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Glasgow City Social Housing Demand Projections Update

Final Report

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Contact details			
Main point of contact	Telephone number	Email address	Postal address
Valerie Strachan	0131 718 4060	Valerie.strachan@tribalgroup.co.uk	22 Stafford Street Edinburgh EH3 7BD

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Executive Summary

Objectives and Brief

1. The aim of the Glasgow Social Housing Demand Review 2007 was to achieve an accurate assessment of the likely level and pattern of demand for social rented housing in the city on a year by year basis to 2012, 2015 and 2019, in order to assist in developing appropriate strategies for meeting changing needs including programmes for demolition and new build provision.

2. The Brief for the update of the Demand Projections required improvements to the model developed for the 2004 Review, taking account of latest GCC DRS household projections by tenure and, if possible, incorporating into the model issues that needed to be considered, i.e. homelessness, new migrants, asylum seekers and refugees, quality improvements in the social rented sector, growth of the private rented sector, and economic and social trends.

A New Model

3. A new model was developed for this Review. The model seeks to identify all of the gross inflows and outflows to the sector and uses predicted changes in these individual flows to project demand in future years.

4. The new model takes account of updated information on trends in demand and lettings, and various new factors that have become apparent since the last review. Key among these are:

   New Households – there is a projected increase in the number of households over the period to 2019, and the population profile is changing

   Migration – recent increase in migration to the city and asylum seekers receiving leave to remain

   Homelessness – the impact of legislation (Homelessness, etc (Scotland) Act 2003) which abolishes priority need by 2012 together with additional provision required to deal with newly homeless households and repeat applications over the period

Data Sources

5. The main sources used in the study are:

   - Communities Scotland Annual Performance and Statistical Return (APSR)
   - SCORE – Communities Scotland arranged access to the SCORE dataset which covered 93% of RSL properties in Glasgow (GHA excepted).
   - GHA provided data for its lets, covering the same topics as SCORE and also provided data on levels of tenancy terminations.
   - GCC – the Council provided information including:
     - City-wide projections of household numbers by tenure to 2019 as well as sub-area household projections of the city
     - Data on the private rented sector
     - Homelessness – the numbers and characteristics of persons assessed by the Council as statutory homeless

- RSL data on waiting lists and terminations. This was collected by a postal survey of all RSLs in the city (excluding GHA). In total 26 RSLs responded to the survey, accounting for 42% of the RSL stock in the city
- The study team gathered qualitative information on demand by conducting focus groups with tenants of social rented housing
- The study also drew on the two local housing market studies of Glasgow North and Glasgow Easterhouse undertaken by Tribal.

Modelling results

6. The key assumptions used in the modelling included:

- That the propensity of different "types" of households to move into the social sector would be stable – the previous review assumed declining propensities on the basis of past trends.
- That tenancy termination rates would decline mainly as a result of demographic changes.

7. A number of different demand scenarios were modelled and projections from the new model were compared with projections from the previous model (including running the old model with updated household projections and extended to 2019). The impact of changes in key sensitivities was examined.

8. Under a "business as usual scenario" – referred to as the Base Load – Glasgow faces a continuing excess supply of social housing and a decline in overall demand to just under 100,000 by 2019. The legislation which has abolished Priority Need may lead to an increase in the number of homeless households housed, but this will not alter fundamentally the imbalance between demand and supply of social housing. Only a very dramatic – and unexpected – increase in lettings could alter this picture.

9. The base load model produces higher demand figures than the old model – notably in the later years. This reflects the shift in assumptions between the two models; the new model assumes a constant propensity of households to enter social housing whereas the old model assumed a falling propensity to enter social housing. The assumption that there will be more stability in demand than in the 1990s is supported by other analysis. As more data become available it will be possible to reduce the uncertainty over this point.

10. The model was used to test the most plausible alternative assumptions concerning key variables. But there are real difficulties in assessing the plausibility of some of the alternative outcomes. It is our view that the outcome is likely to lie in the relatively narrow range between the Base Load and a "higher estimate" version of the model (which estimates a requirement for 102,314 tenancies at 2019). This higher estimate differs from the Base Load in that it assumes:

- Provision for additional housing for homeless people (500 extra lettings per annum over the five years from 2008)
- A lower death rate (2.0%) from 2014

11. Demand may also change in response to policy actions. The analysis considers the potential impact of key measures: the expansion of low cost home ownership, increased inflow from private renting, and improved quality of social rented housing.

- Low cost home ownership: were 10% of new households that currently move into the social rented sector to opt instead for low cost home ownership (probably the maximum

that could be achieved), the cumulative effect would be to reduce sustainable demand for social renting by c. 6,000 by 2020

- Private renting: Forecasting changing demand from the private rented sector is difficult. However, we might expect an increase in demand from the sector as a result of changes to housing benefit. Further, because private renting has been a source of social rented sector tenants, continued growth in private renting might result in increased demand for social renting. We would expect the maximum impact of private renting changes to be an increased demand of c. 4,000 social tenancies by 2020.

- Investment in stock quality: the previous research strongly suggests that house **type** and, to a degree, neighbourhood quality are the most influential qualitative factors bearing on demand. The modelling indicates that the Glasgow Social Housing Stock does not meet the aspirations of many tenants in that the supply of houses is far less than desired demand. A shift in the structure of the social stock towards houses rather than flats through new build and demolition could therefore have an impact on demand for two reasons: first, by increasing the attractiveness of the social stock to potential new tenants; and second, by affecting turnover rates and the outflow from the sector. However, it is not clear how large the overall impact might be.

12. Comparison of the most plausible forecasts with the Council's stock projection suggests that existing stock investment plans will ensure a margin of excess supply which could accommodate any reasonable "upswing" in demand associated with changes in the parameters incorporated in the model. However, it is, at this stage, impossible to say with absolute certainty what the position will be in 2019. The prudent course of action is to monitor closely the level of lettings – especially to homeless households – and stock change.

13. Projections have also been produced at Community Health and Care Partnership (CHCP) level although these projections have to be interpreted with caution because, among other things, they reflect housing stock change rather than demand. These projections indicate increasing demand in West and South East with other areas declining.

1 Introduction

1.1 Introduction and study objectives

1.1.1 This report sets out the findings of the Glasgow Social Housing Demand Update Study 2007. The overall aim of the study is to provide an accurate assessment of the level and pattern of demand for social rented sector housing in Glasgow to 2019. This work has built on a series of studies that have been undertaken previously; by Tribal in 2004/5 and 2006 and before that by Glasgow University.

1.1.2 The previous city-wide study undertaken by Tribal in 2004/5 produced a demand projections model which was based on the projected change in the number and type of households in Glasgow. Information on past trends in the housing tenure of households was used to predict the future distribution of households between tenures and thus to forecast the future requirement for social housing in the city.

1.1.3 The study brief invited proposals for development of a revised form of the model which would make use of evidence which had become available since completion of the previous model and which would address a number of policy issues and questions.

1.1.4 Tribal's tender for the present study proposed that the "new" model would replace the analysis of changes in the "stock" of households (as in the previous model) with an analysis of the gross flows of households into and out of different tenures. The proposed approach was to relate lets/demand projections to two separate elements – lets to or demand from new/recently formed households and lets to/demand from existing households transferring from other tenures.

1.1.5 The basic rationale for the approach which was proposed, and which has been implemented, was that the model should be based on an assessment of the *choices* made by households seeking housing or moving between tenures.

1.1.6 The previous model also made fairly broad assumptions concerning "outflows" from the social rented sector (i.e. terminations of tenancy). The present study has involved a more detailed analysis of the determinants of this element.

1.2 Study Brief

1.2.1 The study was to produce accurate forecasts of the likely size, nature and shape of the social rented sector in Glasgow in 2012, 2015 and 2019 broken down by household type, dwelling profile implied and a geographical breakdown into sub-areas such as the four city quadrants.

1.2.2 As well as producing quantitative forecasts the work was to analyse factors affecting demand for social housing including competition from other tenures, affordability and housing quality. The brief also sought:

- Developments in information gathering and in analysis of demand factors
- Incorporation in the model of various socio-economic, market and policy factors

1.2.3 The required outputs can be sub-divided into quantitative projections and further analysis/assessment of trends and issues. Specific issues identified for consideration in the brief were:

- The impact on demand of needs for homeless applicants

- The requirements arising from Community Care needs
- The impact of in-migration including asylum seekers and refugees
- The impact of quality improvements in the stock on demand – including cross boundary moves
- The effects of growth in the private rented sector on demand for social renting

1.2.4 The model was to be provided in Excel with an accompanying manual and an assessment of remaining weaknesses and possible further modifications.

1.3 Structure of the report

1.3.1 The report is set out as follows:

- Chapter 2 presents the structure of the model and explains the nature and sources of all the key assumptions made in the model.
- Chapter 3 sets out the core findings of the modelling work and compares the main results with those of alternative models – specifically the previous model and the work done by the city Council's DRS staff.
- Chapter 4 considers the implications of the model for key policy issues and trends.
- Annex A provides the output of focus groups which were conducted in order to obtain insight into demand influences.

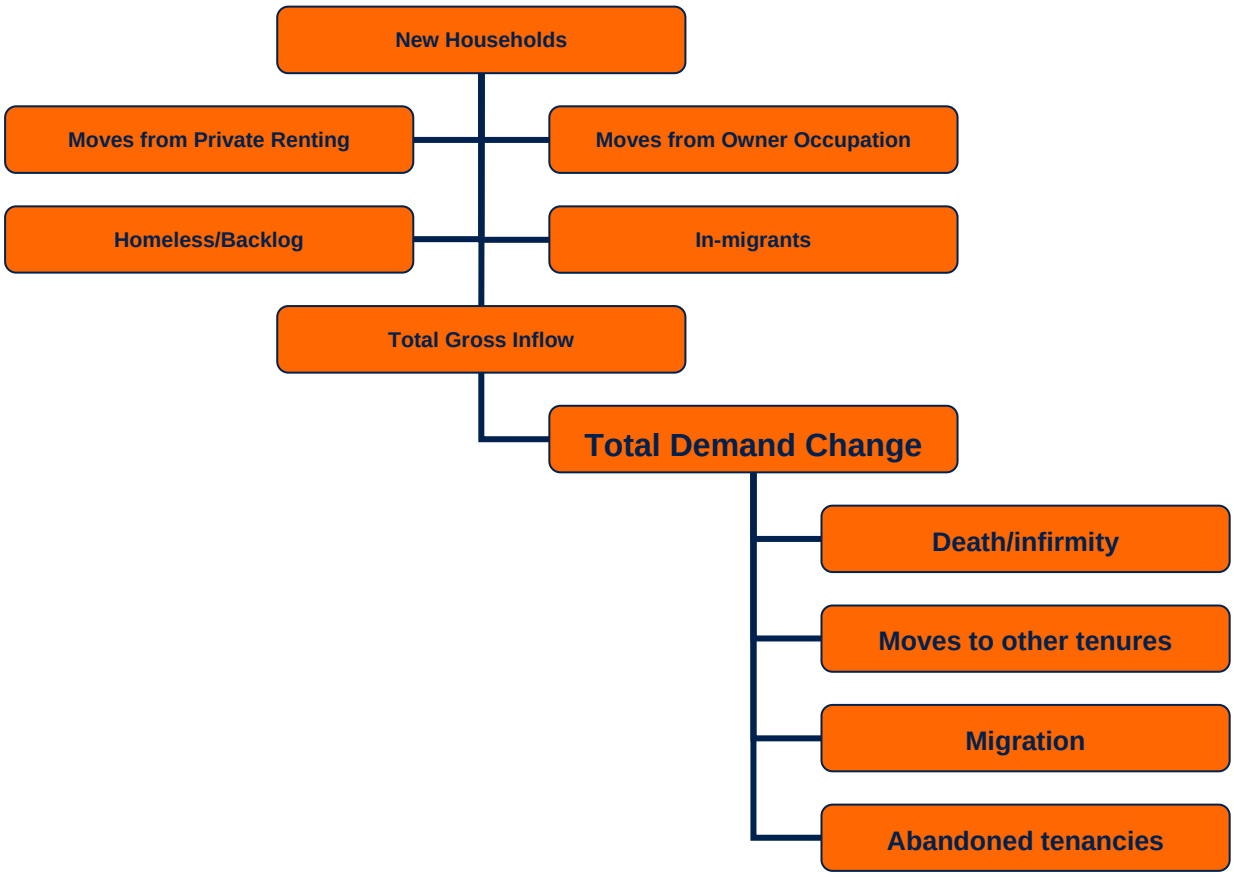
1.3.2 The model is provided in Excel in electronic form and a manual is provided as a separate volume.

2 The Model – Structure and Sources

2.1 Structure

2.1.1 The structure of the model is set out in Figure 2.1.

Figure 2.1 – Model Structure



2.2 The Model – general principles

2.2.1 The model aims to analyse and predict all of the inflows and outflows to and from social housing in Glasgow. The predicted level of the inflow and outflow components is determined by predicted changes in the number of people and households living in Glasgow combined with an analysis of key trends and variables. For example, the number of new households entering the sector is predicted on the basis of forecasts of growth in the number of households and analysis of the current proportion of new households who become social renters.

2.2.2 In this and other respects the model is based first on existing trends in key variables – but consideration is then given to whether there is good reason to believe that these trends will persist. Where appropriate, the effects of adopting alternative assumptions relating to key variables are analysed. There are a number of key variables where quite divergent views exist concerning future trends – for example some of those consulted in the course of the study argued that a much higher proportion of new and existing households could be attracted into social housing. However, there was also agreement that such a "demand shift" would be unlikely to happen without some change or development which

made the social housing sector in Glasgow more attractive to potential tenants than at present.

2.2.3 The aim of the model is to forecast the future demand for the social housing stock that exists and is planned to exist. The model by its nature does not and cannot predict the demand for a housing stock very different in terms of mix of types or quality. Equally, the model predicts demand based on established trends and assumes changes in those trends only where there is good reason to believe that the trends will alter.

2.2.4 However, the model can be and is used in a "what if" manner – that is, it shows what would happen if some change in behaviour did occur (e.g. if the sector become more attractive to new households either because of changes in the "offer" or changes in the external economic environment). In the model we use the term **base load** for a set of results which reflect the assumption that established trends will continue except where there is strong reason to predict otherwise. The base load is not exactly a **minimum** demand because it is possible to envisage changes in trends which would produce even lower demand levels but it can be regarded as "business as usual".

2.2.5 The model seeks to be "exhaustive" – that is it aims to account for all sources of inflows and outflows. This means that in calibrating the model all lettings and terminations in the relevant year (2006-07) have been taken into account. Every household which entered or left the social housing sector in that year has been allocated to one or other of the categories in the model structure. In general this is straightforward but, as will be discussed further below, the data available for the elements of the model from different sources are not always consistent. This means that we have to be clear about definitions and sources.

2.2.6 In the model the total requirement for social housing in any period is determined by the "opening" demand – that is the number of people in social housing at the beginning of the period – plus the balance of desired inflows and outflows (which may be negative). Each of the separate components of inflow and outflow has been analysed with the aim of identifying the determinants of that element and considering how each element will change over time. It is important to note that provided each element is correctly analysed then the assessment takes account of all sources of demand.

2.3 Data sources

2.3.1 The data sources and their use are considered under headings relating to each of the elements of the model. However, we note here the main sources used:

- **Communities Scotland Annual Performance and Statistical Return** – the APSR has recently been revised so as to produce a larger set of data at the local authority level. Data for 06/07 data have been collected and used.
- **SCORE** –Communities Scotland provided access to the SCORE dataset which covered 93% of RSL properties in Glasgow (GHA excepted). This dataset provided information on lets, on the characteristics in-moving households, on the types of dwellings occupied by in-movers and on the reasons for termination of tenancies.
- **GHA** provided data for its lets covering the same topics as SCORE and also provided data on levels of termination of tenancies.
- **GCC**– the Council has provided information on.

- DRS city-wide projections of household numbers by tenure to 2020 as well as sub-area household projections of the city – these have been used in the main modelling work[1].
- The private rented sector: Landlord registration, Housing Benefit.
- Economy – Strathclyde Labour Market Information (SLIMS).
- Homelessness – the numbers and characteristics of persons assessed by the Council as statutory homeless, classified as priority homeless and numbers housed in 2006-07[2].

- RSL data on waiting lists and terminations. This was collected by a postal survey of all RSLs in the city (excluding GHA). In total 26 RSLs responded to the survey, accounting for 42% of the RSL stock in the city[3].
- Account has also been taken of the latest GROS (2006 based) population projections for Glasgow. Household projections based on these are due for publication in May 2008. The GROS 2006 based population forecasts are very similar to the DRS projections (2004 based) of November 2007. The GROS have also produced a "High Migration Variant" projection which is discussed below.
- The study team gathered qualitative information on demand by conducting focus groups, the output of which is reported in an appendix.
- The study has also drawn on the two local housing market studies of Glasgow North and Glasgow Easterhouse undertaken by Tribal in 2006.[4]

2.4 New Households

2.4.1 The figure "new households" is the annual gross increase in the number of households in the city. The number of new households is estimated as a percentage of all households in the relevant year. This procedure follows the findings of the existing statistical research which has been reviewed recently in a report for Communities Scotland.[5]

2.4.2 In the light of the existing research we estimate that the number of new households formed in a year will be 2.4% of the existing number of households. The procedure adopted has thus been to calculate gross household formation in any year as 2.4% of the number of households as projected in the most recent forecasts produced by the Glasgow Council DRS. This yields, for 2007, 6,800 new households from the existing population.

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[1] Glasgow Social Housing Demand Steering Group Population and Household Projections by Tenure. Projection Results 2001-2019, 5 November 2007 *and* People and Households in Glasgow – Current Estimates and Projected Changes 2004 – 2014 – Community Planning Partnership Areas 1 November 2006.

[2] *2006/07 Annual Report of HL1 Data*, Glasgow Homelessness Partnership, June 2007

[3] GHA data were provided directly. If we include the GHA information, our data cover 78% of Glasgow's social rented stock

[4] Tribal Consulting Glasgow North and Easterhouse Local Market Studies - Social Housing Demand Technical Working Group 2006

[5] G. Bramley et al Local Housing Need and Affordability Model for Scotland (2005 update) Nov. 2006

2.4.3 The next step is to calculate the proportion of these new households who will seek or need social housing. Two approaches have been adopted to this calculation and the results have been compared.

2.4.4 The first approach is based on the analysis of households moving into social housing in 2006/07 using SCORE and GHA data. "New" households are identified as those where the person or persons were previously living as part of another household – that includes people previously living with other family members (e.g. parents), people living with friends and people previously living with another partner. There were 4,457 lets to such persons. This represents about 65% of the estimated number of new households formed in Glasgow in that year.

2.4.5 The second approach involved examining the data on affordability set out in the study by Bramley cited above. Bramley estimates that just 26% of new households in Glasgow can afford to buy a home – though this rises to about 40% if low cost home ownership housing is available. On that basis he estimates that there are around 5,000 new households formed each year who cannot afford to buy on the open market. However, his study also estimates that 22% of these households can afford to rent suitable housing in the private sector.

2.4.6 Taking all of these considerations together, we have adopted the "core" assumption that 60% of new households will require social housing – though the sensitivity of the results to this assumption are tested.

2.5 Moves from private renting

2.5.1 The private rented sector is an important "source" of demand for social renting in that a significant proportion of tenants in the sector are unsatisfactorily housed. Our approach has been to estimate the potential flow from the sector as a percentage of the size of the sector.

2.5.2 Analysis of SCORE and GHA data indicate that in 2006/07 around 800 households moved from private renting into the social rented sector in Glasgow. We estimate that this represented 3.3% of private rented tenants.

2.5.3 In the model the inflow from the sector is projected to equal 3.3% of private tenants each year. We have assumed in the base load analysis that the private rented sector remains a constant proportion of households in the city – though, again, this assumption can readily be altered and we consider below the effects of so doing.

2.6 Moves from owner occupation

2.6.1 The owner occupied sector is a relatively minor "source" of demand for social renting. As with private renting, our approach has been to estimate the potential flow from the sector as a percentage of the size of the sector.

2.6.2 Analysis of SCORE and GHA data indicate that in 2006/07 around 290 households moved from private ownership into the social rented sector in Glasgow. We estimate that this represented 0.2% of private owners.

2.6.3 In the model the inflow from the sector is projected to equal 0.2% of the stock of households in owner occupation each year. The size of the owner occupied sector is generated in the model as the total number of households minus social renters (which is generated in the model as the "opening stock" for each year plus the net flow of demand) minus private renters.

2.7 In – migrants

2.7.1 Demand from in-migration (i.e. from outside Glasgow) is one of the most difficult elements to deal with and is – as we have seen in recent years – subject to considerable change.

2.7.2 We have analysed the available data on the geographical origins of new social rented sector tenants – the 2001 Census and GHA data. There is evidence that in-migration to the sector has risen sharply since the 2001 Census (when it was under 800 households pa). Our data analysis suggests that the current inflow to social renting is 1100 households per annum and we have projected this forward.

2.7.3 We consider that the future of migration is so uncertain that it cannot be modelled and argue that the most practical approach is to treat it as an "exogenous" number – i.e. inserting into the model numbers based on judgment and alternative assumptions. The GROS has recently produced new population projections for Glasgow which are very close to the DRS projections used in the present modelling. However, GROS has also produced a "high migration" variant which implies, for example, that the number of households in Glasgow in 2019 might be 8,000 higher than assumed in the present model – the difference being due to migration. We have not modelled the effects of this high migration variant as it is unclear as yet what the implications would be for inflows to social renting and as the variant is not in any case a "core" assumption. However, the model can easily be run to accommodate revised assumptions.

2.8 Homeless demand

2.8.1 As noted above, the model set out here is "exhaustive" – it aims to account for all inflows and outflows. The model also involves a critical distinction between demand from new households (which includes migrants) and existing households. Using the SCORE and GHA data we have allocated all in or out movers to one of the categories of the model. However, this involves using definitions which do not always correspond with those used in other data sources – the most critical area in which there is potential for confusion concerns homelessness.

2.8.2 Analysis of the SCORE data on new lets indicates that there is an annual inflow to the sector of around 1,500 people who have previously been living rough or in temporary accommodation. We have included this as a specific element of demand in the model although we accept that the statutory definition of homelessness is much broader than this (as is reflected in the GCC figures set out below). Thus many homeless households moving into social housing will **not** be included in SCORE definition.

2.8.3 The data on levels of statutory homelessness (that is, the number of applications that have been assessed as homeless by the local authority) provided by Glasgow City Council, show that in 2006-07 around 7,300 people – mainly single persons over 25 – applied to the Council and were classified as homeless and in priority need, while a further 1,300 were classified as homeless but not in priority need.

2.8.4 Of these cases, some 2,500 were recorded as accepting a tenancy from GHA or another RSL. Thus, just 29% of the households were housed by the social rented sector. Similarly, analysis undertaken by Glasgow City Council indicates that of all applicants presenting as homeless for the first time in 2004 some 29% were (ultimately) allocated a social tenancy.

2.8.5 Table 2.1 shows the number of lets made, broken down by household type and age group. It also shows the proportion of households housed, where contact was maintained until the Council discharged its duty. This is also an interesting proportion – just over two-

fifths of these cases were housed (it is highest for potentially homeless households, and lowest for intentionally homeless households)[6].

Table 2.1: Glasgow Households Classified as Homeless 2006-07		
Household type	**Housed by RSL/GHA**	**% housed[1]**
Household type		
Single person	1,244	34%
Lone parent	860	71%
2 Adult	148	58%
2 Adults with children	204	64%
3+ Adult	9	36%
3+ Adults with children	25	61%
Age group		
16-17	88	29%
18-25	628	45%
26-59	1,681	46%
60+	93	59%
Total	**2,490**	**43%**

Note 1 Percentage housed is based on the number of cases where contact is maintained to duty discharge. It is **not** based on the number of applicants or the number of cases assessed as homeless.

Source: *2006/07 Annual Report of HL1 Data*, Glasgow Homelessness Partnership, June 2007, Tables 4.4 and 4.5

2.8.6 In addition to those accepting social rented tenancies, a very small number of households, around 200, were recorded as having accepted a private tenancy.

2.8.7 It is evident then that the number of homeless households being housed exceeds 1,500. Moreover, it is not absolutely certain that all of the 1,500 would have been classified as statutory homeless. However, it does not follow that the model has failed to allow for homeless households – rather some of the "new" households and some of those classified as moving from other tenures will have been homeless.

[6] Clearly, there are two forces at play here – contact is lost with a significant number of households before they can be offered housing, and a large proportion of households have not been housed at duty discharge. Both sets of cases could result from the efficiency/speed of the management of homeless cases and the "fit" of the housing stock available, as well as from the overall level of lets available. In addition, there may also be additional requirements for support/different models of temporary accommodation, to enable people to remain in temporary accommodation while they await permanent accommodation.

2.8.8 The key issue for the modelling work is whether the future inflow of homeless households will increase above current levels – given that these current inflows are reflected in the "start year" numbers in the model. It has been argued that such an increase in lettings to homeless households is both likely and necessary because of the scale of the problem and the abolition of priority need which will come into effect by 2012.

2.8.9 In order to assist in assessing the level of unmet/future demand and need for housing for homeless people, Glasgow City Council has undertaken a detailed analysis of homeless presentations over the last five years. The analysis indicates that homeless applicant households divide into two main groups:

- New households presenting each year, who have not previously accessed homelessness services, and most of whom never represent a second time.
- A group of homeless households who are re-circulating through the homelessness system, making repeated applications often over a period of many years.

2.8.10 Meeting the needs of the homeless households requires:

- A sufficient level of social lettings to accommodate the necessary proportion of each year's new applicants.
- The pool of re-circulating applicants to be addressed, by providing appropriate packages of accommodation and support to ensure permanent resettlement.

2.8.11 As already stated, some of the new applicants (about 30%) are housed each year. However, according to the GCC analysis, contact is lost by the system with around 2,700 "new" applicants each year. It is reasonable to argue that the abolition of priority homelessness will have some effect on the proportion of these households actually housed – though the scale of the likely effect is far from clear. We consider that the reason contact is lost with some of these households is that they resolve their homelessness problems themselves but we cannot assume this is so in all cases.

2.8.12 We also need to allow for the pool of "recirculating" households who make repeated presentations as homeless. The Council data indicate that this recirculating pool amounts to about 4,700 households (which includes households with whom contact is lost). At present, about 700 lettings a year are made to people from this group. It is suggested that if we were able to boost this level of lets to about 1200 per annum then the effect would be to re-settle much of the backlog within five years. Given that a proportion of the "recirculating backlog" households will drop out of the system it is reasonable to assume that the suggested increase in lettings would mean that the group was no longer a factor in demand within five years.

2.8.13 Eliminating the recirculating group would mean that by the end of the period the 700 or so lets made each year to members of that group would not be needed and the houses involved would be available to "newly homeless" households.

2.8.14 In the light of this analysis, the approach adopted in the model has been to include within the "base load" modelling the 1500 lettings to households living in temporary accommodation as recorded. We then examine as a scenario the modelled impact on demand of additional provision for homeless households of 500 extra lets per annum for five years. We consider it essential that lettings to homeless households are closely monitored and analysed. If lets to homeless households do not in fact rise then the base load model presented below is likely to be an accurate forecast. Conversely, if lettings to homeless households do rise sharply then overall demand will rise. The effects of these alternative assumptions on demand are considered in Section 4.

2.9 Other backlog

2.9.1 It is also possible that there is a further backlog of need made up of households in unsatisfactory housing in other tenures who would prefer to move into the social sector but cannot do so, or will not do so under current circumstances. The Bramley study of Need and Affordability for Communities Scotland[7] estimated that over 29,000 households in Glasgow were in need of "alternative" housing – the main reasons being over-crowding or health-related needs. These estimated unmet needs are by no means all or even mainly for specialist or adapted properties – rather the existing housing is felt to be unsuitable in terms of size, type or condition. This figure, even if accurate, includes many households who are *already* housed in the social sector as well as households for whom some "in situ" solution, such as an adaptation, would be appropriate. The figure certainly does not translate into a frustrated demand for the existing stock of social housing.

2.9.2 Houses are available in the social sector into which households in other tenures could move but, presumably, these houses are insufficiently attractive or otherwise unsuitable. For example, an "over-crowded" household living in a neighbourhood which it regards as good or as "home" is unlikely to accept the offer of a larger property if that property is located in an area with a poor reputation. This conclusion emerged clearly from the focus groups conducted during the course of the study. It is not clear how the effective demand from households in other sectors for the existing social stock could be increased and thus any decision to increase the inflow from other tenures in the model should be justified by some assumed policy change. At the very least it should be stated that any such increase reflects possible effects of action which has made the social stock more attractive. We return to this below in discussing the implications of the model results.

2.9.3 As with homeless households, these households are not included in the base load but we show the impact on the forecasts of demand of the possible effects of "accommodating" over five years a backlog of 5,000 unsatisfactorily housed households.

2.9.4 The final issue that we need to take account of is a small, one-off increase in demand resulting from the review of asylum seeker applications. While this review is to be conducted over three stages, only the first is likely to have any real impact on the demand for social housing Glasgow – the pre-2004 applications from families[8]. The bulk of the households that will be granted leave to remain are already housed in GHA stock, and will be encouraged to convert to a permanent let within their existing property. However, around 200 of the families are currently housed within the voluntary sector, and will need to be re-housed within the social sector. It is estimated this will take place over the next two years.

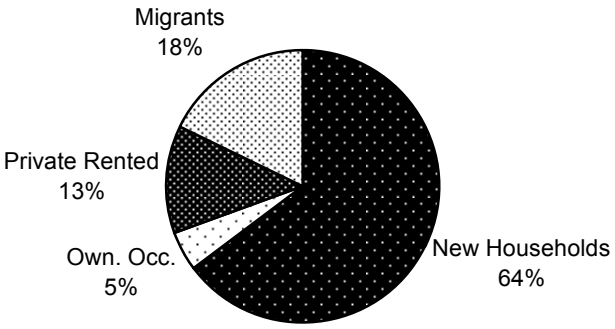
2.10 The structure of demand

2.10.1 Bringing together the points made above, we can set out the structure of "new" demand for social rented housing in Glasgow. Figure 2.2 shows how new demand is composed in the base load without any allowance for additional lettings to homeless and unsuitably housed households.

[7] Bramley op. cit

[8] The other categories are pre-2004 single people and post 2004 applications. The pre-2004 non-family households are less likely to remain in Glasgow, while total numbers of post 2004 applications are small.

Figure 2.2 – Demand Structure



2.11 Outflow – deaths

2.11.1 Thus far we have considered the inflow of tenants to the social housing system. The supply of properties available for new lets is mainly made up of properties vacated by previous tenants. In the previous model this was calculated simply with reference to an average turnover rate as indicated by past records. In the current model we have sought to break terminations of tenancy into the component elements – partly in recognition of the fact that some elements may be more stable than others and that different elements will be affected by different factors.

2.11.2 The first component is terminations of tenancy due to death. SCORE and GHA data provide information on the reason why properties which are re-let became vacant. These data indicate that about 2,000 of these properties had become vacant because the previous tenant had died. This number represents about 1.8% of the social housing stock. However, the data relate only to properties which were re-let – i.e. they do not allow for houses which became vacant and remained so. If we "gross up" the figures to allow for the extent to which tenancy terminations exceed lets then the implied number of "household deaths" is about 2,500 – about 2.3% of the stock. Data on mortality in Glasgow[9] indicate that in the more deprived areas of Glasgow – in which most of the social stock is to be found – death rates are around 1.4% of the population per annum. This equates to about 3 deaths per hundred households per annum – though not every death leads to the dissolution of a household.

2.11.3 In the light of these figures the model assumes in the projection that 2.3% of social tenancies will end through death each year. It is not clear whether this rate would alter but we note that the DRS projections predict a falling death rate due to a shift towards a younger tenant population. We consider the impact of a reduced death rate below.

2.12 Move to other tenures and areas

2.12.1 Analysis of SCORE/GHA data indicates that 4% of tenancies end in one year because of people moving to other tenures (including to care homes) and Right to Buy. This includes

[9] Glasgow Centre for Population Health, Let Glasgow Flourish April 2006

people moving out of Glasgow and so we cannot distinguish between the groups. Accordingly, we have assumed in the modelling that 4% of social rented tenancies end as the combined effect of out-migration and moves to other tenures (including RTB).

2.13 Abandonment of tenancies

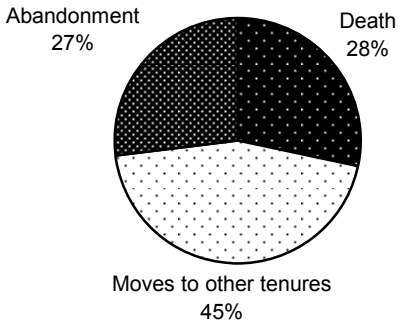
2.13.1 Analysis of SCORE/GHA data indicates that 2.5% of tenancies end in one year because of people abandoning their tenancies – i.e. leaving without notice and sometimes with rent arrears. Accordingly, we have assumed in the modelling that 2.5% of social rented tenancies end due to abandonment.

2.14 The structure of supply

2.14.1 Bringing together the points made above, we can set out the structure of "supply" due to terminations of tenancies of social rented housing in Glasgow. Figure 2.3 shows that the greater part of supply is created by people moving out of the sector to other tenures or out of Glasgow.

2.14.2 Of these three elements, the least likely to alter dramatically is that relating to deaths since this is determined by demographic factors. It is possible that the outflow to other tenures could be reduced if the social renting "offer" became more attractive while increased support to people who have difficulty in sustaining tenancies might reduce the level of abandonment of tenancies.

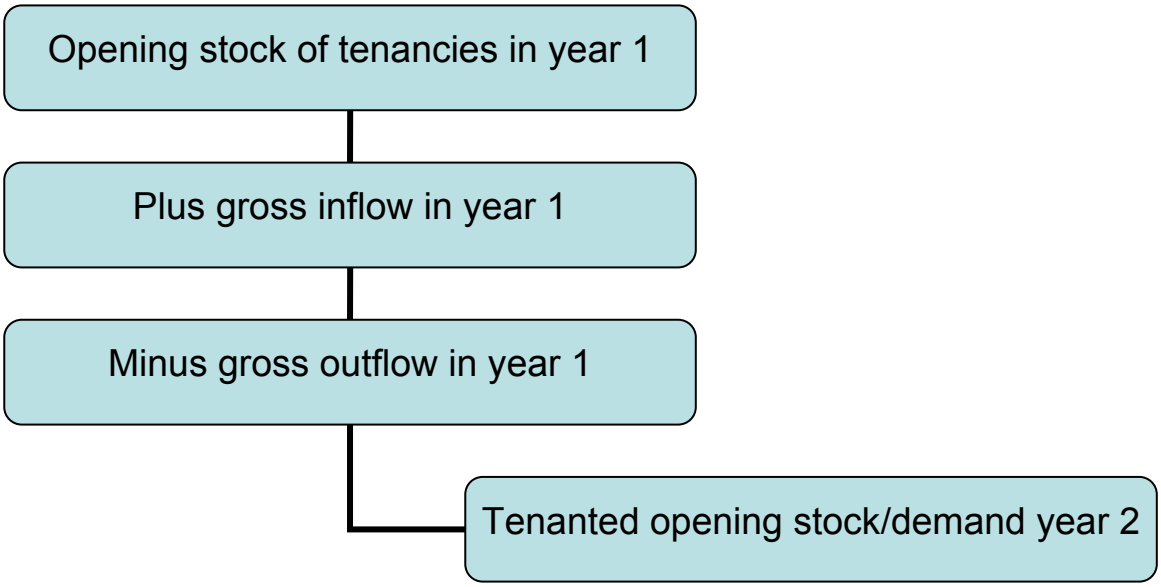
Figure 2.3 – Terminations Structure



2.15 Projecting sustainable demand

2.15.1 The level of sustainable demand in each year is calculated in the model following the steps shown in Figure 2.4.

Figure 2.4 – Demand projection method



2.16 Projection of demand by house type

2.16.1 The model has also been developed to produce projections/estimates of demand by house type.

2.16.2 This element of the model proceeds as follows:

- For each of the "sources" of demand - new households, movers from private renting and owner occupation, migrants and homeless households – SCORE and GHA data have been used to establish how each element was divided between four household types in 2006-07. The household types are single person households, single parent households, multi adult households with children and multi adult households without children.
- It is assumed that each demand type will be divided between these household types in all future years.
- The demand for house types is assumed to be related to household type – this was indicated by GHA survey data analysed for the previous demand model study. Demand from each type of household is assumed to be distributed between house types as shown in Table 2.2.

Table 2.2: Distribution of Demand for House Types by Household Type				
Household type	% of households seeking each house type			
	House	Multi Storey	Tenement	Other
Single parent	55%	-	45%	-
Single person	30%	20%	45%	5%
Multi adults with children	60%		40%	
Multi adults no children	40%	10%	40%	10%

2.16.3 The assumptions made here concerning the households suited to each house type are basically those made in the previous study. A number of principles have been adopted which reflect both the survey work mentioned and the GHA work on housing applications referred to in the two local area studies[10] . That work showed the very strong preference among movers for houses and against multi-storey flats, with tenements occupying an intermediate position in preferences. The local studies concluded that MSFs are generally unpopular, houses are popular and the popularity of flats and tenements varies. The popularity of tenements and flats appears higher in "desirable areas" – those with a mix of house types, tenure and socio-economic conditions.

2.16.4 In the light of this evidence, the principles adopted are:

- That no households with children would wish to be allocated to homes in multi-storey flats
- That multi-storey flats are the least preferred of all types but are most acceptable to single persons
- That tenements are most preferred by single persons but are generally acceptable

2.16.5 The specific percentages used in the table are fairly arbitrary but they do reflect the general patterns in the evidence. The preference for houses is understood to be aspirational – many if not most households which would like to move into a house will accept an alternative. The evidence suggests that multi-storey flats and tenements in areas with neighbourhood problems or where tenements dominate the stock will be rejected by most households.

2.16.6 The application of these percentages to the projected number of households by type produces an annual inflow of demand by type.

2.16.7 The new supply of houses by type has been estimated by examining the distribution of terminations by each stock type and projecting this forward. The model thus produces for each year a flow of new demand by type and a flow of new "supply" by type. These flows have been compared over the forecast period to show the cumulative imbalance between supply and demand by type.

[10] GHA Housing Market Analysis Report September 2006 (Draft)

2.17 Focus Groups

2.17.1 Two focus groups were run:

- The first in Glasgow East (Barlarnock/Shettleston area) – the target participants were families,
- The second in Glasgow West (Knightswood area) – the target group here was older people (50+) all of whom had moved into social renting within the last five years.

2.17.2 In choosing housing, area location and "quality" were key considerations for almost all the participants. Most indicated that they would be willing to accept a property that was in poor physical condition if it was in the "right" area. One participant noted that, although she was currently in a new build 4 in a block, she would have to move within the next few years as there was not a suitable school for her son locally. Her next home did not have to be new build, or even newly modernised, so long as it was near an acceptable school. Thus she prioritised local services/area over **housing** quality.

2.17.3 The most important components of a good area were:

- Lack of anti-social behaviour which was considered most important – "peace of mind"
- Good neighbours (people who look after the area and their houses)
- The type of housing available

2.17.4 Other, less important aspects that were mentioned included:

- Access to services
- A good mix of age groups with sufficient numbers of older people (i.e. over 30 years)
- The quality of the properties - basic decoration and basic repairs were most critical

2.17.5 It is notable that property quality in terms of modernisation did not figure prominently and was certainly far less important than house type or neighbourhood characteristics.

2.17.6 The group participants briefly considered each of the housing tenures. However, for most, social renting is now the only option open to them financially. They, therefore, found it very difficult to see themselves in other tenures, or to identify the advantages or disadvantages of living in other tenures.

2.17.7 Home ownership was seen as too expensive – respondents mentioned that they could not afford to buy on their own, or that they could not afford to move up/along the property ladder. Prices were perceived as being too high, especially for older people, people on part-time work, single people, and so on. There was a real perception that house prices are rising very fast in Glasgow, which makes it increasingly difficult for people to buy a house, or to trade up/across within the sector.

2.17.8 Private renting was seen as hard to access for people "between jobs" and expensive both in terms of rents and "upfront" payments.

2.17.9 The overwhelming message that emerged from the focus groups was the importance of the quality of the local area, and linked to that, the type/security of the housing, in influencing people's housing choices. Further, households would often prioritise area over

house type and quality – possibly because either they could upgrade the property or because they anticipated the landlord would do so at some time in the future.

2.18 Sub-area forecasts

2.18.1 The model has also been modified to produce sub-area forecasts. The procedure here is simply to replicate the model for each sub-area using household projections supplied by GCC and using data on the "opening" level and structure of stock. The five areas for which the model has been run are the Community Health and Care Partnership Areas:

- Glasgow North
- Glasgow East
- Glasgow West
- Glasgow South East
- Glasgow South West

2.18.2 The modelling results are set out in Chapter 3.

3 Modelling Results

3.1 Introduction

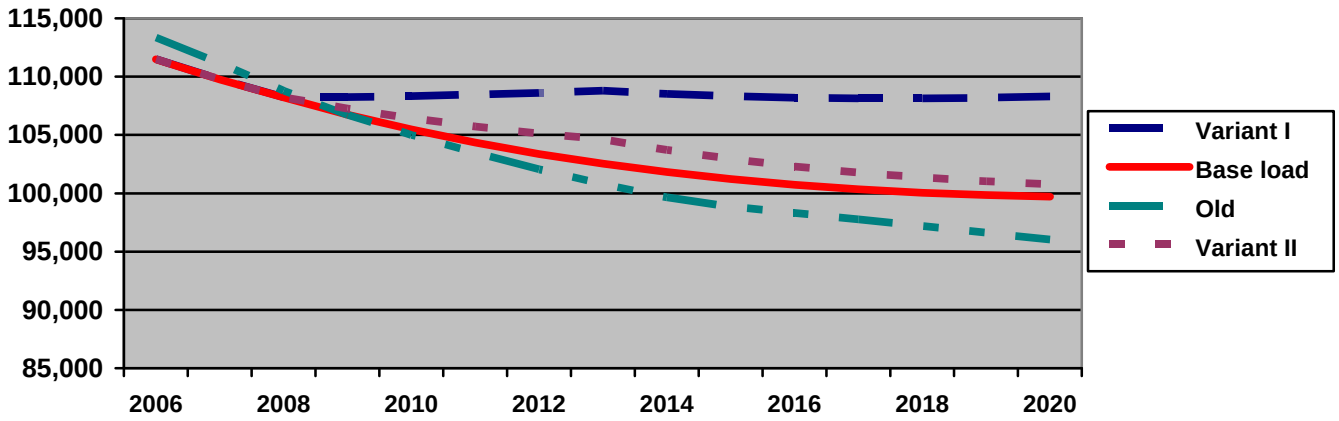
3.1.1 The results of the modelling work are set out in this chapter. Attention is given first to the results for the overall level of sustainable demand before we assess demand by house type and area. The assumptions used in the "base load" are set out in Table 3.1.

Table 3.1: Modelling Assumptions

Item	Assumption	Source
Household numbers by year	-	DRS forecasts
Gross new households per annum	2.4% of total households	Communities Scotland research
% of new households seeking social housing	60%	Tribal estimates from Score/APSR data
% of private renters moving to social housing per annum	3.3%	Tribal estimates from Score/APSR data
% of owner occupiers moving to social housing per annum	0.2%	Tribal estimates from Score/APSR data
Number of in-migrants moving to social housing pa	1100	Tribal estimates from Census/GHA data
Households moving from temporary accommodation pa	1500	Tribal estimates from APSR/GHA data
Number of additional asylum seekers granted leave to remain	100 for years 1-2	GCC estimates
Terminations of tenancy due to death	2.3% of social rented tenancies pa	Tribal estimates from SCORE/GHA data
Terminations of tenancy due to moves away	4% of social rented tenancies pa	Tribal estimates from SCORE/GHA data
Terminations of tenancy due to tenancy abandonment	2.5% of social rented tenancies pa	Tribal estimates from SCORE/GHA data
Main Sensitivities		
In-moves from other backlog	1000 for years –2008 - 2013	Tribal estimates
Increased lettings to homeless households	500 per annum for years 2008 – 2012	GCC/Tribal estimates

3.1.2 The results of the projection are shown in Figure 3.1.

Figure 3.1 – Demand projection



3.1.3 The base load projection is, as explained above, essentially a continuation of established patterns combined with changes in demography. Variant I includes the "additional" lets to allow for homeless and other backlog. The effect of assuming a high extra letting element for five years is to stabilise demand. However, there is little certainty that increased demand from general backlog need can actually be generated and we regard Variant 1 as unrealistic. "Variant II" which allows only for the estimated additional requirement for housing for homeless people is more credible. Variant II produces a short lived slowing in the decline in demand from about 2008.

3.1.4 All runs of the model show a long term decline in the sustainable demand for social housing compared to 2006 though in Variant I demand stabilises. We will not consider Variant I further. Comparing the three projections, the sustainable demand for social housing in Glasgow in each year specified in the brief is as shown below.

Table 3.2: Modelling Results – Social Housing Demand

Year	Base Load	Variant I	Variant II
2012	103,371	108,608	105,117
2015	101,219	108,318	102,498
2019	99,704	108,198	101,024

3.1.5 The difference between the Base and Variant II falls from just 2,000 in 2012 to 1,300 in 2019. The choice between these projections rests on the view one takes of the credibility of the view there will be increased demand for housing from homeless persons.

3.1.6 The results have also been compared with projections produced by the city Council DRS in November 2007.[11] The DRS model projects population and households by tenure and includes projections of net inflow/outflow by tenure. The model was built up primarily as a population model based in the first instance on data from the 1991 and 2001 censuses. Calculations based on Census data were used to estimate the rate of inflows and outflows to each tenure. The population inflow and outflow rates were adjusted in the light of data on estimated population change by tenure since 2001 using Scottish Household Survey data. Population by tenure was then projected forward based on birth and death rates by tenure and on the inflow/outflow rates. Household projections were then prepared based on these population projections and household formation trends by tenure in 1991 – 2001.

3.1.7 The DRS model shows a continued decline in the number of social renting households in the city but it also projects that the decline will be much less dramatic than in the previous decade. Thus over the period 1991 to 2001, the social rented sector "lost" 36,500 households – the projected decline for the period 2005 to 2015 is only 8,000. The principal feature of this slowing down in the rate of decline is a reduction in the net outflow of persons (and thus households) from the sector. The annual net outflow (other than births and deaths) falls from 6,600 persons in 2001 to 3,000 in 2005 reducing further to 2,000 in 2018. The latter reduction reflects mainly the impact of lower levels of right to buy.

3.1.8 Although the present model and the DRS model were constructed in quite different ways, both show this pattern of a declining net outflow. This result of the DRS model gives some implicit support for the assumptions of constant propensities to move into social housing used in the present model. There obviously has been some trend change since the rapid decline in the social sector seen in the 1990s and in the light of that we consider that the assumption made in the present model that trends in certain variables are "levelling out" rather than continuing to decline is appropriate.

3.1.9 Comparisons are possible for three reference dates and the results are shown in Table 3.3.

Table 3.3: Modelling Results – Social Housing Demand

Year	Base Load	Variant II	DRS
2012	103,371	105,117	105,329
2015	101,219	102,498	103,637
2019	99,704	101,024	102,652

3.1.10 The DRS results lie marginally above the Variant II version of the model.

3.1.11 A comparison has also been made with the results of the previous model. The previous model generated a wide range of results but the "main case" gave a sustainable stock for 2016 of 99,000 to 101,000 units depending on the population projections used. For the purposes of the present study that previous model has been re-run with two modifications – the most recent household projections have been inserted to the model and it has been extended to 2019. The results are shown and compared with the new model in Table 3.4.

[11] Glasgow Social Housing Demand Steering Group Population and Household Projections by Tenure - Projection Results 2001- 2019 5 November 2007

The figures have also been incorporated in Figure 3.1. The "original" figures produced by the old model are shown in brackets in Table 3.4.

Table 3.4: Modelling Results – Social Housing Demand

Year	Base Load	Variant II	Old Model
2012	103,371	105,117	102,016 (103,346)
2015	101,219	102,498	98,192 (99,931)
2019	99,704	101,024	94,821 (N/A)

3.2 Comparisons with the previous model results

3.2.1 The results of the "old" model "mid case" are close to – but below that – of the base load version of the new model in the early years The results using the old model fall much further below those of the new model over time.

3.2.2 The comparison with the "old" model results is not straightforward. An analysis of the performance of the previous model indicates that it appears to have "over-predicted" both non transfer lets and terminations – both in comparison to the recent outturn and in comparison to the "new" model – essentially by starting from too high a base for both figures. The effects of the "over-prediction" of each element has, however, been largely offsetting and the model has predicted the overall pattern of change robustly.

3.2.3 However, to facilitate comparison of results, we have "recalibrated" the original model to reflect the observed outcomes for 2006 in terms of lets and terminations. The results of this analysis are shown in Figure 3.2 and Table 3.5 which compare the "original" model with the recalibrated model and the base load version of the new model. As before, the original model figures have been modified to reflect known changes in household projections with the figures from the previous report shown in brackets.

Figure 3.2 – Alternative demand projections

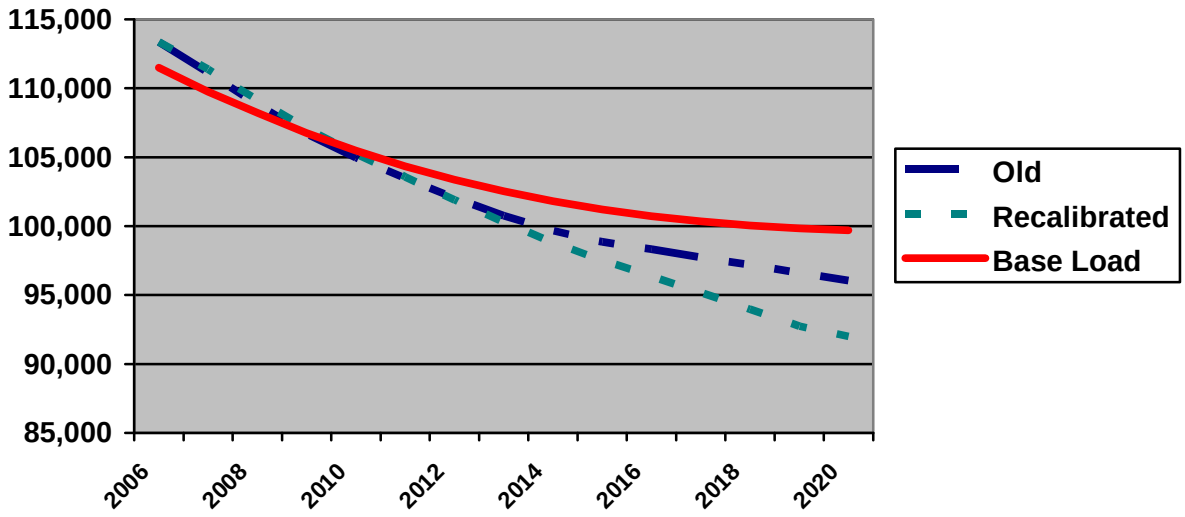


Table 3.5: Modelling Results – Social Housing Demand			
Year	**Base Load**	**Old Recalibrated**	**Old Model**
2012	103,371	101,908	102,044 (103,346)
2015	101,219	97,520	98,192 (99,931)
2019	99,704	92,721	94,821 (N/A)

3.2.4 It is evident that recalibration has reduced the forecast level of demand and to the extent that this reflects the evidence of outcomes then it is important. That said, the demand reduction does not become material until after 2014 so there is scope for further recalibration in time. The reason for the widening gap in the figures after 2012 is that the recalibrated model produces a much lower annual level of lettings than does the original model and the cumulative effect becomes evident by 2019.

3.2.5 The more significant variation is between the base load versions of the new model and the mid case of the old model. Although the models differ in structure, the main reasons for the difference in results appear to be that the new model incorporates higher growth in household numbers than the old model and, more critically, the old model incorporated assumptions that there would be a decline in the propensity for people to enter the social

housing sector – that is, a given population group would produce fewer social tenants over time. That assumption was based on an analysis of past trends[12].

3.2.6 The present model – in the base case assumes a constant propensity to enter social housing – thus the proportion of new households entering the sector is held constant. That said, the sector still declines up to 2016 because more people leave than enter the sector. We do not have data on the proportion of new households entering social housing in Glasgow over time nor, indeed, do we have such data for the other flows, but there are reasons to believe that the rapid decline in the propensity to enter social housing seen in the 1990s will not continue, at least at the same rate.

3.2.7 Over the long term we have seen a shift in tenure away from social renting and towards home ownership and that might be held to argue for a decline in the propensity. However, the last decade or so has seen rising house prices relative to income and concern over the difficulties that new and young households have in accessing home ownership.

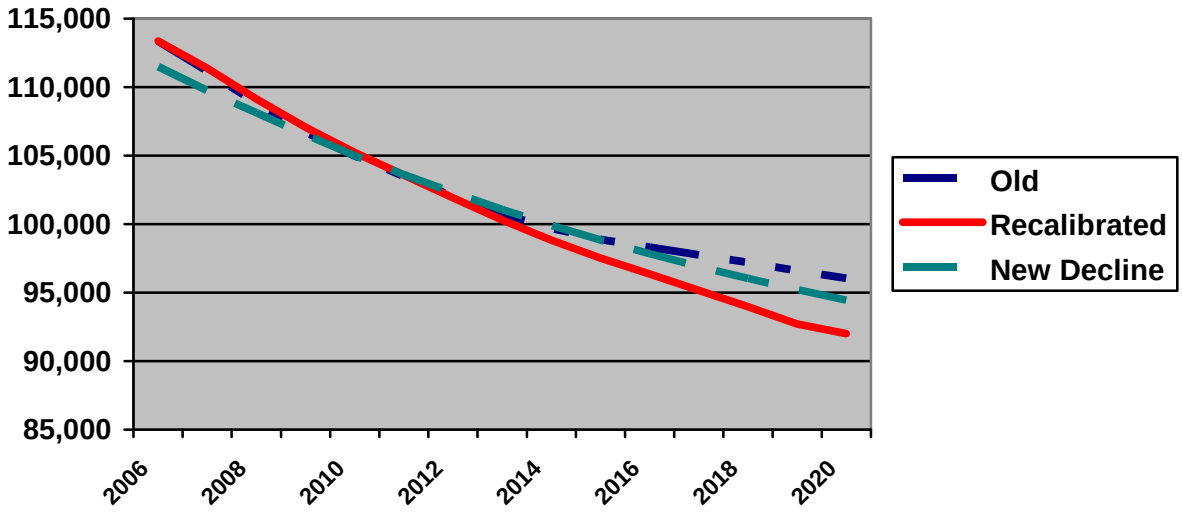
3.2.8 The Bramley analysis referred to above, like many other studies, bases its estimates of affordability on estimated levels of income and house prices and suggests that in Glasgow home ownership is pursued by all who can afford it. On that basis a further shift away from social renting would require a growth in the incomes of new/young households (which is likely) combined with limited or nil house price growth. It is arguable that houses in Scotland are now systematically over-valued and that real prices will fall but this is by no means certain. Finally, we note that the DRS projections discussed above give support to the view that flows in (and out) of social renting are more stable than was the case a decade ago. In the face of this, the assumption of a constant propensity to enter the sector is not unreasonable but we do consider the implications of alternative assumptions.

3.2.9 The consequence of the assumption in the new model of a constant propensity is that the number of new lets of social houses rises over time (albeit slowly and remaining below the rate of terminations until 2017) while in the old model the number of new lets fell over time.

3.2.10 Figure 3.3 below shows the results for a run of the model which was undertaken to investigate the effects of a declining propensity to enter social housing. The model assumes that the proportion of new households entering social housing falls each year so that each year's proportion is 0.98 of the previous year's value. Applying this formula has the effect that the proportion of new households entering social housing is 45% in 2020. The specific values chosen here are essentially arbitrary. The aim of the analysis was to find what assumption concerning new households would produce results close to those generated by the previous model. In that respect the results are quite clear and are shown in Figure 3.3 where the "run" with a declining propensity to enter social housing is called "New Decline".

[12] Tribal HCH Social Housing Demand in Glasgow Volume 1 January 2005 pp 25 - 26

Figure 3.3 – Alternative demand projections



3.2.11 As may be seen, the adoption of the declining propensity to enter social housing produces results *very* close to the old model. What this suggests is that it is the assumption that new households will retain their degree of "affinity" with the social rented sector that slows the overall level of decline in the new model. The appropriateness of the assumption is obviously open to debate but we have argued above that it is a reasonable assumption in the light of the (limited) evidence available.

3.3 Other key sensitivities

3.3.1 The model is capable of producing a range of outcomes depending on the assumptions made. However, there is no point in modelling implausible scenarios and we have focussed on what we consider to be a likely range of values for key assumptions.

3.3.2 Particular consideration may be given to migration. Beside the principal projections, the GROS has also published a "High Migration Variant" of the sub-national population projections. The High Migration Variant projection for Glasgow city implies an increased inflow of households to Glasgow of about 500 per annum. The issue for the forecast is how many of these households will enter social housing. We have no hard evidence on this point but Glasgow Council believe that most migrants enter private sector housing, either owner occupied or private rented. We have assumed that 40% of these new in-migrants enter social housing.

3.3.3 We have considered the impact on the forecasts of:

- Change in the proportion of new households choosing social housing (base 60% - alternatives + 10%/-5%
- An increased net inflow from private renting (rate increased by 50%)
- A larger private rented sector – rising gradually from 11% of the stock in 2006 to 15% in 2015.
- Increase in migrants of 500 households per annum – as noted above, we estimate that this is the implication of the GROS "High Migration Variant" scenario for Glasgow on the assumption that 40% of the extra migrants enter social housing
- Reduced outflow for moves to other tenures (reduced by 50%)
- A fall in the death rate to 2% from 2014
- Reduction in abandonment (reduced by 50%).

3.3.4 The results of these modifications are shown in Table 3.6 for three years with the base and variant figures shown for comparison. The figures are shown as a change (+ or -) on the base case.

Table 3.6: Modelling Results – Impact of Modified Assumptions on Projected Households in Social Housing			
Year	**2012**	**2015**	**2019**
Base	103,371	101,219	99,704
Variant II	105,117	102,498	101,024
New households moving to social housing = 70%	+ 3,300	+ 4,450	+ 5,700
New households moving to social housing = 55%	-1,700	-2,230	-2,850
Inflow from private renting = 5%	+ 2,600	+ 3,500	+ 4,450
Larger private rented stock	+ 400	+ 1,050	+ 2,000
In migrants to social housing increased by 200 households pa	+ 1,000	+ 1,300	+ 1,600
Outflow to other tenures = 3%	+ 5,200	+6,900	+ 8,600
Death rate 2% from 2014	-	+305	+1,270
Abandonment = 1.8%	+ 3,700	+ 4,800	+ 5,900

3.3.5 The results indicate that a number of assumptions on the "demand" side have the capability to increase demand in 2012 by 1% – 4% and by up to 8% by 2019. The effects on any change are, of course, cumulative if the change persists and the assumption in this modelling that any positive change would be sustained over a 12 year period must be regarded as a strong assumption. It is, of course possible, that "positive" changes could occur together but equally possible that there could be offsetting effects. We consider that the modelling indicates that measures or developments which might increase the attraction of the sector to "non tenants" would be unlikely to increase demand by more than 5% over a 12 year period.

3.3.6 The effect on demand of reducing the outflow of tenants is more striking. Reducing outlows to other tenures from 4% per annum to 3% increases net demand in 2019 by about 9%. However the plausibility of achieving a 25% reduction in terminations of this type is hard to assess. If, for example, the sector is more successful in attracting younger households, the consequence might be that turnover increased as those households tended to see renting as a "stepping stone" to other tenures (i.e. ownership). At the same time, GHA research on tenancy sustainment may, in time, lead to reductions in turnover. The effects of a reduction in the death rate are notable though the assumed reduction may be too drastic.

3.4 Demand projections by type

3.4.1 The procedure for producing demand projections by type was set out above. As explained there, the meaning of demand by type is problematic – there is a distinction between what people want and what they may accept. The demand pattern which we produced was aspirational. In that respect, the existing stock may not meet the "demands" of the household housed in it.

3.4.2 The model generates figures for the balance between terminations of tenancy by house type and "desired" lets (from in-movers) over the forecast period. It makes no assessment of the suitability of existing stock for existing households. It thus projects a balance of "desired" demand against supply from the existing stock and shows how the stock balance would have to change if the preferences of new entrants to the sector were to be met. Of course, this is a hypothetical comparison as it would be impractical for preferences to be fully met and experience shows that people will accept housing which is not in accord with their "ideal" preference.

3.4.3 In each year there is, according to this analysis, an imbalance between the supply of housing by type and the preferences of new tenants. Thus more people would like to move into houses than there will be houses available to let. To show the effect of this, we present the results in terms of a cumulative balance at various dates. For example, in the context of an overall fall in demand of 11,000 by 2019 in the base model, the model also shows that desired lets of houses will exceed projected houses available for let by 42,000 if the preferences of the new tenants moving into the sector were to be fully met. The reality is that households will settle for second (or even third) "best".

3.4.4 It is possible that if preferences could be met then the overall demand for social housing would benefit to some degree. For example, it is evident that the rate of tenancy terminations in the stock of houses in Glasgow is barely one third the level for other house types – an increase in the share of houses in the stock would probably reduce terminations rates.

3.4.5 Table 3.7 shows the cumulative imbalance between available lets and new tenant preferences by house type for the base case for three years as generated by the model.

Table 3.7: Modelling Results – Cumulative Imbalance between Lets and Preferences by Type (net change in demand)			
Type	**2012**	**2015**	**2019**
House	19,044	27,573	42,280
Multi Flat	-10,659	-14,762	-21,252
Tenement	-12,249	-16,400	-22,397
Other	-5,570	-7,758	-11,267
Total	-9,433	-11,347	-12,637

3.4.6 The imbalances shown in the table reflect broadly the way in which the stock would need to change to meet preferences but this level of change must, as stated above, be seen as aspirational. Moreover, the calculation of the precise change in the stock which would be required to meet preferences is complex and would require development of a separate model element. If, for example, a process was started now involving even higher levels of demolition of flats and construction of houses, the consequent change in the stock would alter the flow of lets in future years – for example, a house built and let in, say, 2009 might re-let in 2017. Conversely, reducing the number of multi-storey flats "now" would reduce lets of those flats (which have high turnover) in years to come. Thus we cannot simply say that to meet preferences would call for 42,000 extra houses to be built by 2019 and 23,000 flats demolished.

3.4.7 Despite the difficulties of assessing the "desired" stock change we can draw some conclusions, The GHA Business Plan and the DRS investment strategy indicate that over the period to 2019 some 17,500 properties will be demolished and 11,400 homes built. Even if all the homes built were houses and (as is likely) all the homes demolished were flats/tenements, the stock change would not be sufficient to enable every household whci would like to occupy a house to do so. The stock will still contain properties which do not fully meet people's aspirations.

3.4.8 It is, of course, the case that people will accept housing which is less than ideal but it is also important to note that the above analysis is concerned only with the preferences of new tenants. As discussed above, there is plentiful evidence from the applications made by transfer applicants that many households presently housed in flats or tenements would prefer to be re-housed into "houses". No allowance for these preferences has been or can be made in the modelling but acknowledging the existence of these unmet preferences emphasises the scale of the problem. Moreover, it is highly likely that existing tenants will secure a high proportion of the new houses built through the transfer process so that the likelihood of any "inroads" being made to the unmet preferences estimated in table 3.6 will be low.

3.5 Demand projections by area

3.5.1 As explained in Section 4, the model has also been developed to project demand at the level of the five Community Health and Care Partnership areas.

3.5.2 The projections to 2019 are shown in Figure 3.4 for the base load case. The "local" models also produce figures for demand by type in the same form as for the overall model. Table 3.8 shows the cumulative results to 2019 by type[13].

3.5.3 These projections have a number of limitations. The area household projections used reflect projected housing stock change rather than demand. In addition, the levels of lettings and terminations in each area are based on the existing stock in each area and do not allow for the likely large scale restructuring of the stock which will affect the level of lettings and terminations in each area. Moreover, the projected rates of inflow and outflow to and from the sector are based on the Glasgow wide data – since no suitable local data exist. However, there is reason to believe that the level of inflow to social housing as a proportion of households will vary between areas. We may distinguish inflows from new and existing local households, outflows and migration as elements.

3.5.4 It is certainly clear from data on lets, voids and stock turnover that some areas of the city are – from a social housing perspective – more popular than others. Certain areas in the west of the city appear to be in strong demand.

3.5.5 It is not, however, always clear *a priori* in which direction the **elements** of the model will vary by area. The inflow of new and existing households to social renting may be expected to be higher in areas where the housing stock is "popular" but in these areas there may be a lower propensity to seek social housing among the population if incomes are higher. On the whole we would expect turnover to be lower in "popular" areas. The position with regard to migration is clearer – we would expect, and have reason to believe, that desired in-migration to areas of attractive housing would be relatively high.

3.5.6 While we have not been able to model this, we do acknowledge other evidence. Reference was made above to the data in the GHA Housing Market Analysis Report September 2006. This analysis examined the area and type (for transfer applicants) preferences expressed by people applying for GHA housing in 11 market areas. These preferences were cross-analysed against the location of the applicant. In this way it was possible to assess the popularity of areas in terms of a balance between applicants from that area seeking housing outside the area and applicants from elsewhere seeking housing **in** the area. This report showed, for example, that the ratio of desired in-moves to out-moves for the West End was 1.5:1 whereas in Glasgow North, Easterhouse and Drumchapel it was below 1. Thus there are some areas in which more people wish to move in than to move out – mainly in the West and South – while in other areas (especially the peripheral estates) more people wish to move out than in.

3.5.7 Overall, it is likely that the demand projections **underestimate** demand in the more popular areas. However, it is also important to acknowledge that changes to areas could affect the scale of what may be termed the "mobile" element of demand. If neighbourhood conditions improve – through regeneration or development of popular house types – local demand may rise. Conversely, accelerated deterioration in neighbourhood conditions can blight areas and drive demand down.

3.5.8 It is hard to see how this could be incorporated fully in the model. We do not know how many people would move given the opportunity and it would certainly be necessary to reduce demand estimates for "unpopular" areas by as much as demand estimates for popular areas were increased. The key steps towards producing more reliable local demand estimates would be to develop more local data for the inflows and outflows and to obtain further data on households' preferences between areas and the flows between areas of different household types.

[13] Note that the aggregated total change at the city level differs slightly from the results in the city wide model due to rounding.

Figure 3.4: Demand projection by area - base

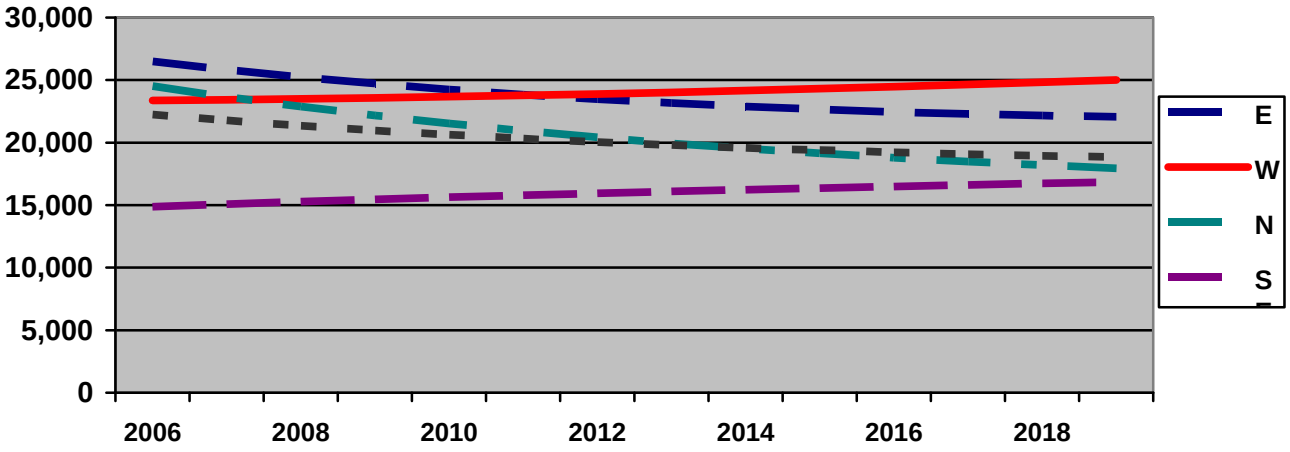


Table 3.8: Modelling Results – Social Housing Demand by Type and Area – Net Demand Change 2019

(net change in demand)

Type	N	E	W	SW	SE	City
House	5917	8107	10821	7036	7524	39405
Multi Flat	-4443	-4709	-4035	-3962	-2561	-19710
Tenement	-6076	-5571	-2905	-4589	-1540	-20681
Other	-2258	-2460	-2219	-2081	-1438	-10456
Total	**-6860**	**-4632**	**1661**	**-3595**	**1984**	**-11442**

3.5.9 The conclusions for policy and other issues arising from the model results are considered in the last chapter.

4 Conclusions and Policy Issues

4.1 Introduction

4.1.1 The model developed and reported here represents an advance on the previous model while retaining the relative simplicity and limited data requirements of the previous model.

4.1.2 We consider that this model has important advantages in terms of addressing some of the concerns over the previous model and forecasts. In the previous model both inflows and outflows were, in effect, based on projected proportions of broad population groups. Thus the inflow of single person households was related to the number of single person households in the population. The model did not distinguish between households in terms of their existing circumstances – e.g. whether they were new or continuing households. One may say that the present model is less of a "black box" than was the previous model and this makes discussion of the results easier and more transparent. Thus if it is argued that the results are too high or low then the next step in the discussion is to consider which specific elements are regarded as acceptable/not acceptable and to assess the implications of alternative assumptions.

4.1.3 By disaggregating the model it is also possible to allow for a wider range of assumptions and variations and to assess a broader range of "what if" scenarios. Thus we can consider separately the effects of changes in affordability for **new** households from increased competition from private renting for existing tenants. Equally, we can, compare the relative impact of tenant population structure on death rates from the effects of competition from other tenures.

4.1.4 The focus of the present work has been to produce a set of forecasts of demand based on the most plausible set of assumptions. The model also facilitates the testing of the potential impact of "new" policy initiatives or "shocks" to the system.

4.2 The results – base load

4.2.1 The starting point in considering the results is the so termed "base load". This version of the model can be regarded as "business as usual". It projects demand on the basis that established trends continue and that there is no major policy driven change or other shock to the system. It is not, however, an extrapolation of the demand trend of the last few years for it assumes that there is some stabilisation in demand – an assumption supported by the DRS work. In effect, the base load model projects demand on the basis that the sector holds on to its "core" market of people who cannot afford to access home ownership and that the accessibility of home ownership does not materially change.

4.2.2 The base load results for the model are close to those produced by the DRS model over most of the period analysed – though a gap opens by 2019.

4.2.3 The base load model does produce higher demand figures than the old model – notably in the later years but this has been shown to reflect the shift in assumptions between the two models from a falling propensity on the part of households to enter social housing to a constant propensity. If we insert into the new model the assumption that there will be a gradual decline in the proportion of new households entering social housing then the model produces results which are strikingly close to those produced by the old model (updated for newer data).

4.2.4 It is our view that the assumption that there will be more stability in demand than in the 1990s is supported by other analysis. As more data becomes available it will be possible to reduce the uncertainty over this point.

4.3 Sources of demand variation

4.3.1 If the base load is business as usual then we must also consider how business might alter and what implications follow. Aside from unforeseen changes in the underlying demographics – especially migration – the most significant element of demand variation relates to housing for homeless people. We have modelled an option – Variant II – which adds to the base load a temporary (five year) increase in demand of 500 houses per annum (partly caused by a backlog of homeless need). Our review of the data on unmet need for housing for homeless people and consultations suggest that this is a figure which would correspond to the system meeting fully the need for housing for homeless households. Variant II shows that inclusion of this element adds about 1.3% to the projected demand for stock in 2019 – i.e. about 1,300, units.

4.3.2 It has also been argued that there is unmet need among existing households. Whereas there are reasonable grounds for arguing that the requirement for additional housing for homeless people does exist, will be underpinned by legislative change and can be addressed, the position with regard to other backlog need is much less clear. There is no very firm evidence on the scale of this need – though estimates have been derived from the Bramley work. The modelling does include a variant which allows for a significant element of backlog need but we do not regard this as a plausible variant.

4.3.3 The modelling work also shows the sensitivity of the results to a series of changes in key assumptions. As we have seen, various events/developments could vary demand by 5% or more in 2019 and by slightly smaller percentages in earlier years. There is no firm basis for assigning probabilities to these assorted variations but there is firmer evidence for some than for others – for example some demographic analysis points to a future decline in death rates in the "younger" social rented sector population.

4.4 Higher estimate

4.4.1 The previous model produced a very wide range of possible outcomes by 2019 and it would certainly be possible to produce a similar wide range of results from the current model. There are real difficulties in assessing the plausibility of some of the alternative outcomes but we suggest that the outcome is likely to lie in the relatively narrow range between the base load and a "higher estimate" version of the model which would include:

- The base load
- Provision for additional housing for homeless people (500 extra lettings over the five years from 2008)
- A lower death rate (2.0%) from 2014

4.4.2 Figure 4.1 shows this higher estimate and the results for key years are also set out in Table 4.1. Both the figure and the table show the projected social housing stock as derived from the GHA business plan, the DRS investment plan and GCC analysis.

4.4.3 The results imply in the case of the base load a vacancy rate in the stock of about 5% throughout.

Figure 4.1 – Demand projections

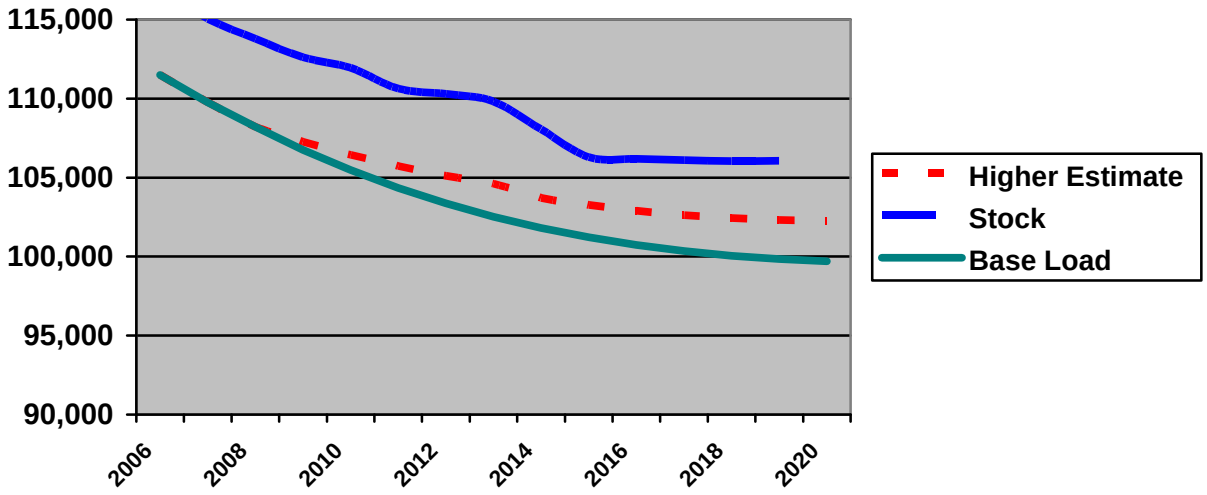


Table 4.1: Modelling Results – Tenancies and Stock			
	Tenancies		
Year	Base	Higher Estimate	Stock
2012	103,371	105,117	110,294
2015	101,219	103,260	106,292
2019	99,704	102,314	106,018

4.4.4 In the case of the higher estimate the implications are not very different.

4.5 Policy implications

4.5.1 There is no significant difference between the base load and higher forecasts so far as the future of the social stock is concerned. Both predict a continued excess supply of social housing (albeit less than in previous analysis).

4.5.2 By monitoring the evidence on flows it should be possible to say within two years or so whether demand is closer to the Base Load or the "higher" estimate and thus make informed decisions concerning the future of and investment in the stock.

4.6 Area demand

4.6.1 The analysis of demand by sub-area suggests that the next 12 years will see a relative shift in the distribution of the stock (to the degree this reflects demand) to the West and South East. Demand would even allow for expansion of social housing there and could be expected to be at least stable. It should be said, however, that these forecasts are based on existing population projections which have been influenced by housing – led migration resulting from expected changes in the distribution of housing development.

4.7 Other policy issues

4.7.1 We consider below the insights to be gained from the model in relation to a number of policy and related issues. These are:

- The impact of low cost home ownership
- Inter-action with private renting
- The impact of quality improvements/stock development

4.7.2 Finally we consider the scope for increasing the level of demand for social housing.

The impact of low cost home ownership

4.7.3 Further development of low cost home ownership housing could impact on the demand for social housing. The mechanism of impact would be mainly through effects on the inflow to the sector from new households – with LCHO tending to compete with social rented housing. There might also be some impact on moves out of the sector but that is much less certain.

4.7.4 It is unclear how much LCHO housing will be developed in Glasgow over the next decade or so but we can assess the scale of potential impact by considering the issue of affordability. The Bramley study for Communities Scotland which was cited earlier suggests that up to 14% of new households could become owners under LCHO. The sensitivity analysis above indicated that a shift of 10% of new households from renting to ownership would reduce sustainable demand by about 5,000 – 6,000 by 2020 and by just over 3,000 by 2012. These are probably the maximum possible effects.

Interaction with private renting

4.7.5 The private rented sector is an increasingly important alternative to both social renting and ownership. The Bramley/Communities Scotland study echoes other recent work in suggesting that many people who cannot buy could afford to rent. At the same time, renting privately can be an alternative to social renting. We have also seen that the private rented sector is an important source of demand for social renting.

4.7.6 It is difficult to be sure how demand will shift, if at all, between the two sectors but the changes being made to housing benefit – which will reduce for some people the amount of rent they can pay – could increase the flow from private renting to social renting in some parts of the city. Moreover, growth in the private rented sector would, according to the model, ultimately increase the flow into social renting as the private rented sector has been a source of demand for social renting. However, this result must be treated with caution as a growth in the private rented sector might change its character to a degree with “new” private renters being households delaying their move into owner occupation.

4.7.7 The modelling work suggests that even a major increase in the inflow from the private rented sector would add about 2,500 tenancies by 2012 and 4,000 by 2020.

Investment and qualitative change

4.7.8 The impact of housing quality, and investment to raise quality, on demand remains a contested issue. However, we consider that the present study – and the work done for the Glasgow North and Easterhouse local area market studies – strongly suggests that house **type** and, to a degree, neighbourhood quality are the most influential qualitative factors bearing on demand.

4.7.9 A shift in the structure of the social stock towards houses rather than flats through new build and demolition would have an impact on demand for two reasons. First, increased availability of houses might be expected to increase the attractiveness of the social stock to potential new tenants – though whether this was the case would be much influenced by the extent to which new applicants – rather than existing tenants – had access to this "better" stock.

4.7.10 Perhaps more critically, an increase in the availability of houses could affect turnover rates and the outflow from the sector. The rate of terminations of tenancy for houses is much less than for other dwelling types. It would be simplistic to argue that if all the stock was houses then turnover rates would fall to the current level for houses since there is certainly a process going on by which people move from less to more desirable stock – so raising turnover rates in the former. Increasing the supply of houses might thus **increase** turnover in the less desired stock.

4.7.11 However, the weight of evidence is that a shift in the social stock towards houses would have some positive impacts on demand – though it is not clear how large this impact might be.

4.8 Raising demand

4.8.1 The model indicates that the sustainable stock of social housing in Glasgow will be at most 102,000 units in 2019. This demand would consist of about 99,000 units from "business as usual" – our best estimate of existing trends, which includes some stabilisation of demand. This assumed demand stabilisation has pushed up the demand forecast as compared with the previous model but we note that the results for the new model are comparable with those of the recent DRS modelling work. To this demand we would add about 1600 units needed to meet an increased requirement for housing for homeless people and around another 1000 as a result of death rates which are assumed to fall from 2014.

4.8.2 The demand on account of increased requirements to house homeless people is actually higher in the earlier years as it is assumed that there is a backlog to be "worked off". It is, moreover, important to note that this effective demand from homeless households will not simply emerge in the face of a passive strategy – it will only be sustained if efforts are made to house people and to support them in their tenancies.

4.8.3 We may consider "what if" effective policies and quality improvements raised the attractiveness of the stock and helped both to attract more tenants and to retain existing tenants. We have modelled above a range of more or less plausible changes in parameters and the effects on demand. However, we remain far from certain as to what policies would, in fact, be effective in these terms. As a broad judgment, the modelling work suggests that it is hard to conceive of any policy package which would increase demand by, say 2019, by even as much as 10% above the best estimate levels. At the same time, one must recognise that there are downside risks – demand could be lower than the best estimate if the attractiveness of the sector or its competitiveness with other tenures declined as it has in the past.

4.8.4 There are certainly considerable risks in building or investing to meet an optimistic demand assessment. The comparison of the base load and higher forecasts with the stock projection suggests that existing stock investment plans will ensure a margin of excess supply which could accommodate any reasonably plausible "upswing" in demand associated with changes in the parameters incorporated in the model.

Annex A – Focus Groups

Outline of the groups[14]

14. Two focus groups were run:

- The first in Glasgow East (Barlarnock/Shettleston area) – the target participants were families, although some single people and couples; ages ranged from early twenties through to late fifties. All had been in their current home for less than a year, although some had moved there as a result of management transfer.
- The second in Glasgow North (Knightswood area) – the target group here was older people (50+), which was achieved. All had moved into social renting within the last five years.

15. A one-to-one interview was also conducted in Easterhouse, with a tenant (family household). The interviewee's previous accommodation was also social rented housing.

16. In total around 15 people attended the discussions. Attendees were evenly divided between GHA and other RSL tenants.

17. The focus groups covered four main topics

- Current housing:
  - Where they currently live, what prompted the move, the level of choice they had in the move, and their satisfaction with their current home
- Previous housing
  - Where they previously lived – locations, type of housing and tenure
- Plans for the future
  - How long they plan to stay in their current home, how long they would like to stay there for, why they think they will move, where they will move to (property type, size, location and tenure), and the primary issues they will take into account when moving.
- Views on other tenures.

Current housing

18. The routes into social housing, even among this small number of tenants were extremely varied:

- From tied housing – one man had had to move out of tied housing on retirement

[14] [14] We would like to thank the staff in Glasgow North Shared Services team, and in Gardeen and Blairtummock Housing Associations for their hard work in setting up the focus groups, as well as for their hospitality on the day of the events. We would also like to thank the staff of Glasgow West Shared Services, and Govan and Govanhill Housing Associations who assisted with focus group recruitment. We would, of course, like to thank all the tenants who participated in the discussions – their contributions are greatly appreciated.

- From home ownership – two home owners needed adapted housing/medical reasons and did not feel that they could achieve this in the owner occupied sector. Both of these owners were RTB-owners, and did not have sufficient flexibility/capital to move into alternative accommodation
- From home ownership - one participant had moved into social rent as her endowment mortgage policy was insufficient to cover the outstanding debt on retirement, so she applied for social housing
- From elsewhere in the social rented sector. There were a number of routes through the social rented sector:
  - Some people had experienced anti-social behaviour problems in their previous homes, and had friends who had moved to the new area and suggested that they also move there as it was quieter and there were properties available for rent
  - Some had needed to move because of the demolition programme
- Three young families were interviewed, with not dissimilar routed into the sector:
  - One young woman obtained her tenement flat when she became pregnant
  - One young woman was already in a tenement flat and secured a move to low rise accommodation after she had her child; one moved into a tenement from her parents after she had a child, and the third moved into a tenement flat with her partner and child from the private rented sector.
- From homelessness. A number of tenants had previously been homeless – one man had been a home owner, but had lost his home; another had had a very chaotic life, having lived in several countries and tenures, as well as being homeless on several occasions.

Alternative housing options

19. Very few alternative housing options had been considered in East Glasgow: all the participants were very clear that they wanted to remain in Shettleston Barlarnock, and typically knew which street they wanted to live in. As a consequence, they had applied for their current housing association, and possibly also GHA and Calvay (the other local RSL). Even the man who was homeless, and who had been required to apply for all the associations, had held out for the area that he wanted – and as a result had been homeless for over a year.

20. In North Glasgow, while not all had come from the immediate area, all had come from North Glasgow, and were very keen to move to/stay in the area. Most therefore applied to all the RSLs in the area (including the GHA), some also applied to East Dunbartonshire (which they referred to as Bishopbriggs). Staying in the area was important to a number of participants as it is where their family stays, and they are needed to provide childcare.

21. Notably, applicants tended to apply for all the landlords within the selected area. When asked if they had a preference for GHA or one of the community/independent landlords, there was a strong view that achieving housing in the right area was more important than which landlord provided the housing. Landlord issues were mentioned in two cases. First, in one area there was a clear distinction in the areas served by the different landlords – thus being housed by a specific landlord dictated the type of area in which you would be housed (this was not a desirable area…). Second, it was suggested that, possibly because of its size, GHA was better

at dealing with anti-social behaviour among its tenants, and vandalism/graffiti in its properties[15] .

22. Clearly the focus group tenants might be considered atypical of new entrants to the sector – many of the East Glasgow participants were effectively transfers – as a result of reprovisioning, and were long-term tenants, who expected (and were typically granted) a good standard of housing. Many of those in North Glasgow (as well as one couple in the East) were ex-owners, moving to the social rented sector later in life, and again had high expectations of the sector, accompanied by medical need, and were prepared to wait to achieve their expectations. Notably, the three younger women with children that were interviewed had all experienced marked difficulties, coping with violence, intimidation, graffiti. , and so on (one has since been rehoused).

23. When considering their current accommodation, the participants identified the things they liked and disliked about their areas. All the participants were able to think of positive attributes associated with their home:

- Neighbours
- Attributes relating to the property itself – "lovely house", good size, lots of space, number of rooms, good layout
- Attributes relating to the external areas - nice back court, benefits of having somewhere outside to hang out washing, having a garden
- Good location -near the train, shops, pub
- Well looked after by neighbours - for example, the stairs clean and well looked after
- Nice quiet area, an area where they could feel safe, comfortable, "at home"

24. Participants were also asked to list the negative aspects of where they lived. As can be seen below, not everyone could think of any negatives, or had to resort to some fairly trifling issues. However, for some, the negative aspects of their home were extremely serious.

- Nothing wrong with their home and area
- Stray cats
- Some people don't look after the property
- Social issues – social and cultural desert; complete lack of community facilities
- Anti social/criminal behaviour in streets and closes

25. A good area was a key consideration for almost all the participants. Most indicated that they would be willing to accept a property that was in poor physical condition if it was in the right area. One participant had accepted a house that needed a new kitchen (and put her own kitchen in). Another noted that, although she was currently in a new build 4 in a block, she would have to move within the next few years as there was not a suitable school for her son locally. Her next home did not have to be new build, or even newly modernised, so long as it was near an acceptable school. Thus she prioritised local services/area over housing quality.

[15] We have no evidence as to whether it is true, but these were the perceptions of a number of the tenants living in East Glasgow.

26. The most important components of a good area were

- A quiet area, where there is little trouble was considered most important – "peace of mind"
- Good neighbours, and good people living in the area (people who look after the area and their houses)
- The type of housing available

27. Other, less important aspects that were mentioned included:

- Access to services
- A good mix of age groups – older people, as well as people in their 30s and 40s
- The quality of the properties – it would be good if the landlord gave the properties a basic decoration and undertook basic repairs before letting them

Future moves

28. Most would like to stay where they are permanently. Some mentioned that it has been a real upheaval to make this last move, and that they did not really want to do it again (particularly applies to those affected by reprovisioning).

29. The two young women who continue to experience problems with anti-social/criminal behaviour in their immediate area would like to be rehoused. One has already asked to be rehoused – somewhere else in Easterhouse as she was brought up in the area, the other would like to move somewhere else in the city (she has no connections to the city). The private rented sector was not an option for either of these women – as the cost would be too high.

Views on other tenures

30. The groups briefly considered each of the tenures. However, for most, social renting is now the only option open to them financially. They, therefore, found it very difficult to see themselves in other tenures, or to identify the advantages or disadvantages of living in other tenures.

Social renting

31. Many of the East Glasgow respondents have had several years of living in the social rented sector, while tenants in North Glasgow were fairly new to the tenure. The key attributes of the sector included:

- Rent covers all housing costs, including repairs and maintenance, of both the property itself and common areas. Those who had experience of home ownership noted this in particular. However, for those who had paid off their mortgage, there was the "shock" of having to pay a rent again!
- The lowest cost form of housing. It was suggested that the reason the social housing was cheap was because it was "no frills". However, it was also noted that the service received from some private landlords was considerably poorer than that received from GHA and other RSLs, while rents would be higher.

Private renting

32. A number of the respondents have had experience of either being in private renting or trying to access the sector.

- Barriers to access – one respondent found it difficult to access the sector when he was between jobs; he wasn't eligible for housing benefit, but was not in employment, so landlords would not take him on
- The amount of money need "up-front" is also a barrier; a deposit and a month's rent in advance can be too much for many people
- Rents in the private rented sector are much higher than in the social rented sector

Home ownership

- Too expensive – respondents mentioned that they could not afford to buy on their own, or that they could not afford to move up/along the property ladder. Prices are perceived as being too high, especially for older people, people on part-time work, single people, and so on
- Real perception that house prices are rising very fast in Glasgow, which makes it increasingly difficult for people to buy a house, or to trade up/across within the sector
- Difficult for people to get a mortgage now
- However, they feel it is worth it for people to have bought – an investment

Conclusion

33. The overwhelming message that emerged from the focus groups was the importance of the quality of the local area, and linked to that, the type/security of the housing, in influencing people's housing choices. Further, households would often prioritise area over house type and quality – possibly because either they could upgrade the property or because they anticipated the landlord would do so at some time in the future.