



## SOCIAL WORK AND HOUSING COMMITTEE – 1 SEPTEMBER 2016

### KEY WORKERS AND HOUSING

#### 1 Recommendations

**Social Work and Housing Committee is recommended to:**

- 1.1 Note that the need for housing for Aberdeenshire Council key workers has eased following changes in the housing market**
- 1.2 Agree that Officers continue to identify key worker housing opportunities where there is evidence of demand**
- 1.3 Agree that the Strategic Housing Investment Plan for 2017-2022 be considered by the Social Work and Housing Committee on 10 November 2016**

#### 2 Background

- 2.1 House prices in the North East of Scotland have traditionally been amongst the highest in Scotland and since 2003 there has been significantly rising pressure on the housing market in Aberdeenshire. However, the recent downturn in the oil and gas sector has resulted in a reduction in house prices and in the volume of house sales in Aberdeen City and Aberdeenshire.

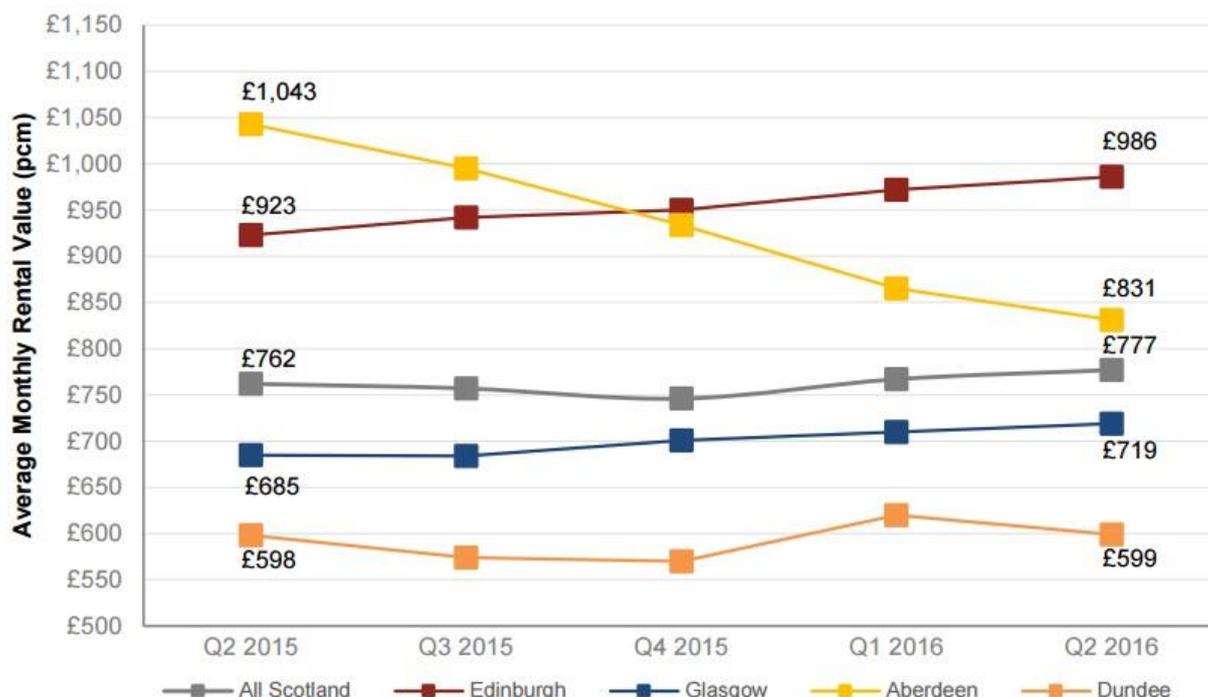
#### **Change of annual house and retail price indices**

<b>Area</b>	<b>2014 Q4 – 2015 Q4</b>
Aberdeen City and suburbs	-2.8%
Ellon	1.8%
Inverurie	-3.1%
Stonehaven	-1.8%
Other country areas	-0.3%
Scotland (Halifax)	-1.9%
UK (Halifax)	9.5%
UK Retail Price Index (ONS)	1.0%

- 2.2 The Aberdeen Housing Market Area still faces pressure on its private rented sector market and Aberdeen has the second highest average rents in Scotland. However, there was a fall of 20.6% in average rents during 2015. Citylets Report (July 2016) also indicates that that time taken to relet within the private sector has increased to an average of 47 days. This is further supported by the number of properties currently available for rent which has steadily increased; as at 29 July 2016 there were 1,286 properties available for let across Aberdeen and Aberdeenshire through Citylets. This current market trend will need to be continuously monitored in the context of potential impacts on mid-market rental models.
- 2.3 Create Homes Aberdeenshire will continue to develop mid-market rent units where these are considered viable, taking account of current and anticipated

market conditions as well as evidenced demand. It is experiencing the effects of a reduction in the open market rents locally, which has resulted in a reduced level of interest in mid-market rent properties. To mitigate this, mid-market rental levels are being revisited and possibly reduced where appropriate and viable. In addition, the Create Homes Board will consider the eligibility criteria, which currently requires applicants to have a gross household income between a lower and upper threshold, is amended in the case of housing incoming Syrian New Scots. The benefit of this step would be the minimisation of void periods and assisting in the sourcing of necessary accommodation for the Syrian New Scots.

### Scottish Monthly Rent Analysis (Q2 2015-Q2 2016)



## 3 Key Workers and Housing

- 3.1 Research on the need for key worker housing in Aberdeenshire Council, NHS Grampian and the private sector in the North East was carried out during 2015. At the time, it identified a clustering of 'hard-to-fill' posts in the £17- £35k salary range with market rents considered unaffordable. However, the fall in rent levels and the downturn in the oil and gas industry has significantly reduced/eased the need for key worker housing in the North East. While rent levels are still relatively high in the Aberdeen Housing Market Area compared to the rest of Scotland, there is little evidence to suggest that the affordability of housing is a barrier to recruitment for Council services, Police Scotland or the Scottish Fire and Rescue Service.
- 3.2 It is acknowledged that NHS Grampian has identified specific recruitment challenges and is developing a range of key worker accommodation to meet the needs of new staff. It needs a mixed economy of key worker housing options to be available to likely candidates and that there is no "one size fits all" regarding to housing.
- 3.3 The Council continues to work in partnership with Police Scotland, NHS Grampian and other organisations to identify opportunities to use existing

public sector assets for key worker housing. Two specific projects – Blackhall Road, Inverurie (site owned by Police Scotland) and Cameron Street, Stonehaven (site owned by Aberdeenshire Council) – have returned positive initial viability tests to be developed as mid-market rental schemes by Create Homes Aberdeenshire LLP. Both projects are advancing to the detailed design stage including further business modelling, subject to the Board approval of Create Home Aberdeenshire. Both projects are proposed to deliver 1 and 2 bedroom flatted accommodation at a rental below the open market rent. Further updates will be provided to Committee as the projects progress.

- 3.4 Where public sector bodies have struggled to recruit staff due to the high cost of living in the area and the lack of affordable housing, the Council's housing service has worked with private landlords to create a pool of available private rented sector accommodation. This has formed part of a wider recruitment package and could be used again in the future should the need arise. In addition, where there are specific local recruitment challenges, there is scope to explore local lettings initiatives where these are appropriate and viable.
- 3.5 The relatively limited need for key worker housing should be placed within the context of a much enlarged affordable housing settlement with the Scottish Government of up to £79.2m over the next five years, to fund affordable housing in Aberdeenshire by social landlords (i.e. Aberdeenshire Council and the RSLs). This commitment has been made in support of the City Region Deal which is in place until 2020/21 with a £20m housing infrastructure fund ring-fenced for the north-east area. This will be detailed in the Strategic Housing Investment Plan 2017-2022 that will be brought before Social Work and Housing Committee for consideration in November 2016.
- 3.6 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and any comments have been incorporated

#### **4 Equalities, Staffing and Financial Implications**

- 4.1 There are no equalities implications arising from this report. An equalities impact assessment will be carried out on the Strategic Housing Investment Plan that is developed for Committee in November 2016.
- 4.2 The approaches in place in 3.3-3.5 above should continue to support the affordable housing needs of new Council employees.

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