



**Stirling's
Local Housing Strategy
2012**

Section 1

The Need & Demand for Housing

Consultation Report

August 2011
(Updated April 2012)

Consultation on Stirling's Local Housing Strategy 2012

This Consultation Report is one of five that are being produced as a contribution to the development of Stirling's Local Housing Strategy 2012.

Drafts of this report were discussed by Stirling's Strategic Housing Partnership/ Housing Market Partnership at its meetings on 16 June, 3 August and 25 August 2011; adjustments were made as a result of these discussions.

The full list of Consultation Reports is as follows:-

1. The Need & Demand for Housing
2. House Condition, Energy Efficiency & Fuel Poverty
3. Viable & Sustainable Communities
4. Homelessness
5. Particular Housing Needs

The Consultation Reports are available on the Council's [LHS webpage](#)

The Need & Demand for Housing : Update

The draft that follows was finalised in August 2011 and updated in some respects in April 2012. Since August 2011, some things have changed, so the follows notes provide a brief update on some developments since mid 2011.

1. The Housing Supply Targets contained in this report were approved by the Council at its meeting on 6 October 2011.¹
2. The Strategic Housing Investment Plan (SHIP) for 2012/13 to 14/15 was approved by the Council in March 2012².
3. In May 2012³, resource planning assumptions provided by Scottish Government indicated that new money for local affordable housing programmes between 2012/13 and 14/15 would be set at an average of £782k per annum.
4. Changes in 2011/12 in the bank borrowing environment for housing associations mean that in future RSLs may find it difficult to borrow the money required to fund some of the developments that the Housing Market Partnership has been expecting them to develop.

For Further Information

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¹ <http://minutes.stirling.gov.uk/pdfs/scouncil/minutes/sc20111006.pdf>

² http://www.stirling.gov.uk/_documents/temporary-uploads/housing-and-customer-service/2012-ship-report-ship.pdf

³ Scottish Government : Affordable Housing Supply Programme; Resource Planning Assumptions 2012/13 to 2014/15

1. The Need & Demand for Housing

At the heart of Stirling's LHS are issues relating to the need and demand for housing in the Council area. The Council's Housing Need & Demand Assessment (HNDA) was accepted by Scottish Government as 'robust and credible' in July 2011. The main findings of that assessment are reviewed here in order to ensure that a sound basis is established through this LHS and the Local Development Plans (LDP) of both the Council and the Park Authority on which to plan the future provision of both affordable and market housing in the Stirling Council area. The LHS is required to set housing supply targets for both Local Development Plan areas and to identify issues that it should address.

Scottish Government has a target for house building across Scotland of 35,000 units a year. For a variety of reasons, however, there has been a falling number of completions over the last few years with over 25,700 houses completed in 2007 but fewer than 17,000 in 2010. The national picture is replicated at a local level in Stirling where provision is falling far behind the needs that have been identified.

Outcome & Objectives

Outcome 1 : A good range and choice of houses, particularly affordable houses

Objective 1.1 : In order to meet both housing needs & demand, plan for the construction of houses, particularly affordable houses, and the better use of existing accommodation.

Objective 1.2 : Improve the mix and range of house types provided by developers so that they meet better the needs of the local population

Objective 1.3 : In meeting both needs and demand, ensure environmental sustainability.

Stirling Council & the National Park

Part of the Stirling Council areas is covered by the Loch Lomond & Trossachs National Park.

The Council is the local housing authority for the whole Council area and the planning authority for the Council area minus the National Park ie the sub areas of Stirling Core and Stirling Rural.

The Park Authority is the planning authority for the National Park. The Park Authority's Local Plan was approved in December 2011. Work is now just beginning on the Park's Local Development Plan which will replace the Local Plan.

Relevant Indicators from Stirling Council's Single Outcome Agreement (SOA)⁴

SC16 - The size of the social rented sector

SC15 - The rate of new housebuilding

⁴ Stirling Council's Single Outcome Agreement, 2008 - 2011

Housing Need & Demand : The Stirling Context

In considering the need and demand for housing, important factors to take into account are future trends in the size of the population and the number & type of households in the Council area. Balanced against these statistics, other factors need to be considered including (amongst other things) the available housing stock - taking into account likely construction and demolition of houses, trends in homelessness, the need for adaptations and support to allow people to stay in their homes and the funds that are likely to be available to meet those needs. All of these issues are considered below.

Population : Stirling's 2011 population⁵ has been estimated at 90,770 (38,280 households). By 2035 the population is expected to have increased to 104,292 people⁶ (49,400 households). This represents a 16% increase in population between 2010 and 2035.

Housing stock : Stirling's housing stock is just over 39,000 houses of which 67% are owner occupied, 19% are rented either from the Council or an RSL and 14% are in the private rented sector. The rural areas account for 28% of the housing stock which grows only slowly. Over the last decade, new housing completions have averaged only 345 houses.

Defining areas : Throughout the LHS reference is made to the Stirling housing market area, Stirling's 3 sub areas and LHS areas. The meaning of these terms is clarified here.

Housing market area : In 2009 the Council commissioned a study on housing market areas. This showed that Stirling and Clackmannanshire formed a housing market area, with some cross over in Stirling's South Western villages which are close to Glasgow and at Dunblane which has strong connections to Braco which is part of Perth & Kinross Council area. For the purposes of the HNDA and the LHS, Stirling's Housing Market Area has been taken as the Stirling Council area, although it is acknowledged that other areas, particularly Clackmannanshire, will also have a role in satisfying the full range of housing need & demand.

Stirling's sub areas : Detailed statistics are provided in the HNDA and in the LHS for each of Stirling's three sub areas:-

Stirling Core - ie Stirling, Bannockburn, the Eastern Villages, Bridge of Allan and Dunblane

Stirling Rural - ie the rural areas of Stirling outwith the National Park (the West & the North)

National Park - ie the Stirling Council part of the Park

The three sub areas were originally identified for the Clackmannanshire & Stirling Structure Plan. Stirling Core & Stirling Rural equate to the area that will be subject to the Council's Local Development Plan. The National Park Authority is responsible for the Local Plan and Local Development Plan in the Park area of Stirling Council.

LHS Areas : The LHS areas are groupings of datazones for which a range of indicators of housing need can be provided for settlements, groups of settlements and sub sections of Stirling's urban core. The 29 areas are listed in the Appendices. The relative needs identified in each of these areas, coupled with information about affordability, land availability and developability and the council's priorities will assist in the determination of priorities for development and the applicability of particular policies.

Table 1.1 : New House Building Completions in Stirling 2001 to 2010

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Ave
Private Sector	337	511	286	123	356	121	221	289	230	296	277
Social Sector ⁷	34	85	62	27	81	6	117	117	36	123	68
All Sectors	371	596	348	150	437	127	338	406	266	419	345

Source : Housing Statistics for Scotland

⁵ NRS MYE 2011

⁶ NRS 2010-based projections

⁷ All these completions were RSL completions apart from 10 council houses built in 2010

Owner occupation : Stirling has an estimated 26,500 owner occupied houses. Over the last decade new private sector completions have averaged 277 units pa, varying between 120 and 510 units in any year. Annual house sales (new and second hand) were averaging around 1,600 but fell to around 1,000 in 2009 and 2010.

Council housing : The Council's housing stock has decreased from over 13,600 houses in 1980 to around 5,500 in 2011; over the last decade alone sales to sitting tenants have averaged 171 per annum. Sales have fallen significantly over the last few years, however, with only 32 being sold in 2010. 754 properties have been demolished over the last 10 years as part of the regeneration of Cornton, Cultenhove and Raploch. A further 80 properties are due for demolition.

Since 1996, the Council has acquired 36 homes on the open market and 14 through the Mortgage to Rent scheme. A new build programme aims to construct 154 new council houses. 34 homes have been completed and a further 20 are on site. Over the last 3 years there has been an average of 310 Council house relets available each year, of which 80% tend to be urban and 20% rural.

RSL Housing : With over 1,803 properties, RSLs provide 4.5% of the housing stock. Over the last 10 years RSLs have built an average of 67 new houses a year and have bought 13 through the Mortgage to Rent scheme. In 2009/10, 226 RSL properties (new houses and relets) came available to rent in Stirling.

Private rented sector : The private rented sector has around 5,300 properties (14% of the total housing stock). This represents a significant increase since 2001 when the private rented sector provided 7.4% of the housing stock. 3,512 private landlords have registered 4,448 properties⁸; of these 639 are HMOs (Houses in Multiple Occupation). Rents are comparatively high in Stirling, boosted by the large student population. The Council has secured 80 properties through its private sector leasing scheme. 169 people have benefitted from the Council's rent deposit guarantee scheme.

Multiple deprivation : Although as a whole there are relatively low levels of deprivation, Stirling does contain communities ranging from the most deprived to the least deprived in Scotland. 7 of Stirling's 110 datazones are amongst the 15% most deprived in Scotland; these are in Raploch (4), Cowie, Cultenhove & Fallin. Stirling has 3 regeneration areas (Cornton, Cultenhove & Raploch).

Homelessness : Stirling faces an acute homelessness crisis. In March 2011, 277 homeless households were in temporary accommodation and the Council had an outstanding duty to provide settled accommodation for 305 homeless households. It is council policy that two thirds of all council house relets now be allocated to homeless households (see LHS Section 4 : Homelessness).

Rural areas: 28% of Stirling's total housing stock and 14% of the council housing stock are located in the sub areas of Stirling Rural and the National Park. 8% of the Council housing stock is in Stirling Rural and 6% in the National Park.

Climate change : In response to the challenge of climate change, the Council emphasises the need to meet housing needs in a sustainable way by seeking to build houses in existing settlements close to facilities and enhancing the energy efficiency of the housing stock (see LHS Section 2 : House Condition & Energy Efficiency).

⁸ 4,448 of the estimated 5,300 properties in the private rented sector are registered. The discrepancy between these two figures can be accounted for by the range of exemptions that exist - see website:- <https://www.landlordregistrationscotland.gov.uk/Pages/Process.aspx?Command=ShowHelpWhoRegisters> It is also likely that some landlords have not registered properties that should be registered.

Particular needs : The existing stock of particular needs housing across all tenures is estimated to be around 640 of which 535 are elderly persons housing. Given the increasing emphasis on shifting the balance of care to enable those with particular needs to stay in their own homes, the Council will seek to ensure that all housing sectors, not just the social rented sector, contribute to meeting these needs (see LHS Section 5 : Particular Housing Needs).

Assessing Housing Need & Demand

The credit crunch and subsequent economic downturn have had a significant impact on the operation of the local housing market in Stirling. House prices have fallen, fewer house sales are taking place, there has been a slow-down in private sector completions, there are an increasing number of repossessions⁹ and greater difficulties for first time buyers in securing mortgages and affording the high percentage deposits presently required. These developments have been coupled with reduced Scottish Government funding of new affordable housing.

In order to develop a better understanding of the local housing market, since the last LHS in 2004 the Council has undertaken several studies into housing needs.

Housing needs studies In 2006 the Council carried out a community care housing needs assessment and a study into the needs of ethnic minority households in Stirling¹⁰. In 2007 the Council undertook a major study of housing need in the Stirling Council area¹¹ which was updated in part in 2011. The 2007 study involved a survey of local people which has provided a valuable database for both the 2011 HNDA and the LHS.

The Council's 2011 Housing Need & Demand Assessment (HNDA)¹² provided a full analysis of housing need and demand in the Stirling Council area. The main findings of that study are reproduced here in order to provide a firm foundation for the discussion of housing need and demand. In some instances more up to date information is now available than was used in the HNDA. For consistency's sake, however, the LHS tends to replicate the HNDA statistics (with a note of 2010 statistics, where available)

One of the findings of the HNDA was that 47% of Stirling's households were unable to purchase market housing at 'entry level' prices (ie the lower quartile of house prices in the previous year) which in 2010 - the most recent figure - averaged £105k. At 71% the proportion of newly forming households who could not afford owner occupation was even higher. This underlines the need for affordable rented housing in the Stirling Council area.

⁹ Home repossessions across the UK increased almost six fold from 8,000 in 2004 to 47,700 in 2009, with 36,000 in 2010. The Council of Mortgage Lenders (CML) is currently forecasting 40,000 repossessions in 2011 and 45,000 in 2012. There are no separate figures for Scotland.

¹⁰ http://www.stirling.gov.uk/documents/housing/local-housing-strategy/ethnic_min_needs_2007.pdf

¹¹ http://www.stirling.gov.uk/documents/housing/local-housing-strategy/ethnic_min_needs_2007.pdf

¹² http://www.stirling.gov.uk/documents/temporary-uploads/housing_and_customer-service/stirlings-hnda-19july2011v2.pdf

Consultation on Stirling's LHS 2012
Section 1: The Need & Demand for Housing



Table 1.2 : Households that Cannot Afford Market Entry Housing in Stirling

Housing Sub Area	Lower Quartile Price	Households That Cannot Afford Lower Quartile Market Housing	
		%	No.
Stirling Core	100,000	46%	12,917
Stirling Rural	143,500	53%	3,282
National Park	122,000	55%	2,328
Total Stirling	105,000	47%	17,847

Source: Sasines 2009 & CACI PayCheck 2009

Although lower quartile prices in the National Park were significantly lower than in Stirling Rural, a higher proportion of households in the National Park were unable to afford entry-level housing.

The HNDA and setting housing supply targets

One of the roles of the LHS is to review the findings of the HNDA and to develop housing supply targets that will inform the Local Development Plans of the Council and of the National Park¹³.

The housing supply targets provided in this report are for the two sub areas covering the Council's LDP areas - Stirling Core and Stirling Rural (see update at page i). Housing supply targets for the National Park will be subject to a further study by the Council and the Park Authority as part of the development of the NPA's Local Development Plan. In the mean time the target of 75 units per annum set in the NPS's Local Plan and the requirements for affordable housing together will contribute to achieving Council wide targets.

Information for the 29 LHS areas will assist in the assessment of the relative needs of smaller parts of the Council area.

The need for affordable housing : The HNDA has shown that there is a backlog of nearly 6,600 households in housing need in Stirling. In this context the term housing need covers issues like homelessness, overcrowding, poor condition, support requirements and harassment. Of these nearly 3,000 were thought to be able to meet or have their needs met in their existing house ie they do not need to move house. A further 1,900 were thought likely to be able to buy a house to resolve their housing need.

1,700 were thought to be in need of affordable housing. In the methodology laid down by Scottish Government, it is assumed this backlog should be resolved over 10 years; ie 170 per annum.

To this backlog need has to be added newly arising need of between 821 and 999 households a year. These are newly forming households who are unable to access market housing each year (between 236 to 414) and existing households falling into priority need (585).

The HNDA has shown that the Stirling Council area has an affordable housing shortfall in Year 1 (2011/12) ranging between 465 units and 660 units depending on the assumptions made about the level of new household formation. If this shortfall is left unchecked it will grow to between 5,130

¹³ The Park Authority's Finalised Draft Local Plan was adopted in December 2011. Initial work will commence on the preparation of the Park's Local Development Plan later this year.

Consultation on Stirling's LHS 2012
Section 1: The Need & Demand for Housing



and 6,950 units over the next 10 years. Approximately 60% of this need is in the Stirling Core sub area; there is, however, significant need in the Stirling Rural sub area.

Although various housing market interventions may meet some of this need, most will have to be met by the construction of new homes. For the purposes of the LHS it is assumed that the annual need for affordable housing is up to 700 units. The extent to which these needs can be met by housing market interventions is considered below.

The need and demand for market housing : Over the last 5 years from the boom days in 2005 and 2006, the number of house sales in Stirling has nearly halved to around 1000. In 2010 the figure was 1068 (not included in the Table because the HNDA was based on the 5 year average).

Table 1.3 : Market Transactions in Stirling 2005-2009

	2005	2006	2007	2008	2009	Ave 2005-2009
Number of Sales	1,888	1,932	1,917	1,342	976	1,611

Source: Scottish Neighbourhood Statistics

The HNDA's baseline model for the assessment of the need and demand for market housing was based on what are considered to be realistic assumptions about the recovery of the housing market.¹⁴ It suggests that between 1,938 and 2,600 market houses are needed over the next 10 years - 190/260 per annum.

Taking the more optimistic assumptions about market recovery suggested by Homes for Scotland, anything from 2,300 to 3,791 units could be required over the next 10 years - 230 to 379 units pa.

In taking an overview of need and demand over the next 10 years, a range of annual need has been derived from the above projections. The range is from the lower end of the range for the baseline model (1,938) to the upper end of the range suggested by Homes for Scotland ie Scenario 2 (3,791). An annual rate is the product of the 10 year requirement divided by 10.

Table 1.4 : Annual Need & Demand for Market Housing by Quartile

Area	Range	Quartile			
		1	2	3	4
Quartile figures for 2009		Up to £105k	£105k to £145k	£145k to £222k	£222k +
Stirling Council	194/379	194/259	105/157	84/136	(189)/(173)
Stirling Core	17/147	31/68	17/51	106/153	(137)/(125)
Stirling Rural	126/162	124/143	55/67	(17)/(14)	(35)/(34)
National Park	50/72	40/48	32/39	(5)/(1)	(16)/(14)

NB the figures in brackets and in red indicate a minus figure ie a surplus

For the purposes of the LHS it is assumed that the annual need for market housing is up to 380 units. The extent to which these needs can be met by housing market intervention is considered later in this section.

Looking at the above Table in more detail:-

¹⁴ See Stirling's HNDA 2011

Consultation on Stirling's LHS 2012
Section 1: The Need & Demand for Housing



- Quartile 1 : There are major shortfalls in quartile 1 (market entry level housing) in all parts of the Stirling Council area; the need is particularly acute in the Stirling Rural sub area.
- Quartile 2 : There is a significant need for quartile 2 market housing across Council area.
- Quartile 3 : A shortfall in quartile 3 housing is evident only In Stirling Core where there is a surplus of quartile 4 housing
- Quartile 4 : There would appear to be no evidence of a need for additional development in quartile 4 (£222k+ in 2009) in any part of the Stirling Council area.

This evidence strongly suggests a need for the house construction industry to refocus development within the quartiles 1 to 3 price ranges if over time the need and demand for market housing is to be balanced by available supply.

An important finding of the Council's analysis of house sales in 2009 is that in migrants from the Council areas around Stirling on average paid roughly £100k more than households moving within Stirling. This suggests that in migrants are more financially secure, perhaps bringing significant equity from selling a house in another area, and able to buy the more expensive homes in Stirling. While the Council is keen to ensure that local needs are met, the forecast increase in Stirling's population (continuing to be fuelled by in-migration) does suggest that the LHS & LDP should also be seeking to address the needs and demands of in migrants who are likely to be looking for the more expensive (quartile 4) houses.

From HNDA to housing supply targets : Using the HNDA figures for overall housing need and demand, there are a number of steps to be taken in order to set the housing supply targets

- Estimate the impacts of housing market interventions
- Review actual housing supply in recent years
- Consider issues which will impact on future supply
- Set supply targets which are realistic and will help to meet identified needs

The estimated impacts of housing market interventions

Housing market interventions are initiatives which can meet some of the housing needs identified in the HNDA by making better use of the existing housing stock or by increasing the size of the stock in the social rented sector and in market housing.

A range of housing market interventions was identified by the Council and consulted on, as part of the 2007 housing needs study. Those interventions have been reviewed and those considered most likely to have an impact are described in detail in the Appendices

The HNDA made assumptions about future house building rates, adaptations, demolitions, etc. Only new initiatives not accounted for in the HNDA are therefore included here.

A range of housing market interventions can be employed to ensure that housing needs are met and that the need for new houses to be built is reduced. These interventions seek to make better use of the existing housing stock by ensuring a better 'fit' with existing households, by housing more people in the accommodation that is available and by finding new ways of providing housing that were not taken in to account in the HNDA.

The discussion in the Appendices concludes that all interventions could lead to the needs of an additional 65 households being met each year. Of these 40 are thought likely to be in the social

Consultation on Stirling's LHS 2012
Section 1: The Need & Demand for Housing



rented sector and 25 in the market housing sector. The estimated breakdown of these figures between each of the interventions and the Council's three sub areas is as follows:-

Table 1.5 : Summary of housing market interventions and estimated impacts

	Action	Estimated impact on Housing Need (units per annum)		
		Affordable	Market	Total
1	Increasing number of HMOs	10	10	20
2	Conversions	5	5	10
3	Bringing vacant houses back into use	0	5	5
4	Using second homes part year (not included in totals)	0	0	0
5	Addressing under occupation	5	5	10
6	Additional impact of affordable housing contributions	0	0	0
7	Homelessness prevention & housing options advice	20	0	20
8	Totals	40	25	65

From the above analysis and taking other factors into account, it is possible to develop annual housing supply targets for affordable housing and market housing.

Housing supply target for affordable housing

The high rate of household formation suggests a need for 700 units of affordable housing pa. If this figure is reduced by 40 as a result of the interventions described above, there will be an outstanding need each year for 660 units of affordable housing.

The recent supply of affordable housing : Over the last 10 years RSLs, the Council and models of shared equity have produced an average of 68 units a year of affordable housing in the Stirling Council area. Over the last 4 years the average has been just under 100.

The assumed supply of affordable housing : The HNDA assumed that in view of the reductions in public expenditure, the Council, RSLs and the private sector would produce the following affordable units each year

- 12 mid market rent units through the Council and the National Housing Trust
- 32 rented units provided by RSLs and the Council (64 in year 1)
- 20 rented or shared equity units provided as a result of the affordable housing planning policies of both the Council and the National Park.

These assumptions result in a total provision assumed in the HNDA of 64 units pa (96 units in Year 1). Since the HNDA was drafted, there has been nothing to suggest that these estimates were not appropriate. The only figure that might be amended is the one for mid market rent which could now be increased to 20 per annum (April 2012).

The target for the Stirling LDP area¹⁵ : Although it is expected that only 64 units will be provided each year in the Stirling LDP area, it is suggested that in order to ensure that this number is achieved (and if possible exceeded) the LHS and the LDP should set a target of achieving 88 units pa.

¹⁵ Work on the development of a target for the NPA is progressing.

Consultation on Stirling's LHS 2012
Section 1: The Need & Demand for Housing



Table 1.6 : Housing Supply Targets for Affordable Housing in the Stirling LDP area

	Housing Need Shortfall		Annual Impact of Intervention		Annual Supply ¹⁶	Annual Supply Target ¹⁷
	10 Year	Annual (rounded)	Impact of interventions	Outstanding Shortfall		
Stirling Core	4380	440	-31	409	54	62
Stirling Rural	1722	175	-6	169	9	26

It is important to be clear that just because the likely provision of affordable housing is expected to fall far short of meeting the identified need, this does not mean that the balance could be provided by market housing. The definition of the need for affordable housing in this context (based on the HNDA Guidance) is *being unable to afford owner occupation even in the lower quartile of house sales*. This means that the Scottish Government's range of 'affordable' market solutions such as low cost home ownership and shared equity is not able to address these identified needs.

Housing supply target for market housing

The high rate of household formation suggests a need for 380 units of market housing pa. If this figure is reduced by 25 as a result of the interventions described above, there will be an outstanding need /demand for 355 units of market housing each year.

The recent supply of market housing : Over the last 10 years an average of 277 units of market housing have been provided in Stirling Council area. In most years supply has been between 200 and 300 units (with peaks in 2002 of over 500 and in 2005 of over 350).

Detailed information on house completions for the last 6 years (2005/06 to 2010/11) shows that, on sites identified in the Council's Housing Land Audit (sites of 4 units or more), and completed during that same period, there was an even spread between the proportions of new build houses that were 2 apts, 3apts and 4apts+ (all 32%), with 1 apts making up only 4% of the total. Of these properties, 74% were houses and only 26% were flats.

Table 1.7 : Dwellings¹⁸ completed between 2005/06 & 2010/11 on Housing Land Audit sites_(4+ units)

Bedrooms	Total	%	House types	No	%
1	49	4	Houses	931	74
2	410	32	Flats	335	26
3	407	32	Total	1266	100
4+	400	32			
Total	1266	100			

The assumed supply of market housing : Although market conditions suggest to the Council that developers are likely to continue to struggle to sell the homes they build, the development industry appears confident that sales will pick up quickly. While, reasonably, it might be thought that developers would struggle to reach the average for the past 10 year of 277 completions a year across the Stirling Council area, Homes for Scotland has argued that there will be a speedy improvement in sales. This led to the estimate of need and demand of 380 per annum being included in the HNDA. This figure has been tempered to 355 by the interventions described above.

¹⁶ Annual Supply is based on assumptions made in the HNDA and average completions 2005 to 2009

¹⁷ Annual Supply Target is based pro rata on the shortfalls identified

¹⁸ Only on sites included in the Housing Land Audit

The targets for the Stirling LDP area¹⁹: To ensure that the targets set here and the housing land availability targets in the LHS do not stifle the recovery of the new house construction, the target for market housing in the Stirling LDP area has been set at 328 units a year. The Table below identified two options for distributing this target between the sub areas.

- Option 1 is based on the distribution of the outstanding shortfall identified in the HNDA. This option identifies greater housing need & demand in the Stirling rural area than in the Stirling urban area. While this finding is not questioned, it is not realistic to seek to provide this number of houses in the rural areas. There are not the sites available and the impact on the rural areas would be unsustainable. This option is not favoured.
- Option 2 is based on the distribution of the existing land supply (see footnote). This option provides a distribution that is more achievable in the context of what has happened in these areas in the past. This option is favoured.

Following discussion in the Housing Market Partnership and separate meetings with the National Park and Homes for Scotland, it was agreed to employ option 2 (below) and to exclude figures for the National Park until preparatory work is complete for the review the recently Adopted Local Plan in the form of an LDP for the Park area

Table 1.8 : Housing Supply Targets for Market Housing in the Stirling LDP area

	Housing Need & Demand : Shortfall		Annual Impact of interventions		Recent Housing Supply ²⁰	Housing Supply Target Option 1 ²¹	Housing Supply Target Option 2 ²²
	10 Year	Annual (rounded)	Impact of interventions	Outstanding Shortfall			
Stirling Core	1465	150	-19	131	264	131	288 *
Stirling Rural	1608	160	-3	157	8	157	40

* increased from 285

Meeting the housing supply targets

To enable the targets for affordable and market housing to be met, the LDPs of both the Council and the National Park will provide a generous supply of land to enable new housing of different types to be developed throughout the Council area. In general terms the Council's LDP will be seeking to focus development in or close to existing settlements and to strengthen existing, sustainable communities rather than to create new ones.

The Council's Housing Land Audit 2011 shows an established housing land supply for Stirling Core of 5,133 units, and Stirling Rural of 920, totalling 6,053 units on 84 sites²³. There is an effective land supply (to 2018) of 1,715 units. An estimated 370 units of this effective land supply will

¹⁹ Work on the development of a target for the NPA is progressing

²⁰ Recent Housing Supply based on average supply over 10 yrs & breakdown between 3 areas for 2005 - 2009

²¹ Housing Supply Target Option 1 is based pro rata on outstanding shortfall identified

²² Housing Supply Target Option 2 is based on existing housing land supply of Stirling Core 2,448, Stirling Rural 343, National Park 226 (allocated sites at 2009) = 3,017

²³ *Established land supply* is everything programmed for completion from Housing Land Audit 2011 for the period 2011/34 and includes all private sector commitments, permissions, adopted local plan sites and other sites with agreed residential potential. *Effective land supply* is that part of the established land supply which is free or expected to be free of development constraints in the period under consideration i.e. everything programmed for completion from Housing Land Audit 2011 for the period 2011 to 2018 (a 5-year effective supply has to be maintained at all times). *Established land supply* is what we need to use to bring the LHS and LDP into line i.e. 10 years post adoption therefore programmed completions from Housing Land Audit 2011 for the period 2011 to 2024.

provide affordable housing, representing around 22% of the total. A further 706 affordable units are likely to come forward through the established land supply.

Although the established land supply will contribute significantly to the supply targets, it is clear that additional land allocations will be required through the Local Development Plans for Stirling and the National Park. These land allocations should consider the relative need for affordable housing and the relative need & demand for market housing identified for each sub-area, and require the size and type of housing to match more accurately the needs of the area²⁴.

Whether or not developers can meet the housing supply target for market housing of 328 units per annum in the Stirling LDP area will depend on a range of issues discussed below under 'Delivery of Market Housing'.

Whether or not the housing supply target for affordable housing in Stirling's LDP area of 88 units per annum can be met will depend on the Scottish Government's funding of affordable housing, the appropriateness of the Council's affordable housing planning policy and the willingness of developers and landowners to assist the Council in its objective of increasing the supply of affordable housing - see below under 'Delivery of Affordable Housing'.

Delivery of Market Housing

The delivery of market housing that meets the housing supply target of 328 units per annum in the Stirling LDP area will depend in part on a range of market conditions which are not within the control of the Council or its public sector partners or the development industry.

There are steps that the Council and its partners can take, however, to do what they can to minimise barriers to development. Similarly there are steps that the developers of market housing can take to address the needs that have been shown to exist locally.

Contribution of the Council and its partners

Through the LHS and the LDP and working with its partners, the Council will seek to ensure:-

- that it plays its part in meeting national targets for market housing and responds positively to Scottish Government initiatives, including mid market rents provided through the National Housing Trust and shared equity through OMSE and NSSE.
- a 'generous' supply of housing land is provided to give the flexibility necessary for the continued delivery of new housing which will be monitored through the LDPs and HLAs.
- through the Council's infrastructure working group, that it identifies and addresses infrastructure problems that exist in relation to some sites and some settlements.
- a flexible approach to affordable housing contributions which reflects the housing needs identified in the HNDA and the attractiveness to house builders of being active in the area.
- an acknowledgment of the role to be played by intermediate housing market solutions such as shared equity and mid market rents
- Cooperation with initiatives which assist first time buyers such as mortgage indemnity schemes and rent to buy
- An examination of the feasibility of further self build projects.

²⁴ During consultation on the LHS, one community representative promoted the novel idea of meeting some accommodation needs by mooring boathouses along the River Forth in Stirling.

Contribution of developers

Given that market housing completions have averaged only 277 units per annum over the last 10 years, the housing supply target of 328 units per annum in the Stirling LDP area is likely to prove challenging.

The HNDA looked at the need and demand for market housing across the 4 price quartiles and in each of the Council's three sub areas (see Table 4 above) and found that market housing in quartiles 1 & 2 is required across the Council area; market housing in quartile 3 is required in Stirling Core only and market housing in quartile 4 is not required in any part of the Council area.

The Council does acknowledge, however, that if the population of the Council area is to grow to support the economic growth envisaged for the area, there will be a need for new houses to be developed to meet the needs of in-migrants and that these will tend to be houses priced in the upper quartiles. The encouragement of in-migration might also attract more working age people to come to live in the area and give greater balance to the aging local population. It is also acknowledged that in order to fund affordable housing contributions, houses across the price range will need to be built.

The Council is seeking the cooperation of developers in addressing the needs that exist locally. These have been identified in the HNDA and in Council policies²⁵. These include:-

- smaller houses to meet the increasing number of smaller households, particularly single person households
- houses appropriate to meet the needs of older people, including those who wish to downsize
- lower cost houses (ie priced within the lower quartiles) which meet the needs of those on relatively low incomes and existing tenants who wish to become owners.
- houses which meets the housing for varying needs²⁶ standards
- the provision on each site of a mix of house types and tenures

Initiatives from developers that assist self build will also be welcomed eg developers could sell individual, serviced plots to local people interested in building their own homes.

Contribution of the National Park

The National Park Authority's Local Plan of December 2011 set a target of 75 houses a year in whole the Park area. Given that the Stirling Council part of the Park, particularly Callander, is the most populated area, it seems likely that a large proportion of this development would be in the Stirling Council part of the Park. These issues will be given further consideration as work on the National Park's Local Development Plan progresses. Delivery of Local Plan targets will contribute to meeting housing needs in Stirling's rural areas.

The Park's Housing Land Audit 2011 shows a total effective land supply of 310 units across 22 adopted Local Plan sites²⁷. 160 of these units across 12 sites are in the Stirling area of the Park. Of these, 65 are likely to be affordable (35%). In addition, there are two large windfall sites with

²⁵ These include 'Reshaping older people's care', Stirling Council, June 2011

²⁶ <http://www.archive2.official-documents.co.uk/document/deps/cs/HousingOutput/start.htm>

²⁷ Across the whole National Park, there is a total effective land supply up to 2016 of 513 units including windfall sites; of these at least 142 are likely to be affordable (28% of total). A further 15 affordable units are likely to come through the established land supply.

a total capacity of 22 units (of which 8 affordable), giving a total supply of 182 units in the Stirling area of the Park (73 affordable).

Delivery of Affordable Housing

Stirling Council's affordable housing planning policy : The Council continues to require an affordable housing planning policy, given the high levels of outstanding need for affordable housing summarised above (660 units per annum) and in order to meet the housing supply target for affordable housing in the Stirling LDP area of 88 units. In the years ahead, the policy will need to ensure that developers continue to provide land and commuted sums to assist the development of affordable housing in Stirling. Without an affordable housing planning policy, the housing needs of many people would go unmet.

The Council's affordable housing planning policy was first introduced in 2003 and was formally approved in 2007 as part of the Local Plan Alteration 1A. The policy includes a range of development thresholds for when affordable housing will be required, most recently for housing in the countryside where all developments of more than 1 house are required to contribute. Since 2003, the policy has secured more than 200 units of affordable houses with more in the pipeline and £700k in commuted sums. The commuted sums have been used amongst other things to fund the provision of a new accommodation for Women's Aid and to help fund the demolition works in Cornton. A number of Section 75 agreements agreed under the policy are likely to result in further affordable housing provision in the coming years.

Application of policy²⁸ In May 2011 the application of the affordable housing planning policy was reviewed and certain adjustments made. These adjustments were required to ensure that the policy remained sufficiently flexible and took account of the changing market conditions and the reductions in Scottish Government subsidies for affordable housing. The most important adjustments were:-

- the requirement for a minimum 25% affordable housing contribution across all areas
- an acknowledgement that new affordable housing is required in the market renewal areas
- an acknowledgement that market housing priced within the lower quartile of house prices in the previous year could contribute to the affordable housing requirement
- an objective that the price paid by shared equity owners should be in the lower quartile of house prices
- the flexible use of the affordable housing contribution
- the use of the affordable housing contribution to provide affordable housing on site without subsidy

Review of policy : It will be important for the Council's Local Development Plan to review the affordable housing planning policy in order to address a number of inconsistencies in the policy such as the differential thresholds at which an affordable housing contribution begins to be required in the urban and rural areas. The review will also need to consider whether, in light of the wording of Scottish Planning Policy (SPP),²⁹ the Council's method for calculating the affordable contribution continues to be 'fit for purpose' or whether a different approach may be required.

²⁸ <http://minutes.stirling.gov.uk/pdfs/executive/minutes/ex20110526.pdf>

²⁹ <http://scotland.gov.uk/Resource/Doc/300760/0093908.pdf>

National Park Affordable Housing Planning Policy

The Park Authority's Local Plan development strategy seeks to ensure that new housing will meet the identified housing needs of local communities and allow for an element of inward migration to support balanced and mixed communities. The housing policies focus on the delivery of much needed affordable housing as supported in the local housing authority's housing need and demand assessments. A proportion of affordable housing is required on all allocated and windfall sites of four or more units in all settlements with the exception of the Loch Lomondside settlements.

In the Loch Lomondside, local households need to compete with very strong mobile housing demand from the adjoining Glasgow Housing Market area and in order to improve access to housing and address housing needs in these communities, allocated and windfall sites of four or more units will primarily be for affordable housing. The local plan requires 50% affordable housing contribution within the settlements in the Stirling area of the Park, with the exception of the Loch Lomondside settlements of Drymen and Croftamie. The Park's affordable housing requirement will be reviewed through the preparation of the local development plan based on the most up to date housing need information to ensure that the plan's policies meets the needs of the Park's communities.

The Park Authority's draft Supplementary Guidance on Affordable Housing³⁰ provides further guidance on the delivery of affordable housing within the Park area and how communities, developers and partner agencies can work together to deliver much needed affordable housing. This is currently being review and is to be re-issued by the end of the Summer of 2012.

Rural areas : The Council³¹ and the National Park³² both have exceptions policies which enable affordable housing development in rural locations, where in other circumstances it might not happen, provided they meet the requirements of other local plan policies. Given the difficulty in securing sites for affordable housing in rural areas and in securing affordable housing subsidy to coincide with the acquisition of sites, it might be necessary when sites become available in rural areas to acquire them for future development ie limited land banking.

Priority areas : The priority locations for the development of affordable housing are the pressured areas and the Council's three regeneration areas.

- **Pressured areas :** In 2009 the Scottish Government awarded pressured area status to around half the Council stock³³. As part of the LHS and drawing on evidence from the HNDA, it is now proposed to differentiate between what are considered to be 'highly pressured' areas and 'pressured' areas - see Appendices. These definitions will feature as part of a new affordable housing planning policy contained in Supplementary Guidance to the Stirling Council LDP
 - **Highly pressured areas :** In highly pressured areas in the Stirling LDP area, the affordable housing contribution on sites for market housing will be 50%. This is to ensure that the level of contribution is more able to assist in meeting the high levels of housing need that exist locally and are exacerbated by high house prices and few development opportunities. In the Stirling LDP area, the highly pressured areas are Stirling Rural sub area, Dunblane &

³⁰ [LLTNP SG on Affordable Housing](#)

³¹ Stirling Council Policy H10A : Housing in the Countryside

³² LLT National Park HOUS 3 : Exceptionally, new housing development outside the settlements will be supported where it meets identified housing needs for affordable housing in perpetuity and where it is demonstrated that there are limited opportunities within the settlement boundary.

³³ Due to Scottish Government guidance changing in2011, the Council will consider seeking to extend its pressured areas

Bridge of Allan. The Stirling area of the National Park is also a highly pressured area. The NPA's Local Plan requires an affordable housing contribution on sites for market housing of at least 50% (depending on location).

- **Pressured areas** : The balance of the pressured areas is in Stirling Core and includes popular areas like Cambusbarron, Riverside, Bannockburn and Whins of Milton. Outside the highly pressured areas ie in the balance of the pressured areas and in the non-pressured areas - including the Regeneration areas and the Eastern Villages - the affordable housing contribution will be 25%.
- **Regeneration areas** : There are several sites in Cornton, Cultenhove and Raploch which the Council and its partners have yet to redevelop. The plans for these sites are under review and will be reviewed further once more information is available from Scottish Government about the future funding for affordable housing, beyond 2011/12. The regeneration areas remain a high priority for the Council.

The SHIP & the prioritisation of sites : Each year the Council submits a Strategic Housing Investment Plan (SHIP) to Scottish Government. The SHIP identifies priorities for investment over a 5 year period. Reductions in Scottish Government funding for affordable housing in 2011/12 have created some uncertainty about the role of the SHIP in future years. (See Update at Page i)

In 2011/12 bids to the new Innovation & Investment Fund prioritised sites in Dunblane and Raploch (Forth HA), Doune and Callander (Rural Stirling HA) and several sites for Council house building in Riverside, Cowie & Thornhill.

The Council has been and is embracing Scottish Government's initiatives in relation to affordable housing (see Council paper of May 2011³⁴). Through these initiatives the Council has secured houses for shared equity through the NSSE and OMSE and for mid market rents through the National Housing Trust and a Council initiative in the centre of Stirling. The Council has also made successful bids for Scottish Government subsidy to build a total of 127 new council houses.

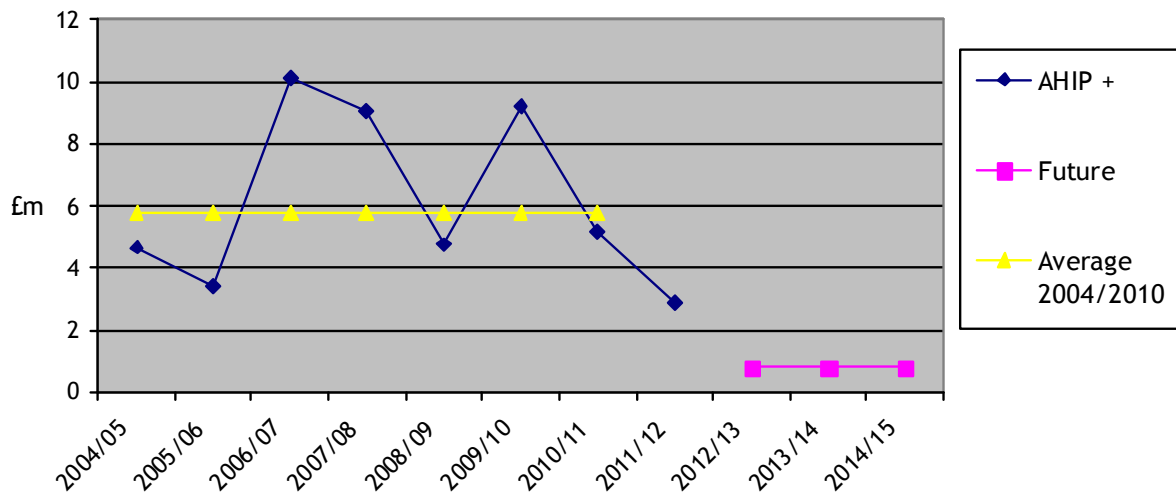
Funding : Funding for the provision of affordable housing comes from a number of sources. These include the Affordable Housing Investment Programme (AHIP) made available by Scottish Government, RSL borrowing, the Council's prudential borrowing and the Council's Strategic Housing Account.

- **Scottish Government**: The funding of the Council's affordable housing programme since 2004 has averaged nearly £6m, inflated between 2006 and 2008 by additional funding for redevelopment in Cornton & Cultenhove and in 2009/10 by accelerated funding.
- According to a Scottish Government announcement in May 2012³⁵, new money for local programmes over the three years from 2012/13 is set to average £782k per annum.
- **RSL Borrowings** : The RSLs have typically raised funds largely through borrowing which has accounted for around 40% of the cost of social rented housing developments. There is no reason to suggest that this will not continue.
- **Prudential borrowing** : The Council has secured £3.3m in prudential borrowing to support its council house-building programme in recent years. It is planned that a further £10.0m will be raised between 2011/12 and 2014/15.

³⁴ Application of affordable housing planning policy, report to Stirling Council Executive, 26 May 2011

³⁵ Scottish Government : Affordable Housing Supply Programme; Resource Planning Assumptions 2012/13 to 2014/15

Figure 1.1 : Scottish Government's Funding of Affordable Housing in Stirling



- Strategic Housing Account (SHA) : The SHA has enabled the investment of £4.2m in affordable housing. The SHA draws funds from:-
 - the Council Tax second homes fund which has an income of around £400k per annum
 - S75 agreements with developers
 - income to the HRA from the sale of assets.

The SHA has been used to fund the construction and acquisition of houses and to assist the viability of both Council and RSL developments. The operation of the fund is reported to the Housing Market Partnership.

Achieving Affordable Housing on Private Sector Sites

Subsidised affordable housing : The Council routinely negotiates S75 notices or another appropriate legal agreement with developers in relation to planned development sites. On priority sites the S75 will allow the Council and/or their RSL partners up to 7 years in which to secure the subsidy required to provide the full 25% or 50% affordable housing. This could be social rented housing or a mix of social renting and shared equity and /or housing provided at mid market rents.

A fallback position will also be negotiated as part of the S75 to provide unsubsidised affordable housing on site or an affordable contribution. The fallback position will come into play if the Council/RSL cannot secure an appropriate level of subsidy within the specified timeframe.

Unsubsidised affordable housing : On sites where it is unlikely that Scottish Government will make subsidy available within a reasonable timeframe, the Council may negotiate with developers to provide unsubsidised affordable housing either on site or off site or to provide an affordable contribution which can be recycled through the Strategic Housing Account. This will be primarily social rented housing or shared equity housing and in some circumstances housing provided at mid market rents. The details of these models of shared equity housing and mid market rents still have to be fully worked out.

On larger sites particularly those in non pressured areas, the Council may require developers to provide some unsubsidised affordable housing on site but also to provide an affordable housing contribution which can be used to meet housing needs in more pressured areas.

Impact of the affordable housing planning policy : In the present economic climate, it is difficult to predict what impact affordable housing planning policies might have on the provision of rented housing and shared equity housing. Stirling's HNDA suggested that, because of the limited availability of government subsidy, a total of only 64 units of affordable housing per annum might be produced.

As an example of what could happen, the following table suggests that if 205 market houses were to be built on sites with a 25% affordable housing requirement, then, as a result of the Council's current affordable housing planning policy for the LDP area, 45 affordable homes - both subsidised and unsubsidised - might be built.

Table 1.9 : Affordable housing potentially resulting from the provision of market housing (example)

	Houses secured through Affordable Contribution				Market Housing	Total
	Subsidised (HAG etc) ³⁶		Unsubsidised			
	Rented	Shared Equity	Rented	Shared Equity		
Subsidised Rented & Shared Equity	13	12	0	0	75	100
Unsubsidised Rented	0	0	10	0	90	100
Unsubsidised Shared Equity	0	0	0	10	40	50
Sub Totals	25		20 ³⁷			
Totals	45				205	250

Tackling constraints to development

In seeking to meet the housing supply targets, a range of constraints has to be addressed. These relate to infrastructure, land ownership, schools and the environment.

Infrastructure : The council is working hard to resolve key infrastructure problems which exist in some settlements and on some sites. Some of these problems are now harder to resolve because at present developers are less willing or less able to take on developments with significant infrastructure problems such as water and sewerage capacity, transport requirements and limited schools capacity. *Action :* The Council is working closely with developers to address these issues through Housing Market Partnership meetings with Homes for Scotland and individual developers and through working with developers to address infrastructure issues on an area basis eg. Durieshill, Bannockburn & the Eastern Villages, and on a site by site basis. The Council plans to establish an Infrastructure Working Group in which Council officers and representatives of the

³⁶ These figures exclude developments which are 100% RSL housing. The total of 25 compares to an HNDA assumption of 32 units per annum RSL /Council new build and excludes the assumed 12 units per annum to be provided via the planned Council development in central Stirling & through the National Housing Trust.

³⁷ This figure was included in the HNDA assumptions about likely affordable housing provision

utilities will meet to address infrastructure issues, particularly on some of the larger sites identified in the LDP.

Land ownership : Securing the release of land for housing is always problematic but is even harder at present. The slump in land sale values has led some developers to be unwilling to develop sites they have bought (or were due to buy) and seeking instead to buy alternative sites which reflect the lower prices now being achieved. This may lead to some sites having to be deleted from the land supply, although it is not yet clear how many sites might be involved or how the established land supply might be affected. There is also the added problem that, because landowners are not achieving the prices for their land that they had been expecting, there is now, in some cases, a reluctance to sell.

Schools: School capacity is a significant constraint on meeting the future housing need and demand in the Stirling Core and Stirling Rural sub areas. Stirling Council will need to consider what is critical to enable development to go ahead and the most cost effective solutions to resolve future school provision. This may include reviewing school catchment areas.

The environment : Housing development in Stirling has to address a range of environmental issues including risk of flooding in large parts of the Council area which are affected by the River Forth flood plain and more localised flooding, the sensitive landscape & historical settings of much of both the urban and rural environment, Green Belt etc. A large area of rural Stirling lies within the boundaries of the National Park and new housing development must be sensitive and complementary to the Park's special qualities.

Role of the Private Rented Sector

The private rented sector has been mentioned above in relation to its size and its increasing role in providing accommodation and is mentioned below in Appendix 1.3 in relation to HMOs. The role of the sector is also discussed in other sections of the LHS in relation to stock condition and homelessness.

Providing 14% of the housing stock, the private rented sector now plays a significant role in meeting housing needs in Stirling. As a sector it provides a degree of flexibility not available in the owner occupied and social rented sectors although, particularly in Stirling and particularly for those on benefits or low incomes, it can be unaffordable to many. In the present economic climate, it is proving to be an alternative of necessity for those that cannot secure or afford a mortgage.

The sector has tended to grow at the expense of the owner occupied sector where owner occupied properties (sometimes ex council houses) are let out. That is no longer the complete story, however, as non university accommodation targeted at students has been built specifically for rent, the development of housing for let at mid market rents is increasing as the main types of truly 'affordable' housing struggle to be funded and new build houses are bought solely with the intention of being rented out.

Although a great deal is known about the sector, the Council lacks a full understanding of how the sector now operates and the range of roles that it fulfils. The need for research has been highlighted from a number of different angles eg

- its role in meeting particular housing needs including the needs of the elderly & homeless people,
- its condition and its energy efficiency

- its tenancy conditions, its management and its affordability
- the relevance now of HMO legislation which applies to only 12% of the properties in the sector.

It would also be useful to develop a clearer profile of the individuals and households that the private rented sector accommodates.

The increasing regulation of the sector is welcome but stricter regulation requires enforcement and the resources to make enforcement effective. Poor living and tenancy conditions continue to exist and some landlords, particularly those with only one property (the vast majority) have little knowledge of the law or of good practice. There is an increasing number of landlords' agents now operating in the Stirling area.

The Council is developing its dialogue with the sector and meets regularly with its representatives in the Private Rented Sector Forum including local landlords and agents and in the Housing Market Partnership including the Scottish Association of Landlords and the National Association of Landlords (Scotland).

In the future in our consideration of housing needs and the need for affordable housing and market housing it will become increasingly necessary to assess the role to be played by the private rented sector in meeting the needs identified.

Working with Partners

Housing Market Partnership : Through the Strategic Housing Forum/ Housing Market Partnership (SHP/HMP) the Council has been working for some time with a range of partners including local RSLs, the National Park, Raploch URC, Scottish Government, Scottish Water and representatives of the Private Rented Sector (see full list below³⁸). Meetings are held at least every two months.

Developers : Through the Housing Market Partnership, the Council meets regularly with representatives of Homes for Scotland, the East of Scotland house builders and the recently formed Forth Valley house builders group. Special meetings are also held with the developers themselves - the attendance of a dozen developers is not uncommon, underlining the importance of the Stirling area to the developer industry and the relatively positive relationships that have been developed. The Housing Land Audit, the HNDA and affordable housing policy have all been discussed with developers and their comments have led to amendments to all three documents. Comments on the HNDA led to a significant increase in the upper end of the range of identified housing need & demand for market housing.

Landowners : Given the need for affordable housing, particularly in Rural area, the Council and partner RSLs work with public bodies with land holdings (such as the Forestry Commission and Scottish Water) and local landowners in order to secure land for affordable housing; a recent example being the possibility of affordable housing being built on a Forestry Commission site in Balmaha.

Scottish Government : The Council welcomes the positive and supportive working relationship that has existed in recent years with Scottish Government staff responsible for the HNDA/ LHS/ LDP process.

³⁸ http://www.stirling.gov.uk/_documents/temporary-uploads/housing-and_customer-service/strategic_housing_forum_members.pdf

Consultation on Stirling's LHS 2012
Section 1: The Need & Demand for Housing



Loch Lomond and The Trossachs Rural Housing Enabler: The Park Authority is currently working in partnership with Rural Housing Service to provide a two year rural housing enabler post. The role of the enabler is to help communities to identify and develop solutions to address the issue of affordable and local needs housing in the Park. This is being done by working at a grass roots level with local landowners, communities, the Park Authority, local authorities, housing associations and other housing related organisations to enable new housing opportunities.

Key Actions & Indicators

Key Actions

1. Work cooperatively with the Council's partner agencies including RSLs, Raploch URC, the National Park, Forth Valley NHS and Scottish Government
2. Work with representative bodies including Homes for Scotland, Scottish Association of Landlords, National Landlords Association and the Council of Mortgage Lenders
3. Work to maximise the success of housing market interventions such as bringing empty houses back into use, encouraging conversions and ensuring an increasing supply of HMOs.
4. Work with developers to meet housing supply targets and affordable housing targets.
5. Establish an Infrastructure Working Group with the aim of working with the Key Agencies, infrastructure providers and the developer industry to overcome infrastructure problems and free up development sites
6. Encourage land owners, including public bodies, to make land available for housing
7. Work with partners to develop a project which can bring empty houses back into use and minimise the length of time that second homes lie empty
8. Explore all means of procuring affordable housing
9. Review & develop Affordable Housing Planning Policy & Supplementary Guidance.
10. As part of the National Park's LDP process, develop Park-specific housing need & demand data
11. In 2013/14, seek to extend Pressured Area Status
12. Develop a common housing register between the Council and RSLs
13. Further develop the housing options approach to assisting people to meet their housing needs
14. Undertake further research into the operation of the local housing market
15. Develop models of shared equity and housing for mid market rents
16. Review the methods of consultation employed in relation to new social housing developments

Indicators

1. Total number of new market houses built by quartile, by house size and by location
2. Total number of affordable houses started/ completed by location, by type of affordable housing, whether or not subsidised, whether or not as a result of the affordable housing policy
3. N^o of empty houses brought back into use & N^o of short lets of holiday homes secured
4. N^o of new HMOs licensed
5. Changes in pressured area ratios (waiting list applicants : lets)
6. N^o of applicants on housing waiting lists & N^o of homeless households
7. N^o of applicants accessing social rented housing
8. No of households provided with housing options advice

Outcomes relevant to the Need & Demand for Housing

Stirling Single Outcome Agreement³⁹

In relation to the Need & Demand for Housing, Stirling's Single Outcome Agreement identifies the following outcomes

- A good range and choice of housing, including affordable
- Viable and sustainable communities
- High quality physical environments, both built and natural
- A commitment to sustainable development in communities and across all partner activities
- An increase in the rate of new house building
- Maintaining the amount of overall housing stock that is socially rented by 2012 with a longer term aspiration to increase the amount of affordable and social rented houses
- An increase in the quality of the built environment.

³⁹ Council's Single Outcome Agreement 2008 - 11

LHS Areas

The LHS areas were developed by the Council following consultation within the Council and with partners in the Housing Market Partnership. They are based on amalgamations of the 110 datazones in the Stirling Council area. A separate report is available on the Council's website⁴⁰.

The boundaries of datazones are not an exact fit to communities as they are recognised. That is why some of the groupings of communities are not necessarily ideal.

Table 1.10 : Local Housing Strategy Areas in Stirling Council area

Stirling Core		
1	Bannockburn & Hillpark	
2	Braehead & St Ninians, Broomridge & Torbrex	
3	Bridge of Allan	
4	Cambusbarron	
5	Cornton regeneration area	
6	Cowie	
7	Cultenhove regeneration area	
8	Dunblane	
9	Fallin & Throsk	
10	Plean	
11	Raploch regeneration area	
12	Stirling City	
Stirling Rural		
13	Arnprior, Thornhill & Blairdrummond	
14	Balfron	
15	Buchlyvie	
16	Doone & Deanston	
17	Fintry	
18	Gargunnoch	
19	Killearn	
20	Killin & Ardeonaig	
21	Kippen	
22	Strathblane	
National Park		
23	Aberfoyle & Port of Menteith	
24	Callander	
25	Crianlarich & Tyndrum	
26	Drymen, Croftamie & Balmaha	
27	Gartmore	
28	Lochearnhead & Balquhider	
29	Strathyre & Trossachs	

⁴⁰ <http://www.stirling.gov.uk/services/housing/local-housing-strategy>

Housing market interventions : The estimated impacts

Housing market interventions are initiatives which can meet some of the housing needs identified in the HNDA by making better use of the existing housing stock or by increasing the size of the stock in the social rented sector and in market housing.

The interventions that are considered likely to have an impact in the Stirling area include:-

- Increasing number of HMOs
- Conversions
- Seeking to reduce the number of empty homes
- Seeking to encourage second home owners to let out their accommodation when not needed
- Addressing under occupation
- Imaginative use of affordable housing contributions
- Homelessness prevention

Increasing number of HMOs : The number of Houses in Multiple Occupation (HMOs) has increased from 257 in 2006 to 639 in 2011; half of the HMOs are University accommodation. 94% of the non University HMOs are in Stirling Core. It is known that developers continue to be active in this sector. An increasing number of HMOs would increase the number of household spaces available to those in housing need and, thereby, reduce the need for housing needs to be met by new build.

An HMO will contain a minimum of 3 separate rooms which could be occupied by 3 separate households (which could be three single people). Given that prior to conversion to an HMO (if not vacant) each property would have been accommodating at least one household, it could be said that with the creation of an HMO there has been an increase of two in the household spaces available. It is unclear, however, whether prior to registration some of these HMOs were already flats containing more than one separate household; indeed, this seems likely.

The role of HMOs in meeting housing need may be reduced by the Council policy introduced in May 2011 restricting the percentage of HMOs in an area. Their role may be increased, however, when all single people up to the age of 35 have their Housing Benefit restricted if they do not live in a shared property.

Student numbers may also influence demand for HMOs. Information from the Stirling University Accommodation Service, however, suggests that demand is likely to stay at present levels. This is because reduced demand from undergraduate students is likely to be balanced by increasing demand from postgraduates.

Without better data on which to base a decision, it has been assumed that an increasing number of HMOs will have an impact on meeting housing need but it will be restricted to meeting the needs of an additional 20 households per annum. It is also assumed that these additional household places will impact equally on the need for affordable housing and market housing.

Estimated impact : 20 units per annum

Consultation on Stirling's LHS 2012
Section 1: The Need & Demand for Housing



Conversions : In the early years of the last decade, there was a steady flow of conversion activity - around 22 a year - but this has tailed off in the last two years. This may be due to the impact of new Building Regulations which are much more demanding and seem likely to increase the costs of conversion.

Table 1.10 : Conversions (net new dwellings provided during year by conversion)

Year	2000/ 2001	2001/ 2002	2002/ 2003	2003/ 2004	2004/ 2005	2005- 2006	2006/ 2007	2007/ 2008	2008/ 09	2009/ 2010	Ave
Conversions	22	23	77	22	14	15	26	23	0	1	22

Source: Stock4 returns by local authorities to the Scottish Government

The possibility for future conversions was discussed at the Private Rented Sector Forum but it was not considered likely that this would feature largely in future years. The only areas where conversions still might be possible were considered to be areas like King's Park in Stirling. It was thought more likely that large houses would be converted into HMOs. A low level of activity over the last couple of years does not necessarily mean that conversion will not feature in the future, however, although existing market conditions are not encouraging. *Estimated impact* : 10 units pa.

Empty homes : Council tax records suggest that 3% of the housing stock in Stirling Council area is vacant. This amounts to a total of 1,177 houses⁴¹ and is similar to the Scotland average of 2.8%⁴². While it is recognised that some of these houses in the private sector will be vacant due to a change in ownership, the numbers are such that it is considered to be an issue worthy of further investigation and action. In the rural areas of Strathyre and Killin, 5%+ of the houses are empty. In Bridge of Allan & Dunblane 160 houses are empty. Council-wide there are some 127 private sector properties which have been vacant for more than 1.5 years; of which 50 have been vacant but paying council tax for between 3.5 and 21 years.

Scottish Government's report Homes Fit for the 21st Century⁴³ proposed introducing a power to increase council tax on long term vacant dwellings. If this were to be implemented in Stirling, it would create a disincentive for owners who are keeping their homes empty and would generate additional income which could be used to fund an empty homes strategy.

Action : Housing staff will work with Council tax staff and the Electoral Registration Officer to gather more information on the extent and location of empty homes in Stirling. They will also work with partners in local housing associations, the National Park, the rural housing enabler, the City Centre Management and Shelter⁴⁴ to develop an Empty Homes strategy which would include engagement with owners to encourage them to bring empty homes back into use. Part of the Empty Homes strategy is also likely to include providing advice & information and support to help owners to sell, to rent out or to renovate/refurbish their properties. Early action when houses

⁴¹ At the time these statistics were gathered, some 300 of these properties were in the Council's regeneration areas awaiting demolition

⁴² Across Scotland as a whole, 2.8 per cent of dwellings are vacant and 1.4 per cent are second homes, though there is wide variation across the country. Remote rural areas have the lowest percentage of dwellings which are occupied (88 per cent), with higher percentages of vacant dwellings (4.6 per cent of all dwellings in these areas) and second homes (7.4 per cent). The most deprived areas have the highest percentage of dwellings which are vacant (4.5 per cent).

⁴³ <http://www.scotland.gov.uk/Resource/Doc/340696/0112970.pdf>

⁴⁴ The Council is already one of the participating Councils in Shelter's Scottish Empty Homes Partnership.

first become empty might prove particularly valuable, before the properties begin to fall into disrepair. In some cases it might be possible for the Council/ RSLs to arrange for an owner to sell to a developer who can renovate the property which can then be let out to local people. The Council will also consider offering to lease and let empty properties and will lobby the Scottish Parliament for powers compulsorily to lease houses which are lying vacant. Offers of support could be reinforced by the threat of enforcement action, making full use of the powers in the Housing (Scotland) Act 2006 and in other relevant planning, environmental health and building control legislation. Given the complexity of the process of bringing empty homes back into use, it cannot be assumed that this activity will have a major impact on meeting housing need.

Estimated impact : 5 units per annum

Second homes : Council tax records suggest that 1% of the housing stock is second homes. This compares to a Scotland average of 1.4% and amounts to a total of 481 houses. Based on 2001 figures, it is assumed⁴⁵ that the National Park has around half of the Council's second homes and Stirling Rural has around 30%, with 20% in the Urban Core. In some villages, particularly those in the North of the Council area between Strathyre and Tyndrum, more than 10% of the houses are second homes. As a result of the changing discounts in the council tax system, it is hoped that some owners will be encouraged to let their properties for part of the year on short assured tenancies. The Council already works with private sector landlords through Stirling's Private Rented Sector Forum and through its private sector leasing scheme.

Action : The Council will develop a strategy to work with second home owners, making available appropriate information and support, including model leases. *Estimated impact* : 5 units per annum for part of year only. The actual impact on housing need, therefore, in terms of the number of units required per annum would be nil.

Addressing under occupation : By addressing under occupation in all sectors, more people will be able to have their housing needs met as the person under-occupying a house can be more appropriately housed and they in turn will be able to release a larger house. The resultant larger house may be able to meet the needs of more than one household either by sharing, subdivision or the creation of an HMO.

Action : This Local Housing Strategy and the Council's LDP are both seeking to encourage developers to build more houses appropriate to the needs of smaller and older households. It is hoped that this will release houses which will meet the needs of larger households. Similarly the planned construction by the Council of groups of bungalows is expected to release larger houses in all sectors. The allocation policies of the Council and RSLs already encourage tenants to move to smaller houses (this will be further encouraged by the changes to housing benefits). Consideration will be given to whether there are further changes in allocations policy or inducements that can be made to encourage further downsizing. Again it cannot be assumed that this activity will have a major impact on meeting housing need. *Estimated impact* : 10 units pa

Further use of affordable housing developer contributions : The Council's affordable housing policy now seeks to use developers' affordable housing contributions more imaginatively ie providing affordable housing without subsidy. In the HNDA it was assumed that there would be 64 units of new build in the first year of the LHS reducing, due to reduced Scottish Government funding of social housing, to 32 in subsequent years. In addition it was assumed that there would

⁴⁵ Based on Scottish Neighbourhood Statistics data for 2001 about the distribution of second homes in the Stirling Council area

Consultation on Stirling's LHS 2012
Section 1: The Need & Demand for Housing



be an average of 12 intermediate affordable homes per annum provided through the National Housing Trust and by the Council. It was also assumed that, given the May 2011 review of the application of the Council's affordable housing policy, working with developers an additional 20 affordable homes per annum might be provided. Since the drafting of the HNDA there has not been any change in outlook which would increase or decrease this estimate. *Estimated impact* : zero units per annum

Homelessness prevention & housing options advice : Homelessness makes up a high proportion of the annual newly arising need - 585 out of 1005. 75% of homeless applications are from Stirling Core, 19% from the National Park and 6% from Stirling Rural. Any measure which can reduce homelessness and keep households together will reduce the need for new supply housing. Obviously in some cases new household formation (ie a young person leaving home) is only delayed not prevented for all time. There are many factors which influence the number of homeless applicants for whom the Council is required to provide settled accommodation. It is hoped and expected, however, that with appropriate homelessness prevention & housing options advice over 5 years the number of homeless applicants could be reduced by 100 ie up to 20%. *Estimated impact* : 20 units per annum.

Summary of interventions and estimated impacts : All the above interventions could lead to the needs of 65 households being met each year. Of these 40 are likely to be in the social rented sector and 25 in the market housing sector. In the Table below the three sub areas are SC (Stirling Core), SR (Stirling Rural) and NP (National Park).

Table 1.12 : Summary of housing market interventions and estimated impacts

	Action	Estimated impact on Housing Need (units per annum)											
		Affordable				Market				Total			
	Sub areas	SC	SR	NP	Tot	SC	SR	NP	Tot	SC	SR	NP	Tot
1	Increasing number of HMOs	10	0	0	10	10	0	0	10	20	0	0	20
2	Conversions	3	1	1	5	3	1	1	5	6	2	2	10
3	Bring vacant houses into use	0	0	0	0	3	1	1	5	3	1	1	5
4	Using second homes	0	0	0	0	0	0	0	0	0	0	0	0
5	Addressing under occupation	3	1	1	5	3	1	1	5	6	2	2	10
6	Additional impact of affordable contributions	0	0	0	0	0	0	0	0	0	0	0	0
7	Homelessness prevention & housing options advice	15	4	1	20	0	0	0	0	15	4	1	20
8	Totals	31	6	3	40	19	3	3	25	50	9	6	65

The Affordable Housing Contribution

Identifying the Highly Pressured Areas where a 50% affordable contribution will be required

On sites where an affordable contribution is required, Stirling's existing affordable housing planning policy requires a minimum of 25% of the units to be for affordable housing.

The Scottish Government acknowledges that a higher percentage can be set for some sites if this can be justified⁴⁶. The reason for increasing the percentage for sites in highly pressured areas is that, if housing needs in these areas are to be addressed, more affordable housing has to be secured whether by direct provision or by developer financial contributions.

In developing a justification for the identification of highly pressured areas, evidence from a number of sources has been sought, including:-

- Stirling's HNDA 2011
- Areas with high house prices and a low proportion of social housing
- The pressured area analysis used in 2009 to secure 'pressured areas status' for around half of the Council's housing stock.

The pressured area analysis was based on a ratio of waiting list applicants to lets. This analysis clearly identifies the Stirling Rural sub area and Dunblane & Bridge of Allan as highly pressured areas. While the analysis also highlights some potentially highly pressured areas within the City of Stirling, in terms of the development of housing sites, it is not considered appropriate to seek a 50% contribution in one part of Stirling while looking for 25% in a neighbouring area. On this basis it is considered reasonable to suggest that all areas in the City of Stirling and the Eastern Villages a 25% affordable contribution should be required.

In the National Park the ratio of applicants to lettings is not as high as might be expected. This is thought likely to be due to people not applying for housing due to the small social rented housing stock which has a low rate of turnover. The HNDA and high house prices both justify the area being acknowledged as being highly pressured. The affordable housing contribution for the Stirling area of the Park will be identified through the Park Authority's planning policy, as the local planning authority, in the context of the Park and in keeping with the National Park aims.

Summary of Proposals

It is proposed that as part of Stirling's Local Development Plan:-

- a 25% affordable housing contribution be required in Stirling Core (excluding Dunblane & Bridge of Allan)
- a 50% affordable housing contribution be required in the following 'highly pressured areas':-

⁴⁶ <http://www.scotland.gov.uk/Resource/Doc/300760/0093908.pdf>

Consultation on Stirling's LHS 2012
Section 1: The Need & Demand for Housing



Table 1.12 : Stirling's Highly Pressured Areas (Proposed)

Sub area/ settlements	Comment	Justification
Stirling Rural sub area		The HNDA has shown there to be high levels of need and high house prices. There is a high ratio of waiting list applicants to lets
Dunblane & Bridge of Allan		High house prices and the small proportion of social rented accommodation tend to exclude local people on low incomes. Both settlements demonstrate high ratios of waiting list applicants to lets.
The National Park	Under review	The HNDA has shown there to be high levels of need and high house prices The ratio of waiting list applicants to lets is lower than might be expected but this is thought likely to be due to people not applying for housing due to the small social rented housing stock which has a low rate of turnover.