

**REPORT TO: POLICY COMMITTEE ON 5 MARCH 2008**

**SUBJECT: PRESSURISED AREA STATUS**

**BY: DIRECTOR OF COMMUNITY SERVICES**

**1. REASON FOR REPORT**

- 1.1 This report informs the Committee of the initial analysis of data regarding the development of a further application for Pressurised Area Status (PAS) for Forres and other areas in Moray as agreed at the Policy Committee of 29 August 2007 (paragraph 32 of the Minute refers).
- 1.2 This report seeks approval to progress a further application for PAS for the specified parts of Moray where pressure for public rented housing is highest.
- 1.3 This report is submitted to Committee in terms of Section A (60) of the Council's Administrative Scheme relating to the development and implementation of the Council's Strategic Housing Plans.

**2. RECOMMENDATION**

**2.1 It is recommended that the Policy Committee:-**

- (i) agrees to develop a formal application for Pressurised Area Status in Forres;**
- (ii) agrees that wider stakeholder consultation takes place during the period April-June 2008 with the final submission to Scottish Ministers being made by September 2008; and**
- (iii) agrees that Officers continue to assess and develop the evidence for any further application for Pressurised Area Status to apply to other parts of Moray.**

**3. BACKGROUND**

- 3.1 Under the Housing (Scotland) Act 2001, local authorities can apply to Scottish Ministers for Pressurised Area Status which, if approved, suspends the right to buy in the designated area for tenants of social rented housing for up to five years. On 7 March 2006, the Council's application for PAS was approved by the then Scottish Executive and covered the areas of Elgin, Lossiemouth and Forres Rural.
- 3.2 Since the approval of the Council's first PAS application, the Scottish Government has issued supplementary guidance. This makes it easier for local authorities to compile the evidence required for the assessment of applications, and identifies the core evidence that will be of critical importance in the Scottish Government's assessment of the case presented. The supplementary guidance also recognises that different indicators of pressure

may be evident in rural areas than in more urbanised settings. This distinction will be reflected in the assessment of PAS applications for rural areas.

- 3.3 Under the supplementary guidance, the core evidence to support an application is the ratio of waiting lists to lets. The guidance recommends that when considering the evidence, local authorities should be mindful of how the areas under consideration compare with the national average, which currently is between 5:1 and 6:1. Where the core evidence is particularly strong, there is less of a requirement to strengthen the case by submitting supporting evidence such as Right to Buy resale data, income levels of waiting list applicants and historical patterns of loss of social rented stock.
- 3.4 In rural areas and small villages, however, the lack of available social rented stock may have a distorting impact on the waiting list information. In these circumstances the application should make an assessment of the impact of Right to Buy on the sustainability of communities, taking account of other supporting evidence such as stock and local population numbers and anticipated provision of new affordable housing.

#### **4. EFFECT OF PAS DESIGNATION**

- 4.1 If approved by Ministers, the effect of a PAS designation is to suspend the Right to Buy the designated areas for a period of five years from the date of the designation for:
- All tenancies created on or after 30 September 2002
  - RSL tenants eligible for the Right to Buy
- 4.2 Tenancies that commenced before the introduction of the Scottish Secure Tenancy i.e. 30 September 2002 will not be affected by PAS.

#### **5. Evidence in Support of Application**

- 5.1 The previous application was made on the basis of aggregating the Council's letting areas into 10 sub-areas. To provide a more focussed assessment of specific local pressures and to reflect the rural distinction highlighted in the supplementary guidance, data has been analysed at the level of the Council's 65 lettings areas.
- 5.2 The analysis of waiting list ratios for the periods 2005/06 and 2006/07 suggests that there are ongoing demand pressures for social housing throughout Moray, but that some areas have higher pressures than others. Of the larger urban settlements, Forres has consistently shown ratios significantly higher than the national average. With ratios of 10:1 in 2005/06 and 7.8:1 in 2006/07, the core evidence supporting a PAS application is stronger and more clear cut for Forres than for Buckie and Keith.

- 5.3 The analysis indicates that there is a strong case for proceeding with an application for Forres, which is the only part of the North West sub-area not currently covered by pressurised area designation. It is estimated that a PAS designation in Forres would result in 210 houses becoming exempt from the Right to Buy.
- 5.4 Ratios significantly higher than the national average were also apparent in the smaller and more rural lettings areas in the South East sub-area such as Fochabers and Aberlour. The evidence in these areas should be treated with some caution as the lack of available social rented stock, coupled with low turnover rates, may have a distorting effect on the waiting list data. This would suggest that there is insufficient clear evidence to proceed with an application at this stage and that further investigation involving the collection of additional supporting evidence is required to strengthen any case for pressurised designation.
- 5.5 Consideration will also need to be given to the size of the geographical unit to be covered by an application with evidence gathered to better understand whether pressures are restricted to specific lettings areas or are consistent throughout the wider sub-area.
- 5.6 Further work is required to develop any evidence for a PAS application in the rural settlements in the South East sub-area. The Council has recently approved funding to enable the Rural Housing Service to run a pilot project to assess rural housing needs and solutions. It is anticipated that this project will assist in providing evidence of pressures in these areas and whether PAS would be an appropriate response. This project will commence early in 2008/09.
- 5.7 It is too early to accurately assess the impact of PAS in the currently designated areas. Monitoring work will be required over a period time to gather this evidence.

## **6. TIMESCALE FOR DEVELOPMENT OF THE SUBMISSION**

- 6.1 Before submitting PAS proposals for specific areas, the Council has a statutory obligation to consult with the following stakeholders:
- Every RSL with houses in the proposed area
  - Bodies representing the interests of tenants or other residents living in the area
  - Any other persons as they see fit

The Council will also be expected to inform all tenants in writing of the proposal and its likely effect on them. As a matter of good practice, those on the waiting list should also be informed.

- 6.2 It is therefore proposed that consultation takes place during the period April-June 2008, with a final submission to Scottish Ministers being made by September 2008.

## **7. SUMMARY OF IMPLICATIONS**

### **(a) Corporate Development Plan/Community Plan/Service Improvement Plan**

The recommendations contained in this report support the Community Plan and Local Housing Strategy priorities of maximising the provision of affordable rented housing to meet identified housing need.

### **(b) Policy and Legal**

There are no other policy and legal implications.

### **(c) Resources (Financial, Risks, Staffing and Property)**

The "one-off" receipts from from Right to Buy house sales are an integral part of the Council's capital expenditure budget and reduction of this income will impact on the funding of the capital programme. However, the retention of housing stock will maintain the potential to generate rental income.

### **(d) Consultations**

Consultations have taken place with the Director of Community Services, Chief Housing Officer, Housing Programmes Manager, Senior Area Housing Manager, Housing Needs Manager, the Housing Strategy and Development Manager, Deborah Brands (Principal Accountant), and the Principal Solicitor (Commercial & Conveyancing).

## **8. CONCLUSION**

- 8.1 **This report submits recommendations in respect of a further application for Pressurised Area Status covering Forres where the initial evidence indicates that pressure for social rented housing is highest.**

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Background Papers: Housing (Scotland) Act 2001, The Modernised Right to Buy, SEDD Circular 5/2002 and supplementary guidance.  
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