

REPORT TO: HOUSING COMMITTEE AND PLANNING AND TRANSPORTATION COMMITTEE - 16 APRIL 2007

REPORT ON: PROPOSED HOUSING NEED, DEMAND AND AFFORDABILITY STUDY IN THE GREATER DUNDEE HOUSING MARKET AREA

REPORT BY: DIRECTOR OF HOUSING AND DIRECTOR OF PLANNING & TRANSPORTATION

REPORT NO: 198-2007

1 PURPOSE OF REPORT

- 1.1 To seek the Committee's agreement to appoint consultants to undertake a comprehensive study of housing need, demand and affordability issues within the Greater Dundee Housing Market Area.

2 RECOMMENDATION

- 2.1 It is recommended that the Committee
- a authorise the Director of Planning and Transportation in conjunction with the Director of Housing to invite bids and appoint consultants to undertake a study which will address the matters set out in this report; and
 - b remits the Director of Planning and Transportation/Director of Housing to report back on the findings of the study and advise on any implications and actions to be pursued.

3 FINANCIAL IMPLICATIONS

- 3.1 Provision has been made to meet part of the costs of the study from the Planning and Transportation Department's Revenue Budget with the remainder coming from the Housing Departments Budget. Additional, funding may be available from Communities Scotland and this will be pursued.

4 SUSTAINABILITY POLICY IMPLICATIONS

- 4.1 The findings of the study will inform future strategies to ensure that suitable housing is available to households in Dundee in accordance with the sustainability principles relating to the built environment, transport and travel and anti-poverty.

5 EQUAL OPPORTUNITIES IMPLICATIONS

- 5.1 The study will examine need, demand and affordability issues within the Greater Dundee Housing Market Area to enable strategies to be developed to ensure that all households in Dundee can access suitable housing to meet their needs.

6 BACKGROUND

- 6.1 The Council's Local Housing Strategy (LHS) covers the period 2004-2009. Its overarching aim is to secure the best quality housing for the citizens of Dundee. To achieve this aim the strategy contains 4 strategic objectives.

- to secure warm dry homes to the Dundee standard which meet individual needs at a reasonable cost
 - regenerate unpopular areas
 - assist people with a housing need
 - to enable a well maintained and managed environment
- 6.2 The LHS identifies the major housing issues within the city and sets out the actions and resources to resolve them in line with the above objectives. These issues were identified through a detailed analysis of housing need and demand which was completed in 2002. This analysis was complemented by data from the 2001 census and a number of local and strategic planning documents.
- 6.3 The LHS is now in its third year of implementation and considerable progress has been made across all fronts in realising its objectives.
- 6.4 However, bearing in mind that the data on which the LHS is based on is around 6 years old the Council wishes to ensure that future actions required within the period of the strategy and beyond, particularly those involving capital expenditure or long term revenue expenditure are based on a more up to date assessment of need, demand and affordability.
- 6.5 Communities Scotland has announced changes to the housing planning system to introduce a "Strategic Housing Investment Framework". This will require all local authorities to produce a "Strategic Housing Investment Plan" (SHIP) as part of the LHS which will describe how the Council will invest available resources over a five year period to meet the Scottish Executives and its own priorities. The first non-resource specific "SHIP" will have to be submitted in November 2007, with a full resource specific plan being submitted 12 months later. It is expected that this plan will be based on sound research and evidence of housing needs.
- 6.6 The Council's 'delivery plan', which sets out how it intends to bring up its stock to the Scottish Housing Quality Standard, contains a commitment to conduct a 'root and branch' review of all the plan's major milestones, including demand and supply, during 08/09. Given the date of the previous housing need demand study an up to date assessment of these matters is, therefore, an essential prerequisite for this review.
- 6.7 The study will also provide a background against which to examine the issue of the provision of affordable housing in a Dundee context. There is widespread acceptance that some parts of Scotland have a shortage of affordable housing to buy or rent due to imbalances in the supply and demand for housing. The need in Dundee has not been evident, where in the past private house prices have been low relative to many other parts of Scotland.
- 6.8 Furthermore, the City Council has for some time been managing a surplus of housing in the social rented sector. However, in recent years house prices in Dundee have increased at a rate higher than the Scottish average. The second hand housing market in popular parts of the City is particularly buoyant. Demand from purchasers for good quality new build housing promoted by the development plan is also strong with sales prices reflecting this.
- 6.9 There is evidence of increasing levels of buy to let activity which may be fuelling house price increases at the lower end of the private housing market. There is also

strong competition for housing land in the City leading to a growing concern that Registered Social Landlords (RSLs) are unable to compete for sites with private developers.

- 6.10 Therefore research on the issue of affordable housing in the Greater Dundee Housing Market Area needs to be undertaken to provide a basis for the planning system to seek to intervene and secure the delivery of affordable housing if required. While the study will look at the Greater Dundee Housing Market Area to provide the proper context, the main focus will be on the Dundee City Council Area.
- 6.11 Scottish Executive Planning Advice Note 74: Affordable Housing PAN 74 provides guidance on the methodology that should be followed to provide a basis for any planning policy guidance. This requires that any land use planning policy that seeks to secure the development of affordable housing be based on a Local Housing Strategy that has been prepared in the context of an up to date housing needs assessment and an assessment of existing affordable housing supply.

7 THE RESEARCH

- 7.1 The aim of the research is to better understand housing need, demand and affordability issues in order to inform future planning and targeting of public and private investment and to determine the scope in the market for intervention.
- 7.2 The research will be required to address the following matters
- an examination of the current housing market - This should include an analysis of the socio economic context; the current stock of housing; and current activity in the housing market.
 - an assessment of the future housing market - This should include a projection of the key drivers which underpin the housing market including demography, economic performance, employment and affordability.
 - an assessment of housing need. This should include current unmet need, future need, required amount of affordable housing and the profile of affordable housing need.

8 APPOINTMENT OF CONSULTANTS

- 8.1 It is intended to issue a study brief to a number of consultancies known to have expertise and experience in undertaking housing studies and to invite their bids to carry out the study. In order to ensure early progress it is suggested that the Director of Planning and Transportation and the Director of Housing be authorised to proceed directly to appoint consultants following the assessment of the bids.
- 8.2 A timescale of 6 months will be allowed for the completion of the study, commencing from the date of appointment of the consultant.

9 CONCLUSIONS

- 9.1 The study is necessary to better understand housing need, demand and affordability issues within the Dundee Housing Market Area. This will inform future planning and targeting of public and private investment and allow for the determination of the need in the market for intervention to secure the provision of affordable housing.

10 CONSULTATIONS

- 10.1 The Chief Executive, Depute Chief Executive (Support Services), Depute Chief Executive (Finance) and Assistant Chief Executive (Community Planning) have been consulted and are in agreement with the contents of this report.

11 BACKGROUND PAPERS

- 11.1 Dundee City Council: Local Housing Strategy 2004-2009

Scottish Executive, Planning Advice Note 74: Affordable Housing

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