in the housing market RTB sales in both local authority areas have fallen further and rates are now very low. Sales of stock in the social rented sector are also minimal. Future local authority RTB sales are therefore projected to remain very low at 0.55% for the City and 0.4% for Aberdeenshire.

**6.68** A minimal allowance of 11 units per annum has been made for sales of RSL rented stock, mainly former Scottish Homes stock.

**Table 6.12: Social rented stock projections 2010-19: year start figures**

Year	Stock at start of the year				
	Aberdeen City	Aberdeenshire	Aberdeen HMA	Rural HMA	Total
2010	26,839	17,112	32,243	11,708	43,951
2011	26,904	17,172	32,332	11,743	44,076
2012	26,957	17,236	32,404	11,787	44,192
2013	26,996	17,182	32,427	11,749	44,178
2014	26,864	17,128	32,278	11,712	43,992
2015	26,733	17,074	32,130	11,675	43,807
2016	26,602	17,021	31,983	11,638	43,623
2017	26,472	16,968	31,837	11,601	43,440
2018	26,343	16,915	31,691	11,564	43,257
2019	26,214	16,862	31,546	11,528	43,076

Note: total sum of LA and HMA can vary by 1 or 2 units for a given year due to rounding

**6.69** Table 6.12 shows the projected year on year change in the social rented sector in the period to 2019 at the start of each year. The starting stock figures for 2010 exclude a small number of units of highly specialised accommodation such as those managed by the Abbeyfield Society and Ark HA.

### ***Annual flow of social rented lettings***

**6.70** In terms of estimating net annual housing need the critical consideration is the projected annual flow of social lettings that are available for permanent occupation net of transfer lettings. This includes net relets of existing social rented properties plus first lets of new social rented provision.

### ***Stock not available for permanent letting***

**6.71** Most social landlords own properties that are not available for permanent occupation. Some are held vacant to facilitate decanting or are used to provide temporary homeless accommodation whilst others are empty pending improvement, demolition or disposal. In this regard:

- Currently around 3.5% of Aberdeen City's stock is unavailable for permanent let. This mainly includes properties used as temporary homeless accommodation but it also includes properties under repair, awaiting disposal or being used for decant. This proportion has been held constant over the period to 2018<sup>98</sup>.
- Currently around 2.6% of Aberdeenshire Council's total stock is used for temporary homeless accommodation or are otherwise not available for permanent occupation. Looking ahead, we have assumed that the proportion of stock unavailable for permanent occupation will remain unchanged.

<sup>98</sup> Plans for the 276 properties in the Haudagain area depend on various factors. Due to changing circumstances the Council decided not to replicate last year's assumption. Thus no allowance for the regeneration plans for this area have been built into the housing need model.

- We have assumed less than 0.1% of the RSL rented stock in the Aberdeen City and Aberdeenshire area is not available for permanent let. These figures reflect the numbers of low demand units that have been void for over 6 months.

**6.72** In all instances, the projected rate of stock not available for permanent occupation has been netted off from the annual starting stock prior to projecting forwards the annual flow of lettings.

### ***Operational voids***

**6.73** As in the private sector, at any single point in time a small proportion of the effective stock of social rented will be vacant following tenancy termination. Such vacancies tend to be referred to as transitional voids or operational voids. Available evidence suggests that in both the local authority and RSL sector no more than 1% of the stock is likely to be vacant at any single point in time. In terms of future projections we have assumed that this figure will remain constant.

### ***Relets***

**6.74** As discussed in chapter 3, there has been a marked fall in the annual flow of council relets. We suspect relet rates may remain at this historically low rate until the housing market recovers. As in 2009, we have based the projected relet rate on the 2 to 3 year annualised average relet rate. Thus:

- Lettings data for the past 3 years suggests that after netting off non-effective stock and operational voids the average relet rate for council owned stock in Aberdeen City and Aberdeenshire were 8% and 7.6% respectively.
- Based on Housing Regulator and SCORE statistics on relets for the 3 years to March 2010, the RSL relet rate has been set at 9.8% for Aberdeenshire rising to 9.9% for Aberdeen City.

**6.75** Currently around 15% to 20% of all lettings involve transfers to existing social renters, although the proportion varies slightly between landlords and between the two local authority areas.

**6.76** Table 6.13 summarises the projected annual flow of social lettings exclusive of internal transfers. These projections are based on netting of the non-effective stock rates, from the stock projections reported in table 6.12 and thereafter applying the void and relet rates discussed above. It suggests that at the Aberdeen City and Aberdeenshire level, the annual flow of social lets could reduce from around 3,299 in 2010 to 2,897 by 2019.

**Table 6.13: Projected social housing lettings supply to 2019**

Year	Permanent letting to new tenants plus first letting of new stock				
	Aberdeen City	Aberdeenshire	Aberdeen HMA	Rural HMA	Total
2010	2,098	1,201	2,465	833	3,299
2011	2,059	1,204	2,423	840	3,263
2012	2,050	1,091	2,379	762	3,141
2013	1,882	1,088	2,210	760	2,970
2014	1,861	1,084	2,188	757	2,945
2015	1,864	1,081	2,191	755	2,946
2016	1,855	1,078	2,181	753	2,933
2017	1,846	1,075	2,171	750	2,921
2018	1,838	1,072	2,161	748	2,909
2019	1,829	1,069	2,151	746	2,897
<b>Average</b>	1,918	1,105	2,252	771	3,023

Note: total sum of LA and HMA can vary by 1 or 2 units for a given year due to rounding

### Central estimate of net annual housing need

**6.77** The estimate of net annual housing need – that is, need that cannot be met from existing and programmed supply – is calculated by comparing the total number of households in need against available supply coming forward each year.

**6.78** Table 6.14 therefore brings together the various calculations to summarise our central estimate of net annual housing need to 2018. It is calculated by adding the annual backlog quota to newly arising need and subtracting the annual net supply. This central estimate is trends based and assumes that backlog need will be addressed over a 10-year period.

**Table 6.14: Estimate of net annual need 2010 to 2019**

	Aberdeen	Aberdeenshire	AHMA	RHMA	All (HMA based)	Derivation
Backlog	325	274	443	156	599	table 6.4
Emerging need	1,883**	1,371**	2,433	821	3,254	table 6.10
Total need	2,208	1,645	2,876	977	3,853	NA
Ave lettings	1,918	1,105	2,252	771	3,023	table 6.13
Annual shortfall	290	540	624	206	830	NA

Note: figures may not always add up precisely due to rounding  
 \*\* Please note these figures refer to the new household count based on HMA price threshold and not LA wide price threshold and have been

### 6.79 In Looking at table 6.14:

- For the Aberdeen HMA there is a net annual need of 624. This is 67 more than in 2009. Annual emerging need at the Aberdeen HMA level is projected to exceed the likely annual flow of lettings. This suggests the housing need is chronic and that the backlog is unlikely to reduce without additional supply.

- In the Rural HMA, there is a net annual need of 206. This is 56 more than in 2009. Again it appears that housing need is chronic.

**6.80** This increase in the central estimate of net need is the result of a combination of factors that include:

- An increase in backlog need due to more households joining the housing register and fewer social rented tenants leaving the sector. This is symptomatic of the difficult conditions in the wider housing market.
- A slowdown in relet rates and a smaller committed new build programme.
- Somewhat higher projected household growth and as a consequence a slight increase in the numbers of newly forming households alongside some increase in the proportion of new households with incomes below the affordability threshold.

**6.81** The local authority emerging need totals are based on the relevant HMA entry-level price threshold and not the local authority wide price threshold. This is because, consistent with the guidance, we believe this is the most appropriate measure. If the local authority based affordability threshold was to replace the appropriate HMA affordability threshold, net annual housing need in:

- Aberdeen City would decrease from 290 to 203. Both figures are higher than the respective figures reported for 2009.
- Aberdeenshire would increase from 540 to 698. Again both figures are higher than the respective figures reported in 2009.

**6.82** Whilst the increase in the numbers of households in need may be disappointing, it is important to put them in context. The 2010 estimates suggest:

- Total annual need (before allowing for social rented supply) over the 10-year period represent less than 1.8% of all households.
- Total annual need (after allowing for social rented supply) over the 10-year period represent less than 0.4% of all households.

**6.83** It should also be borne in mind that the housing needs model does not make any allowance for mismatches between the type and size of housing required by those in backlog or emerging need and the type and size of properties that fall vacant<sup>99</sup>.

### ***Allowing for intermediate housing currently under construction***

**6.84** Intermediate housing refers to dwellings which have prices and/or rents that are higher than those for the social rented sector but lower than the prevailing market rate. As noted in table 6.11, there are 203 intermediate units are currently under development. Assuming all these dwellings are occupied by households in need over

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<sup>99</sup> Please note we have removed compared the latest findings with the outputs from the national model. The latter study last reported figures for 2005. Last year it was evident that much of the difference last year was due to trends and developments in the period since 2005.

the period to 2018, inclusion of these units would reduce the estimate of net annual housing need for the:

- Aberdeen HMA from 624 to 607
- Rural HMA from 206 to 203
- For the Aberdeen City and Aberdeenshire area from 830 to 810<sup>100</sup>

**6.85** There are also 263 unsubsidised low cost homeowner units (or discounted sales) that may be completed in Aberdeenshire in the next year or so, of which 171 may be in the Rural HMA and 92 may be in the Aberdeen HMA. If these units are included in addition to the intermediate units already counted, the estimate of net annual housing need for the Aberdeen City and Aberdeenshire area would fall from 830 to 783 and:

- For the Aberdeen HMA from 624 to 590
- For the Rural HMA from 206 to 194

### **Potential requirement for intermediate housing**

**6.86** The potential numbers of households that might benefit from intermediate housing are sensitive to house prices relative to incomes and thus to the ebbs and flows of the housing market cycle. Research confirms most buyers of intermediate housing are under 35 years and typically lived with family or friends or rented privately immediately prior to purchase. Most intermediate products are also consumed by households already living in the local area. This supports our assumption that potential demand for intermediate housing is likely to come predominately from newly forming households<sup>101</sup>.

**6.87** Our estimates of the numbers of households in need that might have sufficient income to purchase a shared equity or some other form of intermediate ownership or rented housing product are therefore based on newly forming households. Our estimate also assumes that:

- The new build price for a typical shared equity product is £135,000 and that prospective purchasers would be looking to purchase a 60%, 70% or 80% equity stake in a new build property.
- A newly forming household can afford to purchase shared equity product up to 3.5 times their gross annual household income.

**6.88** Another potential option would be intermediate or mid-market rent. This option typically involves a rent charge which can be 15% to 30% below the rent for a similar home from a private landlord. We therefore assessed the numbers of newly forming households that could afford an intermediate annual rent of £5,400<sup>102</sup> This rent figure is:

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<sup>100</sup> Thus, 8300 (830\*10 for the 10 years) minus 203 intermediate units equals 8,097, which divided by 10 equals 810.

<sup>101</sup> See for example Bramley, et al (2007) and Wallace (2008)

<sup>102</sup> This figure translates to £450 pcm and just under £104 pw.

- 15% lower than the December 2010 LHA for a 1-bedroom dwelling.
- 30% lower than the December 2010 LHA for a 2-bedroom dwelling.

**6.89** Table 6.15 summarises the proportion of all new households estimated to have insufficient income to purchase each shared equity purchase option (tests 1 to 3) and intermediate rent (test 4). It also provides an indication of the annual numbers of new households in need that could and could not afford each of the four options.

**6.90** There is much potential for shared equity in the Aberdeen HMA and to a lesser extent the Rural HMA under current housing market conditions. In particular:

- The potential for some form of shared equity product is greatest in the Aberdeen HMA, no doubt because this area has a much higher entry-level price and a much larger household population base.
- A 60% equity stake would require a gross income of just over £23,000. For comparative purposes, it is useful to note that the minimum wage for adults over 22 years is £5.93 per hour. This implies a household with two adults earning the minimum wage would have a gross income of around £24,670.
- The headline findings suggest an equity share of 80% would be unlikely to assist new households in the Rural HMA but this may not necessarily be the case. In localities where there are very few opportunities to rent and where local prices are in excess of the Rural HMA entry-level price, there may be much interest in shared equity products.
- Reasonably similar proportions of new households are likely to be in a financial position to rent intermediate housing as would be in a position to purchase a 60% equity share. However, the lack of a requirement for a substantial deposit may appeal to some new households that do not want to buy in the very near future.



**Table 6.15: New households in need that could afford intermediate tenure**

	City	Aberdeen shire	AHMA	RHMA
<b>Annual number new households</b>	2,517	2,163	3,479	1,199
<b>Purchase price</b>				
Entry house purchase price	£110,000	£120,000	£117,562	£98,000
Shared equity option 1: 60% equity share of £135,000	£81,000	£81,000	£81,000	£81,000
Shared equity option 2: 70% equity share of £135,000	£94,500	£94,500	£94,500	£94,500
Shared equity option 3: 80% equity share £135,000	£108,000	£108,000	£108,000	£108,000
Intermediate rent option (annual rent)	£5,400	£5,400	£5,400	£5,400
<b>Gross income required (3.5 multiplier and 100% mortgage)</b>				
Entry house purchase price	£31,429	£34,286	£33,589	£28,000
Shared equity option 1: 60% equity share	£23,143	£23,143	£23,143	£23,143
Shared equity option 2: 70% equity share	£27,000	£27,000	£27,000	£27,000
Shared equity option 3: 80% equity share	£30,857	£30,857	£30,857	£30,857
Intermediate rent option	£21,600	£21,600	£21,600	£21,600
<b>Benchmark: entry level purchase: 100% mortgage &amp; 3.5 multiplier (central estimate)</b>				
Proportion of new households unable to buy	56.3%	55.6%	55.3%	52.0%
<b>Numbers new households unable to buy</b>	1,417	1,202	1,925	623
<b>Affordability test 1: 60% equity share: 100% mortgage &amp; 3.5 multiplier)</b>				
Proportion of all new households unable to buy	41.1%	36.2%	37.2%	42.3%
Annual average number of new households in need able to purchase shared equity option	383	418	631	115
Annual average number of new households in need NOT able to purchase shared equity option	1,034	783	1,294	508
<b>Affordability test 2: 70% equity share: 100% mortgage &amp; 3.5 multiplier</b>				
Proportion of all new households unable to buy	48.6%	43.4%	44.4%	50.1%
Annual average number of new households in need able to purchase shared equity option	194	262	380	22
Annual average number of new households in need NOT able to purchase shared equity option	1,223	939	1,545	601
<b>Affordability test 3: 80% equity share: 100% mortgage &amp; 3.5 multiplier</b>				
Proportion of all new households unable to buy	55.4%	50.1%	51.1%	57.1%
Annual average number of new households in need able to purchase shared equity option	22	117	148	0
Annual average number of new households in need NOT able to purchase shared equity option	1394	1085	1777	623
<b>Affordability test 4: Mid-market rent of £5,400 for 1 or 2 bedroom dwelling</b>				
Proportion of all new households unable to rent	37.9%	33.2%	34.2%	39.0%
Annual average number of new households in need able to afford intermediate rent	463	484	737	155
Annual average number of new households in need NOT able to afford intermediate rent	953	718	1188	468
Note: Numbers do not always add up precisely due to rounding				

**6.91** In addition to assessing whether new households are in a financial position to access intermediate housing, any policy decisions regarding future expansion of the supply of intermediate housing would need to consider whether these options are likely to be attractive to consumers.

**6.92** Over a third of newly forming households in the Aberdeen HMA, rising to 2 out of 5 such households in the Rural HMA are unlikely to be in a position to afford intermediate housing of any kind. This latter group of households is likely to include single persons, lone parents and other households reliant on the earnings of one adult in more modest paid employment. It is also likely to include households that qualify for full or partial housing benefit and/or at risk of homelessness. If the number of lettings were to continue to decline at the same rate as witnessed in the past 3 to 5 years, this group may find it increasingly difficult to obtain a tenancy.

### **Sensitivity analysis**

**6.93** All needs estimates (in common with any set of projections and forecasts) are necessarily based on assumptions about what will happen in the future. In order to assess how sensitive the central estimate of net annual housing need is to a change in the key underlying assumptions, we examined the possible impact of:

- Using the 2006 based high variant household forecasts, which was the basis of the 2009 estimate of net annual housing need.
- Increasing or decreasing local authority relets by 1%
- Increasing or decreasing house prices by 10%.
- Excluding all older homeowners that have been included in the count of backlog need as discussed in paragraphs 6.22 and 6.23.

**6.94** It should be noted that these sensitivity tests and the analysis reported below were restricted to changes at the housing market area level.

### ***Application of former 2006 based high variant household forecast***

**6.95** The 2010 central estimate of net annual housing need for Aberdeen City and Aberdeenshire is 123 higher than the central estimate reported last year. The 2010 estimate is based on the 2008-based strategic demographic forecasts. These replaced the 2006-based strategic demographic forecasts that were used last year. It is therefore useful to look at the impact of this 'technical' change.

**6.96** Using the same household formation rates and affordability assumptions we recalculated newly arising need using the 2006-based high-variant forecasts. As table 6.16 shows, the switch from the 2006 based to the 2008 demographic forecasts has had a modest impact. At the Aberdeen City and Aberdeenshire level, the change in data accounts for no more than 18% of the increase of 123.

**Table 6.16: Sensitivity test: application of 2006 strategic forecasts**

<b>New households in need</b>	<b>Aberdeen HMA</b>	<b>Rural HMA</b>	<b>Total</b>
New households in need: 2008 based central estimate)	1,925	623	2,548
New households in need: 2006 based household forecasts	1,907	619	2,526
Difference	18	4	22

**6.97** Whilst an upward adjustment to net household growth will always have some impact, what is far more influential is the assumed GHF rate. For example, an increase on the GHF rate for Aberdeen City and Aberdeenshire from 2.14 to 2.18 would increase the numbers of new households in need by over 100.

### ***Supply of social renting vacancies***

**6.98** The second sensitivity test we undertook was to look at the impact of assuming the council relet rate gradually increased or decreased by 1% over the period to 2019. The findings are summarised in table 6.17.

**Table 6.17: Sensitivity test for prices**

	<b>Aberdeen HMA</b>	<b>Rural HMA</b>	<b>Total</b>
<b>Central estimate : fixed assumptions</b>			
Backlog	443	156	599
Emerging need	2,433	821	3,254
Total need	2,876	977	3,853
<b>1 percent increase in LA relets</b>			
Ave lettings	2,371	810	3,180
Annual shortfall	505	167	672
<b>1 percent decrease in LA relets</b>			
Ave lettings	2,142	734	2,877
Annual shortfall	734	242	976
<b>Central estimate</b>			
Annual shortfall	624	206	830

**6.99** It indicates that a modest and gradual increase in relets would make a noteworthy contribution in terms of reducing the scale of housing need. At the Aberdeen City and Aberdeenshire level, a gradual increase in relet rates would reduce the estimate of net annual need from 830 to 672. This suggests that one possible policy option that may merit some consideration may be the feasibility of assisting existing tenants who are willing and able to move to the private sector. This may be pertinent in areas granted 'pressured areas status' and where tenants 'Right to Buy' has been suspended.

**6.100** On the other hand a continued gradual decline in relets would lead to a further increase in the numbers of households with unmet housing need and greater pressure for social rented housing and other forms of affordable housing. It would also increase the numbers of households that would try to secure accommodation at the lower end of the private rented sector.

### ***Alternative house price options***

**6.101** Holding all other assumptions constant, we calculate that:

- A 10% increase in house prices, would increase the proportion of new households unable to buy to 60% in the Aberdeen HMA and to 57% in the

Rural HMA. This would increase the estimate of net annual housing need for the Aberdeen HMA and the Rural HMA to 792 and 266 respectively.

- A 10% decrease in house prices, would lower the proportion of new households unable to buy to 50% in the Aberdeen HMA and to 47% in the Rural HMA. This would reduce the estimate of net annual housing for the Aberdeen HMA and Rural HMA to 442 and 143 respectively.

**Table 6.18: Sensitivity test for prices**

	Aberdeen HMA	Rural HMA	Total
<b>10% higher prices and no other change</b>			
Total need	3,044	1,037	4,081
Ave lettings	2,252	770	3,023
Annual shortfall	792	266	1,058
<b>10% lower prices and no other change</b>			
Total need	2,694	914	3,607
Ave lettings	2,252	770	3,023
Annual shortfall	442	143	585

### **Older homeowners**

**6.102** Finally, in paragraphs 6.22 and 6.23 it was noted that over 500 households in backlog need were older homeowners who may have access to housing equity. If we removed all these applicants from the estimate of net annual housing need would fall to 588 in the Aberdeen HMA and to 191 in the Rural HMA.

### **Probable range of estimate of net annual affordable housing need**

**6.103** All the individual sensitivity tests show a considerable net shortfall of affordable supply.

**6.104** They also serve to highlight that whether or not there will be sustained high levels of net annual affordable housing need at the Aberdeen HMA level and the aggregate Rural HMA level will depend on how the housing market develops over the next few years. In particular the impact of wider economic, demographic and political trends on the following three key inputs into the housing needs model will drive future levels of need:

- Future rates of new household formation
- The relationship between prices and earnings/incomes
- The annual numbers of vacancies in the social rented sector available for permanent occupation.

**6.105** To avoid the danger of relying on single point projections, a range of alternative assumptions in respect of the three inputs outlined above were used to produce an upper and lower range of estimates of net annual housing need, which are summarised in table 6.19. In all instances the numbers of households in backlog need and existing household falling into need remained unchanged.

**Table 6.19: Alternative estimates of net annual affordable housing need**

		Aberdeen	Aberdeenshire	AHMA	RHMA	All (HMA based)
Central Estimate	Backlog	325	274	443	156	599
	New forming hoho in need	1,503	1,045	1,925	623	2,548
	Existing households falling into need	380	326	508	198	706
	Total need	2,208	1,645	2,876	977	3,853
	Ave lettings	1,918	1,105	2,252	771	3,023
	Annual shortfall	<b>290</b>	<b>540</b>	<b>624</b>	<b>206</b>	<b>830</b>
Upper Estimate	Backlog	325	274	443	156	599
	New forming hoho in need	1,507	1,136	1,984	666	2,650
	Existing households falling into need	380	326	508	198	706
	Total need	2,212	1,736	2,935	1,020	3,955
	Ave lettings	1,821	1,056	2,142	734	2,877
	Annual shortfall	<b>391</b>	<b>680</b>	<b>793</b>	<b>286</b>	<b>1,079</b>
Lower Estimate	Backlog	325	274	443	156	599
	New forming hoho in need	1,415	933	1,768	579	2,347
	Existing households falling into need	380	326	508	198	706
	Total need	2,120	1,533	2,719	933	3,652
	Ave lettings	2,024	1,157	2,371	810	3,180
	Annual shortfall	<b>97</b>	<b>376</b>	<b>349</b>	<b>123</b>	<b>472</b>

**6.106** In terms of the upper estimate we assumed a slight reduction in household formation to allow for the possibility individuals might defer forming a new household in response to difficult housing market conditions. We also assumed lettings might decline by 1% and affordability might decline by a further 5%.

**6.107** In terms of the lower estimate we assumed that lettings might gradually increase by 1% and affordability might improve by 5%. However we assumed that there would be a modest increase in household formation rates.

**6.108** The alternative scenarios indicate that:

- If affordability improves as envisaged under the 'lower estimate', and improved labour market conditions allowed more social tenants to move into the private sector, net annual affordable housing need in the Aberdeen HMA could fall back to 349 per annum. In the Rural HMA the net annual estimate of need would fall back to 123. More importantly, both estimates suggest that the annual flow of newly emerging need would fall below annual supply rates. If this situation were to arise, it is likely that backlog need would begin to decline over time.
- If housing market conditions were to worsen and growing numbers of newly forming households were without full time employment (as the upper estimate

suggests), the net annual estimate of housing need could rise to 793 in the Aberdeen HMA and 286 in the Rural HMA. This would further reduce the potential to reduce the scale of backlog need without the provision of additional affordable housing supply.

**6.109** More generally, the results suggest that the future levels of need remain uncertain and that regularly monitoring housing market developments and updating the needs estimates should continue to be an annual process, at least until more stable market conditions arise.

### **Summary and emerging issues**

**6.110** The housing needs analysis demonstrates a clear shortfall in the supply of affordable housing and a growth in the level of net housing need in both housing market areas. This has arisen from a range of factors. These include:

- The decline in the supply (lettings) of affordable lettings which has constrained the ability of social landlords to address housing need.
- The continuation of difficult housing market conditions which have increased the numbers of households seeking rehousing, as evidenced by the overall growth in backlog need.
- The increase in house prices relative to earnings at the lower end of the earnings distribution curve which has 'squeezed' growing numbers of new households with low to modest earnings out of the market place.

**6.111** In some rural areas it also seems probable that the problem has been further aggravated by the shortage of houses to rent relative to demand. In Chapter 3 the possibility of a shortage of private lettings relative to demand in the Aberdeen HMA was also highlighted as an issue that warrants further investigation.

**6.112** This severity of the situation is such that annual emerging need (i.e. newly forming households in need and existing households falling into need) at the Aberdeen HMA level and Rural HMA exceeds supply. Unless this is addressed, it is probable that the backlog will continue to increase in the years ahead.

**6.113** Members of the SHMP will need to consider which combination of policy tools might be best suited to addressing the requirements of those in housing need.

**6.114** This is likely to be a challenging agenda. The findings suggest the level of need far exceeds the level of new affordable housing development that it is likely to be able to be procured for the foreseeable future. Until the period of fiscal austerity is over, greater effort will have to be given to solutions that do not rely on grant funded new build.

**6.115** Members of the SHMP will also need to think carefully about the volume and type of new affordable housing provision that should be sought in different localities and whether greater weight should be given to competing priorities such as:

- Addressing need where it is most acute - in terms of location and/or dwelling of a particular size and type that are in scarcest supply.
- Looking to maximise the numbers of affordable units by placing greater emphasis on intermediate housing.

**6.116** Another issue that warrants policy discussion is the extent to which households could perhaps be encouraged or assisted to move to other parts of the housing market where pressure is less severe. Such policy discussions would do well to look beyond technical assessments of the numbers of households in housing need and take cognisance of the quality of the residential offer in terms of the quality of schools and other factors that are known to shape the locational choices of households.

**6.117** Last but by no means least, it is vital to keep in mind that the estimate of net annual housing need is not a comprehensive statement of need. There are many other households already living in separate accommodation that are living in unsuitable housing. It will therefore be vital to consider the wider range of housing needs that exist amongst different sections of the wider community.

## 7. Joining Up Across the Assessment

**7.1** This chapter draws on the evidence presented in earlier chapters and discussions with the Strategic Housing Market Partnership to explore a number of strategic issues and thus address the final two core outputs set out in the Scottish Government guidance.

*The Core Outputs that are addressed in this Chapter are:*

- *an estimate of future households requiring market housing*
- *an estimate of future households requiring either affordable or market housing*

### **How does anticipated population and household growth compare with the partnership's views on economic and population growth?**

**7.2** The Aberdeen City and Shire economy performed strongly in the decade to 2008. In the 5 years to 2008 economic growth contributed to a 4.6% increase in the population (+5,460) and a 6.1% increase in households (+1,649).

**7.3** While the global recession in 2008 and 2009 did impact on the City and Shire area, as evidenced in previous chapters, the impact on the local economy and housing market has been less severe than most other parts of Scotland and the UK.

**7.4** Global market conditions have created uncertainty about future economic growth and future housing market prospects. Tight lending criteria and a fall in market confidence have contributed to a decline in effective demand for house purchase. The retrenchment in sales activity and constrained access to funding has also forced house builders to re-profile build-out rates and reduce staffing and other costs.

**7.5** However, Aberdeen City and Shire's economy has remained more buoyant than most of the UK and has been identified as the most resilient in Scotland and "one to watch" in a UK context in terms of future growth prospects. The price of oil has risen to its highest level since before the 2008 financial crisis hitting \$104.25 partly in response to the developments in the Middle East. There is renewed business confidence in the oil and gas industry which is the main driver of the local economy. Most forecasters don't predict a decline in the oil price in the short to medium-term, with more upward than downward pressures. Long-range forecasts suggest that labour market participation rates will remain comfortably above the national average in the coming decade. Following a dip in house prices during 2008, there has been a modest rise in house prices to the end of 2010 and private rents for 1 and 2 bed properties in Aberdeen have started to rise after a period of some fluctuation.

**7.6** On balance, the Strategic Housing Market Partnership (SHMP) continues to believe that over the long term the local economy will continue to perform well in



comparison to other areas of the UK. More specifically, long-term job growth and productivity improvements, along with the continuing attractiveness of parts of Aberdeenshire as a place to retire should ensure economic and household growth will continue apace over the next two decades.

**7.7** The SHMP has endorsed the adoption of a population and household growth forecast below that produced by the GRO(S), although still above that used as the basis for the previous HNDA and structure plan. This is on the basis that the five years of growth experienced running up to the recession will not be typical of the next 20 years. However, the forecast used as the basis for this study is within the allowance for uncertainty contained within the structure plan.

**7.8** Access to finance to both the mortgage and corporate sectors is one national issue which may constrain the ability of the area to meet its potential.

### **How does the net annual need figure compare to the net annual housing requirement?**

**7.9** Table 7.1 summarises our housing requirement forecast to 2033. These figures are derived from the forecast growth scenario and our net stock model<sup>103</sup>. Over the 25 year period from 2008 to 2033 we forecast that there will be a requirement of 54,730 additional dwellings<sup>104</sup>. This translates to an additional 2,189 dwellings required each year. This is slightly lower than the average requirement in the 2010 HNDA (2,364) due to the changed expectations regarding demolitions in Aberdeen City's regeneration areas.

**Table 7.1: Average Annual Housing Requirement 2008 – 2033**

	<b>Probable</b>
<b>Aberdeen City and Shire</b>	2,189
<b>Aberdeen HMA</b>	1,557
<b>Rural HMA</b>	632

*Source:* Figure 17: Assessment of the 2008-based GROS population and household projections.

**7.10** Table 7.2 summarises estimate of net annual housing need discussed in chapter 6 alongside the forecast total housing requirement. Over the next 10 years, we project there will be an average annual shortfall of 830 affordable dwellings across Aberdeen City and Shire.

**7.11** As discussed in chapter 6, the scale of this shortfall has increased 123 for the central estimate since the last HNDA. A combination of higher household growth, increase in backlog need and a slowdown in relet rates has contributed to this growth. However, there are a range of factors which may suggest that this level of need may not be sustained over the next 10 years but be a function of the point at which data was collected. The increase in waiting lists and decrease in lets in the social rented sector may be a short-term response to market uncertainty. If this is the case, the level of need over the next 10 years will be somewhere between 830

<sup>103</sup> A full explanation of this method is provided in the Strategic Forecasts at: [http://www.aberdeencity.gov.uk/Statistics/sl\\_stt/stt\\_Home.asp](http://www.aberdeencity.gov.uk/Statistics/sl_stt/stt_Home.asp)

<sup>104</sup> <http://www.aberdeencity.gov.uk/nmsruntime/saveasdialog.asp?IID=34458&SID=332>

and the 707 identified in the previous HNDA. Either way, the level of need represents a significant proportion of the housing requirement across the area and in excess of the 25% benchmark set by the Scottish Government.

**Table 7.2: Affordable housing need compared to housing requirements**

	<b>Aberdeen HMA</b>	<b>Rural HMA</b>	<b>Aberdeen City and Shire</b>
<i>Annual Housing Requirements</i>	1,557	632	2,189
<i>Annual estimated need (Central)</i>	624	206	830
<i>Central estimate of need as a % of requirement</i>	40%	33%	38%

*Source: Aberdeen City and Shire Structure Plan and housing needs model*

**7.12** If affordability pressures moderate in the medium term, our lower estimate of net annual housing need suggests that there would still be a significant annual shortfall in the annual supply of affordable housing relative to need. By contrast, if affordability pressures deteriorate further, the scale of the shortfall would increase sharply. This would result in housing need continuing to be chronic throughout the area.

**7.13** The Aberdeen HMA has a higher rate of net annual need than the Rural HMA. This is consistent with the fact that over 7 out of 10 households in the area live in the Aberdeen HMA and that entry-level house prices are much higher than those in the Rural HMA.

**7.14** The Rural HMA estimate of net annual need provides a useful indicator of the extent of mismatch between need and affordable supply but the housing needs model is better suited to a predominately urban setting. Moreover, the Rural HMA does not function in the same coherent way that the Aberdeen HMA does, given the size, diversity and variable connectedness.

**7.15** As a consequence of this, Aberdeenshire Council will complement HMA wide need estimates with more fine grained analysis of demand and need pressures to inform their Proposed Local Development Plan and Local Housing Strategy.

**7.16** There are other options for addressing net annual housing need aside from building new affordable housing. It will therefore be important to consider which combination of policy tools might be best suited to addressing the requirements of those in housing need, particularly in areas where opportunities to build new housing are limited or cost prohibitive. The importance of this is increased with the challenging funding landscape for new affordable housing over the next few years.

**How do the HMA based housing need estimates translate into housing supply targets and housing land allocations at local authority level?**

**7.17** As Chapter 1 notes, the SHMP has confirmed that the Aberdeen HMA and the Rural HMA are the appropriate basis for assessing housing need and demand requirements. This is consistent with the geographical basis of the Aberdeen City and Shire Structure Plan which was approved in August 2009.

7.18 In Chapter 6 the estimate of net annual housing need has been calculated based on where the need is currently expressed.

**Table 7.3: Estimate of net annual need 2010 to 2019 (Table 6.14)**

	Aberdeen	Shire	AHMA	RHMA	All (HMA based)	
Annual shortfall	290	540	624	206	830	
Note: figures may not always add up precisely due to rounding ** Please note these figures refer to the new household count based on HMA price threshold and not LA wide price threshold and have been						

7.19 In translating this housing need into housing supply targets the current structure plan policy is to focus half of all future housing growth in Aberdeen City and the other half in Aberdeenshire. Consistent with this, Table 7.3 shows the possible average annual affordable and market housing requirement by housing market area and local authority area for the next 10 years.

7.20 The Main Issues Report and Proposed Strategic Development Plan, which are due to be published in 2011 and 2012 respectively, will be required to review the scale and focus for housing growth taking in to account the outputs from this HNDA. In parallel, the Local Housing Strategies (LHS) being prepared by the two councils this year will need to jointly identify the most appropriate ways of meeting housing need in the Aberdeen Housing Market Area.

7.21 Table 7.4 does not pre-judge the SDP and LHS policy responses to delivering the affordable housing identified in this HNDA. Given the immediate economic and funding position outlined in Chapter 4 all possible ways of delivering new affordable housing will need to be considered in the LHS.

7.22 Table 7.4 uses the central estimate for the annual housing requirement minus the annual estimate of affordable housing. Appendix 7A shows the annual estimate of market housing required based on the upper and lower annual housing requirements.

**Table 7.4: Translating HMA need estimates into local authority target**

Central Estimate of Need	Annual Housing Requirements	Annual estimate of affordable housing <sup>1</sup>	Annual estimate market housing <sup>2</sup>
<b>Aberdeen City</b>	1,094	415	679
<b>Aberdeenshire (AHMA part)</b>	463	209	254
<b>Aberdeen HMA</b>	1,557	624	933
<b>Rural HMA</b>	632	206	426
<b>Aberdeenshire</b>	1,095	415	680
<b>Aberdeen City and Shire</b>	2,189	830	1,359
Note 1: Figures are derived from the housing market estimates of need. The distribution of affordable housing within the Aberdeen HMA is consistent with the structure plan spatial strategy Note 2: These annual estimates of market housing figures are the difference between the annual housing requirement and the affordable housing requirement.			

## ***Changes from 2010 HNDA – 2011 Update***

**7.23** Appendix 7C compares the information contained in the 2010 Assessment and this update in relation to the annual estimate of market housing required and number of households in backlog need.

**Is there evidence of imbalance in the housing system and what policy options, if any, may be required to correct this?**

### ***Scale of new supply***

**7.24** The increase in population, combined with a trend of decreasing household size has significantly increased the demand for housing over the past 10 years, particularly during the period since 2005. The financial crisis has resulted in slower growth of house prices, and a reduction in sales, but prices have remained at a high level. The ability of the housing market to respond to this demand has been limited over the last 10 years and prices have been inflating at a higher rate than incomes. As a result, affordability pressures in both HMAs have become severe. There is a need to ensure conditions can be created to allow the housing market to respond quicker to changes in demand.

**7.25** The Structure Plan approved in 2009 has already responded to this issue by enabling a generous supply of new housing sites to come forward over the next few years. Timely completion of both Aberdeen City and Aberdeenshire local development plans is also key to identifying the sites to come forward. Both plans are on the verge of submission to Scottish Ministers for examination and are approximately 12 months from adoption.

**7.26** However, land is only one factor and it is important that the industry is willing and able (through availability of a skilled workforce and appropriate levels of corporate and personal mortgage finance) to take up these opportunities and increase the level of new house completions. Increased market confidence will also be important to increase the availability of homes on the second-hand market.

**7.27** Looking to the long term, demographic and economic growth will require sustained levels of new housing in both housing market areas to be achieved. The generous land supply set out in the structure plan should go some way to facilitate increased completion rates.

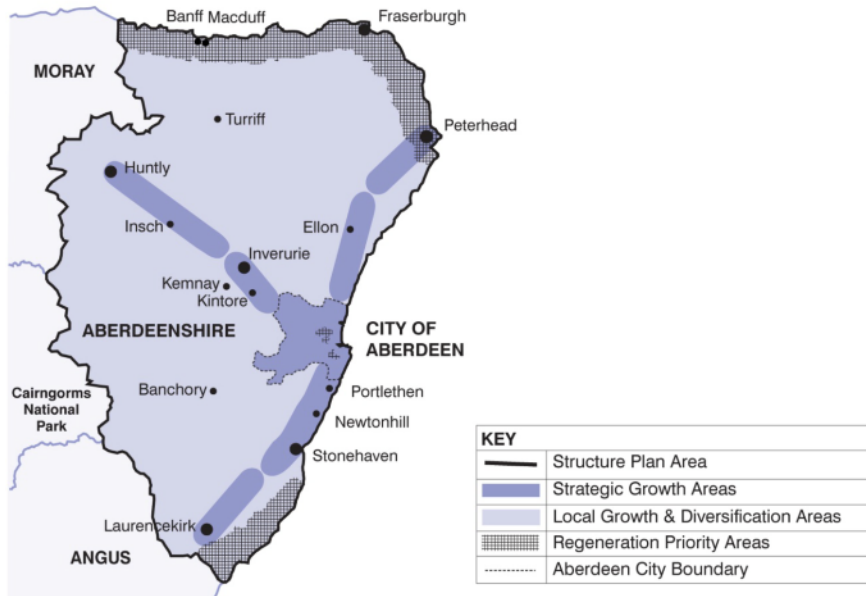
### ***Location***

**7.28** The affordability constraints and lack of supply of new housing developments within Aberdeen City have contributed to net out-migration from Aberdeen to Aberdeenshire. Levels of new development in Aberdeenshire have been higher over the last 10 years, and house buyers are able to get more for their money. However, Aberdeen remains the main focus of employment in the region and will continue to be a focus for housing demand in the Aberdeen HMA.

**7.29** The current structure plan seeks to promote more balanced growth than previous plans, with 50% of future development taking place within Aberdeen City,

and focusing development in Aberdeenshire in three strategic growth areas. Figure 7.1 below identifies the growth areas.

**Figure 7.1: Strategic Growth Areas**



Source: Aberdeen City and Shire structure plan

### **Type**

**7.30** There is a need to deliver higher quality developments that provide a good mix of house types and tenures to reduce the levels of out-migration and promote a sustainable settlement pattern in the Aberdeen HMA and across Aberdeen City and Shire. A more diverse range of new build properties will help to overcome some of the uneven pressures on house prices which have seen lower quartile prices increase more rapidly than either median or upper quartile prices.

**7.31** Long term demographic trends and forecasts suggest that an increase in the number of smaller properties provided will be necessary for younger and older single person households and older couple households.

**7.32** However, the mix of smaller properties that consumers want may differ from the type of smaller properties that have been developed in the past decade. For example, older people may prefer a house (as opposed to a flat) with at least 2 bedrooms with small gardens that allow them to continue to support their families through providing childcare or to enable relatives or carers to visit or stay.

**7.33** The structure plan seeks to promote new development that meets the needs of the whole community, in terms of type, size, tenure and cost, the creation of sustainable mixed communities.

## **What is the scope for a mix in the range of tenures, including private rented sector, to assist in meeting identified need and demand?**

**7.34** The private rental sector already plays a pivotal role in meeting housing demand throughout Aberdeen City and Shire, including demand from households moving for employment or education related reasons. The private rented sector could play an important role in meeting housing need in a context in which funding constraints may very well extend the timescales over which it is feasible to construct the levels of new affordable housing provision required.

**7.35** However, enhancing the role of the private sector to assist in reducing housing need is constrained by a number of barriers. In the Aberdeen HMA, especially the City:

- There is very high demand for private renting in the City relative to supply. This demand comes from a diverse range of households. This includes students, contract workers that are seeking short term lets, migrant workers, households who have deferred house purchase or prefer to rent and lower income households that have been unable to secure a social rented tenancy.
- Although there has been some increase in supply (mainly because owners have been reluctant to sell until house prices recover), the cost of renting is high. The LHA rent rates used for calculating housing benefit are comparable to the cost of purchasing an entry-level property. Both the LHA rent levels and advertised rents levels, which tend to reflect the middle to upper end of the market are in excess of those elsewhere in Scotland. There are therefore few incentives for private landlords to let to lower income households or to enter into private leasing arrangements with the local authority.
- Members of the SHMP report that an upturn in gas and oil related companies block renting properties since the start of 2010 has contributed to rising rents, particularly for smaller 1-3 bedroom properties and to further deterioration in private rental vacancies in recent months.

**7.36** In terms of the Rural HMA, households that already live in the private rented sector tend to see this as providing a long term home, with the result that vacancy rates are very low.

**7.37** Chapter 6 notes that perhaps 5 out of 10 new households that form each year are unlikely to have the resources to access market priced housing even if prices were to moderate. This proportion appears to have changed little in recent years and many rely on Housing Benefit and other state benefits. By contrast, the numbers of new households stuck in the gap between social housing and the private market have increased as a direct consequence of increasing affordability pressures. It is this latter group that LCHO products and other intermediate housing options are intended to assist.

**7.38** Both local officers and developers report strong latent demand for LHCO products but mortgage funding constraints have curtailed effective demand.

**What are the needs of specific population sub-groups and what policy options are available to address these specific concerns?**

**7.37** Chapter 5 explored the potentially distinctive housing concerns and requirements of several population sub-groups. These different community groups and their distinctive housing concerns and requirements are listed in Table 7.5.

**7.38** Aside from households that contain someone with a disability, available evidence suggests that for most households that fall into one of these population sub-groups, as with the population at large, the main barrier is constrained access to general needs private or social housing of a suitable type and size. In particular the lack of larger houses suitable for households with children in the city is a continuing problem as evidenced by the increase in overcrowding in all tenures.

**Table 7.5: Particular need support options**

<b>Group</b>	<b>Proportion and trend</b>	<b>Distinctive needs and concerns</b>
Older People	15.6% over the age of 65, and projected to increase significantly	Range of support from sheltered housing to tailored delivery of support and services
People with a physical disability	Estimated to make up approximately 16% of the population, and projected to slightly decline over time	Need for specialist and adapted properties
People with a learning disability	Estimated to be approximately 1% of the population and projected to decrease slightly over time	Range of support that may change, accommodation needs can vary from mainstream housing with support for or supported tenancies, grouped accommodation or registered care home facilities for those with complex needs.
People with mental health or substance misuse issues	Unknown	Varying levels of housing support commensurate with their particular need
Families and lone parent households	Estimated to be approximately 25% of all households, and projected to decrease.	Overcrowding – and lack family housing in city Particular housing types and sizes.
Ethnic minority households	Approximately 2% of the population.	Research evidence indicates that to suggest this groups housing needs and requirements are any different from the general population Some members of this community may however, experience harassment or other types of discrimination which require management solutions
Migrant workers	There were 5620 NiNo registrations in 2009/10, however, registrations does not monitor the outflow of migrants leaving the country nor their length of stay and cannot provide stats of the overall stock of migrant workers at any particular point in time.	Research indicates that the housing need is very similar to that of the indigenous population; however some members of this community may experience harassment or other types of discrimination which require management solutions.
Gypsy Travellers	Estimated to make up 0.1% of the population. Future trends unclear.	This group has a distinct need. Recent research concluded that there is a need to review local planning policies in respect of the development of private Gypsies/ Travellers sites. In addition, the



Group	Proportion and trend	Distinctive needs and concerns
		study team pointed to a need for Aberdeen City and Aberdeenshire to investigate the possibility of sharing transit sites with a maximum capacity of six pitches per site.
Occupational travellers	Unknown, although, likely to be very small proportion.	Travelling show people regularly use sites agreed by both local authorities to hold their funfairs/circuses throughout the summer. However, as few, if any, have 'winter quarters' in the area, it does not appear that they have any ongoing housing requirements.
Students	Approximately 13% of the population of Aberdeen City, with a lower proportion expected in Aberdeenshire.	This group have a significant need for shared accommodation which can be 'student accommodation halls' or shared houses / flats which will often be Houses in Multiple Occupation.
Homeless households, including younger adults and women	Approximately 2% of households across the area. Trends suggest an increasing trend.	<p>Most homeless applications are from single persons, but there has been some increase larger households, most of whom are lone parents. For many, including most lone parents, the main challenge is constrained access to housing, often linked to a change in financial circumstances following relationship breakdown</p> <p>For younger adults, especially those under 18 years, and /or have previously been' in care' it is unlikely their needs will be met unless access to a home is accompanied by housing related support.</p> <p>For women and other individuals fleeing domestic violence, there is lack of emergency access accommodation but plans to expand provision in the coming months may go some way to address this problem</p>
Lesbian, Gay, Bisexual and Transgender	Approximately 5% of the population.	The requirement of this diverse community mirrors those of the general population. Some

Group	Proportion and trend	Distinctive needs and concerns
		members may however, experience harassment or other types of discrimination which require management solutions.

**7.39** Although there appear to be few substantive bricks and mortar issues, various national and locally commissioned independent research studies highlight a plethora of distinctive housing related support and social care needs.

**7.40** Set against this however, is that there are few timely and routinely updated sources of data on some of these groups.

## 8. Monitoring and updating the assessment

### Background

**8.1** The preceding chapters set out the housing need and demand in Aberdeen City and Shire, drawing on key evidence in accessing the current market and considering the likely future trajectory of change.

**8.2** The key drivers of the housing market are dynamic and can change very quickly, in turn affecting the performance of the housing market. The Aberdeen City and Shire Strategic Housing Market Partnership therefore need to monitor trends and activity in the housing market in a co-ordinated and timely manner.

**8.3** The assessment also needs to be updated on a regular basis. Scottish Government guidance identifies this as a five-yearly review cycle to coincide with the preparation of strategic development plan main issues reports and local housing strategies.

### Monitoring the Assessment

**8.4** The assessment is intended to be continually and proactively monitored, responding to a range of indicators used to assess the housing market as a whole. As a considerable amount of monitoring is already carried out within the partnership, it is important that a coordinated approach is taken to ensure the most efficient use of resources and expertise.

**8.5** A sample of current monitoring arrangements related to the assessment is presented in Table 8.1 below.

**Table 8.1: Current monitoring arrangements**

Monitoring	When	Regularity
Aberdeen City and Shire Structure Plan	March	Annual
Housing Land Audit	September	Annual
LHS Annual Update <sup>105</sup>	August	Annual
SDPA Housing Market Activity	March and September	Twice a year

### Updating the Assessment

**8.6** Housing need and demand assessments provide a robust basis for developing housing and planning policies by considering current and future housing need and demand over the longer term. Guidance suggests that partnerships should not need to undertake comprehensive update of the assessment more frequently than every five years, however, it is also recognised that they should be reviewed regularly.

<sup>105</sup> Both Aberdeen City and Aberdeenshire councils will begin preparation of their LHS over the course of 2010/2011 and subsequently will prepare an annual update.

**8.7** This update of the HNDA has been undertaken to inform the Main Issues Report for the Strategic Development Plan and the Local Housing Strategies to be prepared by the two councils.

**8.8** Appendix 8 provides a more comprehensive catalogue of the data sources used in this assessment and the frequency at which they are updated. This will be important for future updates. The 2011 Census results will be available to inform the first 5-yearly review in 2015/16 and should provide a valuable source of information

## **Appendix 1: Minutes of Strategic Housing Market Partnership Meetings**

**15 December 2010**

**02 February 2011**

**24 February 2011**

<b>ABERDEEN CITY COUNCIL &amp; ABERDEENSHIRE COUNCIL</b>			
<b>MEETING TITLE:</b>	<b>Strategic Housing Market Partnership</b>		<b>MEETING DATE:</b> 15 December 2010
<b>PARTICIPANTS:</b>	Gordon Wright (ACC, Economic Development), Graeme Stuart (ACC), Douglas Rennie (Aberdeenshire), Elaine Reid (Aberdeenshire), Helen Gauld (Grampian Housing Association), Adam Sime (Aberdeenshire), Les McGonigle (ACC), Tom Snowling (ACC), Peter McRae (Aberdeenshire), Piers Blaxter (Aberdeenshire), David Jennings (SDPA), Daniel Harrington (ACC), Robert Gray (Aberdeenshire)		
<b>APOLOGIES:</b>	John MacRae (ASPC), Don McKee (Cairngorms National Park), David Horsfall (Homes for Scotland), Sarah-Jane Laing (SRPBA), Sandy Dustan (Community Health Partnership), Sandy Murray (TACA), Janelle Clark (Aberdeenshire), Donald Urquhart (ACC), Ritchie Johnson (Aberdeenshire), Martin Barry (Scottish Enterprise Grampian), Paul Murray (Lloyds TSB), Alan Grant (Langstane Housing Association), David Lappin (Castlehill Housing Association), Douglas Edwardson (Aberdeenshire), Fiona Munro (Cairngorm National Park), Gale Beattie (ACC), Karine Suller (ACC), Katrina Lovie (NHS), Maggie Bochel (ACC), Marianne McGowan (Homes For Scotland), Martin Barry (ACSEF), Mary Bonner (NHS), Michael O' Sullivan (Aberdeenshire), Neil Clapperton (Grampian Housing Association), Robert Fraser (Aberdein Considine), Susie Brown		
<b>COPIES TO:</b>			
<b>NO.</b>	<b>AGENDA ITEM</b>	<b>NOTES OF DISCUSSION</b>	<b>ACTION/ DECISIONS</b>
1	Welcome	Robert Gray welcomed the group.	
2	Introductions	Group did round the table introductions	
3	Housing Needs & Demand Assessments – 2010 Update Requirement	Graeme advised the group that the previous HNDA submission had been found to be robust and credible by the CHMA. The new process for the Strategic Development Plan means that HNDA must be updated prior to the main issues report due to be issued in May 2011.  He advised the group that the HNDA team were	

NO.	AGENDA ITEM	NOTES OF DISCUSSION	ACTION/ DECISIONS
		<p>currently looking at each of the chapters and where possible updating figures and adding any new information that had not previously been available. The update was not looking at policy implications at present.</p> <p>The timeframe for the draft update to be circulated to the SHMP in advance of the 2<sup>nd</sup> February 2011 meeting. Once the partnership has signed off the HNDA is to be submitted to the CHMA for approval.</p> <p>The CHMA are happy to receive two versions of the update. One with track changes to show where changes have been made and a clean version for easier reading.</p> <p>Robert asked the group to advise now if there were any issues that were likely to cause us not to meet this time frame.</p> <p>Graeme advised the group that Newhaven had been recommissioned to update the model and chapter 6 and provide training to allow the Councils to write the next HNDA without support. Training has had to be delayed however to allow the team to concentrate on producing the update on time. Training will take place in February.</p> <p>Piers queried if the SHMP would be able to sign off the draft in February as there were no house builder</p>	<p>Group did not feel that there was any reason they would be unable to meet the deadline.</p>

NO.	AGENDA ITEM	NOTES OF DISCUSSION	ACTION/ DECISIONS
		<p>or community representatives present at the meeting and they may not be present at the next one.</p> <p>Graeme advised that dates for the meeting would be circulated and information circulated and comments asked for prior to the signing off of the HNDA. Everyone would have an opportunity to have feedback on the HNDA.</p> <p>Group decided that the best way to ensure that house builders had an opportunity to feed in was to arrange a briefing session for Homes for Scotland and the Grampian House Builders Committee in early January.</p> <p>Graeme advised that the intention was also to invite John McRae from ASPC to comment on the HNDA individually.</p> <p>Group suggested that the draft HNDA may be able to be an agenda item on the next Land Use Forum.</p> <p>Group discussed the partnerships role to represent public interest as well as that of the major house builders. Group agreed that the role of the partnership should be discussed with the CHMA as there is no less involvement in the update than there was on the previous version of the HNDA.</p>	<p>David Jennings to arrange the briefing advised that he was happy to attend.</p> <p>Daniel to check when the next meeting is and feedback.</p> <p>Daniel to check with the CHMA.</p>
4.	Assessment of the 2008 based GROS Population and	<p>Tom spoke to the paper circulated to the group.</p> <p>The strategic forecasts that had previously been</p>	



NO.	AGENDA ITEM	NOTES OF DISCUSSION	ACTION/ DECISIONS
	Household Projections for Aberdeen City and Shire	<p>produced by ACC and Shire in 2007 are lower than the GROS 2008 based projections. The GROS figures are a reflection of the strong period of growth that preceded their base date and the Council forecasts were based on an earlier period with lower levels of population gain.</p> <p>Revised 2008-based population and household projections for Aberdeen City and Shire are based on a net long term migration assumption of 1,200 per year for the period up to 2033.</p> <p>Les queried how figures should be split to represent AHMA and RHMA. David and Tom to establish what split was used previously and inform the group of what percentage split should be used.</p> <p>Group discussed the Household projections and felt it would be useful to provide a demonstration of how the household projection would continue to rise as a result of the natural progression of family regardless of any in migration.</p>	<p>Group agreed they were happy to use the Revised 2008-based population and household projections for Aberdeen City and Shire. An explanation of the projections should be contained within the document.</p> <p>ASAP</p> <p>Peter &amp; Paula asap</p>
5	Future Housing Market	<p>Daniel and Les spoke to the paper circulated.</p> <p>Points for consideration:</p>	

NO.	AGENDA ITEM	NOTES OF DISCUSSION	ACTION/ DECISIONS
		<p>House prices have reduced by a small percentage but properties are only affordable if people can access finance to purchase them. – Caution needs to be used when describing properties as more affordable.</p> <p>The model does not take account of the high level of deposit required by first time buyers.</p> <p>Credit history is critical.</p> <p>Les shared with the group issues highlighted by Paul Murray regarding how Lloyds TSB are currently handling mortgage provision.</p> <p>Main points include:</p> <p>Minimum deposits required for anyone is 10%  The lower deposit the higher the interest rate.  TSB policy is to ensure that borrower doesn't over commit so all outgoings are taken into consideration re affordability.  Over time and bonuses are not included as income.  Interest only mortgages provided in very few occasions.  Self build mortgages also require a 30% deposit and monies released in tranches after spend incurred.  Some purchasers are paying less than valuations.  No longer lending past retirement age.  New build purchases need a 20% deposit.</p>	

NO.	AGENDA ITEM	NOTES OF DISCUSSION	ACTION/ DECISIONS
		<p>Interest rates are steady at the moment. There has been an upturn in conversion and extension loans.</p> <p>Helen advised the group that there was still a high level of interest in low cost home ownership. Anecdotal evidence suggests that there is still a requirement for a high deposit of the stake and ability to access mortgages changes dependent on the week.</p> <p>Group discussed the importance of not painting to negative a picture of the current situation in Aberdeen and the Shire. While the recession has had an impact we have a more positive position in comparison to other parts of the country. In theory it should mean that Aberdeen/Shire is a good place to be in order to recover.</p> <p>There is clearly still developer confidence in the area with the number of new site starts.</p>	
6	Other Issues for HN&DA update	<p>The HNDA needs to clearly clarify its role for the rural levels.</p> <p>The HNDA should contain a statement on the purpose of the HNDA and its limitations.</p>	

NO.	AGENDA ITEM	NOTES OF DISCUSSION	ACTION/ DECISIONS
7	Next Steps	Work is currently ongoing on the update of the chapters.  Gillian is working on the model.  Chapters will be available by mid January for comment before the February meeting of the SHMP.	
8	Date of Next Meeting	2 <sup>nd</sup> February 2011	
	Minute Taker: Lesley Bloice	Venue of Next Meeting: To be advised.	

<b>ABERDEEN CITY COUNCIL &amp; ABERDEENSHIRE COUNCIL</b>			
<b>MEETING TITLE:</b>	<b>Strategic Housing Market Partnership</b>	<b>MEETING DATE:</b>	02 February 2011
<b>PARTICIPANTS:</b>	Gordon Wright (ACC, Economic Development), Graeme Stuart (ACC), Douglas Rennie (Aberdeenshire), Elaine Reid (Aberdeenshire), Adam Sime (Aberdeenshire), Les McGonigle (ACC), Peter McRae (Aberdeenshire), David Jennings (SDPA), Daniel Harrington (ACC), Robert Gray (Aberdeenshire), Marianne McGowan (Homes For Scotland), Alan Grant (Langstane Housing Association), David Lappin (Castlehill Housing Association), Douglas Edwardson (Aberdeenshire), Michael O' Sullivan (Aberdeenshire), Gale Beattie (ACC), Janelle Clark (Aberdeenshire), Lynn Boyd (Aberdeenshire CHP), Nicola Barclay (Homes For Scotland), Andrew Bradford (SRPBA)		
<b>APOLOGIES:</b>	John MacRae (ASPC), Don McKee (Cairngorms National Park), David Horsfall (Homes for Scotland), Sarah-Jane Laing (SRPBA), Sandy Dustan (Community Health Partnership), Sandy Murray (TACA), Donald Urquhart (ACC), Ritchie Johnson (Aberdeenshire), Martin Barry (Scottish Enterprise Grampian), Paul Murray (Lloyds TSB), Karine Suller (ACC), Katrina Lovie (NHS), Maggie Bochel (ACC), Martin Barry (ACSEF), Mary Bonner (NHS), Neil Clapperton (Grampian Housing Association), Robert Fraser (Aberdein Considine), Susie Brown		
<b>COPIES TO:</b>			
NO.	AGENDA ITEM	NOTES OF DISCUSSION	ACTION/ DECISIONS

NO.	AGENDA ITEM	NOTES OF DISCUSSION	ACTION/ DECISIONS
1	Welcome	Robert Gray welcomed the group.	
2	Introductions	Group did round the table introductions	
3	HNDA Chapter Updates	<p><b>Chapter 1</b></p> <p>Les advised the group that there had been little change to the introductory chapter. It has been updated with information in relation to the previous assessment by the CHMA and the partnership involvement had been amended.</p> <p>David Jennings felt that before Para 1.15 there should be a brief explanation as to why less update meetings taken place and 1.23 Study Methods should explain why not all processes have been repeated for the update.</p> <p><b>Chapter 2</b></p> <p>Peter McRae spoke on behalf of Mel Greig. He advised that the chapter showed that population and household figures were increasing within the areas faster than the rest of Scotland. There has been a rapid increase in the number of over 55's in the area. Net in-migration from overseas has slowed and the</p>	<p>Les to make the necessary amendments to explain that due to the short time frame between the previous HNDA and this update there has been less time available to host more meetings and due to the nature of this being an update there was little need to carry out all the study methods that had previously been undertaken.</p>

NO.	AGENDA ITEM	NOTES OF DISCUSSION	ACTION/ DECISIONS
		<p>economic trends within the area are proving to be quite buoyant.</p> <p>Janelle queried Para 2.8 which states that there is further work to be undertaken by the SHMP in relation to net out migration. She felt that if there was no work currently going on then this statement should be removed.</p> <p>Janelle felt that some of the charts/images were difficult to read in black and white. Could this be amended in anyway?</p> <p>Daniel advised that links could be added to the map images so people could refer to the internet if they wanted more detailed information from the maps.</p> <p>Marianne McGowan asked if this was the appropriate chapter to include detail of the big investment announcements that had recently been released. David Jennings felt that Table 2.6 should be updated to January to demonstrate the changing price of oil per barrel in recent months.</p> <p><b>Chapter 3</b></p> <p>Andrew Bradford felt that it would be useful to include a table near to 3.13 showing age of building by tenure.</p>	<p>Mel to make amendments.</p> <p>Graeme advised that this could be done as part of the standardisation/formatting of the document in preparation for the submission to the CHMA.</p> <p>Les advised that Chapter 4 would cover this.</p> <p>Mel to update.</p>



NO.	AGENDA ITEM	NOTES OF DISCUSSION	ACTION/ DECISIONS
		<p><b>Chapter 4</b></p> <p>Les advised the group that this had been a difficult chapter to complete. It is important to remember that the chapter is a snapshot of a particular moment of time.</p> <p>David Jennings felt that there was some issues within the chapter regarding the clarity of the information that was trying to be conveyed. It is important that the main points are not lost amongst other detail.</p> <p>Group discussed the need for the inclusion of some detail on the benefit reforms in or around para 3.319. It was felt that this information was important to include.</p> <p><b>Chapter 5</b></p> <p>Elaine advised that this chapter to was to discuss the particular housing needs of certain groups that were not differentiated in the information included within Chapter 6.</p> <p>There has been little real change in this chapter since the completion of the HNDA last year.</p> <p>Andrew wanted to highlight that as a result of the ongoing conflict in Afghanistan there were local regiments being deployed to service. As a direct</p>	<p>Janelle to forward a discussion paper from the CIH to Les for information.</p> <p>Group agreed that a note should be included. Andrew to put Elaine in contact with appropriate source.</p>



NO.	AGENDA ITEM	NOTES OF DISCUSSION	ACTION/ DECISIONS
		<p>result of this we can expect an increase in the number of soldiers coming home with additional housing need in relation to injury.</p> <p><b>Chapter 6</b></p> <p>Unfortunately due to ill health Gillian was unable to attend the meeting.</p> <p>As the project team has only received the draft chapter 6 yesterday afternoon it was felt that it was inappropriate to circulate to members of the Strategic Housing Market Partnership before the team had the time to read, digest and amend the information as necessary.</p> <p>Graeme advised the group that this would be circulated as soon as possible.</p> <p>Gillian had provided the group with a number of slides which Graeme talked the group through.</p> <p>Group discussed if the current multiplier was appropriate for use. It was agreed that while we are aware that a 3.5 multiplier and 100% mortgage assumption is incorrect it would be very difficult to base the model on individual income and expenditure as is currently the practice. As a result it was felt that it was appropriate to use the multiplier.</p>	

NO.	AGENDA ITEM	NOTES OF DISCUSSION	ACTION/ DECISIONS
		<p>Group queried if developers were suffering for the same stringent lending criteria as home buyers. Nicola advised that there were more stringent conditions in relation to borrowing at the moment. Group felt that it would be appropriate for Homes For Scotland to provide a broad brush statement on this for inclusion within chapter 4.</p>	<p>Nicola to forward information to Les.</p>
4.	<p>HNDA Submission Timeframe</p>	<p>Graeme informed the group that we were currently running behind schedule for the submission of the HNDA update.</p> <p>David advised the group that in order to ensure that the submission could be turned around by the CHMA in time for the main issues report it needed to be submitted by the end of February.</p> <p>Graeme requested that the next meeting of the SHMP take place on the 24<sup>th</sup> of February from 2pm (venue to be confirmed) in order to work through chapter 6 and chapter 7.</p> <p>Draft chapters 6 &amp; 7 would therefore need to be circulated by the 16<sup>th</sup> of February.</p>	<p>Lesley to organise.</p> <p>Lesley to circulate asap.</p>
6	<p>Date of Next Meeting</p>	<p>24<sup>th</sup> February 2011 – 2pm</p>	<p>Minute Taker Lesley Bloice Venue of next meeting Cmmtee Rm 1 Woodhill House.</p>

<b>ABERDEEN CITY COUNCIL &amp; ABERDEENSHIRE COUNCIL</b>			
<b>MEETING TITLE:</b>	<b>Strategic Housing Market Partnership</b>		<b>MEETING DATE:</b> 24 February 2011
<b>PARTICIPANTS:</b>	Graeme Stuart (ACC), Elaine Reid (Aberdeenshire), Les McGonigle (ACC), Peter McRae (Aberdeenshire), David Jennings (SDPA), Daniel Harrington (ACC), Robert Gray (Aberdeenshire), David Horsfall (Homes For Scotland), Alan Grant (Langstane Housing Association), Michael O' Sullivan (Aberdeenshire), Janelle Clark (Aberdeenshire), Shelley Thomson (Stewart Milne), Stuart Robertson (Aberdeenshire)		
<b>APOLOGIES:</b>	John MacRae (ASPC), Don McKee (Cairngorms National Park), Marianne McGowan (Homes for Scotland), Sarah-Jane Laing (SRPBA), Sandy Dustan (Community Health Partnership), Sandy Murray (TACA), Donald Urquhart (ACC), Ritchie Johnson (Aberdeenshire), Martin Barry (Scottish Enterprise Grampian), Paul Murray (Lloyds TSB), Karine Suller (ACC), Katrina Lovie (NHS), Maggie Bochel (ACC), Martin Barry (ACSEF), Mary Bonner (NHS), Neil Clapperton (Grampian Housing Association), Robert Fraser (Aberdein Considine), Susie Brown, Gordon Wright (ACC, Economic Development), Douglas Rennie (Aberdeenshire), Adam Sime (Aberdeenshire), David Lappin (Castlehill Housing Association), Douglas Edwardson (Aberdeenshire), Gale Beattie (ACC), Andrew Bradford, Lynn Boyd (Aberdeenshire CHP), Nicola Barclay (Homes For Scotland),		
<b>COPIES TO:</b>			
<b>NO.</b>	<b>AGENDA ITEM</b>	<b>NOTES OF DISCUSSION</b>	<b>ACTION/ DECISIONS</b>
1	Welcome	Robert Gray welcomed the group.	
2	Introductions	Group did round the table introductions	
3	Update on how comments on Chapters 1-5(made at meeting of 2 <sup>nd</sup> Feb 2011) are to be incorporated into HNDA update.	<p>A paper had been circulated to the group to highlight how previous comments made at the SHMP meeting of the 2<sup>nd</sup> of February were to be incorporated (or not) into the updated HNDA.</p> <p>Group were advised that these were not all the amendments that were to be made to the update. There will still formatting issues and the general tidying up and standardising of the document to take place. This would be done prior to submission once</p>	

NO.	AGENDA ITEM	NOTES OF DISCUSSION	ACTION/ DECISIONS
		<p>the finalised chapters have been agreed.</p> <p>Les advised the group that there were still some minor amendments to be made to chapter 4 as changes were happening every day in particular relation to the benefit reforms and needed to be updated.</p> <p>Group discussed the use of Aberdeen City and Shire. Attention should be given to its use throughout the document as it is not appropriate in all circumstances. This will be picked up in the final editing.</p>	
4.	Draft Chapter 6 Comments	<p>Graeme apologised to the group for the delay in circulating a draft chapter 6 to the group.</p> <p>This was as a result of amended housing register data being required from Aberdeenshire Council and the amended information being used within the Model.</p> <p>Graeme informed the group that the only comments he had received had been from Andrew Bradford and that these had been forwarded to Gillian for amendment. Graeme had also replied personally to Andrew to advise how these comments would be taken on board.</p> <p>Group discussed several points in relation to paras 6.102 and 6.117 which resulted in agreement that the current text being found to be acceptable.</p>	

NO.	AGENDA ITEM	NOTES OF DISCUSSION	ACTION/ DECISIONS
5	Draft Chapter 7 - Comments	<p>Chapter 7 had been issued on Tuesday 22<sup>nd</sup> February to the project team.</p> <p>Para 7.10 Graeme to amend wording to demonstrate that we can only compare the figures that the model has produced last year and this year as the requirement of housing need. There is no definite way of knowing if housing need trends will increase or reduce over the 5 year period.</p> <p>Les sought clarity from David that he was happy with the references throughout the chapter to the Structure Plan.</p> <p>David advised that para 7.22 wording should be amended from “The delivery of housing in a challenging financial climate is likely to be <b>more of an issue.</b>” To “The delivery of housing in a challenging financial climate is likely to be <b>a key issue.</b>”</p> <p>David Horsfall queried why the benchmark statement was necessary at para 7.10.</p> <p>Table 7.3 to be amended to that ACC and Shire is moved up to below Aberdeenshire. There should perhaps be a break in the table between the ACC and Shire figure and the AHMA and RHMA figures.</p>	<p>Graeme to amend.</p> <p>David advised that it was appropriate.</p> <p>Graeme to amend.</p> <p>Graeme advised that while this was still current SG policy it was appropriate to remain.</p> <p>Lesley to amend.</p>

NO.	AGENDA ITEM	NOTES OF DISCUSSION	ACTION/ DECISIONS
		Para 7.17 to be amended to ensure clarity in relation to what table 7.3 shows. It should be made clear that this is the policy implication from the Structure Plan but that this was to be reviewed for the Main Issues Report and Strategic Development Plan. The inclusion here would not constrain future policy.	David and Janelle to forward an appropriate statement to Graeme asap.
6	Next Steps	<p>Graeme advised the groups of the next steps for the HNDA update:</p> <ul style="list-style-type: none"> <li>• Make necessary amendments to chapter 6 &amp; 7</li> <li>• Individual chapters all need to be checked for accuracy and standardised.</li> <li>• Final read through needed to ensure that HNDA reads as one document.</li> <li>• Submission by end of play Friday 4<sup>th</sup> of March.</li> <li>• Once robust and credible received executive summary to be produced.</li> <li>• Annual review of HNDA necessary.</li> <li>• Review paper should be made available to the project board annually (July time).</li> <li>• 2011 Census information will be large factor for update in 2013.</li> </ul>	
7	Submission to the CHMA	<p>David advised the group that the timeframe for feedback from the CHMA should be estimated at approx 2 months. He was hopeful however that as this was an updated the turn around time would be much shorter.</p> <p>Robert to email the project board to advise that the HNDA update would be submitted on Friday 4<sup>th</sup> March</p>	

NO.	AGENDA ITEM	NOTES OF DISCUSSION	ACTION/ DECISIONS
		2011.	
	<b>Minute Taker: Lesley Bloice</b>		

## Appendix 2: Glossary

**Affordability** is a measure of whether housing may be afforded by certain groups of households.

**Affordable housing** is housing made available at a cost below full market value, to meet an identified need. It includes social rented housing, subsidised low cost housing for sale (discounted, shared ownership or shared equity) and low cost housing without subsidy (entry level housing for sale). Private rented accommodation available at lower cost than market rents, mid-market rent, should also be considered within the affordable housing category.

**An Allocation Policy** defines how Aberdeen City and Aberdeenshire Council carries out its statutory duty of allocating houses based on an assessment of the housing need of applicants.

**Common Housing Register** involves a single form for all applicants in a particular area to complete and a single pool of applicants from which social housing partners can select prospective new tenants. Within those broad principles, participating landlords are free to prioritise, select and rehouse applicants according to their own unique allocations policy.

**A concealed household** refers to a household of unrelated adults sharing a kitchen, bathroom or WC with another household but not sharing meals.

**A forecast** of housing needs or requirements is a prediction of numbers which would arise in future years based on a model of the determinants of those numbers and assumptions about (a) the behaviour of households and the market and (b) how the key determinants are likely to change. It involves understanding relationships and predicting behaviour in response to preferences and economic conditions.

**Headship rates** measure the proportion of individuals in the population, in a particular age group, who head a household. Projected headship rates are applied to projected populations to produce projected numbers of households.

**A household** is one person living alone, or two or more people living together at the same address as their only or main residence who share at least one meal a day together or who share a living room (e.g. 5 adults sharing a house like this constitute one 5-person household).

**Household formation** refers to the process whereby individuals in the population form separate households. 'Gross' or 'new' household formation refers to households that form over a period of time, conventionally one year. This is equal to the number of households existing at the end of the year that did not exist as separate households at the beginning of the year (not counting 'successor' households, when the former head of household dies or departs). 'Net' household formation is the net growth in households resulting from new households forming less the number of existing households dissolving (e.g. through death or joining up with other households).

**Houses in Multiple Occupation (HMO)** is a property that is occupied by 3 or more persons from different families as their main or any residence. An HMO can include



hostels, halls of residence, bed-sit, shared flats and houses, and some hotels and guesthouses.

**Housing demand** is the quantity and type/quality of housing which households wish to buy or rent and are able to afford.

**Housing land requirements** is the amount of land required to be allocated for housing to meet the identified housing requirement.

**Housing market area** is a geographical area which is relatively self-contained in terms of housing demand; i.e. a large percentage of people moving house or settling in the area will have sought a dwelling only in that area.

**Housing need** 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 housing market without some assistance.

**Housing requirements** are the total amount and type of housing necessary to accommodate a given (or projected) population at appropriate minimum standards. This includes both housing needs and housing likely to be demanded in the market.

**Housing size** can be measured in terms of the number of bedrooms, habitable rooms or floorspace. This assessment uses the number of bedrooms.

**Housing type** refers to the type of dwelling, for example, flat, house, specialist accommodation.

**Intermediate affordable housing** is housing available at a cost below full market value to meet an identified need and includes: subsidised low cost housing for sale (discounted, shared ownership or shared equity); low cost housing without subsidy (entry-level housing for sale); and mid market renting.

**Lending multiplier** is the number of times a household's gross annual income a mortgage lender will normally be willing to lend. The most common multipliers quoted are 3.5 times income for a one-income household and 2.9 times total income for dual income households.

**LCHO** is the general description given to Shared Ownership and Shared Equity Schemes. It also includes developer led ownership schemes where an individual purchases a property from a developer at a fixed % of the open market value.

**Lower quartile** means the value below which one quarter of the cases falls. In relation to house prices, it means the price of the house that is one-quarter of the way up the ranking from the cheapest to the most expensive.

**Market housing** is private housing for rent or for sale, where the price is set in the open market.

**Migration** is the movement of people between geographical areas. In this context it could be either local authority districts, or wider housing market areas. The rate of migration is usually measured as an annual number of individuals, living in the defined area at a point in time, who were not resident there one year earlier. Gross

migration refers to the number of individuals moving into or out of the district. Net migration is the difference between gross in-migration and gross out-migration.

**NOMIS** is a service provided by the Office for National Statistics, to give free access to the most detailed and up-to-date UK labour market statistics from official sources.

**Non-self-contained accommodation** is where households share a kitchen, bathroom or toilet with another household, or they share a hall or staircase that is needed to get from one part of their accommodation to another.

**Primary data** is information that is collected from a bespoke data collection exercise (e.g. surveys, focus groups or interviews) and analysed to produce a new set of findings.

**A projection** of housing needs or requirements is a calculation of numbers expected in some future year or years based on the extrapolation of existing conditions and assumptions. For example, household projections calculate the number and composition of households expected at some future date(s) given the projected number of residents, broken down by age, and an extrapolation of recent trends in the propensity of different groups to form separate households.

**Private sector housing** is housing for sale or rent provided by private developers or other commercial organisations. The term 'owner occupied sector' excludes the private rented element.

**Registered Social Landlord (RSL)** is a landlord that provides housing for rent (and low cost home ownership). The commonest form of registered social landlord in Scotland is a housing association

**Relets** in this context are social rented housing units which are vacated during a period and become potentially available for letting to new tenants, or tenants transferring. Net relets are total relets, or turnover, minus transfers from another tenancy of the landlord and successions (where the tenancy is transferred to an existing occupant such as the child or spouse of the previous tenant).

**Scottish Housing Quality Standard (SHQS)** defines what Scottish Government constitutes acceptable good quality housing. Local authorities and other registered social landlords have until 2015 to ensure all their housing stock meets the standard.

**Secondary data** is existing information that someone else has collected. Data from administrative systems and some research projects are made available for others to summarise and analyse for their own purposes (e.g. Census, national surveys).

**Shared equity schemes** enable people to buy a home in partnership with a registered social landlord. An owner generally pays between 60 and 80 per cent of the market value of the property – with the remainder held by a registered social landlord using a Government grant.

**Shared ownership schemes** provide housing that is available part to buy (usually at market value) and part to rent. The ownership is normally in tranches of 25, 50 or 75%.

**Social rented housing** is general and special needs housing provision by registered social landlords, local authorities and other social housing providers for rent.

## Appendix 3: Housing Market Areas

- 1 Housing market areas have been used for planning purposes since the 1970's and are the key spatial scale for assessing and meeting the need and demand for new housing. The concept of housing market areas was introduced into planning guidance by Circular 21/1983 and Scottish Planning Policy (2010) defines a housing market area as

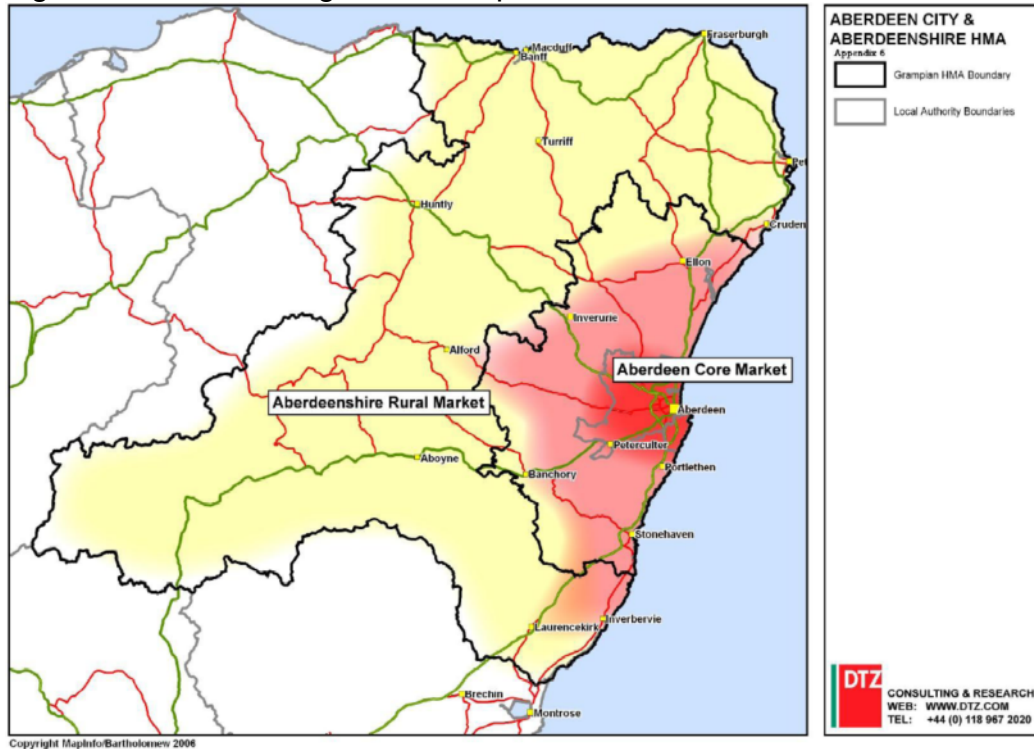
*“...a geographical area where the demand for housing is relatively self contained.”*
- 3 Fundamental to the concept of housing market areas is that they rarely have precise boundaries; they often overlap, operate at different scales and change over time. However, the concept is a useful one and Scottish Government policy is that they should be used in defining housing requirements and as the basis for housing need and demand assessments.
- 4 The housing market areas used in this assessment date back to the mid-1970's and were originally defined on the basis of travel-to-work data from the 1971 Census. Research over the last 30 years in the form of 'Housebuyers Surveys', analysis of census and sasines data have all confirmed the continuing relevance of these areas. As a consequence of their long history, data has been consistently collected and analysed on this basis over many years.
- 6 The most recent review was carried out by consultants (DTZ) in 2006/07 which looked at the definition of housing market areas in Aberdeen and Aberdeenshire. This research used the guidance published by Communities Scotland in 2003 on the definition of housing market areas<sup>106</sup> and was done as part of the preparatory work for the Aberdeen City and Shire Structure Plan.
- 7 The review<sup>107</sup> sought to establish whether the two HMA boundaries were still fit for purpose or whether more appropriate boundaries existed. In particular, it sought to determine whether the data would allow for the identification of more coherent housing market areas beyond the existing Aberdeen HMA.
- 8 An initial map was prepared by DTZ on the basis of a desktop assessment and is presented in Figure 1 below. This suggested a possible extension of the Aberdeen HMA to Cruden Bay, Alford and Laurencekirk, with a pulling in of the boundary north of Ellon and south west of Banchory. Beyond the Aberdeen HMA the research didn't identify either one or a number of additional coherent housing markets.

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<sup>106</sup> <http://www.scotland.gov.uk/Resource/Doc/1125/0087165.pdf>

<sup>107</sup> <http://www.aberdeenshire.gov.uk/statistics/land/housingmarketareareview.asp>

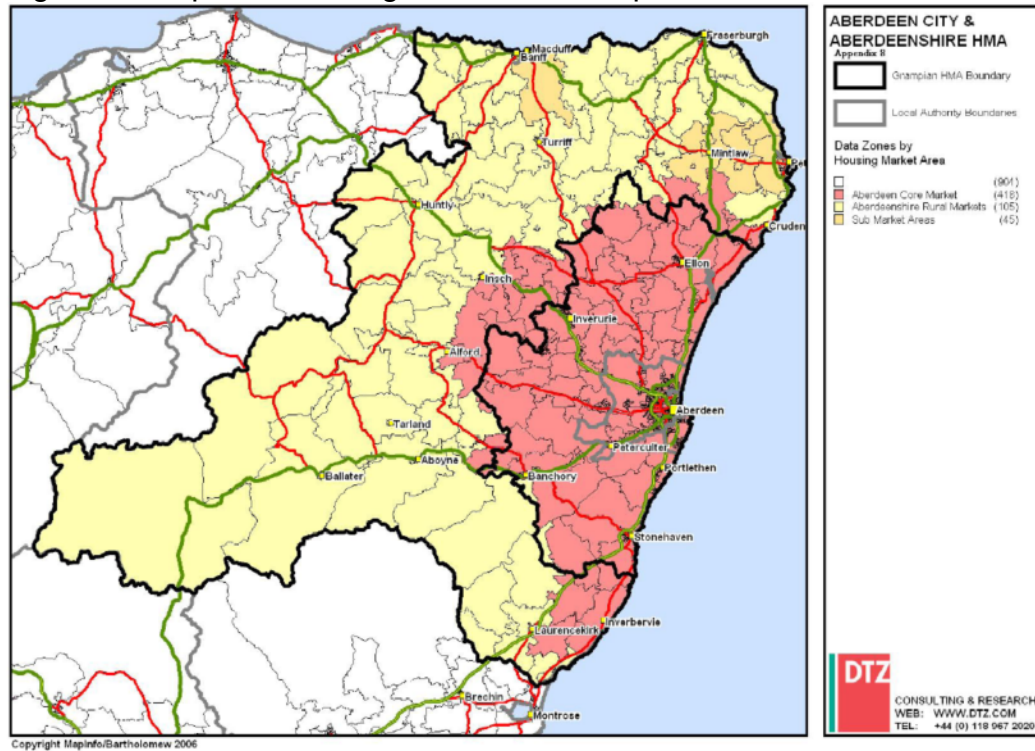
Figure 1: Initial housing market map



Source: *Aberdeen City and Shire Housing Market Area Review* (2007)

- 9 Following a stakeholder workshop, further desktop assessment and the fitting of the boundary to data zones, a further housing market area map was prepared (Figure 2).

Figure 2: Proposed housing market area map



Source: *Aberdeen City and Shire Housing Market Area Review* (2007)

- 10 This more closely followed the existing Aberdeen HMA boundary with the exception of an area to the north west (including Alford and Insch) – not identified in the initial map, and a southerly expansion to include the area as far south as Laurencekirk.
- 11 In light of the information summarised above, a decision was made on whether to retain the current housing market area boundaries or use those derived from the research.
- 12 A range of factors contributed to the decision (made in the context of the preparation of the Aberdeen City and Shire Structure Plan) to retain the current housing market area boundaries and these are outlined below.
  - a) Continuity – as noted above, the current boundaries have been in existence for some considerable time and are well understood by those who use them.
  - b) Data availability – data has been collected and presented on the basis of the current boundaries for many years. A change to the boundaries would mean the loss of this data in some cases or a need for extensive work to re-code it to keep it relevant. In addition, the census data used in the review was already six years old.
  - c) Uncertainty – the changes between the initial and final proposals by DTZ were not insignificant and due to the largely rural nature of the area, evidence was based on a limited number of transactions. This was compounded by the large area covered by many datazones which straddle

the current boundary where including or excluding a particular datazone can have a significant impact on the area covered.

- d) Stakeholder views – it became clear that there was no particular appetite to change the boundaries on the part of the development industry and that they had conflicting views over the reality of the change proposed in some areas.
  - e) Rural HMA – it had not proved possible to disaggregate the Rural HMA into smaller and more meaningful market areas which was one of the fundamental objectives of the research.
- 13 The conclusion reached was in favour of maintaining the current boundaries for the Aberdeen City and Shire Structure Plan. It was considered that the value of making changes to the area was outweighed by the value of continuity, while recognising that this decision would need to be kept under review on the basis of new information as it became available.
- 14 The Strategic Housing Market Partnership, at one of its early meetings, agreed to support the decision to retain the existing housing market area boundaries for the purpose of preparing the housing need and demand assessment.
- 15 Scottish Government guidance suggests that it is good practice to keep housing market areas under review. The results of the 2011 Census, when they become available, will be an important source of information to be used in future reviews of the housing market areas.

## Appendix 4A

Aberdeen									
		2002	2003	2004	2005	2006	2007	2008	2009
Single Earner	lower quartile	£15,184	£15,600	£15,964	£17,420	£18,460	£17,524	£19,136	£19,916
	Median	£22,984	£23,036	£22,100	£24,388	£25,012	£24,908	£27,664	£27,976
dual earner	lower quartile X2	£30,368	£31,200	£31,928	£34,840	£36,920	£35,048	£38,272	£39,832
	Median X2	£45,968	£46,072	£44,200	£48,776	£50,024	£49,816	£55,328	£55,952
Sasines Resale House Price	lower quartile	£47,000	£50,790	£57,003	£68,500	£85,000	£120,000	£120,000	£110,000
	Median	£65,000	£75,000	£82,500	£98,151	£120,000	£160,000	£160,000	£120,000
<b>PRICE: INCOME RATIO</b>									
		2002	2003	2004	2005	2006	2007	2008	
<b>Single Earner</b>									
LQ price/LQ Earnings		3.1	3.26	<b>3.57</b>	<b>3.93</b>	<b>4.6</b>	<b>6.85</b>	<b>6.27</b>	<b>5.52</b>
LQ price/median Earnings		2.04	2.2	2.58	2.81	3.4	<b>4.82</b>	<b>4.34</b>	<b>3.93</b>
<b>Dual Earner</b>									
LQ price/LQ Earnings		1.55	1.63	1.79	1.97	2.3	<b>3.42</b>	<b>3.14</b>	<b>2.76</b>
LQ price/median Earnings		1.02	1.1	1.29	1.4	1.7	2.41	2.17	<b>1.97</b>

## Appendix 4B

Aberdeenshire									
		2002	2003	2004	2005	2006	2007	2008	2009
Single Earner	lower quartile	£15,184	£15,600	£15,964	£17,420	£18,460	£17,524	£19,136	£18,720
	Median	£22,984	£23,036	£22,100	£24,388	£25,012	£24,908	£27,664	£26,000
dual earner	lower quartile X2	£30,368	£31,200	£31,928	£34,840	£36,920	£35,048	£38,272	£37,440
	Median X2	£45,968	£46,072	£44,200	£48,776	£50,024	£49,816	£55,328	£52,000
Sasines Resale House Price	lower quartile	£47,000	£50,790	£57,003	£68,500	£85,000	£120,000	£120,000	£120,000
	Median	£65,000	£75,000	£82,500	£98,151	£120,000	£160,000	£160,000	£172,500
<b>PRICE: INCOME RATIO</b>									
		2002	2003	2004	2005	2006	2007	2008	
<b>Single Earner</b>									
LQ price/LQ Earnings		3.1	3.26	<b>3.57</b>	<b>3.93</b>	<b>4.6</b>	<b>6.85</b>	<b>6.27</b>	<b>6.41</b>
LQ price/median Earnings		2.04	2.2	2.58	2.81	3.4	<b>4.82</b>	<b>4.34</b>	<b>4.62</b>
<b>Dual Earner</b>									
LQ price/LQ Earnings		1.55	1.63	1.79	1.97	2.3	<b>3.42</b>	<b>3.14</b>	<b>3.21</b>
LQ price/median Earnings		1.02	1.1	1.29	1.4	1.7	2.41	2.17	<b>2.31</b>



## **Appendix 5: Home Buyers Survey Methodology**

Section one from the Homebuyers Survey detailing the methodology used to carry out the primary research. A full report is available on request.



# **ABERDEEN CITY AND SHIRE**

## **HOMEBUYERS SURVEY 2009**

### **EXTRACT FROM OVERVIEW REPORT**

**PREPARED FOR: ABERDEEN CITY AND SHIRE  
HOUSING MARKET PARTNERSHIP  
C/O ABERDEENSHIRE COUNCIL  
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**DATE: 3<sup>RD</sup> FEBRUARY 2010**

## **Background, Objectives and Methodology**

### **Background**

- 1.1 This document sets out the findings of a survey of recent home buyers conducted by IBP Strategy and Research on behalf of Aberdeen City and Shire Housing Market Partnership in November and December 2009.
- 1.2 The Aberdeen City and Shire Housing Market Partnership is a partnership through which key stakeholders in the provision of housing in North East Scotland come together to discuss common issues. It is made up of representatives of Aberdeenshire Council, Aberdeen City Council, The Cairngorms National Park Authority, Aberdeenshire Community Planning Partnership, Aberdeen City Community Planning Partnership, NHS Grampian, Aberdeen Solicitors Property Centre, Homes for Scotland and the Council of Mortgage Lenders.

### **Objectives**

- 1.3 The survey is intended to contribute to ongoing work to undertake a Housing Need and Demand Assessment within the area. This assessment is used to assist in the setting of affordable housing targets and in determining the types of homes that people want to live in; it will help to identify the type, tenure and location of where homes should be developed over the next ten years.
- 1.4 A number of specific issues were explored in the survey, including:
  - A detailed profile of the new homes purchased.
  - Details of previous homes and, where appropriate, a comparison between these and new homes in terms of geography, size and tenure.
  - Attitudes and experience of the house search process.
  - Information on the profile and household characteristics of buyers.

A detailed questionnaire was compiled to address these issues, which reflected and built upon a similar questionnaire used for a survey by the North East Housing Planning Alliance in 2002. The survey questionnaire is separately included as **Appendix 1 (of the report)**.

### **Methodology**

- 1.5 The survey covering letter and questionnaire, along with a Reply Paid envelope, were issued to the full database of 9,000 apparent home buyers in mid-November with a closing date of 4<sup>th</sup> December (in fact, all responses received up to 11<sup>th</sup> December were included in the analysis).
- 1.6 A small number of individuals contacted IBP directly to intimate that they were not, in fact, recent home buyers. In addition, a further 53 people sent back

their questionnaires to state that they were not home buyers. These details will be provided separately to the Partnership.

- 1.7 A total of 1,145 valid responses were achieved, which represents a response rate of 12.7% based on a “population” of 9,000 home buyers on the database. As the actual population of home buyers would appear to be lower than this then the effective response rate is somewhat higher although this cannot be quantified. The level of response is within the bounds of the response rate of 10% to 20% that IBP would expect for a single, “cold” mailing of this nature and provides a substantial sample on which to base decision making at both a Local Authority and Housing Market Area level.
- 1.8 Based on the “population” of 9,000 and the 1,145 valid responses received, the data contained in this report is accurate to +/- 2.71% based on a 50% estimate at the 95% level. This is a very robust confidence interval for a survey of this nature.
- 1.9 Even when the data is further subdivided by categories such as Local Authority Area, Housing Market Area and type of buyer, the confidence intervals are acceptable. A range of confidence intervals are detailed below based on the typical sample sizes achieved:

Element of Overall Sample	Typical sample Size	Typical confidence Interval <sup>108</sup>
Aberdeen City Council Local Authority Area	409	+/-4.73%
Aberdeenshire Council Local Authority Area	691	+/-3.58%
Aberdeen Housing Market Area	755	+/-3.41%
Aberdeenshire Rural Housing Market Area	336	+/-5.25%
First time buyers	218	+/-6.56%
Subsequent Buyers	849	+/-3.20%

1.10 These illustrate that the sample sizes are robust even at the level of these breakdown characteristics.

1.11 Completed questionnaires have been inputted onto a database using the SNAP data processing package. The completed data file will be provided separately to the Partnership. Comprehensive cross-tabulations of the data have been produced in relation to each of the following:

- Sale Code (i.e. new or old property)\*
- Year of Purchase (2006, 2007, 2008)\*
- Price Band\*
- Local Authority Area\*
- Housing Market Area\*
- First Time Buyer or Subsequent Buyer
- Type of Property
- Household Composition
- Household Income (where this information was provided).

Those items marked with an asterisk (\*) were determined from the original database and were matched to the returned questionnaires, which were individually numbered (although it should be noted that in a small number of cases this was not possible due to respondents erasing the questionnaire identification number).

<sup>108</sup> Based on a 50% estimate at the 95% confidence level. "Population" of transactions assumed at 9,000 in all cases.

Additionally, other questions regarding location of previous home, other locations where a home was sought and location of work were coded by IBP into Housing Market Area and Local Authority Area.

The other information is based on information provided by respondents as part of the questionnaire. An extensive set of data tables that break down the results of all questions according to these criteria has been set out as **Appendix 2 (of the report)**.

- 1.12 Within this overview report, the data is set out primarily at an overall level and broken down by Local Authority Area and Housing Market Area. With respect to the latter it should be noted that very few responses were received from the Cairngorms National Park Authority Area and so these have not been analysed in the main body of the report; they are, however, contained within Appendix 2. The report also sets out the results for a number of factors according to whether the respondent was a first time or subsequent buyer. Other analysis of the data is provided where particularly relevant (for example, in relation to size of property).
- 1.13 In the majority of cases, non-responses to specific questions have been deleted from the data set in Appendix 2 to ensure the integrity of this data and so the bases set out vary. In certain questions (specifically those that request a ranking of various criteria for the selection of home or area) it is more appropriate to retain the non-responses and this has been done.
- 1.14 A number of questions call for a write-in response rather than a pre-coded one and a full listing of these responses is set out as **Appendix 3 (of the report)**. In some cases, further analysis of this write-in data will be possible on the basis of a coding framework that would require the Partnership's agreement.

## Appendix 6: Demographic, Household and Economic Context

### Appendix 6: Number of Older People 2008 – 2033 prevalence estimates

Age Group (65+)	2008	2023	2033	Change	% Change
<b>Aberdeen City</b>					
Total population aged 65+	32,195	39,169	45,423	<b>13,228</b>	<b>41.09%</b>
Minimum needs	14,198	17,274	20,032	<b>5,834</b>	<b>41.09%</b>
Low need	5,183	6,306	7,313	<b>2,130</b>	<b>41.09%</b>
Medium needs	4,314	5,249	6,087	<b>1,773</b>	<b>41.09%</b>
High needs	2,157	2,624	3,043	<b>886</b>	<b>41.09%</b>
<b>Aberdeenshire</b>					
Total population aged 65+	38,272	62,165	79,082	<b>40,810</b>	<b>106.63%</b>
Minimum needs	16,878	27,415	34,875	<b>17,997</b>	<b>106.63%</b>
Low need	6,162	10,009	12,732	<b>6,570</b>	<b>106.63%</b>
Medium needs	5,128	8,330	10,597	<b>5,469</b>	<b>106.63%</b>
High needs	2,564	4,165	5,298	<b>2,734</b>	<b>106.63%</b>
<b>Aberdeen City and Shire</b>					
Total population aged 65+	70,467	101,334	124,505	54,038	77%
Minimum needs	31,076	44,688	54,907	23,831	77%
Low needs	11,345	16,315	20,045	8,700	77%
medium needs	9,443	13,579	16,684	7,241	77%
high needs	4,721	6,789	8,342	3,621	77%

Age Group (65+)	2008	2023	2033	Change	% Change
<b>Aberdeen HMA</b>					
Total population aged 65+	49,648	68,567	83,957	34,309	<b>69.10%</b>
Minimum needs	21,895	30,238	37,025	15,130	<b>69.10%</b>
low need	7,993	11,039	13,517	5,524	<b>69.10%</b>
medium needs	6,653	9,188	11,250	4,597	<b>69.10%</b>
high needs	3,326	4,594	5,625	2,299	<b>69.10%</b>
<b>Rural HMA</b>					
Total population aged 65+	18,342	32,766	40,548	22,206	<b>121.07%</b>
Minimum needs	8,089	14,450	17,882	9,793	<b>121.07%</b>
low need	2,953	5,275	6,528	3,575	<b>121.07%</b>
medium needs	2,458	4,391	5,433	2,976	<b>121.07%</b>
high needs	1,229	2,195	2,717	1,488	<b>121.07%</b>
<b>Scotland</b>					
Total population aged 65+	856,543	1,155,444	1,408,868	552,325	64%
Minimum needs	377,735	509,551	621,311	243,575	64%
low need	137,903	186,026	226,828	88,924	64%
medium needs	114,777	154,829	188,788	74,012	64%
high needs	57,388	77,415	94,394	37,006	64%

Source: Strategic Forecasts GROS 2008 Projections (Scotland), using High Growth Scenario Strategic Forecasts and Scottish Government 1997 prevalence based guidelines

Notes:

**Minimum Needs:** Mainly mainstream housing. Possibly require low-level support.

**Low Needs:** May require additional support (home help etc). Mainstream housing but possibly with owner occupation, community alarms.

**Medium Needs:** Some remain in mainstream housing with support - community alarms, mobile warden schemes, significant adaptations. Others may require specialist housing, including sheltered housing.

**High Needs:** Frail older people. Mainly institutional care or equivalent in the community by extra care housing and very sheltered housing. Some may manage in standard sheltered with support.



## Appendix 7A: Upper/Lower Estimate of Need – Translated into local authority target

Upper Estimate of Need	Annual Housing Requirements	Annual estimate of affordable housing <sup>1</sup>	Annual estimate market housing <sup>2</sup>
Aberdeen City	1,094	539	555
Aberdeenshire (AHMA part)	463	270	193
Aberdeen HMA	1,557	809	748
Rural HMA	632	270	362
Aberdeenshire	1,095	540	555
Aberdeen City and Shire	2,189	1079	1,110
Lower Estimate of Need	Annual Housing Requirements	Annual estimate of affordable housing <sup>1</sup>	Annual estimate market housing <sup>2</sup>
Aberdeen City	1,094	236	858
Aberdeenshire (AHMA part)	463	118	345
Aberdeen HMA	1,557	354	1203
Rural HMA	632	118	514
Aberdeenshire	1,095	236	859
Aberdeen City and Shire	2,189	472	1717
<p><i>Note 1: Figures are derived from the housing market estimates of need. The distribution of affordable housing within the Aberdeen HMA is consistent with the structure plan spatial strategy</i></p> <p><i>Note 2: These annual estimates of market housing figures are the difference between the annual housing requirement and the affordable housing requirement.</i></p>			

## **Appendix 7B: Housing register Data and Assessing Need**

### **Introduction**

The quality and robustness of data held on the housing register (including waiting, homeless and transfer lists) as a measure of the housing need depends on the ease with which housing register data can be downloaded and edited into a format suitable for analysis, including the exclusion of deadwood and other invalid applications from the analysis. For example Housing registers can contain:

- Applications from households that may no longer require accommodation
- Applications from households' whose circumstances have changed since the application was first made.
- Applicants that wish to move to a different property type or different location but are not in immediate housing need.
- Applicants from outside the area and therefore should be excluded from the count of existing residents households in need.

The robustness of housing register data also depends on the extent to which sufficient data is recorded to provide a reasonable approximation of each indicator of backlog housing need and whether the resulting numbers are of a similar order of magnitude as the counts obtained from other sources of data.

This appendix outlines the steps that were taken to ensure the figures derived from the housing needs register to inform the estimate of net annual housing need can be used with reasonable confidence.

### **Processing, cleaning and editing of housing register data prior to analysis**

The housing register data was downloaded from the main ICT system of both local authorities during October 2009 to ensure consistency in timing across both authorities.

Both housing register datasets were downloaded from the Landlord ICT systems and supplied in excel. Both datasets included a number of variables including date of application, composition of an applicant's household (applicant age, number in household etc) current location, current tenure, main reason for seeking rehousing and categories for which points have been allocated. Homeless applicants are included on both housing registers.

On receipt of each dataset:

- A handful of duplicate or substantively incomplete records were removed.

- In the case of the Aberdeen dataset to 'de-normalise' the data such that each row of data contained a single consolidated and unique record for each applicant.

Thereafter, all applications dated prior to 1<sup>st</sup> January 2006 (or where no application date was recorded) were identified and discounted from analysis. This was judged necessary because:

- The re-registration process does not necessarily ensure that data relating to the housing circumstances (especially household composition, reasons for applying, and needs based points) of applicants remains up to date.
- Most applications dated prior to January 2006 are from owners, existing social renters or applicants living outside the local authority area. It was judged that most of these applicants have applied as a contingency against possible future need or do not have a need that warrants high priority. Some may also be seeking specific dwellings or locations which they hope will become available at some future point.

In addition:

- All applications that had been cancelled or suspended by the Council were identified and discounted from analysis.
- All applications from individuals residing outwith Aberdeen City or Shire and applied from 2006 onwards were excluded from analysis.

It is not possible to identify what proportion of applicants on the Aberdeen City Council housing register had also applied to Aberdeenshire Council and vice versa.

This is partly because the data downloaded anonymised to ensure compliance with data protection. As in 2009/10 all non-complex cases that applied from the neighbouring local authority area were discounted from analysis to minimise the risk of double counting. This may lead to some under-reporting of need. However, the extent of under-reporting is not considered substantial because a large share of applicants seeking to move from one local authority area to another already rent from a social landlord.

Complex cases were identified as applicants that had applied from the neighbouring local authority area but were applying from a hospital, temporary or emergency accommodation (including women's aid) and other forms of institutions. The numbers of such cases retained for analysis on the Aberdeenshire (35) and Aberdeen (22) housing registers are very small.

The analysis of need reported in the main report was based on 4,983 applications recorded on the Aberdeenshire housing register. This equates to 70% of all applications on Aberdeenshire Council housing register as at October 2009. Of these applicants, 1,071 (21%) were tenants of the local authority or another social landlord.

There were 359 non-suspended applications recorded as having no fixed abode. Almost 97% were coded as homeless, over 85% resided somewhere within Aberdeenshire and none resided in Aberdeen City. It was therefore decided to retain this sub-set of applications.

On completion of the data cleaning and processing, the housing register data was imported into SPSS to facilitate analysis.

Finally it should be noted that some spatial markers were applied to each housing register to support analysis. In the cases of “no fixed abode” applicants, it was summed that these (mainly homeless) applicants originated from the local authority area to which they applied unless other location information (such as name of town) indicated otherwise.

Total valid applications for Aberdeen City and Aberdeenshire

Table A1.1 shows the numbers of valid housing need applications and the total numbers of applications excluded from the housing needs analysis.

Table A1.1: Housing register data used to inform needs assessment

	Numbers used to estimate incidence of backlog need indicators			Discounted records		Total HR applicants
	Waiting or homeless list	Existing social rented tenant	Total	Pre 2006 applicant	Applicant outwith area etc	
Aberdeen City	4,472	2,166	6,638	1,091	897	8,626
Aberdeenshire	4,027	1,077	5,105	628	1,282	7,015

Source: Aberdeen City and Aberdeenshire Housing register edited dataset  
 Note: the high incidence on applicants from outside Aberdeenshire (1,282) is a reflection of the fact that 870 applicants seeking rehousing in Aberdeenshire reside in Aberdeen City, many of whom are existing social renters.

### Measuring Scottish Government indicators of backlog need

One possible approach to quantifying the incidence of backlog need would be to establish the total number of applicants from the specified area on the housing register with a “live” application that have been awarded points. Such an approach is not possible in this instance. One reason for this is that Aberdeen City do not award points for applicants placed on the Single Statutory Homeless Applicants List (AS List). Another reason is that both Councils allocate some points for reasons other than the housing need indicators suggested in the Scottish Government guidance.

Table A 1.2 and the following paragraphs discuss how the incidence of each backlog need indicator were derived from the information recorded for all ‘valid’ applicants.

Homeless households and those in temporary accommodation

The Scottish Government suggests that this category of need should include:

- Those recorded as statutory homeless at a specific point in time

- Those living in temporary accommodation such as hostel or B&B
- Those experiencing insecurity of tenure and are under notice, real threat of notice, or lease coming to an end or mortgage arrears.

There were 1,531 valid applicants of the Aberdeen Register and 921 valid applicants on the Aberdeenshire that were homelessness or at risk of homelessness. As expected, both numbers are well below Scottish Government statistics which report that in the year to March 2010 that 1,731 households in Aberdeen Council and 1,266 households in Aberdeenshire Council were assessed as homeless.

This difference reflects the fact that the housing register provides a snapshot at a specific point in time whilst the published homeless figures account the flow of homeless applicants over the course of a year.

Table A 1.2 housing register measure of incidence of backlog need

Indicator	Aberdeen City	Aberdeenshire
Homeless households and those in temporary accommodation	Single Statutory Homeless Applicants (AS list) OR Emergency Homeless Applicants (EH list) OR Applicants awarded homeless couple/family points OR Applicant with personal circumstance points OR Current status of application equals: hotel /B&B or hostel or refuge or temporary homeless accommodation or no fixed abode or rough sleeping OR AB List applicant in owner occupied or private rented sector	Homelessness List (i.e. statutory homeless) OR No Fixed Abode Points OR Insecurity of Tenure Points OR Current tenure equals no settled accommodation or bed and breakfast or temporary accommodation or hostel/women's refuge
Concealed family	Couple, family or lone parent applicants of AB list without a home or their own (i.e. tenure not Owner, LA, RSL, or PRS)	Couple and lone parent applicants of any age awarded shared accommodation points
Involuntary sharing single person household	Single adult aged 35+ on the AB list without a home or their own (i.e. tenure not Owner, LA, RSL, or PRS)*	Single adult aged 35+ awarded shared accommodation points
Overcrowding	AA list and/or AT list applicants awarded room deficiency points and/or family size points and/or mixing of sexes points OR AB applicants with dependent child (ren) awarded family size points or mixed sex points	Overcrowding points
Dwelling in Poor Condition	Statutory Notice applicants ( list AF) OR Lack of facilities points (all lists)	Structural Condition and Lack of Facilities
Support Needs	Live AE (medical applicants) and AD	Medical Need Points

Indicator	Aberdeen City	Aberdeenshire
	(special cases assessed by panel) OR AA, AB, AT, AY and AZ applicants with medical points OR social need points	+ Social Need Points + Housing Support Points
Harassment	Excluded from analysis	Excluded from analysis

A more appropriate comparison are Scottish Government figures on the numbers of applications received in a quarter plus the numbers living in temporary accommodation. Scottish Government figures published in August 2010 indicate that:

- Some 430 applications were accepted by Aberdeen Council as being homeless in the first quarter of 2010 and a further 313 homeless applicants were living in temporary accommodation. This combined figure of 743 excludes those experiencing insecurity of tenure.
- Some 341 applications were accepted as homeless by Aberdeenshire Council and a further 433 homeless applicants were living in temporary accommodation. Again the combined figure of 774 excludes those experiencing insecurity of tenure.

The SHS local authority level dataset for 2003 and 2004 contains over 1,200 completed in each local authority area. The survey included several questions related to homelessness that were asked of random adults living at the surveyed address, which may or may not be a householder. Selecting only random adults that were also identified as the householder reduced the sample to 733 for Aberdeenshire and 817 for Aberdeen City. The data must be treated with caution but it does provide some insight into the likely reliability of administrative data on the scale of homelessness amongst existing households.

The SHS findings suggest that:

- 4.5% of Aberdeenshire householders and 6.2% of Aberdeen City existing householders said they had been homeless at some point in the past compared to 6.2% of all Scottish householders.
- Over 1.5% of Aberdeenshire householders and over 2.2% of Aberdeen City householders stated they had been homeless on one or more occasion in the previous 2 years. Applying these percentages to the strategic forecast household projections suggests some 1,200 existing households in Aberdeen City and some 800 existing households in Aberdeenshire may become homeless each year.
- A further 0.5% of existing householders in both local authority areas also indicated that they had experienced some risk of homelessness, such as a period living in temporary accommodation or insecurity of tenure. This equates to somewhere between 500 and 600 households per annum.

Taking account of the sampling error associated with the SHS survey-derived estimates and the length of time that has lapsed since the SHS data was collected, we believe the SHS numbers probably significantly under-estimate homeless.

In the absence of information to the contrary, we conclude that the housing register provides a reasonable estimate of 'homeless' households and those in temporary accommodation at a specific point in time.

### **Concealed households**

The statistical definition of a 'concealed family' used by ONS for the Census and other national surveys refers to couples or lone parents subsumed into a larger household. In addition to counting concealed families in need it is important to take account of

- Adult individuals subsumed into a larger household (potential households)
- Unrelated adults sharing a kitchen, bathroom or WC with another household but not sharing meals ( sharing households)

Counting all potential households which have applied for rehousing (but especially those less than 35 years) would lead to double counting between backlog need and newly arising need. Many applicants living with their parents or other friends and relatives form part of the residential population from which individuals are projected to form a separate household at some future point in time. As a recent GROS (2009) report to the Centre For Housing Market Analysis Steering Group highlights, headship rates increase rapidly between the ages 16-30 and then plateau between 31 and 59 before increasing again after the age of 60.

There is little evidence that households that share their accommodation with another household necessarily require separate accommodation. Research generally suggests that students, young professionals and other younger adults at the start of their employment career tend to be content to share, at least for a period. Findings from the Scottish Household Survey indicate that over 3 out of 5 households that share in Scotland do so through choice. This is believed to be one reason why housing benefit regulations generally assume single persons less than 25 years and renting privately will occupy a room in a shared flat.

On a practical level neither housing register collects and/or store data in a manner that makes it possible to produce a specific count for concealed, potential or involuntary sharing households that comply strictly with the ONS definitions. Likewise, it is not possible to use applicants stated reasons for applying or rehousing to distinguish those with a current need from those anticipating a future need. There is also a paucity of alternative timely and robust evidence on the numbers of concealed, potential or sharing households nationally and locally.

In order to be broadly consistent with ONS statistical definitions:

- The indicator of concealed families counts all couples (with and without dependent children) and lone parents that lack a separate home and share their existing accommodation with another household.
- The indicator of involuntary sharers counts all single person applicants aged 35+ who lack a separate home that lack a home of their own and share their existing accommodation with another household.

Adopting an age threshold of 35 years is intended to minimise the risk of double counting newly arising need and is consistent with incoming HB regulations. This does not mean however that all single person applicants aged less than 30 years are removed from the backlog count. Many have needs points for other forms of need, including homeless related points. Nonetheless, further work to validate this assumption is something the Joint Study Team should look to do once Census 2011 data is published.

Analysis of the valid data for applicants indicates a minimum of 608 concealed families and 415 involuntary sharers in Aberdeen and a further 492 concealed families and 222 involuntary sharers in Aberdeenshire. Over 3 out of 4 concealed families are households with children. .

In terms of evidence available from other data sources:

- The SHS 2003/4 and 2005/6 asked random adults if there were adults living in their home because they had no home of their own (excluding lodgers). However, over half of random adults that were also the household representative did not provide any answer to this question.
- The Scottish Household Survey (SHS) for 2005/6 indicates less than 1% of households share rooms with other households. However, this figure provides no indication whether households were sharing involuntary or otherwise.
- The SHS 2003/4 and 2005/6 asked the highest income householder was asked if they shared one or more rooms with any other household, including a kitchen, bathroom or WC (but not sharing meals). A major limitation is that the numbers of respondents stating they share their home with another household are very small and subject to very high margins of error. At best the SHS findings suggest that the number of involuntary sharers is likely to range from anywhere from 100 to 2,000 householders in the Aberdeen City and Shire may involuntarily share their home with another household.
- The Census 2001 (see table CAS 011) suggests that there were 440 and 430 concealed families in Aberdeenshire and Aberdeen City respectively but it is conceivable the numbers of concealed households has increased considerably in the period since 2001, not least because of growing pressure in the housing market in the period from 2005 to 2008. The Barker review suggested that the Census under-counted concealed households<sup>109</sup>.

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109 Barker (2003) Review of Housing Supply- Interim Report , HM Treasury



- The Census (see table CAS 048) indicates there were 163 and 47 occupied household spaces in shared dwellings in Aberdeen and Aberdeenshire respectively. However, the Census definition of a shared dwelling means that most dwellings occupied by 2 or more family units are recorded as living in an unshared dwelling. This definition is therefore not comparable with the definition of a house in multiple occupation or involuntary sharing household.

Given the lack of robust and timely alternatives, it is believed that the two local authority register based estimates of concealed and involuntary sharing households provides the best estimate available at this present point in time.

### Overcrowding

Some 2,498 Aberdeen City applicants and 1,129 Aberdeenshire applicants have been awarded overcrowding points for having fewer rooms than required according to the Council's bedroom standard.

The SHS and SHCS measure of overcrowding are both based on the number of households that have fewer rooms than required according to the bedroom standard<sup>110</sup> used in most Government surveys. It is similar to the bedroom standard embedded in both local authority allocation policies, albeit the age thresholds for children sharing differ. Table A 1.3 shows, the range of alternative estimates. This figure is significantly lower than the housing register data.

Overall, the housing register estimate of overcrowding lies at the lower end or below the range of available alternative estimates of overcrowding. The most likely reason is because the housing register under-estimates overcrowding in the owner occupied sector. SHS findings indicate that around 30% of overcrowded households in Aberdeenshire and 33% of overcrowded households in Aberdeen City are owner-occupiers. By contrast, few owner-occupier applicants are awarded overcrowding related points.

Table A 1.3: Alternative measures of overcrowding

	Aberdeen (%)	Aberdeenshire (%)	Scotland (%)
Housing register 2009 : % all households	2.4%	1.1%	NA
SHCS 2003-6: % households below the bedroom standard*	5 (range 2% to 8%)	2 (range 1% to 4%)	4 (range 3% to 4%)
SHS 2005-6: % households below the bedroom standard	2.7 (range 1.5% to 3.7%)	1.6 (range 1% to 2.4%)	2.9 (range 2% to 3%)
Note: LA level outputs for 2004-7 onwards do not include an estimate of overcrowding			

110 The bedroom standard is calculated for each household in accordance with its age/sex/marital status composition and the relationship of the members to one another. A separate bedroom is required for each married or cohabiting couple, for any other person aged 21 or over, for each pair of adolescents aged 10 - 20 of the same sex, and for each pair of children under 10. Any unpaired person aged 10 - 20 is paired, if possible with a child under 10 of the same sex, or, if that is not possible, he or she is counted as requiring a separate bedroom, as is any unpaired child under 10.

Households currently living in dwellings in poor condition

Aberdeenshire Council award points to applicants in situations where their present accommodation is, in the opinion of the Council's Inspecting Officer, Below the Tolerable Standard (BTS) and /or in a very poor state of repair.

Aberdeen Council also award points to non-transfer applicants that are seeking general needs (i.e. non sheltered and/or amenity housing) and are assessed to be living in a dwelling that lacks a w.c and other amenities and facilities embedded in the Tolerable Standard. The allocation policy also includes provision to prioritise applications from those requiring permanent accommodation because of a Closing Order, Demolition Order or a Compulsory Purchase Order, through placing them on the AF List – Statutory Notice Applicants. As with applicants placed on the statutory single homeless list (AS List) applicants, on the AF list are not allocated points.

Housing register evidence indicates that in October 2009:

- 178 Aberdeenshire applicants had been awarded Structural Condition and Lack of Facilities Points. Most of these applicants were private rented tenants and two out of three were in the Rural HMA.
- Just 5 Aberdeen City applicants had been awarded points for lacking basic of amenities or were recorded on the AF list.

Both numbers are very low, which is consistent with 2009/10. It is also in line with line with evidence from the SHCS 2007-9 which suggests that for Aberdeen City and Shire as a whole no more than 1.5% of properties (including vacant dwellings) are BTS<sup>111</sup> or in serious disrepair<sup>112</sup>.

The SHCS findings also support local perceptions that most properties in serious disrepair appear to be in the private sector, mainly in the owner occupied sector. It therefore seems reasonable to assume that the large majority of owner-occupiers occupying properties in serious disrepair are likely to require (and possibly prefer) an in-situ solution rather than a move to an alternative home.

Overall it is considered that the lack of a robust measure of serious disrepairs is unlikely to distort the overall estimate of backlog need to any substantial extent.

#### Medical and other social care requirements

Scottish Government (2008) recommends estimating the numbers of households with support needs but offer no further explanation of how this term should be defined. Consistent with 2009/10, this measure is based on counting the numbers of applicants awarded medical and/or social care related points. Thus:

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111 A property is considered BTS if it is not structurally stable, is not free from rising or penetrating damp, has an inadequate piped supply of wholesome water within the house, lacks a water or waterless closet, has no fixed bath or shower with hot and cold water, and lacks adequate drainage, cooking facilities, lighting, ventilation and heating.

112 Serious disrepair is one of the four main categories of 'fitness' used in the Scottish Housing Quality Standard (SHQS).

- 2,445 Aberdeen City applicants had medical and/or social needs.
- 1,552 Aberdeenshire applicants had been awarded medical and/or social care related points. As expected, there is considerable overlap between medical and social care related points.

In both local authority areas medical points are based on recommendations made by an independent medical advisor from NHS Grampian who determines whether ill health or disability is likely to improve, or can be better managed, by relocation to alternative housing. In Aberdeenshire up to 20 medical points are awarded whilst in Aberdeen City the upper figure is 15.

To date it has not been possible to find up to date evidence of social care requirements against which the above housing register derived estimates can be triangulated.

Although not directly comparable, data from the SHS suggests that around 1 in 10 households in Aberdeen City and Shire (compared to 12% for Scotland as a whole) contain someone who needs regular help or care because they are sick, disabled or elderly. These households are more prevalent in social rented housing than in any other tenure. Moreover, many are already in receipt of care.

Perhaps 2% state that care is required but is not available, which allowing for sampling error suggests anywhere from 1,000 to 8,000 households may contain someone that requires but does not receive ongoing care. However, it cannot be assumed that all these households have a specific housing need. That said there may be other households with mobility problems that do not require care but would benefit from housing better suited to their specific needs.

National and local surveys also highlight that older owners tend to be less willing to move house than those in the social rented sector. This may reflect greater adaptability of owner occupied housing. However, it may also reflect reluctance amongst many existing older owners to move into social housing.

Further work in this area may be possible once the Census 2011 findings are released.

Actual numbers of households with one or more need

It is not possible some applicants have more than one need. For example, concealed households may also live in overcrowded housing.

The SPSS filter process was therefore used to identify all valid applicants that had one or more need. The resulting new variable was checked to ensure no applicant was counted more than once.

Discount social rented transfer applicants in need

Scottish Government guidance refers to 'net levels of need', 'movement within the affordable housing sector will have a nil effect' and 'assuming a one to one relationship'. This is understood to mean social renters should be excluded from the

need side of the equation (both backlog and future need) and transfer lettings should be excluded from the supply side.

The guidance (see Step 3.1) suggests discounting transfer applicants as part of the existing supply side calculations but it is simpler and more transparent to discount social renters from the needs side of the equation. This is the approach adopted in the main report and is consistent with the approach adopted in 2009/10.

Not all existing Aberdeen City tenants seeking a transfer are on the housing transfer list. Some are only recorded on the mutual exchange list and others are only recorded on the lists relating to sheltered/extra care housing. Steps were therefore taken to ensure these applicants were also discounted.

However, we are less confident that all lettings that involve an existing social renter seeking to transfer from general needs to sheltered accommodation have been discounted. Improvements in the Aberdeen City Housing Register would reduce this potential risk of over count.

### **In-situ need**

As well as discounting social renting households, the guidance suggests discounting households for whom an in-situ solution would be appropriate. Custom and practice tends to point to two categories of need where an in-situ solution may be applicable:

- Households living in properties in disrepair.
- Households with mobility problems where the need can be solved by, for example, the installation of stair lifts

### **Serious disrepair**

As noted above, few applicants have points for lacking basic amenities or living in sub-standard housing. The most likely explanation for this is that most households residing in private housing that are affected by serious disrepair can either afford to move or would prefer an in-situ solution.

Moreover, most 'private sector' applicants that were assessed to live in properties in poor condition in Aberdeenshire are unlikely to benefit from an in-situ solution. This is because they have additional needs such as overcrowding and social care related needs that would necessitate moving house.

As in 2009/10 it was decided that it was unnecessary to discount some proportion of applicants from households owning, renting or lodging in private housing.

### **Medical conditions**

Council officers in both areas stress that in contrast to some other parts of Scotland, medical points are only awarded if the medical condition is likely to improve or can be better managed by relocation to alternative housing.

Moreover most applicants with more modest medical conditions typically had other needs. For example in 2010/11 we found that there were 27 live applicants on the Aberdeenshire housing register with less than 5 medical points, of which over half had other needs based points. A similar picture emerged in relation to the small number of non-social rented live applicants in Aberdeen City.

As in 2009/10 the in-situ discount for medical need has been set to zero but the Joint Study Team will continue to monitor this assumption.

#### Assessing affordability of those on housing register

The Scottish Government guidance recommends discounting households in current need households that have sufficient resources to improve their own living arrangements. However the guidance acknowledges that income data is not always accessible and in particular that income data in respect of homelessness households is difficult to find.

As both housing registers include some households living in private housing, it is possible that a small proportion could afford to buy. However, there is no reliable and up to date data on the gross annual incomes of applicants on the Aberdeen or Aberdeenshire housing register.

Aberdeenshire Council invite applications to give some indication of income on a voluntary basis but few do so. In 2010 virtually all those that provided income data (99%) reported an income of under £20,000 and around half report an income of £10,000 or less. Moreover, a sizeable share of applicants that provided income data are not considered valid applications from the point of assessing need.

SCORE data suggests that in 2009/10 the average annual income of households entering the RSL sector in Aberdeen and Aberdeenshire were £13,029 and £14,104 respectively. It also reports that around 50% of new tenants in the area were eligible for full or partial housing benefit.

Likewise the SHS indicates that the household incomes of new social tenants are generally low. Around two thirds of new tenants have a net annual of income of £15,000 or less and only around a tenth have an income of over £20,000. However these figures must be treated with much caution because they are based on small numbers.

SHS evidence for all households indicates that the incomes of single person and lone parent households are concentrated in the lower end of the income distribution. It is not possible to report net income by household type for new social rented tenants due to the very small numbers of responses.

In the absence of evidence to the contrary, and taking into account that the backlog need count is below the numbers estimated by Bramely (2006), the Housing Information Partnership continue to accept that the appropriate and practical solution at present was to assume that zero percent of applicants can afford to buy on the open market.

The lack of evidence regarding the incomes of households in backlog need is a potential limitation and both Councils plan to review this matter once resources permit.

#### Potential additional need on RSL housing registers

As each RSL operates its own housing register, it is possible that some households have applied to one or more RSLs but have not applied to either local authority.

As reported in the last HNDA, applicant level data from each RSL would be required to establish the scale of overlap between the council housing register and RSL registers plus the scale of overlap between one RSL housing register and another.

Aberdeenshire Council housing officers believe that close to 100% of households seeking social rented housing are on the Council's housing register because all RSLs encourage all direct applicants to do so. Aberdeen Council officers also believe there is a high degree of overlap, although the proportion may be lower than in Aberdeenshire.

Both councils therefore concurred that the scale of under-estimation was unlikely to be significant, especially once existing social renters are allowed for. It was therefore agreed that that the time and effort required to carry out a meticulous screening exercise were not warranted.

Aberdeen City Council does not have any immediate plans to re-establish a common housing register. Aberdeenshire Council and The Moray Council and six RSLs are continuing with plans to introduce a common housing register. Once fully operational, this will provide evidence against which to test the aforementioned assumption of the degree of overlap between social housing registers.

#### **New households and assessing affordability**

Assessing affordability involves comparing house costs against ability to pay. As discussed in the main report, the affordability threshold is based on the lower quartile second-hand price and CACI Paycheck gross household income distributions.

#### **Entry level house price**

The Joint Study Team agreed to concentrate in the first instance on the entry-level sale price. For the most part this reflects the fact that the use of the LHA rate for a 2-bedroom dwelling made no substantial difference to the overall findings. However, there is, as discussed in the main report, a lack of statistics in order to assess whether the annual flow of private rental vacancies would be sufficient to provide a housing solution for those that require one.

#### **CACI Paycheck**

At present, CACI Paycheck, which is provided free of charge to local authorities as part of the LHS data pack, is the only routinely updated data source on gross household incomes.

ASHE data reports on earnings rather than household incomes and therefore provides no insight into the incomes of households without one or more employees. The SHS only reports net household income. The Scottish Government's Chief Statistician's Office has also advised that neither the SHS nor SHCS income data should be used to produce average incomes or other point data.

Bramley's (2004) review of alternative income estimates reported that CACI data produced similar income distributions to the FRS and his modelled income. Analysis of SHS income distributions (as reported in chapter 6) also suggests that income distributions amongst households under 35 years and incomes from all households are reasonably similar. It was therefore decided it was plausible to assume the CACI PayCheck income distribution was broadly representative of the incomes of households under 35 years.

#### House purchase multipliers

In terms of the purchasing power of each household, guidance advises using ratios of 2.9 for dual earner household and 3.5 for a single earner household. This is not possible in the absence of credible and robust income data on the distribution of incomes by household type split by numbers of earners.

GROS 2008 based household projections contain estimates of the numbers of single person, lone parent, couples and families by broad age band.

This evidence was used to estimate the proportion of new households likely to be single person and non-single person households. Essentially we estimated the average proportion of all householders aged 16 to 29 years projected to be single adult households from 2010 to 2019 inclusive and the proportion expected to be non-single adult households.

We then applied these proportions to the estimated numbers of newly forming households to the projected numbers of newly forming households. We then used this split to apply the 2 thresholds. For example, in the case of Aberdeenshire we assessed 35% of new households against the single standard multiplier of 3.5 and 65% of new households against dual income multipliers of 2.9.

The findings were not considered credible, not least because it showed much higher rates of couples and families could not afford entry priced housing than single person and lone parent households. This contradicts other evidence that it is single person and lone parent households are more likely to be excluded from the market. For example, Scotland wide SHS data indicates single person and lone parent households tend to be in the lower third of the income distribution curve whilst couples and families tend to be in the middle and upper third of the income distribution curve.

In order to avoid over-estimating need it was therefore decided to base the estimate on a single 3.5 multiplier.

Households buying property often pay a deposit that reduces the amount that they need to borrow. The guidance (page 57) suggests that, where possible, allowance should be made for deposits. In this regard we would point out that application of a

2.9 multiplier and an assumed deposit of 17% produces comparable results to (see table 6.8).

### **Affordable housing supply**

The Scottish Government suggests that this can be done either by projecting vacancies (with various adjustments for longer term voids etc) or by mapping the changing social affordable housing stock base and then applying non transfer re-let rates to project the future annual flow of vacancies<sup>113</sup>.

The latter option was pursued. Amongst other things this allows for the possibility that newly completed local authority and RSL housing could be relet on one or more occasion over a 10 -year period.

### **In-migrant households unable to afford market housing**

The Scottish Government no longer requires the estimate of newly arising need to include provision for those moving to an area. The guidance does not explain why this change has been made but we suspect it was on the grounds of practicality.

GROS provide estimates of the numbers of migrants that enter or leave each local authority area in Scotland but this does not resolve the question of whether households leaving Aberdeen City and/or Aberdeenshire have a different household composition and socio-economic profile from those arriving.

Bramley (2003, 2004 and 2006) has consistently assumed that in-migrant households are financially better off than non-migrant households. Bramley's local authority adjustments for migration have tended to be relatively small. Bramley's (2006) migration adjustments for 2005 included:

- An upward adjustment of 95 in the case of Aberdeenshire
- A downward adjustment of -10 in the case of Aberdeen

Bramley (2006) states that the method used to estimate need arising from in-migration was modified to take some account of the occupational mix of migrants, although it is not clear how this was done.

There is some uncertainty about the timeliness and thus the robustness of the latest 2005 based Bramley (2006) estimates. Keeping in mind that there is no requirement to make an allowance for in-migration it was decided not to estimate this flow.

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<sup>113</sup> It also suggests netting of current supply from backlog need. In part this is to deal with vacancies that might arise from existing social renters in need moving within the sector, which we have already allowed for in the need side of the calculation.



## Appendix 7C – Changes from 2010 HNDA – 2011 Update

### Changes from 2010 HNDA to 2011 Update

Central Estimate of Need	2010 HNDA Annual Housing Requirements	2011 Update Annual Housing Requirements	% Change	2010 HNDA Annual estimate of affordable housing	2011 Update Annual estimate of affordable housing	% Change	2010 HNDA Annual estimate market housing	2011 Update Annual estimate market housing	% Change
Aberdeen City	1,182	1,094	-7.4	354	415	17	828	679	-18
Aberdeenshire (AHMA part)	635	463	-27	203	209	3	432	254	-41
Aberdeen HMA	1,817	1,557	-14	557	624	12	1,260	933	-26
Rural HMA	547	632	15	150	206	37	397	426	7.3
Aberdeenshire	1,182	1,095	-7.4	353	415	17.6	829	680	-18
Aberdeen City and Shire	2,364	2,189	-7.4	707	830	17.4	1,657	1,359	-18
Households in Backlog Need	2010 HNDA Count of backlog need after adjusting for double counting	2011 Update Count of backlog need after adjusting for double counting	% Change	2010 HNDA Count of backlog need after discounting social renters	2011 Update Count of backlog need after discounting social renters	% Change	2010 HNDA Converted into annual flow (divide by 10)	2011 Update Converted into annual flow (divide by 10)	% Change
Aberdeen City	3882	4837	25	2560	3246	27	256	325	27
Aberdeen HMA	5317	6278	18	3760	4432	18	376	443	18
Rural HMA	2045	1954	-4	1630	1557	-4.5	163	156	-4
Aberdeenshire	3480	3395	-2	2830	2743	-3	283	274	-3
Aberdeen City and Shire	7362	8232	12	5390	5989	11	539	599	11

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