

# **Housing Needs Evidence Paper for the Development of the Local Housing Strategy 2016-2021**

**Housing Development Section**

**April 2016**

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**North Lanarkshire Council**  
**Local Housing Strategy 2016-21**  
**Housing Needs Evidence Paper**

**1. Introduction**

- 1.1 This paper summarises the main evidence on housing needs across North Lanarkshire and where appropriate reports at different geographical levels (i.e. housing sub market area (HSMA)<sup>1</sup>, local housing market area (LHMA)<sup>2</sup>).
- 1.2 A number of information resources have been used to inform the development of this evidence paper, including:
- The Glasgow and Clyde Valley Housing Needs and Demand Assessment (HNDA2) undertaken by the Glasgow and Clyde Valley (GCV) Housing Market Partnership<sup>3</sup>
  - Arneil Johnston Affordability Analysis, 2015
  - The Council and RSL partners' Common Housing Register and housing allocations data
  - The Council's Local Housing Market Area Profiles
- 1.3 Where appropriate, full reports are available on the Council's website<sup>4</sup>.
- 1.4 This evidence paper is one of a suite of evidence papers and statements that inform the 2016-21 LHS. These papers can also be accessed from the LHS page on the Council's website.

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<sup>1</sup>The three housing sub market areas are: Cumbernauld (which comprises Cumbernauld, Moodiesburn and Kilsyth), Airdrie & Coatbridge, and Motherwell (which comprises Bellshill, Motherwell, Shotts, Wishaw, and Viewpark).

<sup>2</sup> The 10 LHMA's are: Airdrie, Bellshill, Coatbridge, Cumbernauld, Kilsyth, Motherwell, Moodiesburn, Shotts, Viewpark, and Wishaw.

<sup>3</sup> The Housing Partnership comprises the eight authorities within the Glasgow Clyde Valley area: East Ayrshire, East Renfrewshire, Glasgow, Inverclyde, North Lanarkshire, Renfrewshire, South Lanarkshire and West Dunbartonshire, with support from the Clydeplan team.

<sup>4</sup> <http://www.northlan.gov.uk/lhs2016>

## 2. Identification of key strategic issues

- The total housing stock is currently estimated at around 149,300. Owner-occupation accounts for around 60% of the housing stock, Council housing 24%, Housing Association 6% and Private Renting around 10%.
- Over the last 20 years the housing system in North Lanarkshire has changed dramatically as the owner occupied sector has grown and the social rented sector has decreased. However, the tenure structure has shifted since the recession: the decline in social rented has plateaued; owner occupation has declined and there has been an increase in private renting
- A key component of private sector growth has historically been the Right to Buy with these properties accounting for around a third of all private sector dwellings. Changes to the Right to Buy eligibilities and the impacts of the recession have led to a pronounced reduction in Right to Buy sales over the last few years. As the economy recovers these sales will not return to previous levels as the Right to Buy will be abolished in August 2016.
- According to the Glasgow and Clyde Valley Housing Need and Demand Assessment (HNDA2) the private sector will continue to grow over the next 15 years although at a slower rate than in recent years.
- Across North Lanarkshire HNDA2 estimated there is a need for additional social housing from 2,223 households currently in housing need and from 3,246 new households over the period 2012 to 2029 (a total of 5,469). Across North Lanarkshire there is a net need for around 332 social homes each year, some 1,660 over the course of the LHS period.
- The bulk of this requirement (162 homes each year) is estimated to be in the Cumbernauld housing sub market area (which includes Moodiesburn and Kilsyth), with the balance divided equally across the other two housing sub market areas.
- Over the five year period of the LHS effective programme through the Housing Land Audit is estimated at 7,446 units with 84% of this within the private sector and 16% (1,155 units) in the social sector.
- The draft Main Issues Report for the Glasgow and Clyde Valley Strategic Development Plan has not identified any strategic housing land supply issues for the period of the LHS.
- The LHS will need to plan for:
  - Meeting the net need for social housing from 322 households each year
  - Encouraging the private sector to deliver more good quality, affordable market housing.
  - The review and implementation of the Affordable Housing Policy in the Cumbernauld HSMA. This area is also the priority for new build affordable housing investment.
  - Maximising the council and housing association programmes - the affordable new build contribution should be a minimum of 300 homes per annum from 2016 to 2021.

- Being more flexible on the affordable housing options available to people to meet both their needs and aspirations.
- Ensuring all new supply housing meets accessibility standards.
- Investigating cross-tenure housing options and services that would allow low income households to sustain their own accommodation.
- Making more effective use of the existing social rented stock including addressing low demand issues and ensuring that the stock is able to meet demographic change.

### **3. Demographic change**

- 3.1 The population has been growing over recent years, by an average of 1,517 per annum over the period 2001 to 2012. Projections suggest that growth will continue, but at a substantially reduced level: an average of 179 people per annum over the period to 2029. (See table 1)
- 3.2 Notably, average household size has been declining throughout the period, from 2.40 in 2001 to 2.28 in 2012, and is projected to continue to decline through to 2029 (to 2.12). This profile is broadly in line with the 'GCV excluding Glasgow' average.
- 3.3 The number of households has also been growing (by 1,276 per annum). Projections suggest that growth will continue, albeit at reduced levels (an average of 738 per annum). Because household size will continue to decline, the projected increase in households (at 9%) is greater than the projected increase in population (at 1%) over the period 2012 - 2029.
- 3.4 Across Glasgow Clyde Valley as a whole, the rate of household formation has been low in recent years, largely as a result of the economic downturn, constraining households' capacity to set out on their own, particularly those wishing to enter the owner occupation.
- 3.5 The projected rise in households can be largely accounted for by the projected rise in small households: single person households (748 pa) and in two person households (402 pa). This is a consequence of the assumption within the projection that the trend to form smaller households will resume after 2012. The number of 'larger' households (three+ adults and two+ adult families) is expected to reduce, by 163 pa and 337 pa respectively.
- 3.6 This is, of course, related to the changing age structure of the population. The growth in households is almost entirely a result of an increase in older households. The number of households with a reference person aged 60 or over is projected to increase by 1,087 pa after 2012, while the number of households with households with a reference person aged under 60 is projected to reduce by 349 pa after 2012. The Older People's Evidence Paper considers the policy issues relating to the ageing population in depth.

**Table 1: Population and household estimates and projections, 2001, 2012<sup>1</sup> and 2029**

<b>Estimated and projected population and households</b>	<b>Estimate at 2001</b>	<b>Estimate at 2012</b>	<b>Projection at 2029</b>	
Population	321,180	337,870	340,911	
Population in communal establishments	2,944	2,521	3,546	
Population in households	318,236	335,349	337,365	
Number of households	132,871	146,905	159,453	
Average household size	2.4	2.28	2.12	
<b>Household change by HSMA, 2001 – 2011<sup>2</sup></b>	<b>2001</b>	<b>2011</b>	<b>change</b>	<b>% change</b>
Airdrie Coatbridge	40,597	45,432	4,835	11.91%
Cumbernauld	32,899	36,046	3,147	9.57%
Motherwell	59,123	64,314	5,191	8.78%
North Lanarkshire <sup>3</sup>	132,619	145,792	13,173	9.93%
<b>North Lanarkshire households by household type, 2012, 2029</b>		<b>2012</b>	<b>2029</b>	<b>% change</b>
One adult no children		48,700	61,415	26.11%
Two adults no children		41,017	47,845	16.65%
Three or more adults no children		14,465	11,701	-19.11%
One adult and one or more children		12,134	13,640	12.41%
Two or more adults and one or more children		30,588	24,853	-18.75%
<b>North Lanarkshire households by age group, 2012, 2029</b>		<b>2012</b>	<b>2029</b>	<b>% change</b>
16-29		15,262	14,879	-2.51%
30-44		39,978	36,919	-7.65%
45-59		43,506	41,016	-5.72%
60-74		32,009	41,267	28.92%
75+		16,148	25,372	57.12%

Source: HNDA2 Technical Report 4, Tables A1.11, A1.12, A1.13 and A1.14

Notes: 1 Estimates relate to 2001 and/or 2012, with the exception of the HSMA estimates which are produced for 2011.

3: Household projections are not available from NRS for Housing Market Subareas. They have been generated by the HNDA Tool but as these include an allowance for current housing need (backlog need), the Tool projections are not directly comparable with the household estimates produced from NRS data.

2: NB - to compare data by sub-area across Glasgow Clyde Valley, the data for Cardowan by Stepps boundary change (BAO 2009) have been included in the Glasgow City figs, and have been excluded from the NL figures in this table

#### **4. Housing stock and tenure change**

- 4.1 The 2011 Census estimated that there were 149,275 dwellings in North Lanarkshire. This compares with 136,072 estimated in the 2001 Census, a total increase of 9.7%, or approximately 0.93% per annum.
- 4.2 The most recent housing stock estimate, based on council tax records, (as at March 2015) is 151,984. Council tax records indicate just under 1,600 long term empty properties at March 2015 (1,597 properties, 1.05% of the total stock).<sup>5</sup>
- 4.3 The current tenure breakdown by LHMA is provided at Table 2. The Motherwell HSMA has the largest number of dwellings at 67,379 (44%) followed by Airdrie & Coatbridge, 46,795 (31%) and Cumbernauld HSMA, 37,810 (25%).

<sup>5</sup> More detailed analysis of empty homes is provided in the Empty Homes Statement

4.4 Clearly the majority tenure across North Lanarkshire is owner occupation, accounting for around 60% of all households. This in line with Scotland as a whole (the most recent figure is 61% for 2013). Social renting accounts for a further 30% of households (considerably higher than the Scottish average of 23%), and private rent accounts for 10% (compared with 13% nationally)<sup>6</sup>.

**Table 2: Tenure by LHMA and HSMA, 2014/15, by HSMA 2008/9**

	Total stock	Owned	Council	RSL	PRS
Airdrie	24,666	59%	26%	4%	10%
Coatbridge	22,129	57%	29%	5%	10%
<b>Airdrie Coatbridge 2014/15</b>	<b>46,795</b>	<b>58%</b>	<b>28%</b>	<b>5%</b>	<b>10%</b>
<i>Airdrie Coatbridge 2008/9</i>	<i>46,466</i>	<i>64%</i>	<i>28%</i>	<i>4%</i>	<i>4%</i>
Cumbernauld	23,152	69%	6%	12%	13%
Kilsyth	5,783	61%	28%	2%	10%
Moodiesburn	8,875	76%	16%	2%	7%
<b>Cumbernauld HSMA 2014/15</b>	<b>37,810</b>	<b>70%</b>	<b>11%</b>	<b>8%</b>	<b>11%</b>
<i>Cumbernauld HSMA 2008/9</i>	<i>36,411</i>	<i>75%</i>	<i>11%</i>	<i>8%</i>	<i>5%</i>
Bellshill	12636	51%	32%	6%	11%
Motherwell	23,929	60%	25%	6%	8%
Shotts	6,844	62%	29%	3%	7%
Viewpark	6,466	64%	25%	4%	6%
Wishaw	17,504	49%	34%	7%	10%
<b>Motherwell HSMA 2014/15</b>	<b>67,379</b>	<b>56%</b>	<b>29%</b>	<b>6%</b>	<b>9%</b>
<i>Motherwell HSMA 2008/9</i>	<i>65,242</i>	<i>60%</i>	<i>30%</i>	<i>6%</i>	<i>4%</i>
<b>North Lanarkshire 2014/15</b>	<b>151,984</b>	<b>60%</b>	<b>24%</b>	<b>6%</b>	<b>10%</b>
<i>North Lanarkshire 2008/9</i>	<i>148,119</i>	<i>65%</i>	<i>25%</i>	<i>6%</i>	<i>4%</i>

Source: North Lanarkshire Council Area Housing Profiles 2009/10, 2014/15

4.5 While this general profile applies across North Lanarkshire, there are variations at the local level.

- There is a relatively high level of owner-occupation and a relatively small social rented sector in the Cumbernauld HSMA. This is particularly the case for Cumbernauld and Moodiesburn LHMA's. The profile for Kilsyth is broadly in line with the North Lanarkshire average.
- There is a relatively low rate of owner-occupation in the Motherwell HSMA, and relatively a relatively large social rented sector. Notably, Wishaw and Bellshill have large social rented sectors and relatively low rates of owner occupation. Levels of home ownership in Viewpark are above average.
- The tenure profile in Airdrie Coatbridge is close the North Lanarkshire average.
- Private renting levels are similar for each of the three HSMA's, at around 9%-10%. There is more variation at the LHMA level, with 13% of households in Cumbernauld renting privately, compared to just 6% in Viewpark.

4.6 The main change in the tenure profile has been the continued growth, in both absolute and relative terms, of the private sector housing stock and a relative decline of the social rented sector. The private sector has increased by just under 4,000 units since 2008/09. This growth has been driven by an increasing private

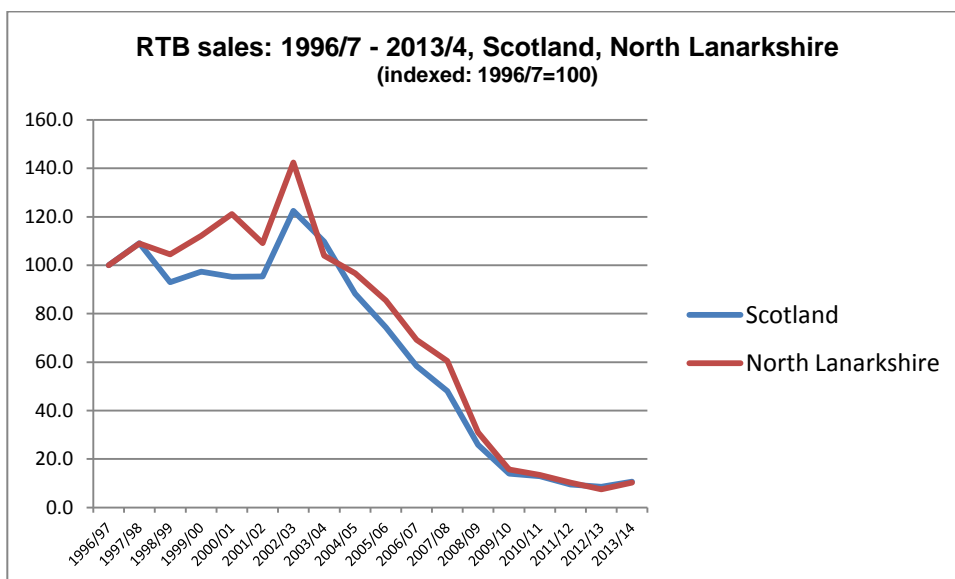
<sup>6</sup> The Scottish Household Survey also includes an 'other' category (2% of households) which includes those living rent free. <http://www.gov.scot/Resource/0045/00457570.pdf>



rented sector, which has more than doubled in size, from 4% to 10%, an increase of almost 9,000 households. As has been the case nationally, owner occupation has declined since the recession; the proportion of North Lanarkshire households in owner occupation has declined from 65% to 60% and the number of households has fallen by around 5,000.

- 4.7 Prospects for the private sector are far from clear at this point in time. The general recovery in the housing market may shift properties from the private rented sector back to the owner occupied sector: for example on the supply side as reluctant landlords see an opportunity to sell their property, small investors see an opportunity to realise their capital investment, and rising house prices reduce rental yields; and on the demand side as confidence in, and access to, the owner occupied market are regained. However, lending institutions are currently cautious, so financial barriers to home ownership remain; and housing expectations have shifted such that people have come to accept private renting for longer periods/delay home ownership. The general expectation is that the private rented sector will continue to grow, but most likely at a lower rate than in previous years.
- 4.8 There are however early signs of recovery in the owner occupied market. As will be covered in more detail below, house prices and turnover are showing some signs of stabilising, particularly towards the more expensive end of the market. At the same time the North Lanarkshire Draft 2014/15 Housing Land Audit has effective programming for 700 private sector units in 2014/15 and rising to 1,579 in 2017/18. The average annual effective programming for the private sector over the seven year period covered by the Housing Land Audit is 1,133 compared with 222 in the social sector.
- 4.9 The social rented sector has remained fairly stable over recent years reversing a period of decline. As can be seen on chart 1 below, Right to Buy (RTB) sales have decreased substantially, partly as a result of the recession, and partly as the impacts of the various changes to RTB eligibilities work through. New build and acquisition programmes in the RSL and local authority sectors are now close to compensating for losses resulting from RTBs, regeneration programmes, and so on. As a consequence, social rented sector stock numbers since 2008/09 are broadly unchanged.

**Chart 1**



Source: Scottish Government Statistics<sup>7</sup>

4.10 RTB sales have had a pronounced impact on the North Lanarkshire housing system. It is estimated that since 1979, in the region of 37,200 social rented dwellings have been sold under the right to buy<sup>8</sup>. This is equivalent to 35% of the private sector housing stock.

4.11 The RTB has had a profound impact on the social rented sector is more fundamental. In particular, it has limited access to some key property types and sizes: 73% of properties sold under the RTB were houses or bungalows compared with just 42% of the Council's current stock; and 50% of ex-Council stock has 3 bedrooms or more, compared with just only 30% of the Council's current stock.

## 5. House prices

5.1 House prices across North Lanarkshire have followed the broad national profile. This is shown on chart 2 below which summarises average house prices for each of the HMSAs compared with the average for North Lanarkshire as a whole, as well as for the Glasgow Clyde Valley area (GCV), over the last ten years. The chart shows that prices were rising sharply in the years preceding the recession, and then steadied out and/or declined.

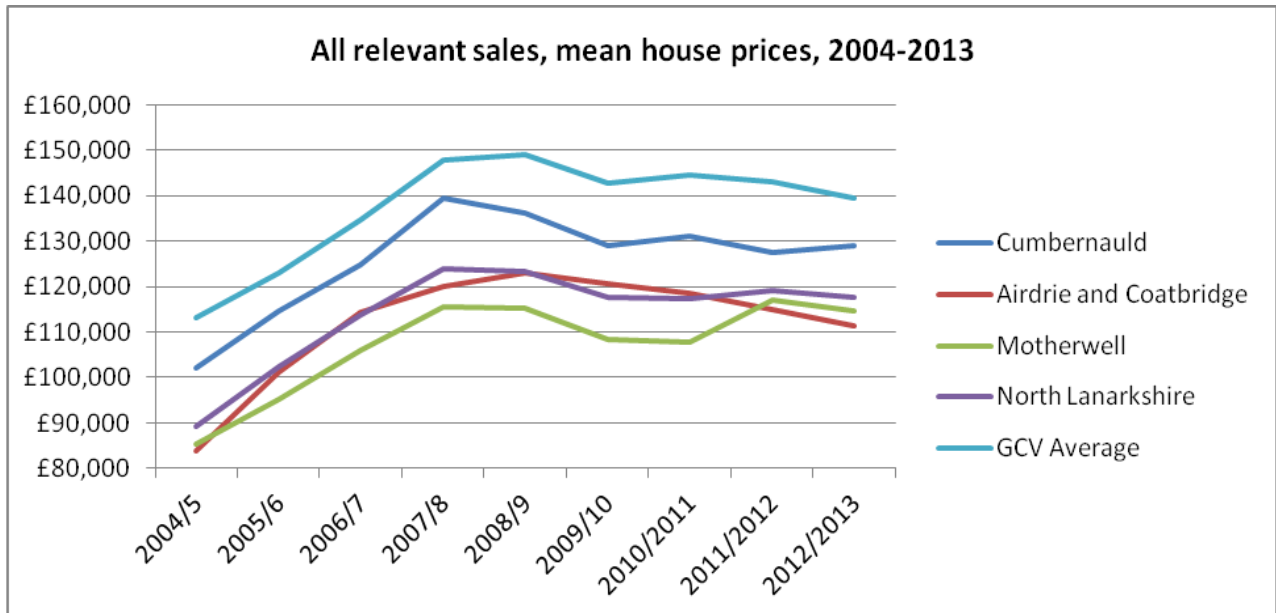
5.2 Notably, average house prices in North Lanarkshire, at just under £118k<sup>9</sup>, are lower than those for GCV as a whole (c.£139k). Clearly, there are differences across North Lanarkshire, with the highest price in Cumbernauld (c. £129k), and Motherwell and Airdrie Coatbridge much closer to the NLC average (c.£115k and c.£111k respectively).

<sup>7</sup> <http://www.gov.scot/Topics/Statistics/Browse/Housing-Regeneration/HSfS/SalesSittingTenants>

<sup>8</sup> It has not been possible to produce a definitive figure because of, among other reasons, merging authorities in 1996, differing rent systems, and different ways in which sales were recorded.

<sup>9</sup> The HNDA excludes all sales below £22.5k, so the average price is slightly higher than that produced by NLC's approach in Table 3

Chart 2



Source: GCV HNDA2, 2015, TR05 Affordability Trends: House Prices, Rents and Incomes 2012-2013, Tables 10

5.3 Table 3 provides more detailed information on the local housing market over recent years. It confirms that average prices have fallen most steeply in Cumbernauld and Airdrie Coatbridge, while those in Motherwell have returned to precession levels. However, a very different picture emerges for prices at the lower end of the market: lower quartile prices have fallen substantially across North Lanarkshire, with the steepest drop in Airdrie & Coatbridge; there is no indication of price recovery by March 2013 in any of the areas. Notably, the gap between the Cumbernauld lower quartile price and the North Lanarkshire lower quartile price has been widening (from 1% in 2007/08 to 6% in 2012/13).

**Table 3: House prices, mean and lower quartile, and volumes, by HMSA, 2007-2013**

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	Change (%)
<b>Mean house prices (all relevant sales)</b>							
Cumbernauld	£139,479	£136,185	£129,114	£131,005	£127,368	£129,147	-7%
Airdrie & Coatbridge	£119,997	£123,074	£120,493	£118,666	£114,850	£111,250	-7%
Motherwell	£115,412	£115,350	£108,470	£107,630	£117,107	£114,526	-1%
North Lanarkshire	£123,853	£123,189	£117,624	£117,440	£119,053	£117,653	-5%
GCV Average	£147,795	£148,962	£142,640	£144,663	£143,146	£139,420	-6%
<b>Lower quartile house prices (all relevant sales)</b>							
Cumbernauld	£81,000	£79,000	£78,000	£76,500	£72,000	£72,000	-11%
Airdrie & Coatbridge	£80,000	£80,000	£75,000	£75,000	£70,000	£65,000	-19%
Motherwell	£77,500	£75,000	£72,000	£70,000	£70,000	£67,500	-13%
North Lanarkshire	£79,995	£78,000	£75,000	£73,000	£70,000	£68,000	-15%
GCV Average	£89,995	£86,000	£83,000	£80,000	£78,300	£75,000	-17%
<b>Number of sales (all relevant sales)</b>							
Cumbernauld	2,137	1,009	666	706	749	854	-60%
Airdrie & Coatbridge	2,402	1,345	986	949	915	914	-62%
Motherwell	2,859	1,653	1,145	1,095	1,224	1,268	-56%
North Lanarkshire	7,398	4,007	2,797	2,750	2,888	3,036	-59%
GCV	43,567	23,267	18,687	18,708	18,921	18,820	-57%

Source: GCV HNSA2, 2015, TR05 Affordability Trends: House Prices, Rents and Incomes 2012-2013, Tables 1,2 and 7

- 5.4 More recent data (using a slightly different methodology) is available, which confirms this trend to recovery is continuing. There were just over 2,500 house sales across North Lanarkshire in 2014/15; a decrease of 251 (9%) on the previous year. Average house prices over the period were £103,097, a decrease of 5% on the 2013/14 price; while the lower quartile price was £64,000 (an increase of 7%).
- 5.5 As table 4 below shows, there were variations across the authority, with average house prices ranging from £75,500 in Kilsyth to £146,001 in Moodiesburn.

**Table 4: House sales, 2014/15\***

	Sales 2014/15			Change from 2013/14		
	No. of sales	Average (mean)	Lower quartile	No. of sales	Average (mean)	Lower quartile
Airdrie	446	£98,392	£65,075	- 36	- £14,129	+ £3,075
Bellshill	200	£81,368	£51,225	- 22	- £11,363	- £8,775
Coatbridge	341	£100,494	£63,325	- 41	- £7,482	+ £6,200
Cumbernauld	449	£102,140	£47,950	- 61	+ £6,888	+ £3,950
Kilsyth	4	£75,500	£68,250	- 2	- £21,112	- £3,503
Moodiesburn	192	£146,001	£103,500	- 29	- £1,497	+ £8,500
Motherwell	334	£116,418	£68,000	- 82	+ £787	+ £6,738
Shotts	91	£72,664	£61,000	+ 19	- £10,964	+ £6,500
Viewpark	134	£108,103	£73,250	+ 28	+ £11,502	+ £14,625
Wishaw	346	£95,249	£57,125	- 25	- £9,725	- £4,375
NLC	2,537	£103,097	£64,000	- 251	- £4,913	+ £4,000

Source: Propvals dataset derived from Register of Sasines. Includes RTB sales. Sales of less than £10k were excluded.

## 6. Common Housing Register and pressure analysis

6.1 As at March 2015 there were 13,077 households registered as seeking a new home across North Lanarkshire. Of these 10,442 (80%) were new applicants and 2,635 (20%) were transfer applicants. The social rented sector's capacity to respond to this demand is dependent on the number of properties available to let each year (that is, from vacancies arising each year and from new builds coming on stream). The Council undertakes annual analysis of the demand pressure on the social rented sector in North Lanarkshire, based on the ratio of applicants for social housing at the end March compared with the number of lets over the over the financial year. The analysis is carried out for North Lanarkshire as a whole and for the ten Local Housing Market Areas, and is divided into 'waiting list' and 'all lists'. The difference between the two is that the 'all lists' category includes transfer applicants. Table 5 below presents data for the last two years, while chart 3 summarises the waiting pressure over the last seven years.

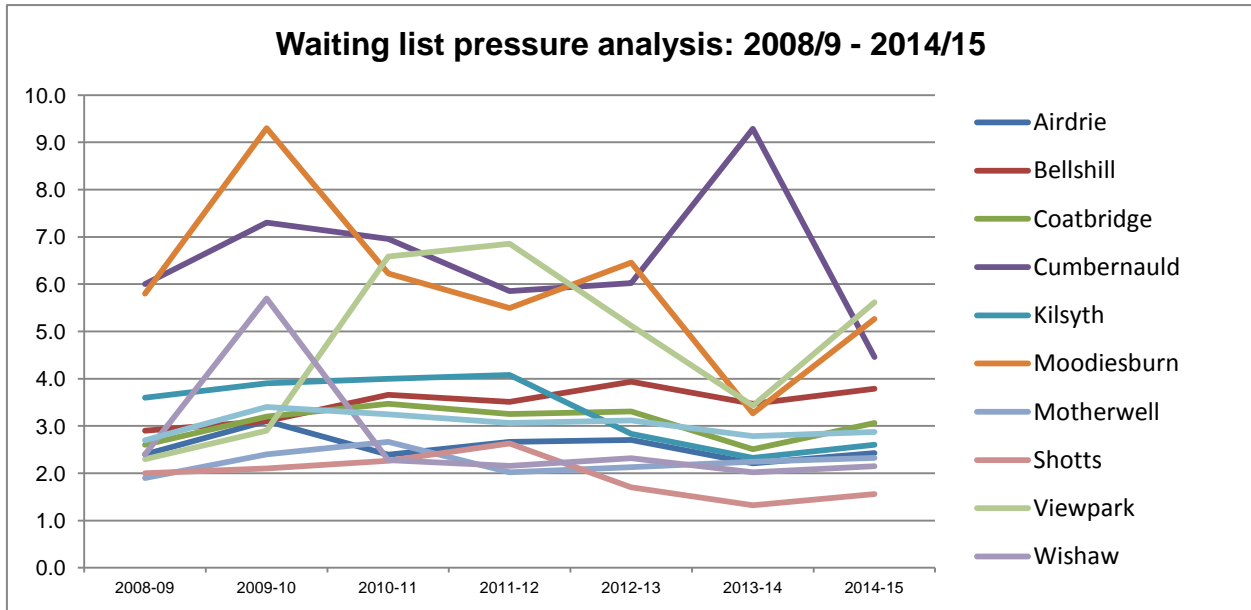
**Table 5: Social rented housing pressure analysis, 2013/14 - 2014/15**

Area	2013/14		2014/15		Priority ranking <sup>1</sup>
	Waiting list	All lists	Waiting list	All lists	
Airdrie	2.2	3.0	2.4	3.1	7
Bellshill	3.5	5.0	3.8	4.9	4
Coatbridge	2.5	3.6	3.1	3.9	5
Cumbernauld	9.3	9.9	4.5	4.7	3
Kilsyth	2.3	3.1	2.6	3.4	6
Moodiesburn	3.3	4.1	5.3	6.0	2
Motherwell	2.2	3.3	2.3	2.9	8
Shotts	1.3	1.8	1.6	2.2	10
Viewpark	3.4	4.5	5.6	7.0	1
Wishaw	2.0	3.1	2.1	3.0	9
<b>North Lanarkshire</b>	<b>2.8</b>	<b>3.8</b>	<b>2.9</b>	<b>3.6</b>	-

Source: NL Common Housing Register and lettings data

Note 1: The priority ranking is based on the waiting list pressure analysis for 2014/15

**Chart 3**



6.2 In 2014/15 the waiting list pressure ratio for North Lanarkshire as a whole was 2.9, in line with the ratio for 2013/14. The all lists pressure ratio for North Lanarkshire was 3.6, slightly lower than the 2013/14 ratio.

6.3 As the chart shows, over recent years northern areas have had pressure ratios consistently substantially above the North Lanarkshire, furthermore there are pockets of high pressure in southern areas but generally pressure is lower than the North Lanarkshire average.

- 6.4 There are some variations in the levels of pressure for properties of different size, as shown on table 6. The greatest pressure is for larger properties, with waiting list pressure ratios of 5.8 for 4 bedroom properties<sup>10</sup>. As above, this pressure varies between areas, with the greatest pressure for 4 bedroom properties in Bellshill (27.0), Kilsyth (15.0) and Viewpark (13.0).
- 6.5 There is below average pressure for 1 bedroom properties, at 2.1 waiting list applications per let. Table 6 shows that most areas have ratios around this level. However, pressure is particularly low in Wishaw (1.3) and Shotts (at 0.7). Notably, in both Moodiesburn and Cumbernauld pressure remains well above average (at 5.2 and 4.2).

**Table 6: Social rented waiting list housing pressure analysis by property size 20014/15**

Area	1 bed	2 bed	3 bed	4 bed	All
Airdrie	2.1	3.0	1.4	3.1	2.4
Bellshill	2.2	4.6	5.5	27.0	3.8
Coatbridge	2.4	3.7	2.4	8.5	3.1
Cumbernauld	4.2	5.2	2.9	5.7	4.5
Kilsyth	1.8	3.0	2.5	15.0	2.6
Moodiesburn	5.2	5.6	4.0	4.3	5.3
Motherwell	2.0	2.3	2.8	11.3	2.3
Shotts	0.7	2.0	1.8	2.0	1.6
Viewpark	4.1	7.0	3.1	13.0	5.6
Wishaw	1.3	3.1	1.5	2.7	2.1
<b>North Lanarkshire</b>	<b>2.1</b>	<b>3.4</b>	<b>2.3</b>	<b>5.8</b>	<b>2.9</b>

Source: NL Common Housing Register and lettings data

Notes:

1: There were no allocations of 4 bedroom properties in Viewpark. The pressure ratio therefore simply reflects the number of applications

2: The only area with allocations of 5 bedroom properties was Cumbernauld (3 allocations).

3: There were just 74 allocations studios. There were no allocations of studios in Airdrie, Bellshill, Moodiesburn, Shotts and Viewpark.

- 6.6 These figures illustrate that the overall pattern of unmet need is primarily associated with supply issues in the Cumbernauld HSMA. However even in other LHMA's there are localised demand pressures as well as shortfalls in specific house types and sizes i.e. 4 or 5 bedroom properties. There is also low demand in some areas more associated with specific neighbourhood or property type/size issues.

## 7. Evidence from the GCV Housing Needs and Demand Study

- 7.1 The GCV housing needs and demand study (HNDA2), covers North Lanarkshire, and provides the main strategic evidence on housing need and demand over the next five years and beyond<sup>11</sup>. HNDA2 projects need and demand for housing over

<sup>10</sup> The table does not show a breakdown of pressure ratios for 5 bedroom properties as there were only 5 bedroom lets in one area (Cumbernauld).

<sup>11</sup> GCV Joint Housing Need and Demand Assessment, 2015

the next fifteen years. It provides annual estimates of housing need and demand and the supply available to meet this at the GCV and local authority levels.

- 7.2 The HNDA housing need and demand methodology, which uses an excel-based Tool to generate the estimate of need and demand, has limitations in that it doesn't fully quantify the impacts of poor quality and lower demand housing and the subsequent need for replacement of existing housing stock. As a consequence the approach does not fully inform the housing-led regeneration elements of the LHS and the associated actions and housing investment that promote this.
- 7.3 Scottish Government refreshed the Housing Needs and Demands Guidance in June 2014. The 2014 guidance differs in a number of respects from the approach used for LHS 2011-16, and the respective housing needs estimates are therefore not directly comparable. The key differences are that:
- HNDA1 used a gross stock flows approach which considered the market sectors and social sectors separately, whereas the refreshed guidance uses a simplified net change approach
  - HNDA1 drew on a bespoke behavioural affordability model
  - a wide array of needs measures were considered to capture backlog needs, whereas the HNDA2 Tool focuses on small range of measures designed to estimate the net additional housing requirements
  - a GCV population model was used, whereas NRS estimates were adopted for HNDA2<sup>12</sup>
- 7.4 HNDA2 indicates that there are c.2,223 households currently in housing need. In addition, there will be a need for 3,246 social housing/below market units over the period to 2029, bringing the total requirement to 5,469 units (322 each year over the planning period).

**Table 7: Total housing need for social rented/below market rent, 2012-2029**

	Total need	
	Number	Percentage
Existing need	2,223	41%
Homeless need	548	10%
Concealed and overcrowded	1,675	31%
Need from new households	3,246	59%
Total	5,469	100%

Source: GCV HNDA2

- 7.5 HNDA2 does not produce housing need estimates at housing sub-market level. A needs-based approach to disaggregation of the HNDA housing estimate has been developed, using relative housing pressure ratios drawn from the pressure analysis to guide the share of the housing estimate allocated to each of the areas<sup>13</sup>. This approach indicates that Cumbernauld has the greatest need for additional housing (162 units each year), followed by Airdrie (84 units each year) and Motherwell (76 units).

<sup>12</sup> A detailed list of the differences is contained in Appendix 2 of HNDA2

<sup>13</sup> This is in line with the flexibility provided for in HNDA2 (at TR07 Table 6.3)



**Table 8: Disaggregation of the housing need estimate**

LHMA	Waiting list pressure (3 year average)	% share of ratios WL press	Applying share of ratios to housing estimate
Airdrie & Coatbridge	2.8	26%	84
Cumbernauld	5.3	50%	162
Motherwell	2.5	24%	76
<b>North Lanarkshire</b>	<b>3.0</b>	<b>100%</b>	<b>322</b>

Source: Technical Justification for the Affordable Housing Policy, Housing Service response to the North Lanarkshire Local Development Plan MIR, 2015

## 8. Affordability analysis

- 8.1 Arneil Johnston undertook an analysis of housing costs compared with income levels, to determine broad affordability estimates. Table 9 below shows the proportion of households unable to rent in North Lanarkshire. Around a fifth of households are unable to afford Council rents: this drops to 17% in Cumbernauld and Moodiesburn. RSL rents are slightly higher; as a consequence, affordability levels are lower at 29% of households. Again, affordability levels are better in Cumbernauld and Moodiesburn (at 24-5%). It is stressed that this analysis was undertaken without any assumptions being made for eligibility for benefits, although for younger single people, access to benefits, and in particular housing benefits, is increasingly limited.
- 8.2 Some 44% of households are unable to afford private rents in North Lanarkshire. The range of households unable to afford market rents is much wider than for other tenures, as both income levels and rent levels can vary between the LHMA's. Market rents for a 2 bedroom property range from £423 pcm in Cumbernauld to £536 pcm in Viewpark. The proportion of households unable to afford rent ranges from 39% in Cumbernauld (rent £423 pcm) and Moodiesburn (£488 pcm) to 56% in Wishaw (£439 pcm).
- 8.3 For completeness, the table shows that 42% of households are unable to afford the 2 bedroom LHA rent of £425 pcm; this ranges between 35% of households in Kilsyth to 45% in Bellshill and Motherwell.

**Table 9: Household that cannot afford to rent a 2 bedroom property in North Lanarkshire, %, by tenure, LHMA**

	<b>Council</b>	<b>RSLs</b>	<b>PRS</b>	<b>LHA</b>
Airdrie	21%	29%	45%	42%
Bellshill	23%	32%	50%	45%
Coatbridge	23%	31%	46%	44%
Cumbernauld	17%	25%	39%	36%
Kilysth	23%	32%	47%	35%
Moodiesburn	17%	24%	39%	44%
Motherwell	23%	32%	54%	45%
Shotts	23%	32%	46%	41%
Viewpark	21%	29%	43%	43%
Wishaw	22%	30%	56%	42%
<b>North Lanarkshire</b>	<b>21%</b>	<b>29%</b>	<b>44%</b>	<b>42%</b>
<b>Ave NLC rent</b>	<b>£236</b>	<b>£304</b>	<b>£448</b>	<b>£425</b>

Source: Arneil Johnston, Affordability Analysis, 2015

Note: NLC, RSL and LHA rents do not vary by LHMA. Market rents are provided for each LHMA.

- 8.4 The HNDA considered the affordability of owner occupied housing over time (2008 – 2012) (table 10). This analysis compared median house prices with median incomes, and lower quartile incomes with lower quartile house prices. This showed that the affordability of mid-priced housing in North Lanarkshire remained fairly stable, at just under 4 times income during the recession, and appears to becoming more affordable as we move out of recession. However, as the market recovers, and the effect of new build activity in the area feeds through, it is likely that prices will adjust upwards, moderating the improvement noted in 2012.
- 8.5 Housing at the lower end of the market is less affordable than mid-priced housing: with prices around 5 times income. Affordability at the lower end of market deteriorated with the onset of the recession. As with the mid-priced housing, there is some evidence of improvement in the 2012 figures.

**Table 10: Ratio of house prices to income, medians and lower quartiles, 2008 – 2012**

	2008	2009	2010	2011	2012
<b>Medians</b>					
North Lanarkshire	3.96	3.93	3.96	3.93	3.56
Scotland	5.06	5.07	5.12	5.12	4.86
<b>Lower quartiles</b>					
North Lanarkshire	4.78	5.21	5.16	5.61	4.67
Scotland	5.64	6.04	6.07	6.72	5.98

Source: HNDA2 TR05, Table 3A, Table 3B

- 8.6 The Arneil Johnston Affordability Analysis updates this analysis for North Lanarkshire in some detail. In particular, it does not make the somewhat artificial assumption that mid-price properties will be purchased by people on median incomes, but instead considers the level of income required to afford properties at different price levels. Table 11 below shows that a household income of just under £20.9k would be required to purchase a property at the lower end of the market. This ranges between £16.2k in Shotts and £30.7k in Moodiesburn. An income of around £28k is required to purchase a mid-price property, ranging between £21k in Shotts and £42.3k in Moodiesburn.

**Table 11: House price affordability, lower quartile, median properties, by LHMA**

Area <sup>1</sup>	Lower quartile house price		Median house price	
	House price value	Income required to purchase <sup>2</sup>	House price value	Income required to purchase <sup>2</sup>
Airdrie	£ 60,000	£ 21,600	£ 87,750	£ 29,689
Bellshill	£ 59,850	£ 21,546	£ 75,000	£ 25,375
Coatbridge	£ 60,000	£ 21,600	£ 78,150	£ 26,441
Cumbernauld	£ 50,000	£ 18,000	£ 72,000	£ 24,360
Moodiesburn	£ 85,222	£ 30,680	£ 125,000	£ 42,292
Motherwell	£ 68,000	£ 24,480	£ 100,000	£ 33,833
Shotts	£ 45,000	£ 16,200	£ 62,000	£ 20,977
Viewpark	£ 76,000	£ 27,360	£ 100,000	£ 33,833
Wishaw	£ 55,150	£ 19,854	£ 79,500	£ 26,898
<b>North Lanarkshire</b>	<b>£ 58,000</b>	<b>£ 20,880</b>	<b>£ 83,000</b>	<b>£ 28,082</b>

Source: Arneil Johnston Affordability Analysis, 2015

Notes

1: There were only 4 sales in Kilsyth, so the area information is not listed.

2: Based on an average of a 5% deposit and 2.5 x mortgage multiplier; and of a 10% deposit and 3 x mortgage multiplier.

## 9. Conclusions

9.1 This paper sets out the evidence for additional housing across North Lanarkshire in response to population growth and, in particular, in continued household growth.

9.2 This growth is primarily small households and mainly older households. It would be over-simplistic to conclude that the housing response must be focused on developing smaller housing; nonetheless, understanding the aspirations and expectations of smaller and increasingly older households will be a key strand to meeting needs and demands.

9.3 The tenure structure of the housing stock shifted during the recession:

- The decline of the social rented sector plateaued; a result of changes in Right to Buy eligibility, exhaustion of the most attractive stock, impact of the recession.
- There was an absolute and relative decline in home ownership. There were fewer new homes being built because of the recession and fewer homes entering the sector through the Right to Buy. There were also increased numbers of homes transferring to the private rented sector, where owners were unable or unwilling to sell within the current market conditions.
- Linked to this, there was an increase in the private rented sector, which was increasingly accommodating a diverse range of households, including those choosing the flexibility of the sector, those unable to access social housing and those unable to afford owner occupied housing (at that time).

9.4 House prices in North Lanarkshire are low relative to the Scottish and the regional levels. Prices vary across North Lanarkshire, with the highest prices in the north,

particularly in Moodiesburn which benefits from good transport connections and proximity to Glasgow. Affordability analysis (house prices compared with incomes) indicates that housing is relatively affordable for households on average incomes in North Lanarkshire, and that affordability has remained broadly stable since the start of the recession. However, the situation is very different for people on lower incomes: a comparison of entry level house prices and lower quartile incomes reveals these house prices are much less affordable, and that they became even less affordable during the recession. The income needed to afford an entry-level property ranges from £16.2k in Shotts to £30.7k in Moodiesburn.

- 9.5 There are some 10,422 waiting list applicants on the Common Housing Register (about 80% of the total list). There are around 2.9 waiting applicants for every let. The pressure varies between area, ranging from 1.6 applicants per let in Shotts to well over 4 in Moodiesburn (5.3), Viewpark (5.6) and Cumbernauld (4.5).
- 9.6 The recently completed housing need and demand study (HNDA2) estimated that there is need for a further 322 social houses to address the unmet housing need across North Lanarkshire. Further analysis using pressure ratios suggests that half of this need will be in the Cumbernauld area, and the rest would be fairly equally divided between the other two areas.
- 9.7 Analysis of the affordability of renting shows that current rents are unaffordable for a significant minority of the population: council rents are unaffordable for 21% of households, RSL rents are unaffordable for 29% of households and private rented sector rents are unaffordable for 44% of households. It is stressed that this analysis was undertaken without any assumptions being made for eligibility for benefits, although for younger single people, access to benefits, and in particular housing benefits, is increasingly limited.
- 9.8 As well as ensuring the Council and its partners make best use of existing stock, there is clearly a need to develop new housing to accommodate the net increase in households here, and to address the changing age and household structure of the population. LHS 2011-16 set a target of new build target of 1,000 affordable new homes. Despite the recession and budget constraints, this target has been achieved. The target proposed for the forthcoming period, at 1,059 new homes each year (minimum of 300 social and 759 private) is designed to be challenging and reflect the government's target for affordable housing, while recognising that the development industry remains in its recovery phase<sup>14</sup>.

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<sup>14</sup> These issues are covered in more detail in the Housing Supply Targets evidence paper  
Housing Needs in NL: Summary of Evidence 2016-21

## APPENDIX

**Sales: Average and lower quartile prices, number of sales, HSMA and North Lanarkshire, 2007/8 – 2012/13**

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	Change	% Change
<b>Mean house prices</b>								
Cumbernauld	£139,479	£136,185	£129,114	£131,005	£127,368	£129,147	-10,332	-7%
Airdrie and Coatbridge	£119,997	£123,074	£120,493	£118,666	£114,850	£111,250	-8,747	-7%
Motherwell	£115,412	£115,350	£108,470	£107,630	£117,107	£114,526	-886	-1%
North Lanarkshire	£123,853	£123,189	£117,624	£117,440	£119,053	£117,653	-6,200	-5%
<b>Lower quartile house prices</b>								
Cumbernauld	£81,000	£79,000	£78,000	£76,500	£72,000	£72,000	-9,000	-11%
Airdrie and Coatbridge	£80,000	£80,000	£75,000	£75,000	£70,000	£65,000	-15,000	-19%
Motherwell	£77,500	£75,000	£72,000	£70,000	£70,000	£67,500	-10,000	-13%
North Lanarkshire	£79,995	£78,000	£75,000	£73,000	£70,000	£68,000	-11,995	-15%
<b>Number of sales</b>								
Cumbernauld	2,137	1,009	666	706	749	854	-1,283	-60%
Airdrie and Coatbridge	2,402	1,345	986	949	915	914	-1,488	-62%
Motherwell	2,859	1,653	1,145	1,095	1,224	1,268	-1,591	-56%
North Lanarkshire	7,398	4,007	2,797	2,750	2,888	3,036	-4,362	-59%

Source - HNDA2 - TR05 tables 1,2,7