



## **ENVIRONMENTAL SERVICES**

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### **Moray Council Affordable Housing Supplementary Planning Guidance**

#### **What is “affordable” housing in Moray?**

Using the assumptions stated below, the Council regards the following housing costs as “affordable” to full time, lower quartile earners, without housing benefit:

- Maximum affordable rent **£81.00 per week**
- Maximum affordable purchase price = **£66K**. At the time of writing, purchase of lower quartile priced properties (£90K) is only affordable to single full time earners of median salaries (approx £27K per year).

It should be noted that households with part time earnings, temporary contacts of employment, or without access to mortgage deposits are particularly disadvantaged in the housing market. For these households, affordable housing rented from the Council or a Housing Association may be the only viable housing option.

#### **Policy Context and Assumptions**

Scottish Planning Policy 2010 states that “affordable housing is defined broadly as housing of a reasonable quality that is affordable to people on modest incomes.”

**This Policy regards lower quartile earnings as “modest”.**

The Scottish Government Housing Need and Demand Assessment Guidance 2008 states that “a household is considered able to afford market renting in cases where the market rent payable would constitute no more than 25% of their gross household income. ‘Market Rent payable’ is defined as the entire rent due, even if it is partially or entirely met by housing benefit. Other housing related costs, such as council tax and utility bills should not be included”. The assessment of housing affordability in the HNDA has been completed on this basis, using the following variables:

- Mortgage deposit requirements
- Mortgage interest rates
- Lower quartile house prices
- Lower quartile private rents
- Lower quartile full time gross earnings

The combined effect of changes in any of these variables will affect the affordability of housing in Moray. The maximum affordable rent and maximum affordable house

purchase price will be updated annually, will be available from Council Officers and will be published on the Council's website.

The affordability assumptions used in the HNDA 2011 have been updated using the latest available data. The current assumptions are:

- first time buyers require 10% deposit
- Mortgage credit is available to qualifying households at a mortgage multiplier of earnings x 3.5 for single earners households, or 2.9 for dual income households.
- mortgage interest rates are 5%
- a lower quartile house price is £90K (in 2012)
- a lower quartile private rent is £450 per calendar month (in 2013)
- lower quartile full time gross earnings in Moray are £327.00 per week or £17K p/a. (in 2011<sup>1</sup>)

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