

Appendix 1: Strategic Housing Market Partnership Meeting Notes and Minutes

Appendix 1 contains meeting notes or minutes taken at the meetings of the Strategic Housing Market Partnership and is included as an addition to this main document.

ABERDEEN CITY COUNCIL			
ABERDEENSHIRE COUNCIL			
MEETING TITLE:	Title of Meeting : Aberdeen City and Shire Housing Partnership	MEETING DATE:	5 th June 2008
PARTICIPANTS:	Present at meeting: Chair: Ritchie Johnson (Aberdeenshire). Partnership Members: Matt Easton (Rent Registration Service), David Horsfall (Homes for Scotland), Sarah-Jane Laing (SRPBA), Isabel Page (CPP), Gordon Wright (ACC, Economic Development), Alan Grant (RSL Representative), Alistair Baird (ACC, Health & Social Care), Sandy Dustan (Community Health Partnership) Aberdeenshire Advisors: Janelle Clark, Piers Blaxter, Peter McRae, Richard Belding, Craig Michie Aberdeen City Advisors: Graeme Stuart, Les McGonigle, Gale Beattie, Tom Snowling		
APOLOGIES:	John MacRae (ASPC), Craig Stirrat (ACC), Sandy Murray (TACA), Don McKee, Fiona Murray (Cairngorms National Park)		
COPIES TO:			

NO.	AGENDA ITEM	NOTES OF DISCUSSION	ACTION/ DECISIONS	BY WHOM	WHE N	LINKS TO OTHER GROUPS
1	Welcome & Introductions					
2	Membership of Partnership	Graeme Stuart explained the background to setting up this Partnership. Guidance on Housing Need &	Full list of members and contact details to be sent	L Ritchie		

		<p>Demand Assessment published by Scottish Government in March. This was the first ever guidance for Local Authorities in Scotland. Aberdeen City and Shire met and discussed the membership of the partnership using the guidance to obtain a good cross-section, while still keeping numbers to a reasonable level.</p>	<p>out with Minute.</p>			
		<p>The partnership can suggest other possible members, and also people to attend meetings on specific topics.</p>	<p>Agreed to discuss this further later in the meeting.</p>			
3	<p>Remit of Partnership</p>	<p>The remit of the partnership as set out in the guidance was circulated. Graeme Stuart explained that a technical group had been set up with members from both Councils and have moved ahead with the collection of data.</p> <p>The Partnership will be vital to identify gaps in information and to review the robustness of information gathered.</p>				

4	Reporting Structure	<p>Diagram was distributed showing where the partnership sits within existing structure. It is likely that both authorities will have to produce a new Local Housing Strategy in 2009 and information from the Housing Need and Demand Assessment will be used for this, as well as for the Local Plan and the Structure Plan.</p> <p>The last Housing Need Assessment had some input from Homes for Scotland but it was noted that this Partnership has to have more input into this document and needs to be involved in the delivery.</p>				
4	Reporting Structure (cont)	<p>This is a much broader document than the last HNA as it brings together need and demand.</p> <p>Cairngorm National Park Authority will also need to link in to the document and they will be formal members of the Partnership. It was explained that the Local Authority Officers attending the meeting were there in an advisory capacity and were not formal</p>				

		members of the Partnership.				
5	Scoping Paper	<p>This was prepared by Janelle Clark and closely followed the guidance. Areas the Housing Partnership will have to decide on have been highlighted, together with any areas where problems are foreseen.</p> <p>A project plan will be produced for the different stages of the document which will include collating available information, collecting any other information required, pulling together the report and considering policy implications. Each stage will be reported back to the Partnership.</p> <p>From a housing perspective the document will be used to assess need and demand for up to 15 years which is longer than previous assessments. The HN&DA will be submitted to the Scottish Government for approval. If approved the approach used</p>	<p>To be produced for next meeting. Need end date for project which will be dependant on Strategic Development Plan. Information required from David Jennings.</p> <p>Will cover a five year period as with LHS, SDP, LDP. Will also look at a provisional 15 year land supply.</p>	<p>G Stuart/ L McGonigle</p> <p>G Beattie/ P Blaxter</p>		
5		will not be considered examinable, eg for the Local Plan.				

		<p>Aberdeen Housing Market Area: the steering group had already decided to use the existing boundary. David Horsfall asked if any consideration would be taken of the boundary suggested by DTZ. Piers reported that it has been decided to use the existing boundary for the Structure Plan and it was better if both documents used the same area, although there was some risk in this as it may be open to challenge.</p> <p>Aberdeen City will be split into the three neighbourhoods, and it is proposed that the Shire will be split into 6 admin areas, plus the boundary of CNPA. It was not planned to report at settlement level, but this data would be available and can be extracted if required.</p> <p>Research Questions: The core questions to be used are taken from the guidance.</p> <p>Supplementary questions can be introduced which are relevant to our area. Some suggestions are made in table 3.4. Other suggestions were</p>	<p>It was noted that Homes for Scotland supported the use of the existing boundary.</p>			
--	--	---	---	--	--	--

		<p>invited from the group. There was some discussion around various issues including:</p> <ul style="list-style-type: none"> • Key workers. Definition of this 				
5		<p>needs to be agreed and my differ by area. The Partnership can agree the definition which is likely to become clearer as the report progresses.</p> <ul style="list-style-type: none"> • Housing for over-55's. • Residential Homes • Lifetime Homes <p>Further discussion needed on any other issues the Partnership feel should be included.</p>	<p>Economic Development conducts regular surveys with businesses in the City on key workers. Summary of information from these to be shared with the Partnership.</p> <p>Alistair Baird reported that the City is currently carrying out work on balance of care, projections looking at increase in elderly population, etc. This research to be made available to the Group.</p>	<p>Les McGonigle</p> <p>Alistair Baird</p>		
			Decided that details	Partnership		

		<p>Data Collection: The report will use as much secondary data as possible. However, it might be necessary to obtain some primary data to fill in gaps. The steering group is looking at areas where this might be required. Decision will also need to be taken on mechanisms to collect such data, eg surveys, focus groups, possible use of Citizen Panels. The Partnership would be expected to assist and advise on this.</p>	<p>could be agreed by using round-robin email approach rather than waiting for another meeting.</p> <p>Agreed that Partnership members would identify any tables where they feel they can assist with providing data, and thereafter contact Tom Snowling or Peter McRae by email.</p>	members		
5		<p>Future Housing Market: for information</p> <p>Specific Groups: Some groups had already been suggested. Partnership members asked to suggest what groups they felt needed to be included. Community Care Strategy Officers from City and Shire to meet with technical group to discuss issues to be covered.</p> <p>Estimate of Need: the methodology suggested will produce a range of figures. Further discussion to be</p>	<p>Partnership members to contact Graeme Stuart or Janelle Clark with comments.</p> <p>Dorothy Askew and James Martin to meet technical group.</p> <p>Any comments the Partnership has at this stage should be directed</p>	<p>Partnership members</p> <p>D Askew</p> <p>Partnership members</p>		

		<p>undertaken on this. Important that Partnership has input into the report so that the outcome can be accepted by all and not open to dispute.</p> <p>Compiling Report: Discussion on whether to do this in-house or use consultant. Alternative option of using secondments from both local authorities also suggested. Shire would prefer to use existing resources but need to plan for this. It was felt that it may be more effective to start issuing conclusions as each section is finished; this could only be done in-house. Sarah-Jane Laing felt SRPBA would support in-house work where we have ownership at every stage.</p> <p>Monitoring and updating: decision needs to be made on how often to update. Key housing market indicators need to be identified and updated annually.</p>	<p>to Graeme Stuart or Janelle Clark</p> <p>Agreed to move ahead on the basis of producing the final report in-house. Schedule to be produced of what needs to be delivered and a commitment to provide given by each Council.</p> <p>To be discussed further at a later date.</p>	<p>Aberdeen City & Shire</p> <p>Steering Group</p>		
5		<p>Other Partnership members: agreed to invite people with specific interests as work progresses. Outcome of today to be shared with</p>				

		those who could not attend.				
6	Progress to Date	<p>Tom Snowling provided an update of progress to date. The technical group has met twice and tasks have been allocated to either City or Shire. Each authority has started collecting data and writing up results. This is fairly straightforward for the City, but less so for the Shire. Noted that data zones do not quite fit into the boundary of the Housing Market Area, however the technical group had discussed this and agreed to stick to the existing boundary rather than try to adjust it to fit the data zones.</p> <p>Discussion on difficulty obtaining robust information on income levels. Various sources are available, but felt that figures for Local Authority area can be skewed. Noted that detailed information would only be available if an income question was included in the Census.</p>	Tom to produce first draft of report for next meeting in order to have something solid to discuss. Advice will be sought from Partnership on content.	Tom Snowling		
7	AOCB	Noted that Scottish Government representatives do not attend this				

		meeting as they will be responsible for approving the document. The local office is available to				
7		<p>give advice, backed up by team in Edinburgh.</p> <p>Partnership members to email steering group members with any issues they would like discussed.</p> <p>Agenda for next Partnership meeting will include:</p> <ul style="list-style-type: none"> • Project Plan • Draft Report by Tom Snowling 		Partnership members		

MINUTE TAKER:	L Ritchie	DATE OF NEXT MEETING:	Tuesday 5 th August 2008	VENUE:	Committee Room 4, Town House, Aberdeen
--------------------------	--------------	----------------------------------	--	---------------	---

ABERDEEN CITY COUNCIL			
ABERDEENSHIRE COUNCIL			
MEETING TITLE:	Title of Meeting : Aberdeen City and Shire Housing Partnership	MEETING DATE:	5 August 2008
PARTICIPANTS:	Present at meeting: Chair: Craig Stirrat (Aberdeen City Council) Partnership Members: Matt Easton (Rent Registration Service), Alan Grant (RSL Representative), Fiona Munro (Cairngorms National Park) Sandy Murray (TACA), Marianne McGowan (HFS), Gordon Kyle (RSL Representative), Isabel Page (Aberdeenshire CPP), Ritchie Johnston (Aberdeenshire) Aberdeenshire Advisors: Janelle Clark, Piers Blaxter, Peter McRae, Richard Belding Aberdeen City Advisors: Graeme Stuart, Les McGonigle, Toby Coke (for Gale Beattie) , Tom Snowling,		
APOLOGIES:	John MacRae (ASPC), Don McKee (Cairngorms National Park), Alistair Baird (ACC, Health & Social Care), David Horsfall (Homes for Scotland), Sarah-Jane Laing (SRPBA) Gale Beattie, Gordon Wright (ACC, Economic Development), Sandy Dustan (Community Health Partnership), Craig Michie		
COPIES TO:			

NO.	AGENDA ITEM	NOTES OF DISCUSSION	ACTION/ DECISIONS	BY WHOM	WHEN	LINKS TO OTHER GROUPS
1	Minute of 5 June 2008		Minute agreed. No matters arising.			

2	Draft Report from Technical Group	Tom Snowling provided an overview of the draft report. He advised the group that the draft was more a work in progress than a draft and that the guidance had been followed as closely as possible in order to prepare the document. Some of the data required however could not be easily broken down into the housing market areas but only into local authority areas.				
---	-----------------------------------	---	--	--	--	--

	<p>Section 1 – Population</p>	<p>The group discussed the structure of this section.</p> <p>Tom advised the group that they had now received the population figures for 2007 and these would be updated ASAP.</p> <p>The group discussed the usefulness of using earlier data however it was decided that information from the past 10 years would be sufficient.</p> <p>Craig Stirrat queried if a sensitivity analysis was being carried out by the Scottish Government and if the information in the report reflected the influence of migrant workers.</p> <p>Tom advised that there had been some work done on migrant workers based on National Insurance information and when they become registered with a doctor their information was picked up. Data showed that Aberdeen’s population had been decreasing since 1996 until 2004 when the population began to increase (partly due to the increase in migrant workers).</p> <p>Ritchie queried where this information would actually fit into the overall analysis.</p> <p>Tom advised that at the end of each chapter there would be an explanation given on the findings.</p>	<p>Tom to update</p> <p>10 years of data sufficient.</p>	<p>Tom</p>	<p>ASAP</p>	
--	-------------------------------	---	--	------------	-------------	--

		<p>Les advised the group that the next stage of work will be for Aberdeen/Shire officers to analyse the information in the report and flag up any issues.</p> <p>Once the data collection is complete policy issues can be identified and discussed at future meetings.</p>				
	Table 1.7	Tom advised the group that for this table information was not available prior to 2003.				
	Deprivation	Tom advised the group that the final version of the report would contain a link to the ACC Website for more information on deprivation in the City.	Tom to update			

	<p>Net Annual Household Income Table 1.10</p>	<p>Isabel queried if the information contained within this table could state that the percentage of people earning over £20,000 in the area was relatively high at the moment but was likely to fall in the future.</p> <p>Tom advised that he would be unwilling to predict what may or may not happen in the future.</p> <p>Alan Grant asked if the figures for income bands could be broken down any further.</p> <p>Tom advised that it may be possible to get raw data from the Scottish Household Survey, however, the sample that was used to compile that data was only around 2,000 people and this would be insufficient to provide accurate data for this report.</p> <p>The group discussed if the information would be available from any other data source and Janelle advised that she had just received CACI (income data) data which was broken down into postcode sector.</p> <p>Janelle advised the group that supplementary questions could be added to the report according to the guidance but questions could not be retracted.</p>	<p>Tom to discuss with Technical Group.</p>	<p>Tom</p>	<p>ASAP</p>	
--	---	--	---	------------	-------------	--

	Chapter 2	<p>Group discussed the possibility of including Scottish comparative data figures in tables 2.4a and 2.4b.</p> <p>Tom advised the group that for the purpose of this report it was necessary to use information from both the Census and SHS in order to decrease the margin of error when compiling as up to date information as possible.</p>	Agreed to include comparative figures.	Tom	ASAP	
	Shared Households	<p>Piers advised the group that it was difficult to draw conclusions for the benefit of comparison. Asked if Table 2.10 could include national info. This would enable the group to make decisions and plan for the future.</p> <p>Graeme advised that information in the SHCS may allow us to do this.</p> <p>Piers stated that the Technical Group should use this comparative to keep an eye on any issues that may be likely to arise in the future.</p>	<p>Tom to discuss with Technical Group.</p> <p>Tom to discuss with Technical Group.</p> <p>Agreed by group</p>	<p>Tom</p> <p>Tom</p>	<p>ASAP</p> <p>ASAP</p>	

	<p>Chapter 3 – Active Market</p>	<p>Isabel initiated a discussion with the group around how the increase of fuel costs may act as an incentive to under occupants to move to a smaller property. Isabel queried if any work had been done on the “lifetime cost” of homes in different areas for the purpose of the report.</p> <p>Janelle advised that this was work that will be looked into at the next stage of the local plan.</p> <p>Sandy Murray advised that Tenant’s First had already carried out work on this for their stock.</p>				
	<p>Chapter 6 - Current Need</p>	<p>Tom informed the group that there had not been much work done on this chapter as yet.</p> <p>Tom advised the group that they were on course in respect to timescales.</p> <p>CS reminded the group that the use of comparative figures would be important in order to attract additional funding and resources into the North East in the future.</p>				

3	Technical Group Update	<p>Peter advised the group that the Technical Group had met on the 24th of June and the 29th of July and a sub-group once in between to discuss, mainly, housing matters. The group proposed a focus group be organised in order to get a better understanding of the current market situation.</p> <p>At the request of the Steering Group, the Technical Group is compiling an expanded contents/workload document. This will allow the work programme to be “fleshed out”, with progress on the research questions that need to be addressed, as well as a log of issues arising. Mel Greig has produced a draft: comments on it will be incorporated soon after 15 Aug.</p>				
---	------------------------	---	--	--	--	--

4	Detailed Project Plan	<p>Janelle informed the group that Les had provided the steering group with an overararching project plan but a more detailed project plan was required. She has now received a proposal from Newhaven research to produce a more detailed plan. Janelle advised the group that Newhaven Research had advised they would be able to provide a detailed project plan by the end of August beginning of September. Janelle advised she would happily distribute the proposal to the group.</p>	<p>Janelle to distribute the proposal received from Newhaven Research.</p>	J.C	ASAP	
5	Joint Committee Instruction to Progress HN & DA	<p>Graeme Stuart advised the group that David Jennings has been involved with the steering group and time frame of the housing partnership in order that the timeframe for the Structure Plan can be met. The project Plan will need to meet the needs of the Assessment & Structure Plan.</p> <p>Janelle had spoken to David who advised that the Structure Plan needed to be competed by December.</p>	<p>David to be involved with the development of the project plan.</p>			

6	Market Activity Focus Group	<p>Tom advised the group that this was discussed at the last Technical Group meeting. It was hoped to organise an event in early September and that the event would need to involve as large a cross section of participants as possible.</p> <p>Les advised that he was currently working on a stakeholders list.</p> <p>Ritchie reminded the group that the purpose of the focus group needs to be clear. He felt that intelligence gathering would benefit from a non professional view, possibly a tenants rep.</p> <p>Fiona requested that a question could be included in the focus group about living within a national park.</p> <p>Gordon suggested that the group use this opportunity to take away ideas on how to encourage others to participate in the focus groups.</p> <p>Ritchie suggested that the focus group should be built into the project plan.</p>	<p>Group agreed question could be asked.</p> <p>Group agreed.</p>			
7	A.O.C.B	None				

MINUTE TAKER:	L Bloice	DATE OF NEXT MEETING:	Thursday 2 October 2008 10am	VENUE:	Woodhill House (TBC)
--------------------------	----------	------------------------------	------------------------------------	---------------	-------------------------

Housing Needs and Demand Assessment 2008

10th September 2008

Report on focus group findings

Contents

1. Summary of Report
2. Background
3. Statement of Research Issues / Key questions
4. Methodology
5. Results
6. Limitations of data
7. Acknowledgement
8. Appendix (available on request)

Housing Needs and Demand Assessment **Report on focus group findings**

1. SUMMARY OF RESULTS

On the 10th September 2008, a focus group was held to discuss the following research questions

- 1. How has the housing market in the Aberdeen City and Shire area been affected by recent changes in the wider UK housing market?**
- 2. How will these changes in the local housing market affect our residents?**
- 3. How will our local housing market area develop over the next 5/10/15 years?**

The focus group consisted of representatives from several relevant sectors including registered social landlords, banks, local estate agents and solicitors and Homes for Scotland.

Key Findings - Assessment of the current situation

- The group agreed that the effect of recent national developments in the housing market is being felt in Aberdeen and Aberdeenshire but to date, not as severely as in other parts of the UK. The City and Shire are by no means immune, but effects may be slower and less drastic than in other parts of the UK.
- The north-east of Scotland has seen the highest number of mortgage approvals in Scotland for the last six quarters but changes in bank borrowing policy are expected to affect this. Demand for mortgages is still strong, but getting a mortgage is becoming more difficult. There has been an increase in requests for bridging finance and loans to 'improve rather than move'.
- House prices have not significantly dropped to date but the structure of sales is changing. Family house sales are still strong (developments in Portlethen and Stonehaven are doing well) but flats are becoming harder to sell. Developers are introducing incentives including guaranteed mortgages/ furniture packages etc to encourage first time buyers.
- There is some recent experience of house sales 'falling through'. There appears to be a change in buyer's behaviour from 'buy first then sell' to 'sell first then buy'. This behaviour may lead to market stagnation.
- There is a downturn in the Buy-to-Let market.

- As the market slows, some sellers are letting their properties instead of selling. There are more properties with both 'for sale' and 'to let' signs.
- Demand for rental is strong with flats leasing within a week and houses within a month. Fixed closing dates for leases are becoming more common. There is increased pressure on affordable rented properties as first time buyers are forced to rent until they gain access to credit.

Key findings - Looking to the future

- Pent up market demand may lead to future supply issues when access to credit improves. There was concern that even when the credit situation improves, the construction industry may struggle to respond following recent redundancies. The social rented sector supply will also suffer if construction continues to slow as there will be less properties coming through under Section 75.
- High rental costs, limited access to mortgages and possible increase in repossessions are expected to lead to increased waiting lists for affordable housing and homelessness. The demographics of these groups may also change as wider society is affected. The group agreed that they thought the affordability gap was continuing to widen.
- Long term changes to rural markets means that it is becoming more expensive to live in rural areas. Cost of living increases (including increasing fuel costs) means that for those who travel to work in the City, it may not be as economically beneficial as it once was. New rural housing developments are changing the demographic and increasing population numbers, raising concerns in some areas of available resources and traffic congestion.
- Overall, the group were optimistic about the future of the housing market in Aberdeen City and Aberdeenshire.

2 Background

- 2.1 The Scottish Government has asked local authorities to undertake Housing Need and Demand Assessments (HNDA) to provide an evidence base to inform the development of Local Housing Strategies and Development Plans. The HNDA will examine current and future housing need and demand using a variety of data methods and sources in an attempt to triangulate findings and ensure robust outcomes.
- 2.2 Local Authorities have been encouraged where applicable, to form Housing Market Partnerships with neighbouring authorities to take account of natural housing market areas and ensure a strategic approach. Aberdeen City and Aberdeenshire Councils have formed such a partnership and are working jointly to produce a HNDA for the Aberdeen Housing Market Area.
- 2.3 Chapter 4 of the Scottish Government HNDA guidance asks Housing Market Partnerships to explore and predict future trends and developments in the local market to ensure they are adequately prepared for future housing need and demand.

3. Statement of Research Issues / key questions

- 3.1 In order to progress the HNDA, it was important to consider the following research questions
 - **How has the housing market in the Aberdeen City and Shire area been affected by recent changes in the wider UK housing market?**
 - **How will these changes in the local housing market affect our residents?**
 - **How will our local housing market area develop over the next 5/10/15 years?**

4 Methodology

- 4.1 In order to gain a strong understanding of future housing need and demand in the Aberdeen Housing Market area, the Strategic Housing Market Partnership will use a combination of research methods. As well as using secondary data sources to run forecasts and possible future scenarios, the group want to supplement this with more up-to-date and in-depth research.
- 4.2 The Strategic Housing Market Partnership agreed that the use of a focus group would provide the opportunity to investigate the informed views and

opinions of the people who work in the Aberdeen City and Aberdeenshire housing sector. The Partnership agreed that the focus group should include stakeholders from a variety of organisations in order to gain a more holistic understanding of the current situation and possible future scenarios.

4.3 The resulting focus group discussions were recorded, transcribed and analysed. The final report focuses on the themes and issues raised by the group but all comments have been anonymised to ensure that participants felt they could speak freely and honestly.

4.4 The results outlined in the report are qualitative (and therefore do not give 'hard figures' and statistics). Instead, they explore the views and perceptions, attitudes and experiences of those actively engaged in the local housing market on a day-to-day basis. The issues and points outlined in the report should be used to direct further research and inform policy.

5. Results

5.1 A focus group was held on 10th September 2008.

5.2 Participants of this focus group included Homes for Scotland, Lloyds TSB, Langstane Housing Association, Aberdeenshire Housing Partnership, ASPC, and Aberdeen Considine.

5.3 The focus group facilitator opened the discussions with an 'ice breaker' question designed to gain an understanding of participant's pre-discussion views and stimulate debate.

Question 1

'Over the last few months, a UK wide drop in house prices has been reported in the media. Aberdeen City and Shire are in a unique position, as they have not suffered to the same extent as other Scottish and UK cities. Do you agree or disagree with this statement?'

When encouraged to state broadly whether they agreed or disagreed with this statement, six of the seven participants broadly agreed. It is acknowledged that further analysis of these initial responses would be misleading as in reality; participants argued that this is a highly complex subject and views are not as polarised as this statement suggests, but it was interesting to gauge the overall, initial feelings of the group and understand whether this general feeling would change or remain the same by the end of the discussion. The group discussions on this question are summarised below;

- The effect of recent national developments in the housing market is being felt in Aberdeen and Aberdeenshire but to date, not as severely as in other parts of the UK. The City and Shire are not immune to the national housing trend, but effects may be slower and less drastic.
- The strength and buoyancy of the local economy may offer us some protection from the more dramatic effects felt elsewhere in the UK.
- The north-east of Scotland has seen the highest number of mortgage approvals in Scotland for the last six quarters but changes in bank borrowing policy are expected to affect this.
- Demand for mortgages is still strong, but getting a mortgage is becoming more difficult.

5.4 **Question 2**

How will these changes in the local housing market affect our residents?

This question, although primarily aimed at the effect of the local housing conditions on residents, also raised debate on the impact within the housing industry and the following analysis reflects this.

5.5 *First time buyers*

Access to finance - It is now more difficult to get a mortgage as banks have tightened lending policies. First time buyers are particularly affected by this as they no longer have access to the 95-100% mortgages available in the past. The 70-80% rates now offered mean that first time buyers need to raise larger deposits.

Effect of 'holding off' - First time buyers may 'hold off' entering the property market until lending conditions improve and the market stabilises. This may lead to a degree of market stagnation in certain types of property popular with first time buyers i.e. flats. Some

developers have started introducing incentives including guaranteed mortgages, "friend" mortgages (where friends are able to take on a mortgage together) and furniture packages in an attempt to encourage first time buyers back to the market.

Wider impact - As well as impacting the owner-occupier market, this will also impact the rental market. People who would have previously been in a position to buy their first house are now renting for longer and this slows rental market turnover. This impact may also be felt by those supporting first time buyers, for example, young first time buyers may continue living with their parents to save money or parents may choose to take out second mortgages to help their children access the property market.

5.6 *Upgraders*

Change in buyer behaviour - There appears to be a change in buyers behaviour from 'buy first then sell' to 'sell first then buy'. This affects the momentum of the market and leads to market stagnation.

Improve rather than move - The group commented that some potential sellers may be choosing to expand their current property rather than move to another. Requests for loans to 'improve rather than move' have increased.

Demand for family housing - Demand for family housing is still strong and this is demonstrated by the success of developments in Stonehaven and Portlethen. Families are continuing to move outwith Aberdeen City boundaries to find affordable family housing. This long term trend affects both the urban and rural housing markets.

Rural Market - Long term changes to rural markets means that it is becoming more expensive to live in rural areas. Cost of living increases (including increasing fuel costs) means that for those who travel to work in the City, it may not be as economically beneficial as it once was. New rural housing developments are changing the demographic and increasing population numbers, raising concerns in some areas of available resources and traffic congestion.

'Letting by default' - The group reported that some sellers are 'letting by default' as they are unable to sell their property and are therefore letting to cover mortgage payments. Some house builders are considering letting new build properties that have not sold. There has been an increase in the number of properties with both 'for sale' and 'to let' signs.

Wider impact -The 'knock on' effects of fewer first time buyers will be felt in the upgrader market as sellers have a reduced pool of willing buyers. Fewer buyers in the market means there is a less competition and this may affect the prices offered.

5.7 *Buy to Let*

Access to finance - There has been a downturn in the Buy-to-Let market. Tighter credit restrictions and a decrease in Buy-to-Let mortgages has restricted growth in this market.

5.8 *Social Rented*

Increased Demand - Higher rental costs, limited access to mortgages and possible increases in repossessions are expected to lead to increased waiting lists for affordable housing and homelessness. The demographics of these groups may also change as groups who would have previously been able to buy or rent privately are now unable to do so.

Plugging the gap - The group identified a gap in mid market rental sector that in turn, increases pressure on the social rented sector. There was a concern that the affordability gap was widening but the housing choices available to residents were not sufficient to address this.

Wider impact - The supply of social rented housing will suffer if construction continues to slow as there will be fewer properties coming from Section 75 agreements.

5.9 *Private renters*

Strong Demand - Demand for private rental is still strong with average leasing times within a week for flats and a month for houses. Fixed closing dates for leases are becoming more common.

Wider impact - There is an increased pressure on affordable rented properties as the ripple effect of potential first time buyers unable to gain access to finance, are forced to rent.

5.10 Question 3

How will our local housing market area develop over the next 5/10/15 years?

Focus group participants were asked to think about how the housing market area will develop in the short, medium and long term. The next

section summarises the main points, issues, concerns and possible solutions raised in this discussion.

- The group discussed how pent up market demand may lead to future supply issues when access to credit improves. There is a concern that the construction industry may struggle to respond following the recent redundancies. This could in turn, force house prices up.
- The group argued that the affordability gap may be widening and was perhaps polarised by the strength and wealth of the oil industry. It was suggested that because oil workers were able to afford high house prices and rents, this may fuel price increases and result in other people being unable to access affordable housing.
- The group discussed the importance of planning policy intervention and central government funding to enable effective future provision of affordable housing.
- There was discussion over whether the current housing situation was a natural correction of house prices following the last 5/6 years of house price increases. It was suggested that the housing market was by nature, cyclical and therefore ups and down were an inevitable and an integral part of it.
- The group agreed that effective master planning in the Structure Plan was key to successful future communities. As well as building more houses, there needs to be 'fit for purpose' infrastructure to support the new and evolving developments.
- Overall, the participants were optimistic about the future of the housing market in Aberdeen City and Aberdeenshire. Throughout the discussions, the group commented on the need for more land to be released for housing, even if this meant encroaching on the greenbelt. There was also discussion on the benefits of strategic land banking. The group felt that money should continue to be spent on regeneration activities quoting the redevelopment of the City Hospital site in Pittodrie as a good example of effective regeneration.

6. Limitations of data

The purpose of the focus group was to explore views and perceptions, attitudes and experiences around a particular subject. It was designed to enable participants to express their views, provide reasoning behind their views and comment on the views of others. The findings

summarised in this report should be used as a 'starting point' for further discussion, analysis and consultation.

This report acknowledges that the views given in the focus group were the views of individuals and that these views do not necessarily reflect the opinions of a company or sector as a whole.

7. Acknowledgement

I would like to thank all focus group participants who gave up their time to assist in this research.

If you have any questions in relation to this report, please contact Philippa Corley, Research Officer, Strategic Research and Information, Aberdeen City Council Tel: 01224 522935 Email: pcorley@aberdeencity.gov.uk

(November 2008)

8. Appendix

Detailed notes taken during focus group

APPENDIX 1

Housing Needs & Demand Assessment
Focus Group 10th September 2008
Detailed notes taken at focus group

- 1. Over the last few months, a UK wide drop in house prices has been reported in the media. Aberdeen City and Shire are in a unique position, as they have not suffered to the same extent as other Scottish and UK cities. Do you agree or disagree with this statement?**

Agree = 6

Disagree = 1

- Aberdeen top of mortgage market - exceeding targets
- Developers putting properties to RSL's to buy as they can't sell them themselves
- Prices sustained but market rate slowed down, more applications submitted to RSL's
- Housebuilders confident demand will return and be sustained
- Not doing as badly as other places because we are doing better economically. The longer the situation carries on the bigger the problem becomes. Demand still exists but need to deal with housing need better as it is not dealt with very well just now.
- Timing issue - Aberdeen prices will fall but we started off in a stronger market/position.
- People want mortgages but can't get them
- House sales down 50% but leasing up 50%
- Developers not seen a significant change in house prices. Demand still in market but structure of sales changes. Family housing easier to sell and flats are harder which is why properties are being offered to RSL's
- Increase in waiting lists and homelessness
- Change in demographic of people of housing waiting lists
- Monthly rentals more expensive than equivalent mortgage payment

Why is this the case?

- Economy more buoyant and impact on Glasgow and Edinburgh not felt here

- House sales started getting quieter 3rd quarter 2007 - only recovered 2nd quarter 2008
- As market slows advice is to sell first then buy - end up with houses for sale which people are not in a position to buy
- Until economy changes and first time buyers can start to buy again, the market will remain stagnant
- Type of housing developers want to build may change to respond to the market but will have to wait until new applications are going through planning, as they are still building on consents received a while ago
- Mortgage lending policy more strict and banks are having more and more changes to policy regarding mortgages due to changes with other lenders and rates
- Mortgage affordability and bank checks taking place more often as banks are becoming more strict
- Increase in requests for bridging finance - two instances known of where missives have been concluded but deal fallen through day before exchange
- Is there a natural correction of the market taking place as a result of 5 or 6 years house price increase
- Banks offering mortgages of 70-80% rather than 95-100% a few years ago
- Amongst all this is people who have to move and are forced to drop their price which then leads to others doing this
- New build properties offering more incentives often impacts the second hand market
- People having to save for deposits again
- Mortgage application is valid for 3 months but if policy changes that can impact whether a client will get their mortgage or not
- Market will eventually come full circle

2. How will changes in the housing market affect residents?

First time buyers

- Less ability to pull together deposits
- Scottish Government funded a shared equity initiative - but first time buyer still has to find 60% of market value of property which they are struggling to do
- Having to pay more per month on rentals which means it is harder for people to save up for a deposit
- Pent up demand - when it becomes easier to get a mortgage again their will be a rush to buy and not enough supply
- Flats are entry point for first time buyers - developers putting in packages to help them with furniture, friend shared mortgages, guaranteed mortgages
- Increase in RSL application - people putting down roots - kids moving back home / or not moving out at all

- Due to economy we have well paid young people but they don't have capital to raise the deposit which forces them into the rental market
- More young people in education in more debt who are conditioned to having debt through student loans. We live in a credit culture
- More older people taking on second mortgages to help their kids
- Housing market is now linked with economy and state of economy

Up-graders

- Banks doing more further advances than mortgages as it is easier to expand your house than move
- Easier to get money for this as built in equity
- They are affected by first time buyers as they can't buy the flats to release these people onto the second stage
- Extensions generally won't increase value just saleability
- More people moving out of city - developments in Portlethen and Stonehaven doing very well even in current climate
- House are cheaper outside city due to lack of new built houses in city centre
- Families moving out of city due to lack of land supply
- Need to breach greenbelt - this will provide suitable land
- Issues in Dundee where they have policy not to build flats in certain areas of the city - led to price crash.

Buy to let (BTL)

- Affected by credit
- With falling capital values there is a marked downturn in BTL
- People already in market have less competition for new BTL people
- BTL market needs people who already have capital in order to keep the market going
- First time buyers had to fight against BTL people who had better access to finance
- BTL through default because they cannot sell their property. Can see properties now with both for sale and for let signs
- Developers considering doing letting for difficult properties
- Companies not buying properties as too hard to get rid of when price crashes

Private renters

- Increase demand on lower levels
- Flats can be leased in a week and houses in a month

- Leasing of flats easier now compared to last few years
- Lower end of market doing well but may be ceiling on affordable rental levels as folk don't have income for high rental properties
- More competition - fixed closing dates for leasing
- First time buyers forcing pressure on market
- £1500 is top of what people are paying for leasing (this is the ceiling). There is another higher bracket of leasing prices but this is oil workers who have help from their company

Social rented

- increase levels of demand
- low supply so people in real need making applications but they won't be able to get a property as the demand is so high
- different type of people coming onto the lists
- gap between social rented sector and private rented sector which needs to be bridged to help this situation
- Scottish Government has a deadline to eradicate homelessness by 2012 - this is not going to be met
- If developers slow down then less properties are coming through section 75 agreements
- RSL's not in control of section 75's - depends on when developers want to build
- Central government has role to play in helping RSL's
- Social sector is often a lifeline for developers
- £60m from Scottish Government for properties in Scotland works out at 18 units in City. Money is coming from London so limit to what Scottish Government can do
- RSL's have to find extra funding from banks when Scottish Government reduces their money - often means that rents have to increase
- Developers have to discount properties by up to 40% in order to make them affordable for shared ownership

3. Now looking to the future, how do you see the housing market developing over the next 5 years?

- Free up land for housing which will help the situation
- Local government can improve planning process which will help to free up land. Oversupply will allow prices to stabilise
- Aberdeen is in a better position than other cities to recover
- New structure plan will help the process if proper masterplanning is done in order to allow the infrastructure to be put in place first - rather than being an add on
- Villages often growing beyond recognition

- Scottish Government providing guidance in order to allow places to be developed properly
- Land supply has forced up house prices
- Redundancies of construction workers is a result of credit problems, when this improves there wont be the staff around to build the houses. This will force prices up as houses wont be able to be built as quickly
- Aberdeen house prices are higher than they ought to be - prices led by demand
- In December home reports come into affect which may affect the market
- Changes in cost of living mean it is not as cheap to live in rural areas as it previously may have been - especially if travelling to city to work
- City suffers from poor infrastructure which causes major issues
- Change in government can also have an impact
- More people with missed / late mortgage payments

NEXT 10 – 15 YEARS

- Optimistic about future
- Subsea companies doing well - not all doom and gloom
- People not involved in oil industry will be affected more than oil workers
- Two class of people in Aberdeen city - oil workers and everyone else
- Aberdeen City Council has to release land in order to give best chance
- Developers often buy land in good times and hold onto it to create false demand / land banking
- Cyclical
- Money needs to go into regeneration in City. Development in Pittodrie is good example of improvements
- Flats above shops on Union Street good example of improvements

CONCLUSION

- Central government has to pull their weight
- Strategic land banking for everyone - will structure plan allow this to happen - where the local government owns the land to share out
- Local authorities have role to play in making their own land available.

ABERDEEN CITY COUNCIL			
ABERDEENSHIRE COUNCIL			
MEETING TITLE:	Aberdeen City and Shire Housing Partnership	MEETING DATE:	6 th November 2008
PARTICIPANTS:	Partnership Members: Matt Easton (Rent Registration Service), Alan Grant (RSL Representative), Fiona Munro (Cairngorms National Park) Marianne McGowan (HFS), Gordon Kyle (RSL Representative) Aberdeenshire Advisors: Peter McRae Aberdeen City Advisors: Les McGonigle, Gale Beattie , Tom Snowling,		
APOLOGIES:	John MacRae (ASPC), Don McKee (Cairngorms National Park), Alistair Baird (ACC, Health & Social Care), David Horsfall (Homes for Scotland), Sarah-Jane Laing (SRPBA), Gordon Wright (ACC, Economic Development), Sandy Dustan (Community Health Partnership), Sandy Murray (TACA), Janelle Clark (Aberdeenshire), Craig Stirrat (ACC), Ritchie Johnson (Aberdeenshire), Martin Barry (Scottish Enterprise Grampian), Paul Murray (Lloyds TSB)		
COPIES TO:			

NO.	AGENDA ITEM	NOTES OF DISCUSSION	ACTION/ DECISIONS	BY WHOM	WHEN	LINKS TO OTHER GROUPS
1	Minute of 5 August 2008	<p>Previous minute agreed.</p> <p>Tom gave quick updates against the actions for the previous minute. He advised the group that an amended version of the first three chapters could be made available to anyone in the group if requested.</p>				
2	Technical	Tom advised the group that the first 3 chapters				

NO.	AGENDA ITEM	NOTES OF DISCUSSION	ACTION/ DECISIONS	BY WHOM	WHEN	LINKS TO OTHER GROUPS
	Group Update	<p>were sent to the Scottish Government (SG) at the end of September for feedback to ensure that the work that was being done was on the right track.</p> <p>Feedback was received on Tuesday (4.11.08). The feedback confirmed that good progress was being made and that the correct data had been used so far. There were minor comments regarding the formatting/ presentation of some parts, however this could be easily rectified.</p> <p>SG did query what this information actually showed. The pulling together of the information is to be included in chapter 4 which is being pulled together by David Jennings.</p> <p>Gordon queried the timescale for David to write Chapter 4.</p> <p>Les advised that David was still awaiting feedback from the Officers Group on the first 3 chapters. The deadline for feedback is 07.11.08 and then David will turn this information around ASAP.</p> <p>Gale advised the group that the deadline for the Structure Plan may now slip to Jan/Feb 2009.</p>				

NO.	AGENDA ITEM	NOTES OF DISCUSSION	ACTION/ DECISIONS	BY WHOM	WHEN	LINKS TO OTHER GROUPS
		<p>Tom advised the group that he had spoken to the housing register staff and had been assured that they could provide information on homelessness, over crowding and specific need applications received.</p> <p>Les advised the group that the training event that had taken place in Dundee had been a useful source of Scottish Government contact details for specific information.</p> <p>Fiona requested that this information be disseminated to the National Park as they had not received anything like this from the Scottish Government.</p>	<p>Les to forward contact details to Fiona.</p>	<p>Les</p>	<p>ASAP</p>	
<p>3</p>	<p>Timetable/ Newhaven Update</p>	<p>Les distributed a copy of the Newhaven action plan for the HN&DA.</p> <p>Aberdeen City and Shire had met with Newhaven in September for assistance in developing an action plan for the HN&DA.</p> <p>Les advised the group that Newhaven approved of the 3 staged approach to the HN&DA:</p>				

NO.	AGENDA ITEM	NOTES OF DISCUSSION	ACTION/ DECISIONS	BY WHOM	WHEN	LINKS TO OTHER GROUPS
		<ul style="list-style-type: none"> • Stage 1 Over arching report with general information on housing needs and demand in the Aberdeen market area. • Stage 2 Refine information for use in the Local Development Plan. • Stage 3 Concentrate on specific need elements of the HN&DA for feeding into the Local Housing Strategy. <p>Newhaven highlighted their concerns the information that was being collected was being duplicated and felt that it was important that one officer takes responsibility for each of the aspects of the HN&DA.</p> <p>It was decided as a consequence of these discussions that David Jennings would act as project manager for the first stage of the HN&DA.</p> <p>The group discussed the viability of holding a Partnership Scenario Event in December.</p>	<p>Les to discuss with Joint Officer Group. Provisional date for event agreed 22 January 2009</p>			

NO.	AGENDA ITEM	NOTES OF DISCUSSION	ACTION/ DECISIONS	BY WHOM	WHEN	LINKS TO OTHER GROUPS
4	Draft Report from Market Activity Focus Group	<p>Les opened item to the floor for discussions on the current housing climate within Aberdeen.</p> <p>Alan advised that he had participated within the focus group and had found it very useful.</p> <p>He advised the group that the current climate had initially been seen as an “opportunity” by the RSLs as a way to acquire land or “of the shelf” properties. Prices however in Aberdeen were still not dropping significantly.</p> <p>Marianne advised the group that times were hard for house builders at the moment and cut backs had to be made. She felt it important to stress that there was still demand for housing out there but there was a lack of consumer confidence within the market place and</p> <p>concerns that mortgages were not as easily accessible as they had been previously. There has also been a switch in the market with those looking to move/buy new property were being advised by their solicitors to sell their own property first before buying anywhere else. This was causing the market to stagnate slightly.</p> <p>Marianne advised the group that previous</p>				

NO.	AGENDA ITEM	NOTES OF DISCUSSION	ACTION/ DECISIONS	BY WHOM	WHEN	LINKS TO OTHER GROUPS
		<p>years' new build figure had reached 25,000. The realistic figure of new builds for this year is 9000, 5000 private homes and 4000 affordable homes. Government targets are 36,000 new homes per year. This will require significant funding from Scottish Government which is not forthcoming in the North East.</p> <p>In Marianne's opinion it could take until 2013 to return to releasing 25,000 properties per year.</p> <p>Fiona advised the group that all new build sites in Inverness have been shut down, although prices Badenoch & Strathspey are down very little, if at all.</p> <p>Alan Grant reported that general applications to RSLs have increased significantly. LIFT, which is being marketed by Grampian Housing Association on behalf of all RSLs in this area, seems to be working well in Aberdeen. There are around 6 lenders willing to lend for this type of property, although there is still a perception that mortgages will be hard to find.</p> <p>Matt advised the group that the private rented sector within Aberdeen City is still very buoyant particularly for 1 and 2 bed roomed properties.</p> <p>This meant that the Local Housing Allowance in Aberdeen City/Shire was relatively high</p>				

NO.	AGENDA ITEM	NOTES OF DISCUSSION	ACTION/ DECISIONS	BY WHOM	WHEN	LINKS TO OTHER GROUPS
		compared to other broad rental market areas.				
7	A.O.C.B	None				

MINUTE TAKER:	L Bloice	DATE OF NEXT MEETING:	Thursday 22 January 2009 11.00 am	VENUE:	TBC
------------------	----------	------------------------------	---	---------------	-----

**ABERDEEN CITY COUNCIL
ABERDEENSHIRE COUNCIL**

MEETING TITLE:	Housing Need & Demand Assessment: Partnership Scenario Event	MEETING DATE:	22 nd June 2009
PARTICIPANTS:	Matt Easton (Scottish Government Rent Registration Scheme), Blair Melville (Homes for Scotland), Sandy Murray (TACA), Karine Suller (City & Shire Planning Gain Officer), Graeme Stuart (ACC Strategist, Planning & Policy for Housing), Toby Coke (ACC Planner), Gordon Wright (ACC Project Development Executive), Craig Stirrat (ACC Head of Service, Planning & Policy for Housing), David Jennings (Strategic Development Planning Authority), Lynne Ritchie (ACC Research & Development Assistant), Marianne McGowan (Homes for Scotland), Paul Murray (Lloyds TSB), Isabel Page (Aberdeenshire Community Planning Partnership), Andrew Bradford (Scottish Rural Property & Business Association, Alan Grant (Langstane Housing Association), Stuart Robertson (City and Shire Planning Gain Co-ordinator), Peter Shannon (SDPA), Janelle Clarke (A/Shire Strategic Development Manager – Housing), Elaine Reid (A/Shire Strategic Development Officer – Housing Strategy), Robert Armstrong (A/Shire Senior Business Development Executive), Andrew Carruthers (A/Shire Policy and Environment Manager) Michael O’Sullivan (A/Shire Planning Policy Officer) Peter Macrae (A/Shire Team Leader: sustainability, information and research)		
APOLOGIES:	John MacRae (Aberdeen Solicitors’ Property Centre), Martin Barry (Scottish Enterprise Grampian), Bill Moir (Scottish Government), Sandy Dustan (NHS Grampian)		
COPIES TO:			

Introduction by Craig Stirrat, Head of Service, Planning & Policy for Housing, Aberdeen City Council.

Brief overview provided by various sectors.

NAME	COMMENTS
Paul Murray	There has been a dramatic change in last 12 months with mortgage lending down 40% and

<p>Lloyds TSB (residential lending)</p>	<p>value of lending down 50%. Aberdeen is 1 of 9 Lloyds TSB areas within Scotland and is performing better than all other areas. Lending policy changes on daily basis. Minimum 10% deposit required, up to 25% preferred. Credit rating very important, even late payments on credit cards is counting against people.</p> <p>However, the past couple of months have seen more housing moving and more interest to purchase. There has also been an increase in lending for home improvements and extensions to existing properties.</p>
<p>Blair Melville Homes for Scotland (National Rep)</p>	<p>It is difficult to look very far ahead in the current climate. This area has been cushioned with sales down far less than other parts of Scotland. Sales have been constrained by availability of mortgages. House building industry is traditionally fairly conservative, doesn't go for big growth. 5% growth generally, even in good times.</p> <p>Balance sheet strength will be big influence in growth in near future. 25,000 houses were completed in Scotland in 2007, not known if we will get back to this figure, or when. Development of difficult and expensive sites is a thing of the past. Small – medium sites with no major difficulties are favoured. Lenders are not keen to lend money to the building industry. Land supply in City and Shire mostly not the kind of sites builders are willing to develop at the moment.</p> <p>Builders will not be paying large amounts of planning gain.</p>
<p>Marianne McGowan Homes for Scotland (Local Rep)</p>	<p>Demand is still there for houses in this area, particularly family homes. 50% of reservations are being cancelled due to funding issues. Deposit is an issue, but initiatives for first times buyers are available. In some cases first time buyers have bought with only 5% deposit. Lending problems look likely to get worse in the immediate future, however, partly because of the low number of lenders available.</p>

	<p>Estimate locally back to 2007 levels of new build by 2014. Land supply is an issue, builders unlikely to get funding for flatted developments therefore easy sites suitable for family housing is needed.</p>
<p>Andrew Bradford Scottish Rural Property & Business Association</p>	<p>Supply of affordable housing in model mentions total stock, but only includes Local Authority and RSL stock. Why is private rented sector not included? Private sector has considerable part to play and should be included in the model. Recommended reading Rugg Review by the Centre for Housing Policy at York University, title The Private Rented Sector: its contribution and potential.</p>
<p>Sandy Murray TACA / RSL Rep</p>	<p>Outlook for RSLs is gloomy. Devanha contract has cushioned this area, but Government is now struggling to pay grant funding on time. Funding due next year will not now be paid until 2012. Future looks bleak unless more funding is forthcoming from Government.</p>
<p>Alan Grant RSL Rep</p>	<p>Cash flow also means RSLs are unable to pick up brownfield sites for future development. Existing borrowing is undergoing unprecedented scrutiny. Demand for RSL properties is increasing due to lack of lending for those who may have purchased in the past.</p>
<p>Gordon Wright ACC Economic Development</p>	<p>Evidence is this area has not been hit as hard as rest of country, but not known how long this will last.</p>
<p>Robert Armstrong Aberdeenshire Economic Development</p>	<p>Historically this area has always enjoyed sheltered and protected economy. Unemployment is still low, only 1.5% in Aberdeenshire despite problems in rest of country. Difficulty is financial institutions don't recognise this unique position, decisions on credit are made for Scotland as a whole.</p>

	Businesses have in the past found it difficult to recruit new staff into the area, partly due to housing costs. Not yet clear if this situation may now be eased.
--	---

ABERDEEN CITY COUNCIL			
ABERDEENSHIRE COUNCIL			
MEETING TITLE:	Housing Need & Demand Assessment: Partnership Scenario Event Group 1 Discussion	MEETING DATE:	22 nd June 2009
PARTICIPANTS:	ME Matt Easton (Scottish Government Rent Registration Scheme), BM Blair Melville (Homes for Scotland), SM Sandy Murray (TACA), KS Karine Suller (City & Shire Planning Gain Officer), GS Graeme Stuart (ACC Strategist, Planning & Policy for Housing), TC Toby Coke (ACC Planner), GW Gordon Wright (ACC Project Development Executive), CS Craig Stirrat (ACC Head of Service, Planning & Policy for Housing), DJ David Jennings (Strategic Development Planning Authority), LR Lynne Ritchie (ACC Research & Development Assistant)		
APOLOGIES:	John MacRae (Aberdeen Solicitors' Property Centre), Martin Barry (Scottish Enterprise Grampian), Bill Moir (Scottish Government)		
COPIES TO:			

NO.	ISSUE	NOTES OF DISCUSSION	OUTCOME/ DECISIONS
Issue 1	Backlog Need i) Is there expected to be an increase or decrease in backlog and what size of percentage changes should be fed into the model to take account for these possible changes.	i) BM – noted the impact of Homeless Legislation. Homeless people have priority and this will increase by 2012 when anyone presenting as unintentionally homeless will have to be housed. Backlog is therefore likely to rise.	i) No decision made on percentage figure for increase.

NO.	ISSUE	NOTES OF DISCUSSION	OUTCOME/ DECISIONS
	<p>ii) Should we meet the backlog need over 5 or 10 years or another timeframe altogether?</p>	<p>SM – Is the current definition of need still relevant in the current economic climate. Has there been a stoking of demand as opposed to actual need. GW – immigration has tailed off significantly and there is evidence of current groups leaving. Caused by a combination of factors; work at home improving, poor exchange rate, work here reducing. Heather Farquhar can assist with stats for this.</p> <p>ii) BM – 10 year timeframe is becoming most commonly used.</p>	<p>ii) Agreed that 10 year timeframe for meeting backlog need is appropriate.</p>
<p>Issue 2</p>	<p>Private ownership and private renting</p> <p>Is it likely that there will be a move towards social rented housing, thereby increasing the need for affordable housing? Or, is it expected there will be a revival in the private housing sector in</p>	<p>BM -There had been problems achieving satisfactory build rates in the City. SM – was large scale flat building driven by demand or available sites?</p>	<p>Difficult to predict short to medium term.</p> <p>Decrease in turnover in</p>

NO.	ISSUE	NOTES OF DISCUSSION	OUTCOME/ DECISIONS
	<p>terms of the second hand market and new build starts and sales?</p>	<p>BM – land must be released on periphery of city to encourage building. Lower land price does not simply mean lower prices as materials and labour costs are likely to rise. Land-owners may hold on to land during reduced price levels.</p> <p>TC – new Local Plan due in 2012 will release land.</p> <p>ME – Buy to Let market may be reduced. Possibility of increased level of repossessions in this sector.</p> <p>SM – lower end of owner-occupier market is most difficult to accommodate. Shared ownership market. Credit issues have impacted on this, and there have been problems with valuations. Has part to play but low volume produced.</p> <p>ME – New housing benefit system has not resulted in an increase in rents as had been feared. Method of using actual rents gathered from the landlord registration scheme together with advertised rents to determine housing benefit levels.</p>	<p>affordable sector will mean less housing lets are available.</p> <p>Medium term expect to see recovery in the private housing sector.</p>
<p>Issue 3</p>	<p>Affordability</p> <p>Are incomes set to increase, decrease or stagnate over the next 5,10,20 years? If so, what % can be input to the model to reflect this, the same would equally apply to house prices.</p>	<p>SM – Will there be an overhang of private sector land banking as prices paid were very high.</p> <p>BM – Legislative change to building standards and control will be inflationary. Houses may cost less to run therefore cheaper long term, but will</p>	

NO.	ISSUE	NOTES OF DISCUSSION	OUTCOME/ DECISIONS
		<p>be more expensive up front. SM – ACSEF action plan looking to drive up GAV of region, no thought for lower priced accommodation.</p>	
Issue4	<p>Mortgage multipliers / lending</p> <p>i) Is the use of a 3.5 mortgage multiplier appropriate, will it increase or decrease over the next 5 years?</p> <p>ii) Will we continue to see a decrease in lending facilities and higher deposit requirements in future?</p> <p>iii) Will there be an increase or decrease in housing need and demand, or a shift in tenures?</p>	<p>i) BM – 3 x income may be a more realistic multiplier. Figure is variable depending on circumstances.</p> <p>Marianne’s estimate that 50% of reservations are falling through points to ongoing borrowing problems. SM – difficult for people to achieve higher deposit requirements while still meeting living costs meantime. Difficult to get lending for LCHO schemes, educating lending industry on these schemes may help. Issue of size of deposit required to buy will impact on RSL market. Generally</p>	<p>i) Views from other discussion group with banking representative sought.</p> <p>ii) Views from other discussion group with banking representative sought.</p>

NO.	ISSUE	NOTES OF DISCUSSION	OUTCOME/ DECISIONS
		<p>people have moved from rented accommodation to private ownership. That section may now stay in rented accommodation longer. GS – ACC has similar issues with reducing turnover of housing, also reflected in RSL sector. Whole system may stagnate.</p> <p>Difficulties will push people back to living with parents/relatives leading to an increase in demand</p>	
Issue 5	<p>Affordable Housing Supply</p> <p>i) Is the number of new-lets and re-lets likely to increase or decrease in the next 5 years?</p> <p>ii) If so, what percentages should be input to the model?</p>	<p>i) SM – Devanha coming to end of current projects. Lack of funding thereafter will mean virtually no building in the next few years. £12.8m from Scottish Government for next financial year, but committed spending is substantially more. GS – Local Authority business model has been approved to provide 344 houses, but there is nothing else after that. The issue is mainly political and will need input from Government Ministers. SM – RSLs need 65% grant funding to achieve affordable rents.</p>	<p>For Local Authority and RSL sector likely to see significant completions in the next 5 years. Thereafter not likely to see much new build.</p> <p>Relet rates are already at a very low level, possibly can't fall much further.</p>

NO.	ISSUE	NOTES OF DISCUSSION	OUTCOME/ DECISIONS
		ii) No discussion on this.	
Issue 6	<p>New Build Rate</p> <p>Is this set to increase or decrease in the next 5,10,20 years for the Private Sector, Local authority, RSLs?</p>	<p>Local Authority: short term increase then nil RSL – similar</p> <p>Private sector: Marianne gave predictions of return to 2007 levels by 2014. BM – these are local figures, not national, although the reaction in the North East is different to the rest of Scotland and is more likely to return to 2007 levels before the rest of the country.</p>	
Issue 7	<p>How can demand be built into the HNDA – is there market intelligence information available?</p>	<p>GS – recently written to HfS asking for information on how developers anticipate demand.</p> <p>BM – last 10 years was straightforward, just built more of the same.</p> <p>General feeling is that family homes are what is now needed in Aberdeen City.</p>	

MINUTE TAKER:	L Ritchie	DATE OF NEXT MEETING:	N/A
------------------	-----------	-----------------------	-----

<p style="text-align: center;"> ABERDEEN CITY COUNCIL & ABERDEENSHIRE COUNCIL </p>					
MEETING TITLE:		Housing Need and Demand Assessment: Partnership Scenario Event Group 2 Discussion		MEETING DATE:	22 June 2009
PARTICIPANTS:		MM Marianne McGowan (Homes for Scotland) PM Paul Murray (Lloyds TSB) IP Isabel Page (Aberdeenshire Community Planning Partnership) AB Andrew Bradford (Scottish Rural Property & Business Association, AG Alan Grant (Langstane Housing Association, SR Stuart Robertson (City and Shire Planning Gain Co-ordinator), PS Peter Shannon (SDPA), JC Janelle Clarke (A/Shire C Strategic Development Manager – Housing), ER Elaine Reid (A/Shire Strategic Development Officer – Housing Strategy) RA Robert Armstrong (A/Shire Senior Business Development Executive), AC Andrew Carruthers (A/Shire Policy and Environment Manager) MO Michael O’Sullivan (A/Shire Planning Policy Officer) PMcR Peter McRae (A/Shire Team Leader: sustainability, information and research)			
APOLOGIES:		Sandy Dustan (NHS Grampian)			
COPIES TO:		All Participants			
MINUTE TAKEN BY:		Michael O’Sullivan			
NO.	DISCUSSION ISSUE	NOTES OF DISCUSSION	OUTCOME / DECISIONS		
Issue 1	Backlog Need i) Is there expected to be an increase or decrease in backlog and what size of percentage changes should be fed into the model to take	i) PS - clarified that the backlog of need figure was the current level of need at this present time. Need is classified according to the A/Shire’s Housing database	i) There was broad agreement that, given the current economic situation, even if house prices were to fall relatively the backlog of need is very likely to increase.		

	<p>account for these possible changes.</p> <p>ii) Should we meet the backlog need over 5 or 10 years or another timeframe altogether?</p>	<p>and is not subjective or based on desires.</p> <p>AG – noted that it is difficult to exclude people who can probably afford to avoid social housing but are joining the waiting lists out of panic rather than need.</p> <p>ER – stated the backlog is likely to rise, given that it has doubled since the last Local Housing Strategy which was produced in 2004</p> <p>JC – agreed, linking this to rising house prices.</p> <p>ii) PS - In response to MM's question, pointed out that the HNDA itself would be formally reviewed every 5 years but could be updated in the interim as and when required.</p> <p>PM – given the current situation (stagnant housing market, economic decline) the backlog estimate would realistically have to be met over 10 years</p> <p>AC – The aspiration for meeting the backlog should be 5 years but reality is 10 years, warned against the 10 year scenario creating a self-fulfilling model.</p> <p>AB – In terms of raising funding</p>	<p>No decision on a percentage figure for an increase was made.</p> <p>ii) Agreed that a 5 year aspirational scenario could be developed alongside a realistic 10 year scenario. The 10 year scenario would be the most realistic one to use.</p>		
--	---	---	---	--	--

		<p>to meet the backlog, 5 years should be the stated aim but agrees with AC that 10 years is more realistic</p> <p>JC- it could be a case of an aspirational 5yr scenario and a realistic 10 yr scenario.</p>			
Issue 2	<p>Private ownership and private renting</p> <p>Is it likely that there will be a move towards social rented housing, thereby increasing the need for affordable housing? Or, is it expected there will be a revival in the private housing sector in terms of the second hand market and new build starts and sales?</p>	<p>JC- Likely to need more social housing</p> <p>RA – asked if there was a trend this way before the recession</p> <p>AG- confirmed that in his experience this was the case, due to house price growth outpacing real income growth. The recession added to this with increasing numbers adding themselves to social housing waiting lists but it is unclear if this is a short term panic or a long term trend.</p> <p>RA – asked if there were signs of a shift in demand, given the short term nature and flexibility of the economy especially in the north east, towards a European model of mid-market as well as social housing.</p> <p>AG- thinks that a new mid-market rental product is required</p>	<p>RSLs have seen an increase in demand for social rented even prior to the recession, this is likely to continue.</p> <p>General consensus was that in addition to a move towards social rented housing there will be a move towards a European style of mid-market housing which the model should consider. However HfS think this is premature and that new products and eventual economic revival will encourage people back into private home ownership.</p>		

		<p>to deal with the above factors. JC- there will be an increase in mid-market renting due to the above factors as well as the inability to save for large deposits. SR- asked MM if HfS had seen a growth in investors looking to buy to let for the mid-market on a large scale. MM – acknowledged that it is a sector of the market but that HfS will do its best to ensure new products are promoted to encourage traditional private home ownership. AC – stated that there must already be a large level of buy to let mid-market supply in addition to short term mid market letting giving the current situation, asked AR if they are able to provide to this market. AR – confirmed that RSL’s want to encourage turnover and given the element of subsidy they have a remit to suit ‘need’ criteria unlike private landlords</p>			
		<p>MM- stated that the starter homes will change towards lower density Greenfield development rather than brownfield flatted development. This was due to a</p>	<p>In terms of the future of the start-up product HfS see a move towards greenfield start up homes and a shift away from start-up flats on brownfield sites.</p>		

		<p>number of factors: consumer demand, the planning system and its treatment of high density brownfield development, and the mortgage lenders risk policies which do not favour brownfield flatted development. Given the decrease in the number of lenders, the final issue is likely to get worse.</p> <p>PM- confirmed that given the risk of over-exposure there is truth in the statement that brownfield flatted development can be looked upon less favourably than other types of development.</p>			
Issue 3	<p>Affordability</p> <p>Are incomes set to increase, decrease or stagnate over the next 5,10,20 years? If so, what % can be input to the model to reflect this, the same would equally apply to house prices.</p>	<p>RA – It is very difficult to predict, but foresees a stagnation in income levels due to low economic growth combined with a decrease in purchasing power due to falling disposable income. On a micro-economic level, disposable income is increasingly being eroded by factors such as student loan repayments and pension contributions. When the macro economic effects of unprecedented public sector borrowing, quantitative easing and their effect on future interest</p>	<p>There was general agreement that low house price growth would be crowded out for most consumers by the effect of low increases in income, thereby reducing affordability. No percentage figures for the model were agreed upon. A move towards public-private provision of mid-market rental housing should be factored into one of the model's scenarios.</p>		

		<p>rates and inflation are considered, there is no sign that in the medium to long term we will return to easy low interest borrowing.</p> <p>The general outlook is one where house prices might not perform well but this effect (which would increase affordability) will be crowded out by factors which will lead to lower purchasing power, in effect decreasing affordability.</p>		
Issue 4	<p>Mortgage multipliers / lending</p> <p>i) Is the use of a 3.5 mortgage multiplier appropriate, will it increase or decrease over the next 5 years?</p> <p>ii) Will we continue to see a decrease in lending facilities and higher deposit requirements in future?</p>	<p>i) PM – 3.5 is ok, but Lloyds TSB lending practices have tended to be more stringent than most. Customer viability focuses not just on income multipliers but on credit history and debt to a far greater extent than it did before the credit crunch. Anything over 5 would ring alarm bells. SR- questioned if the multiplier should move down to 2.5 to reflect these additional safeguards and to reflect joint income mortgages. JC – agreed that 2.5 should be a scenario and probably the best starting point.</p>	<p>i) A mortgage multiplier of 2.5 would be used as a base in and the model should work up from this.</p> <p>ii) The trend towards higher deposits</p>	

	<p>iii) Will there be an increase or decrease in housing need and demand, or a shift in tenures?</p>	<p>RM- asked about joint incomes PM- 2.5 x multiplier for joint incomes would be prudent</p> <p>ii) AB -questioned how the model is to deal with deposits PS – confirmed that the Centre for Housing Market Analysis (CHMA) has been contacted and is awaiting a response on how to deal with the requirement for larger deposits. AB – – It is likely we will see continued restrictions in credit availability and maintenance of higher deposit requirement in future. SR – suggested that a 20% deposit be used as a base PM – confirmed in his view AB’s assertion is correct JC – difficult to decide today on a deposit figure but the trend is clear</p> <p>iii) IP – questioned if the model accounts for household formation rates and where the demand will come from, does it envisage in or out migration? PS – confirmed that the model contains trend based predictions</p>	<p>and lower mortgage multipliers was agreed, but no base figure was decided upon.</p> <p>iii) Rising need and changing patterns of demand identified previously in discussion. The north-east is better placed than most to experience a rise in housing demand. The demand for tenures is complicated by a UK wide general shifting pattern of young-adult housing demand behaviour and north-east specific oil related global commuting which affects the north-east market.</p>		
--	--	--	---	--	--

		<p>with household projections that take into account migration scenarios. The model can be run using different projections if required.</p> <p>AB – the consensus for increasing housing need and changing patterns of demand has been identified earlier in the discussion. As far as patterns of migration are concerned, people will follow the jobs as they always have. The north-east is better placed than most in Scotland to experience an increase in demand but can't be certain of this.</p> <p>RA – agreed, pointed out the importance of factors such as: adults remaining with parents longer than before, adults travelling for long periods and taking career breaks, and a continued increase in 'global commuting' related to footloose oil-service employment patterns which are based but not operating from the north-east.</p>			
Issue 5	Affordable Housing Supply				
	i) Is the number of new-lets	i)	i)		

	<p>and re-lets likely to increase or decrease in the next 5 years?</p> <p>ii) If so, what percentages should be input to the model?</p>	<p>AG – Turnover will be very low – re-lets will log jam. JC – agrees, but the extent of this depends on how the private market reacts ER – private market reaction is too early to gauge at present AB – the private let market needs to be considered within the model; the government wants to see it grow but has not provided any funds to start this. JC – Private shared equity market needs to be considered in the model. PS – confirmed that the model can take account of this, the next stage looks at the proportion of people in need whose need can be met through private shared equity rather than social housing or RSL shared equity. AB asked if the model can show differences in demand between rural and urban areas in Aberdeenshire PS – confirmed this can be done IP- asked if the need for new-lets and re-lets and the model in general accounts for young-adults who want to leave parents house but cannot SR- similarly asked how the model accounts for the</p>	<p>The effect on the model will likely be a severe reduction in new-lets and re-lets. Unless there is a swift private let response which does not seem likely at present. Model can allow for a later input of information on the private let market when the information is available. Private shared equity market could affect this and can be accounted for in the model. The need calculation relies on information available to the housing department and this does not include concealed private demand.</p> <p>ii)</p>		
--	---	---	--	--	--

		<p>concealed private sector PS – confirmed that the model only accounts for need through internal information available to the housing department JC – the next census will reveal much about pent up demand in the concealed private sector and the model can be updated constantly to reflect new information such as this.</p> <p>ii) No decision was taken</p>	No decision was taken		
6	<p>Issue 6 New Build Rate And Issue 7 Housing Demand (these similar issues were discussed as one)</p> <p>Is this set to increase or decrease in the next 5,10,20 years for the Private Sector, Local authority,RSLs?</p> <p>How can demand be built into the HNDA – is there market intelligence information available?</p>	<p>MM – Private sector new build has to increase, HfS market research shows increased demand for new build with varying house types highlighted. The information is derived from focus groups and assesses ‘wants’ and ‘needs’. PS and JC - asked if any of the information could be shared as it would be very useful in</p>	<p>Private sector demand likely to increase but whether this translates into effective demand and to what extent remains to be seen HfS has information on ‘wants’, but most of this is confidential.</p> <p>Local Authority house building will increase, albeit from extremely low starting point. A shift towards large increases in public house building</p>		

		<p>assessing the demand section of the model</p> <p>MM – Can share the headlines and will raise the issue with members but it is private information, the majority of which is unlikely to be shared.</p> <p>SR – questioned MM on whether landowners are being more realistic with asking prices for land and questioned how this might affect future house prices and demand.</p> <p>MM- Landowners seem to prefer to sit on the land at present, waiting for prices to increase. In the case of greenfield sites, many are enjoying the current increase in agricultural viability rather than looking to sell.</p> <p>JC – there will be an increase in LA development but from a starting point near zero. There seem to be no plans for a large scale increase in LA housing.</p> <p>AC – asked how banks deal with repossessions and the effect this has on demand for housing</p> <p>PM – It is a centralised process and they tend to be auctioned to market bidders, net effect on demand is hard to gauge</p>	<p>seems unlikely.</p> <p>Repossessions will have a negligible effect on demand for private housing; they are more of a consequence than an influence. Repossessions will increase the demand for social housing.</p> <p>Knowledge on demand for European model of housing provision and how to quantify it within the model was limited amongst the group.</p>		
--	--	--	---	--	--

		<p>JC – there is a mortgage to rent scheme in place to minimise the effect of repossessions but ‘traditional’ repossessions will increase demand for social housing.</p> <p>PMcR- suggested there might be openings for new forms of housing provision, such as self-build and co-housing [on the European model].</p>			
MINUTE TAKER:	M O’Sullivan	DATE OF NEXT MEETING:	NA	VENUE:	NA

Housing Partnership Meeting 30.10.09

NOTES FROM BREAKOUT GROUPS

Market Activity & Housing Stock:-

- Final HNDA to include as up-to-date data as possible.
- Concerns re identifying local difference/issues ie. Rural issues. Draft chapters should include more information on the private rented sector.
- Andrew Bradford to provide sources for 'rural data'; to possibly include a contact for Strutt & Parker with a view to carrying out a telephone interview to obtain information re the private rural rented sector. Consider inviting Strutt & Parker to become a member of the Partnership.
- Andrew Bradford to provide a report on the private rural rented sector.
- In some areas of Aberdeenshire the private rented sector are the main housing provider ie larger provider than the local authority and RSLs.
- Andrew Bradford to assist with the issuing of questionnaires to SRPBA members. Attach map to indicate the AHMA and 'RHMA'.
- Group agreed that Intermediate Housing potentially had a key role to play in addressing housing need.
- Quality of the private rented sector was of concern - implications re climate change (retrofitting), fuel poverty and general health and wellbeing of tenants.
- Rent Registration Service a potential source of information re the private sector.
- Draft chapters should incorporate some information relating to the current economic and financial climate, particularly availability of finance both individually (mortgage availability and deposits required) corporate (for example the ability of RSLs to access private finance, private developers ability to access funding).
- Suggested that house price unlikely to drop further. Also suggested that past 5 years (rapidly increasing house prices) are considered the 'blip' in the cycle rather than the last 18months, where it could be argued that the housing market was 'correcting' itself.
- Turnover of house sales currently at approximately 4%
- Issues of underoccupation - potential difficulties of 'elderly' owneroccupiers being able, financially, to maintain their properties - raised issues of the quality of the private sector. Also potential difficulties in downsizing as value of current 'poorly maintained' property may not be enough for them to purchase a smaller property.
- Suggested that RTB is likely to have 'plateaued' - profile of current tenants/potential future tenants unlikely to be able to afford; 'poorer' stock left'; and Pressured Area Status. Implications of Housing Bill - potentially new tenants may be exempt from Right To Buy.

SUMMARY NOTES

Introduction:

- Introduction should set a policy context.

Demographic and economic context:

- It would be useful to detail migrant workers by industry.
- Provide some more information about mortgages in the economic context.
- Make more use of the information gained from the scenario events on current state of the economy.

Market activity:

- The cost of renting is currently too high to allow people to save up for deposits.
- We need to ensure that that right type of housing is being delivered.
- Expect Council housing reduction in Aberdeenshire to level off. Due to pressured area status and new build programmes.
- Developers are having difficulty in gaining finance for developments.
- RSLs are also having difficulty in gaining finance.
- Should compare housing completions to NHBC housing starts as the low level of housing starts will impact on completions in the coming years.

Future Population:

- We should be using the Strategic Forecasts and compare these with the GROS projections.
- There is a need for this section to give a good explanation of population projections.

Presentation of initial findings from the housing needs modelling

27 November 2009

No meeting notes were taken as the event was focused on delivering information on the housing needs model.



Agenda

ABERDEEN CITY AND SHIRE HOUSING PARTNERSHIP EVENT

Time: 9:30am

Date: 27th November 2009

Venue: CREDO, John Street, Aberdeen

- 9.30 am Coffee, Tea
- 10.00 am Welcome & Introduction
- 10.15 am Estimate of net annual housing need
- What is the model?
 - Strengths
 - Limitations
 - Initial draft findings
- 11.15am Break ; Tea & Coffee
- 11.40am Discussion
- 12.00 am Progress Update
- The Current housing market
 - The Housing stock
 - The Future housing market
 - Specific Household groups
- 12.30 pm Next steps and close

ABERDEENSHIRE STRATEGIC HOUSING MARKET PARTNERSHIP

Note of Meeting held on Wednesday 14 April 2010

in Committee Room 5, Woodhill House, Aberdeen

Present:

Douglas Edwardson, Aberdeenshire Council (Chair)
Gillian Young, Newhaven Research
Alan Grant, Langstane HA
David Lappin, Castlehill HA
Piers Blaxter, Aberdeenshire Council
Michael O'Sullivan, Aberdeenshire Council
Alan Grant, Langstane Housing Association
Janelle Clark, Aberdeenshire Council
Andrew Bradford, SRPBA
Elaine Reid, Aberdeenshire Council
Gale Beattie, Aberdeen City Council
Marianne McGowan, Grampian Housebuilders Committee
David Horsfall, Homes for Scotland
Les McGonigle, Aberdeen City Council
Graeme Stuart, Aberdeen City Council
Karine Suller, Aberdeenshire Council
Stuart Robertson, Aberdeenshire Council
Douglas Rennie, Aberdeen City Council
Fiona Munro, Cairngorms National Park Authority
Peter McRae, Aberdeenshire Council
Mark McEwan, NHS Grampian
David Jennings, SDPA
Daniel Harrington, Aberdeen City Council
Peter Shannon, Aberdeen City Council
Evelyn Marshall, PA to Head of Strategic Development & Support Services

Apologies:

1 Introduction

List of apologies noted – Paul Murray; Lloyds TSB, Sandy Murray; Tenants First Housing Cooperative.
Noted that Sandy Dustan is unable to attend but Mark McEwan is attending on his behalf.

Douglas explained the process the meeting would follow and invited attendees to raise questions. The group was asked to prioritise questions from the list provided which would inform the discussion stage of the meeting.

ACTION

2 Key Finding from Each Chapter

- Economic Demographic – presentation by Daniel Harrington
- Current Housing Market – presentation by Daniel Harrington
- Future Housing Market – presentation by Daniel Harrington
- Particular Needs Groups - presentation by Elaine Reid
- Housing needs Model – presentation by Gillian ?

Douglas Edwardson thanked the speakers for their presentations and invited questions.

Andrew Bradford referred to Section 3.103 of the Housing Need and Demand Assessment (HNDA) re private rented sector and emphasised the importance of gaining more robust information about the private rented sector across Aberdeen City and Shire. Suggested that the exertion has not been there to progress this in the past. Agreed we need to take this on board for the future.

3 Joining up the Assessment

- Key Questions to be considered – 1,4,5,8 and 11

Question 1 How does the estimate of future annual change in the total number of households compare with the partnership's aspiration and views on economic and population growth?

Assessment circulated was based on high growth scenarios. Caution around projections as 2006 data is pretty weak. In the past we have been criticized for planning for failure, so forecasts are aspirational and reflect high growth. We are working hard to buck the trend in Aberdeenshire. We have to look at the consequences of being aspirational. The assessment will be reviewed on a regular basis, information used will be reviewed, Local Development Plans will be reviewed. If we have been overambitious, it could be caught up through the 10 year period?

David Horsfall indicated that Homes for Scotland are supportive of the high growth rate. Need to ensure everyone understands implications with housing supply. Keen to go for growth rise. Supportive.

Gale Beattie agreed that using aspirational projections is a good thing from everyone's point of view. The difficulty is uncertainty about economic growth and its effect on employment and income

– how far we can forecast the recovery. It is fundamental to constantly keep the process under review.

Andrew – if the strategy is to allow for growth but growth is lower, surely our efforts to provide housing need is aimed at high projection??

David Horsfall - it has been evidenced that the North East has not suffered as much as the rest of country in the housing market – although completion of new houses has dropped but not to the extent of elsewhere in Scotland. Oil prices have risen back up to healthy levels.

Marianne McGowan – in NE we still have a major issue with the funding situation but Stewart Milne still have high demand. We need to ensure Greenfield sites can be released as quickly as possible. Funding for Brownfield sites within the city is not there.

Question 4 – What has happened in the construction sector and how long would it take this sector to recover and be able to respond to rising demand?

David Horsfall – noted it is a difficult period at the moment and housebuilders are choosing sites that will not have the same constraints and will be easier to deliver.

Marianne McGowan – there has been massive restructuring over the past 24 months and Stewart Milne are gearing up for the future as there is pent up demand but the major issue is lending institutions and it is difficult to predict what will happen. There is enthusiasm and ambition for economic development out there but we are faced with issues beyond our control.

Douglas Edwardson – is there any consideration by the building industry to look at other tenures eg mid market rental. Marianne McGowan confirmed that Stewart Milne are looking at affordable housing.

David Horsfall –From a national level we are down to about half the development pre-2007, but on Grampian Housebuilder level we are hoping to meet the targets. Marianne McGowan – we are gearing up to the supply if the land is there.

Question 5 – If new house building remains sluggish, what are the potential consequences?

Gale Beattie – both Local Authorities are looking to take sites forward.

Marianne McGowan – effect on private rented sector in Aberdeen. Lack of supply of flatted properties. The rental market is now going through the roof and this is creating other

problems. Shared equity will play a greater role in years to come.

Alan Grant – 1,000 who will never get out of affordable rented sector and those people will suffer at the end of the day. Short term HAG programme - pressures on affordability.

Question 8 – What is the scope for the private rented sector to assist in meeting identified need and demand?

Marianne McGowan - inflated prices and people not able to access mortgages etc.

Douglas Edwardson – lack of engagement with private rented sector and what their potential could be.

Les McGonigle – private rented sector is so diverse we could be looking at some private landlords having significant properties and the landlord with only one property - how do you get them to participate in affordable housing – as Andrew said there is a diversity within that sector and we need to consider how to include them. We must address the issue of lack of knowledge of the private rented sector. In the city we are looking at private leasing schemes, trying to get leasing schemes for private sector up and running but we need to look in more detail.

Janelle Clark – mid market rent – who can develop and provide housing within this price range – we identify what range we require and who can meet that. The National Housing Trust is one mechanism.

The City is about to operate private sector leasing scheme for homelessness – need to investigate changes in public funding.

Fiona Munro – Cairngorms National Park Authority (CNPA) has been looking at the private rented sector and found that houses are either full or the ones that are empty require considerable work to be undertaken. CNPA have encouraged the use of the ? Grant but take up has been poor.

Andrew Bradford – if you add together provision and local authority and RSLs throughout the city and shire area, it comes to 22.8% so there is a shortfall of 6% in terms of provision. That 6% must be being met somewhere already. The vast majority of individuals cannot get affordable housing.

Les McGonigle – City lets provide data very easily but only cover City – what we get from them is average rental prices which give a snapshot of what is happening – we need to discuss these things together – there seems to be a perception that private rented sector could provide solutions to the affordable housing

issue, but having looked at the vacant properties register there are few houses lying empty. Over the last few years we have seen that the number of vacant properties has dramatically dropped in the City which is concerning as we do not have spare capacity.

Andrew Bradford – if vacancies in relets is declining, is the length of tenure increasing? – yes.

Piers Blaxter – buy to let market might be more attractive due to low interest rates. Issue is access to money. People are leasing homes they are unable to sell.

Andrew Bradford – the private rented sector is already providing affordable rent. There are landlords who are not charging high rents to try to sustain communities.

Gillian – HNDA – how tight the supply of stock is – voids and vacancies at under 2% - rates well below that – difficult to see how you can respond without finding way of increasing supply – compared to other areas they have high levels of vacant stock and activities – challenge with it being tight, the financial market is working against new provision, situation here is unique.

Question 11 – 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?

David Jennings - the challenge is the timing of the assessments - targets and allowances have already been set in the structure plan (section in chapter 7 relates to this)

Piers Blaxter – the issue is about rural area and the difficulty in identifying need for small communities – the assessment will help us with targeting affordable housing contributions for certain areas and what the likely need will be.

Gale Beattie – noted that there are communities who would not welcome affordable housing and we need to corroborate this – concern that communities are expecting this document to cast doubt on local development plans.

Les McGonigle – the review of HNDA will be a continuous process. There are still bits of work to be done in the draft to provide information for the forthcoming local housing strategies and new strategic development plan. Noted that review is essential but we still have to submit the HNDA.

Question 2 – Do you expect to see low, modest or high rates of house price inflation in the years ahead?

Piers Blaxter – scale of land release – one would anticipate the scale, if the builders can respond and meet the aspirations that would have an impact on house price inflation in terms of stabilising or lowering. It would not be demand led. Piers considered low to modest house price inflation.

David – subscribing to Barker review – personally a lot more complex than that.

Mark McEwan – NHS considers it will be high.

Marianne McGowan – agreed high. Stewart Milne are doing part exchange so have a second hand portfolio and properties are selling for approximately 20% over the asking price.

Douglas Edwardson noted that it is hard to predict as we buck the trend in Aberdeen/Aberdeenshire.

Stuart Robertson – break on mortgage finance may slow this down? Has had a rise in certain parts of the market – might have an effect at lower end of market. Pressures on affordable need will be higher as people are unable to get mortgages. Oil Companies have started investing in property again and it was noted that it would be a quirk if demand reverted to upper market properties again.

Les McGonigle referred to point 8.8. Is there anything more within that section which partners think we should be monitoring to provide the intelligence required to ensure we are implementing the recommendations from HNDA.

David Jennings – table 8.2 is trying to identify key data sources, those which will have the biggest impact. Other data sources will appear in another appendix. The Aberdeen City and Shire assessment will be updated in early 2011 although in future this assessment will be done every 5 years. There is also a requirement to produce an assessment at various points – main issues report for development plan is due to be published next year so an update will be required.

David Horsfall – with reference to table 7.3 - At what stage can Homes for Scotland become involved in discussion regarding % of affordable housing? Piers Blaxter - we have to be consistent with the structure plan. At the point when the LDP for each Council is consulted on, you could challenge our interpretation of the assessment

Gale Beattie – reasonable suggestion to challenge as to how the assessment has been interpreted in policy, for the City is likely to be somewhere between 20 and 30%.

4 Feedback

5 Next Steps

The group agreed that the HNDA could be submitted to the Centre for Housing Market Analysis (CHMA) when changes from today's meeting had been incorporated and the group would be copied into this.

6 AOCB

Douglas Edwardson commended the Partnership, the officers group and Gillian Young of Newhaven on their excellent work. A huge amount of work had been completed to very tight timescales. The group had provided a good example of partnership working and clarified what is a complex and changing scenario.

7 Date of Next Meeting

The next meeting of the group will be towards the end of June and a date will be confirmed when CHMA has indicated its response time.