



**GROWING ECONOMIES AND
BUILDING HOMES:
Reconciling Growth and Housing
Wellbeing in St Andrews**

A Report to Fife Council and the University of St Andrews

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Executive Summary

GROWING ECONOMIES AND BUILDING HOMES: Reconciling Growth and Housing Wellbeing in St Andrews

I. THE STUDY

In the autumn of 2012, Fife Council and the University commissioned the Centre for Housing Research (CHR) to make a detailed assessment of how students, staff and other local residents fare in the local rental housing market in St Andrews. This study, based on three local surveys, presents the analysis of University staff and student location choices from administrative data and interviews with market agents and investors, reviews some of the difficulties that arise in the local housing system and how, in the present adverse context for housing policy expenditures, they can be addressed.

II THE CONTEXT

- i. The University of St Andrews is an internationally competitive and successful charitable business that experienced an unprecedented decade of growth in student and staff numbers between 2002 and 2012. They grew, respectively by 37 and 63 percent.
- ii. The University is the dominant local employer with some 2,000 employees (more than 60 percent of local jobs) and local multiplier effects add a similar number of job opportunities. The University is the third largest employer in Fife and it directly and indirectly contributes an estimated 9,000 jobs in Scotland as a whole. The vacancy rates in local retail and commercial properties are particularly low for current Scottish towns and, like the low local unemployment and high per capita incomes, are significantly attributable to the economic performance of the University.
- iii. Higher education is still largely an on-site business. Concentrated economic growth in modest sized towns creates localised congestion and dis-amenity where supply responses are sluggish. The housing sector has a typically inelastic supply response and growth often has immediate adverse price and shortage effects, not just for those moving to new jobs but to households, especially new households, emerging within their own locality. These shortages may persist with adverse consequences for local and poorer households.

- iv. Through St Andrews' decade of growth there have been emerging signs of local housing market pressures.
 - a. House prices have risen at rates at the high end of the Scottish price change spectrum.
 - b. Housing supply, especially since 2007, has been sluggish.
 - c. Price pressures in the rental sector have seen the share of owner occupation fall from 68 to 60 percent and renting expand from around 6 to 16 percent.
- v. There are other drivers of rising local house prices, for instance the growth in retirement on the coast, but the main source of St Andrews' impetus, through the rental sector, is unquestionable.
- vi. Rising rents and rental housing shortages have been problematic for some local households, though many more have enjoyed the rising prices of their housing assets. The increasing domination of the core neighbourhoods in St Andrews by students, see **Map 1** (page 9, has also raised issues of local social mix and amenity.

III THE STUDENTS

The significant growth in student numbers after 2,000 changed the composition of students at the University in ways that reflected the growing international reputation of the University. Key aspects of growth patterns were that:

- i. There was a more rapid expansion of students with home origins outside Scotland than from within.
- ii. The University, whilst also attracting increasing numbers of students from the rest of the UK, came to attract disproportionately high shares, by UK standards, of students from North America, Europe and the rest of the world.
- iii. There was a substantially more rapid growth in postgraduate student numbers, especially for taught postgraduate degrees, than for undergraduates. These different classes of students, for instance, that differ in age and expected length of time at the University, have different housing preferences and needs. The key features of their preferences, outcomes and problems are reported separately below.

The Undergraduates

- iv. After their first year of study the majority of undergraduates prefer to find their housing in the private rental market, though declining proportions from each year of study do live in halls of residence with market/hall residence roughly equally split for undergraduates.

- v. The vast majority of students are single persons in the 18-21 age groups.
- vi. The majority of students are non-Scottish and are from a range of ethnic origins; there was no reporting in the student surveys of discrimination by ethnicity.
- vii. Undergraduates used their first year in halls of residence (HOR) to form social networks that removed any difficulties in forming 'search' and 'renting' groups.
- viii. These renter groups are crucial to the functioning of the overall market; they reduce individual search efforts and costs and they allow rent sharing and companionship in the flats and homes they find; this search/renting advantage is not enjoyed by other non-student market participants and students tend not to share lets with non-students.
- ix. In consequence, for undergraduates, two out of three students live in groups of 3 or more students and this means:
 - a. These rental groups have a combined monthly rent paying capacity of between £1,200-£1,600 pcm and this combined buying power 'sets' the market and is the economic basis of the displacement of non-students, younger staff and middle income home-owners from the town.
 - b. The size distribution of student search groups in relation to the size distribution of properties means that undergraduate students are particularly dependent upon the Multiple Occupation sector of provision.
- x. Undergraduate students have particularly well defined locational/housing preferences and their key goals are to live in or close to the town centre, with friends, in 'decent' flats.
- xi. Students in the main get what they want. Some 19 out of 20 live in the town or very close by, with 90 percent walking to their place of study. Most get on with their flatmates and they express high overall satisfaction rates. They incur low search costs relative to other groups and in the main are not beset by undue debt, with parents making major contributions to rent payments.
- xii. Some difficulties are encountered. More than half of students complain about the ways in which deposits are charged and sometimes retained by landlords. The survey data also suggest that some 10 to 15 percent of undergraduates are having real difficulties in paying for housing and they also suggested in survey responses that it is 'socially' difficult to air these difficulties in a context where the vast majority of fellow students, even fellow tenants, are not experiencing similar difficulties. There is a relatively silent minority in some housing payments difficulty.

The Postgraduates

Postgraduate students have more diverse housing preferences and outcomes than undergraduates and they are more diverse in their durations of stay in St Andrews (Postgraduate Taught (PGT) usually stay a year,

- Postgraduate Research (PGR) commonly remain for 4 years) and their socio-economic circumstances.
- xiii. PGT, often from overseas, often arrive at the University late in the search season and as the search focus is in areas similar to undergraduates, they are often at an informational disadvantage in finding homes. They have higher search costs and pay higher monthly rents than undergraduates, as they have difficulty finding sharing groups.
 - xiv. The younger PGR students have some similarities with undergraduates in their locational and flat sharing preferences.
 - xv. Older PGR's have behaviours more similar to young research staff; they may have partners, they look for smaller homes to share
 - xvi. A significant proportion, (one in six), express a preference to live in the area around St Andrews rather than in the town. They seek life beyond the 'goldfish bowl'.
 - xvii. This willingness of some to live outside the town, coupled with significant displacement outwards of those seeking smaller homes to rent, means that PGRs, along with staff, become the key mechanisms by which excess demand in the town is spread into the wider local housing market area
 - xviii. In broad terms, the costs of commuting out to Cupar, up to Dundee and down to Anstruther are such that, combined rent and travel cost payments tend to be relatively similar at different points around the region for those travelling to work in St Andrews.
 - xix. PGRs express more dissatisfaction with their locational outcomes than do undergraduates and, despite those who wish to escape St Andrews, there is clear evidence that these renters would recentralise to St Andrews were the opportunity available to do so.
 - xx. PGRs, reflecting their longevity in Higher Education, encountered more frequent problems and higher levels of debt than undergraduates and with a greater reliance on their own resources and part-time wages. They also noted the lack of any co-ordinated information about where other PGRs settled around the towns and villages of the region, or any efforts to link their search and housing choices, say by internet exchanges facilitated by the University.

IV. THE STAFF

The staff complement of any University is diverse in relation to the incomes, ages and lifestyle choices. University staff generate a variety of housing demands and, because not all staff are highly paid, needs. Staff employed at the University of St Andrews, reflecting this diversity of incomes and preferences, have a residential

geography that is spread throughout North East Fife and beyond. Just over a quarter of staff live within St Andrews (up to three miles from the town) and **Map 4** (page 14) indicates the pattern of where they live. Staff choices, along with those of more mature PGRs, play a critical role in transmitting housing market pressures within the town into the broader hinterland. Their housing choices are more complex than for the student body.

- i. Staff range in age from 18 to almost 70, incomes vary from under £20k per annum to in excess of £120k, a quarter are single person households and the average household size is around 3 persons.
- ii. Despite the variety of incomes, average incomes for all staff households, and indeed separately for staff renting, lie well above incomes for Fife and Scotland as whole. Two thirds of households, including more than one adult, have at least two earners (and in one in four instances the second earner is also employed at the University).
- iii. Staff employed in clerical, operative and technical roles are primarily drawn from the local labour market and did not move home when they were first employed by the University. Managerial staff are, largely, drawn more widely from Scotland and academic staff are primarily recruited outside of Scotland and increasingly from overseas. Housing quality and prices are significant considerations in that relocation decision and long distance movers, whilst praising the amenities of the area, reported that they regarded local rents and prices as higher than where they had moved from and that there were significant gaps in the quality and variety of housing available close to St Andrews (in both rental and ownership sectors).
- iv. Staff employed at the University are primarily home owners (65pc) with 33pc living in the market rental sector and under 2pc in the social rental sector. In this regard the University employs staff that make minimal claims on the local social housing sector.
- v. A number of housing market outcomes in the ownership sector are worthy of note:
 - a. Staff, especially younger staff, felt displaced from the town by the rents/prices generated by the student sector, though half of those living outside of the town did so because they preferred and valued the rural and village choices available.
 - b. They found the processes of securing a home difficult, especially those arriving from overseas and they felt that the University could do more to familiarise them with the local housing system on appointment.
 - c. The highest rates of home ownership were not associated with the highest income jobs. Clerical workers had the highest home-ownership rate. This reflected the fact that they were often the second, and part-time, earners within larger households and that a significant number

- had bought their former council home. The University should note that this is a route to low cost home-ownership for less well paid workers that will not be available in the future.
- d. Academic staff had the lowest rates of home ownership. This is a consequence both of the high proportion of staff under 35 on fixed term contracts and the propensity of higher income, secure staff, arriving post 2007, to have rented rather than bought homes whilst price uncertainty prevailed.
 - e. Some staff, around 5pc, who had moved within the UK in the period 2007-12, had found it impossible to sell their homes in their prior locations, and became landlords there, and rented in St Andrews. It could be expected that as prices firm up in other regions of the UK and price increases recommence in St Andrews, that there will be some shift of middle and upper income renters back into home-ownership (at most this will affect 100-150 households spread throughout the region).
 - vi. Aside from the 'temporary' and 'forced' renters noted immediately above, there were different demand groups within the market renter sector. Higher income staff with high potential mobility made significant use of market renting. Younger staff with lower incomes and fixed term contracts also rented but noted an aspiration to own on securing a permanent position. Staff with lower incomes in non-academic/non-managerial jobs foresaw long periods in rental housing and they were also most likely to have difficulties in property quality and high rent-to-income ratios (a fifth of such staff). This latter group are more likely to be looking for social housing tenancies, as local market rents and prices run ahead of university wage rates.
 - vii. The problems that staff accessing market renting reported largely stemmed from their displacement from St Andrews by better resourced student search groups. They noted difficulties of accessing public transport in all but the main villages in the region and they were critical of the University for failing to provide any social 'centre' at the University (and these views were shared by rural owners). They also regarded the absence of a reliable internet connection in many rental properties as a significant impairment on their capacities, not just to interact socially, but to do their jobs effectively. There was, as for students, widespread criticism of tenancy deposits and their use and a concern amongst renters with families and older families that six month tenancies were a very insecure basis for living in the rental sector for the durations they now experienced and intended.

The market rental sector provides affordable and acceptable solutions for most of the staff that choose to rent. It deals with a diversity of demands. There is a proportion of younger, usually locally originating, non-academic/non-managerial

staff who have high housing costs in relation to low incomes and insecure tenancies. It is also clear that displacement from St Andrews is a negative outcome for many younger staff and mid-market rental developments closer to the town would be attractive to them.

V. OTHER RENTERS

As noted above, the market rental sector houses a variety of different staff renters ranging from relatively affluent and mobile renters to lower income households who face long term futures in the local rental sector. Rental markets are typically a connected mosaic of different property qualities and rent levels that meet the demands of different consumer groups. When poorer households cannot access social housing, the market sector also becomes their home. Their low incomes means that they may often have difficulty in meeting the rent payments even on properties that are relatively inaccessible, small and poor in quality.

A limited sample of non-University renters from St Andrews and wider areas around the town revealed a number of concerns.

- i. The population of non-students-non-staff in the sector was difficult to find on the ground and the niches provided in the 'mosaic' were relatively truncated in contrast with market rental sectors in other areas of Scotland.
- ii. There was an apparent absence of younger, lower income, single person households in the sector.
- iii. Those that were identified had often been displaced, over time, out of the town and into poorer quality homes.
- iv. There were significant numbers of older residents in the sector, many of them having lived in the sector for up to a decade.
- v. The residents in the sector, reflecting age and unemployment status, were usually reliant on benefits as part of their incomes.
- vi. Housing costs comprised a high proportion of gross incomes and, even with benefits; almost half of tenants interviewed had problems in paying the rents on what were low quality dwellings.
- vii. Rents paid were lower than those paid by staff and much lower than paid by student renter groups.

The survey evidence in this section of the report is less reliable than for other groups but it is sufficient to indicate that low income residents in the rental markets of North-East Fife incur the costs of sluggish housing supply disproportionately in relation to their incomes and perceived wellbeing.

VI. POLICY, PARTNERSHIP AND PRACTICE

The Report raises and considers issues of policy, partnership and practice that have implications for the Scottish Government (SG), the Council and the University.

- i. The SG, the Council and the University need to fashion a more complete view of the role of housing investment and supply responses in growing towns. Growth management of towns receives less attention than issues of town centre decline. There is a case for considering St Andrews as a venue for policy and practice development in relation to the management of faster growing towns.
- ii. Housing policy and investment responses are required but the usual needs based cases for more public resources cannot be met by the council, given their present constrained budget position. Innovations in the use of planning, land, infrastructure and private investment need to be marshalled to address the current issues in the St Andrews rental housing system.
- iii. There is a case for a town development partnership that would centrally involve the University and the Council to promote and plan such changes and that would set housing decisions in a wider context of change.
- iv. Issues for the Scottish Government to address were identified. These included
 - a. Recognising the need for longer term tenancies and greater security for residents who will live longer in the market rental sector.
 - b. Recognising that deposits paid to landlords are often badly managed and sometimes never returned. Scotland could look to the experience of other countries where rental sector deposits are held by a public or non-profit agent and, sometimes, used as a revolving fund to underpin some rental sector investment.
 - c. Considering whether Town Deals now need to come into play to match potentially emerging 'city deals' and whether Tax Incentive Funded schemes could provide relevant infrastructure support for the housing that St Andrews needs.
- v. The Council needs to recognise that restraining and reducing the number of multi-occupancy (HMO) properties would have a significant effect on student housing supply in the centre of St Andrews. The consequence would be a shift of student renting into more of St Andrews' suburbs, a greater displacement of all other groups out of the town and the likelihood that any properties returned to the market taken out of HMO are more likely to be captured by staff than by other local and poorer residents.
- vi. Fife Council have already undertaken extensive analysis of housing needs and demands not just around St Andrews but for the whole of Fife and shortages in

- provision have already been identified and planning options outlined. This study is much concerned with the housing consequences of future growth at the university and how these plans could be changed. The University has to recognise the pressing nature of acute housing needs of low income households not just in St Andrews but other areas of Fife and that public support to meet such needs is falling to record low levels. It is unlikely that postgraduate students, although they have modest incomes and high housing costs, will be widely recognised as a housing needs group. Their current position reflects a choice to invest in their human capital that will bring better future incomes and employment prospects. However the Council could also recognise that for each additional postgraduate student researcher in the local market there is effectively a one for one displacement of low/middle income non-student renters. University stimulated investment to house PGRs would directly increase the housing prospects of non-students.
- vii. The University could take a number of management measures to reduce difficulties encountered by staff and students. This would include steps to:
 - a. Better inform newly appointed staff about housing processes and options in the local area.
 - b. Similarly inform students, especially overseas students and encourage the development of overseas 'searcher groups' through internet matching of individuals who might like to search and share together and also provide a clearer indication of the kinds of locations outside of St Andrews that other postgraduate students live in.
 - c. Consider taking 'Head Leases' for properties dispersed around nearby villages and link this to microbus travel possibilities.
 - viii. The University could commission additional Halls of Residence (HOR) spaces for up to 200 students, to absorb non post-graduate pressures. However the likely scale of change argued above would require a first step provision of up to 400 mid-market rental homes in and around St Andrews within the next five years. The St Andrews West Strategic Development Area (SDA) would be an obvious location for the development of such a sustainable suburb. However there is a mismatch between what is presently planned for that area, a thousand plus home owner units provided over a 20 year time horizon, and what the reduction of the rental housing shortages of the area requires. Either the plans need to change or an alternative supply strategy for rental housing is put in place. It may well be that the popularity of St Andrews as a place to live for upper income households not associated with the university is such that demand will support the Western SDA so that both strategies need to be pursued albeit to meet quite different market requirements.
 - ix. The University and the Council should give some thought to how the new kinds of large scale non-profits emerging in the UK, that are developing out from their

social housing interests into reputable and efficiently funded and managed mid-market rental housing might make suitable partners for such a strategy.

- a) There is a case for the design of a new masterplan, and potentially associated delivery vehicles, for the provision of rental housing for St Andrews and its associated housing market areas.
- b) There also needs to be more clarity about where any development should take place within the broader local housing system area.

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CHAPTER 1

1. HOUSING IN GROWING PLACES

- 1.1.1 St Andrews, and the surrounding area of North East Fife, has experienced population, employment and income growth over the last two decades that have been high relative to most of the rest of Fife and indeed Scotland as a whole. Despite the closure of significant local employers, for instance the Guardbridge paper mill, the relative buoyancy of other sectors of the local economy has abated some of the worst effects of the nationwide sluggishness prevalent since 2007.
- 1.1.2 The University, as highlighted in the Biggar Economics report of 2012, has grown and also contributed substantially to employment in the locality. The current competitiveness of the University in attracting students and research funding provides a platform for further growth in the local economy.
- 1.1.3 The economic gains from such growth that would accrue to the University, the people of Fife, and indeed the Lothian's and Tayside, and Fife Council do need to be set beside some of the potential negative effects that can, but not inevitably, accompany growth. Growth that would either cram the town or be accommodated in new structures detracting from heritage sites or growth based simply on longer distance commuting from other places could damage the built and wider environments of St Andrews.
- 1.1.4 Growth in demands for local facilities, infrastructure and housing frequently outstrips supply capacities. These aspects of a local economy often have what are labelled inelastic supply characteristics, their provision only responds slowly and partially to expanding demands. Housing has notoriously inelastic supply characteristics, in part due to the complex nature of homes and their construction but also because of planning system constraints and shortages of public funding to provide social housing and supporting infrastructures. Localities with faster than average growth incur faster than average increases in housing prices and rents. And when, as has been the case in Scotland since 2008, the macro-economic case runs against new housing construction and the

growth of home ownership (due to tighter credit rationing), housing shortages are disproportionately played out within the rental housing sector.

- 1.1.5 The fiscal austerity that has followed the Global Financial Crash in the UK, and more specifically Scotland, has been played out in markets for home ownership that have been flattened by credit rationing and has left Councils with sharply reduced resources to invest in the provision of truly affordable rental housing for lower income households. In periods or places of housing shortage, with falling public investment resources, it is always poorer households that suffer the worst consequences. And this is particularly true of newly forming households, mainly young people but also older households incurring relationship breakdowns.
- 1.1.6 Growth in St Andrews offers the too rare prospect, for many Scottish towns, of significant, well founded growth for the local and regional economy. But it also offers, after allowing for rising housing costs, reduced real incomes for many households and for others, the adverse consequences of over-crowded or inaccessible housing.
- 1.1.7 Scottish councils have long expertise in managing the consequences of decline and deprivation, and such processes and outcomes are still intense in parts of Fife and have to remain a policy priority. In many countries 'growth management', not least to attain environmental objectives, has been the main activity of local authorities. It is this framework of ideas that now seems to have salience in the discussion of housing in and around St Andrews.
- 1.1.8 A discussion that simply estimates low income needs plays into a bias to stop growth and focus on disadvantage. On the other hand an economic growth emphasis in decision taking might ignore significant social and environmental consequences of housing outcomes. This is not simply a matter of balancing different public policy objectives but of also recognising that the quality of St Andrews and North East Fife as a place to study, work and play in is an important element in economic attractiveness. The University, the town and its hinterland, as for the last 600 years, have a critical symbiosis. Growth management in effective partnership between the Council, the Town and the University constitutes a possible way forward not only to assess future challenges but to act upon them.

- 1.1.9 This research study of how the University impacts the local housing system is intended to inform such discussions. The focus of the research is upon the housing choices of staff and students at the University and how they impact the local housing system. Housing systems are complex, as are universities, so a range of different consumer groups are involved with different preferences and incomes. Homes always have a geography and the labour market within the town of St Andrews employs households drawn on a daily basis not just from the town but from wider areas that, with differing intensities, run from Anstruther and Leuchars to Edinburgh and Dundee. Our analysis reaches well beyond the town to understand what happens within it. The paragraphs above drew attention to how poorer households, often in the private rental sector, suffer the worst consequences of shortages. We have complemented our study of student and staff choices with a small survey of private rental sector residents in North East Fife. We have also informally interviewed a number of the key letting agents to check their sense of how the local rental market operates and, with a view to indicating policy possibilities. CHR has recently been involved in a review of developments in affordable housing policies in Scotland and elsewhere for the Rowntree Foundation and policy discussion in this paper draws upon that work.
- 1.1.10 There already exists substantial knowledge about housing and the economy in Fife and St Andrews in particular. The Council has produced a high quality and comprehensive Housing Needs and Demand Analysis (HNDA) that was relatively recently updated (2010). The Student's Union have surveyed student housing in the last two years and the Town Commission is currently finalising a 'housing needs' study for the town. The University also funded Biggar Economics (2012) to undertake a significant study of its economic scale and impact. This study will hopefully be seen as complementing these other analyses even if, on some issues, we reach different and more detailed conclusions in relation to housing impacts.
- 1.1.11 The report divides into three broad sections. Chapter 2 uses University records to indicate the growth of the University over the last decade and to chart the geographies of where staff and students live. This gives a clear indication about the scale of impact across North East Fife as a whole. The housing choices and experiences of students are reported in Chapter 3 and staff choices, both in renting and ownership are reviewed

in Chapter 4. Chapters 3 and 4 are based upon strong survey databases. The experience of non-University renters is outlined in Chapter 5 but the difficulties of surveying this group mean that we have more caveats regarding the statistical descriptions emerging. Chapter 6 draws together key findings on the housing-economy connections that emerged in the previous chapters and suggests potential actions to manage future growth better.

CHAPTER 2

THE UNIVERSITY IN ST ANDREWS: GROWING ENTERPRISE AMIDST A SLUGGISH HOUSING SYSTEM

2.1 The University as an Enterprise

- 2.1.1 Universities, despite widespread belief to the contrary, are not publicly owned institutions. They are essentially non-surplus distributing organisations that draw income streams from the public, private, non-profit and charitable sectors. The University is a charity. Some of the public funded activities are rationed by government, such as the number of students that can be admitted to be supported by the Scottish Government, and others are competitive, such as research funding drawn from the UK research councils or postgraduate students funded in like fashion. The number of students at undergraduate and postgraduate levels now relying on their family or own resources has grown significantly over time. Students with these resources, and with adequate qualifications for admission, can increasingly choose where they will study.
- 2.1.2 Over the last decade St Andrews, which has always been an important Scottish University, has become an extremely successful academic enterprise. It ranks 3rd in teaching quality in the UK, lies in the top 20 research universities and is rated by peers as being in the best 100 universities in the world. In economic terms it is a successful competitor with growing, diverse income streams and rising employment and only around a quarter of its revenues are now received directly from the Scottish Government and just less than half of all funding is sourced within the UK public sector.
- 2.1.3 University education, though some argue this may change in a decade or two, still has a production model that sees the bulk of students attending classes and supervisions in person. University expansion means more students and more staff who have, for much of the year, to reside within the local daily travel to work or study area.
- 2.1.4 Statistics available from the University Registry indicate that the student population of the University grew faster than for most UK institutions and rose by 37pc in the decade between 2002 and 2012. The number of students

admitted from Scotland, the EU and the rest of the UK (RUK) have all grown in the last two years. Prior to then, the number of RUK students had fallen slightly as the number of non-UK students rose particularly sharply.

Provisional figures for 2013 suggest that the number of students is to stay at approximately the same level.

- 2.1.5 The University still remains quite small, not least in relation to the scale of its academic performance peer group. In 2011-12 there were 8,209 matriculated students. Just over half, 56pc, had home locations in the UK, another 12pc from rest of the EU and a further 32pc were non-European, overseas students.
- 2.1.6 St Andrews has more than double the average proportion of overseas students within British universities. The international origins of the student population are, proportionately, unmatched elsewhere in Scotland, with Edinburgh (23.1) and Glasgow (12.2, a score similar to Oxford and Cambridge) running at under half the St Andrews share of overseas students. The only similar figures are recorded in the specialised institutions, and much larger housing systems, of the South- East of England, such as the LSE, RCM and the University of the Arts etc.
- 2.1.7 A fifth, and growing share, of St Andrews students are postgraduates (though this share lies just below the UK average). In the chapters below it is emphasised that postgraduate students comprise very different housing choice groups from undergraduates and that expansion of postgraduate and undergraduate numbers is likely to place different demands on the local housing system (see Chapters 3 and 4) places.
- 2.1.8 The locational and social origins of St Andrews students are diverse and many, though not all, come from apparently well-resourced households¹ (Chapter 3). That pattern has on occasion led to debate on St Andrews housing issues to either dismiss the student housing demand (rich outsiders) and its consequences, implying that it is no interest to policy and should not attract any public funding support. Or alternatively, many argue student expansion as profoundly damaging and displacing poorer local households. We explore the merits and nuances of these arguments in the chapters

¹ The study did not directly record the incomes of the parents of students. The comment is based upon the significant number of students who have substantial rent and living costs and are able to save despite a key reliance upon parental support.

below. Here the beneficial income and employment consequences for the local area are stressed.

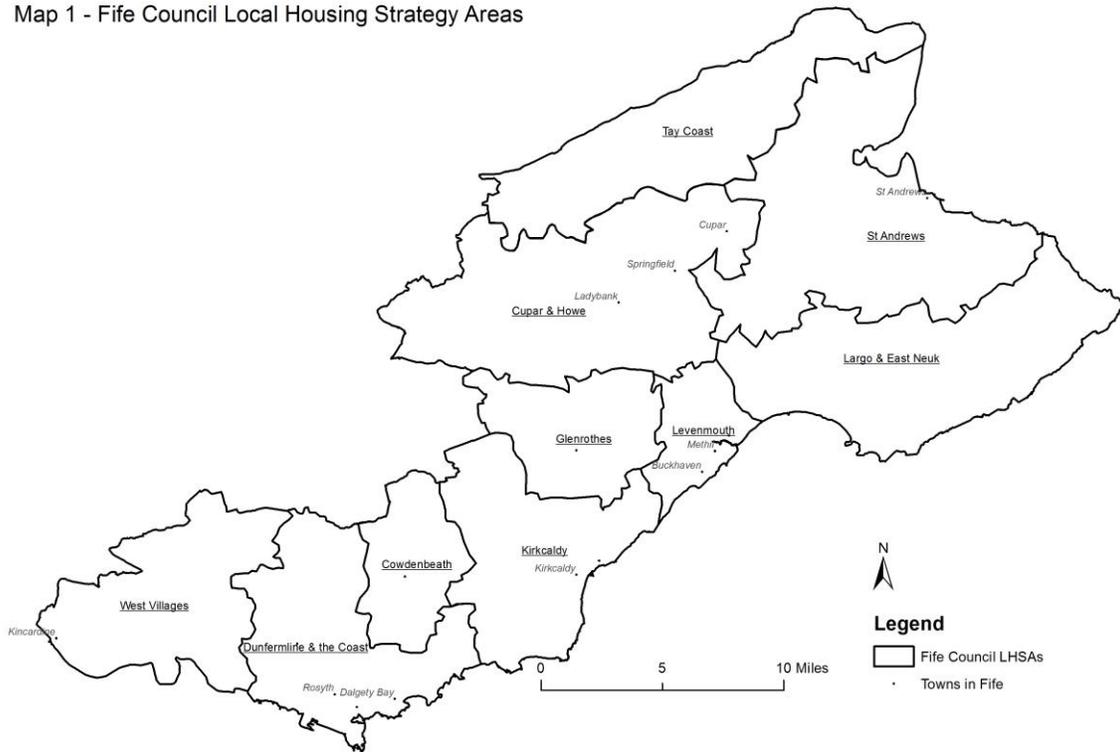
- 2.1.9 Figures provided by Human Resources at the University highlight the expansion in employment that has occurred within the University over the decade 2001-11. In that period the total number of staff working at the University grew by 63pc. This meant some 888 more people working in the town. The proportion of more mature staff rose fastest. Academic staff, including teaching and research staff, expanded most rapidly and the overall academic staff share rose from 38.6 to 45.3pc. This implies that the most rapid growth was of those on relatively higher average salaries and arriving from non-local labour markets thus generating additional middle and upper income housing demands in the local housing system. Of course it also meant the addition of 496 skilled workers to local human capital.
- 2.1.10 The Biggar Economics study of the economic impact of the University draws attention to income, multiplier and employment aspects of University job growth and an additional 900 staff is likely to have generated at least the same number of non-University jobs in the regional economy. But that report did not probe housing outcomes and their consequences. Similarly the current Town Commission study is focussed mainly on rental housing and the consequences of student expansion on local residents but local as defined within the town. We seek to address student and staff housing impacts in a more nuanced way and to frame them not just within the town but across wider, local functional housing markets that staff and students use and that spill well beyond the town boundaries. Housing choices are not contained by town walls.

2.2 Housing System Change

- 2.2.1 Housing markets are best seen as geographically dispersed but connected areas in which significant proportions of households move homes locally or commute to work in nearby locations. That is, they are not well defined by municipal or town boundaries but by patterns of commuting, residential search and movement. Boundaries of areas often referred to as local housing market areas, can be defined on containment as defined by a key functional variable. These housing markets invariably remain partly 'open' so that boundaries are porous. Fife Council has defined Local Housing Strategy Areas (LHSA) in accordance with Scottish Government advice. The geography of LHSA's devised by the Council, and widely used in this study, is

depicted in **Map 1**. St Andrews sits at the core of one of these areas, referred to below as the St Andrews Local Housing Strategy Area (SALHSA). This area is used in much of the description that follows but in our survey work the samples drawn lived in this area plus three other adjacent LHSAs.

Map 1 - Fife Council Local Housing Strategy Areas



2.2.2 Employment, income and population (household) growth are the key drivers of demand in housing markets. The overall population figures for St Andrews (SALHSA) show that from 2001 to 2011 (mid-year estimates), the population expanded by 19pc, whilst the rest of the Fife rose by 3pc. St Andrews now comprises some 24.7pc of the population of the broader North East Fife area. Growth in household numbers, a more precise measure of pressure on numbers of housing units, indicates that the number of non-student households grew between 2007-12 by 2pc in the town of St Andrews, in the SALHSA by 3.7pc and in Fife by 3.1pc.

2.2.3 The pattern of growth differed by different tenure sectors. In St Andrews town the number of households in home ownership fell by just under 3pc, rose by 1.6pc in the SALHSA and by 3.5pc in Fife as a whole. This implies that growth in St Andrews and related areas has been disproportionately

dependent on the market rental sector and the figures within the town, with home ownership numbers falling, may imply the transfer of properties into the market rental sector.² The market rental sector rose in St Andrews by 13pc and by 12pc in SALHSA but in Fife by 15pc. Private rental provision is the only significantly growing sector of the UK and Scottish housing systems in the last five years. In 2012 St Andrews, and this is unsurprising for a University town, had a private rental sector of 19pc, SALHSA 15pc and Fife some 6pc. Across Fife, and within the local area, the housing system has become more dependent on private rental housing as this millennium has unfolded.

2.2.4 Changes in rent levels in the market sector between 2000 and 2010, for 1, 2 and 4 bedroom units, indicated that rents rose more in St Andrews than in the surrounding area or Fife as a whole. The relativities versus all of Fife, were between 25 and 50pc for different size classes. That is, insofar as size proxies quality more or less adequately, the St Andrews rental market was more expensive and inflating more rapidly than other parts of the SALHSA and Fife. This suggests a pressured rental housing market. House price changes suggest a similar pattern of pressures. In St Andrews the mean sale of homes prices rose by a factor of 2.84 between 2000 and 2010, by 2.63 in the SALHSA and 2.17 in the already lower priced Fife as a whole. The highest priced places in 2000 had the highest price inflation rates in the subsequent decade. St Andrews and SALHSA have prices significantly above the Scottish average. Even after the GFC of 2008 there are signs that prices in St Andrews continued to increase into 2011 (by 12pc) and by 7pc in SALHSA. House price change in Fife as a whole over that period has been close to zero.

2.2.5 Fife Council's most recent HNDA estimates measures of housing affordability that show the increased difficulty of paying for owner occupied housing. The mean house price in 2003 was not affordable to 88pc in 2003 but this rose to 95pc by 2010. The equivalent figures are 92 for the LHSA and 71 for Fife. It is best to view these affordability measures as broad proxies rather than precise estimates but they do suggest a system of growing difficulty for middle and lower income households. The evidence for house price and market

² Fife Council, in the 2010 Fife HNDA, note that the share of households in owner occupation in the St Andrews LHSA fell from 68.8 to 60.8pc over the period from 2002 to 2008. In the same period the private rental share increased from 5.9 to 16.2pc

outcomes is that St Andrews and the associated SALHSA is both a high price and high pressure housing market area and that the burdens of paying for housing are problematic for a growing number of locals.

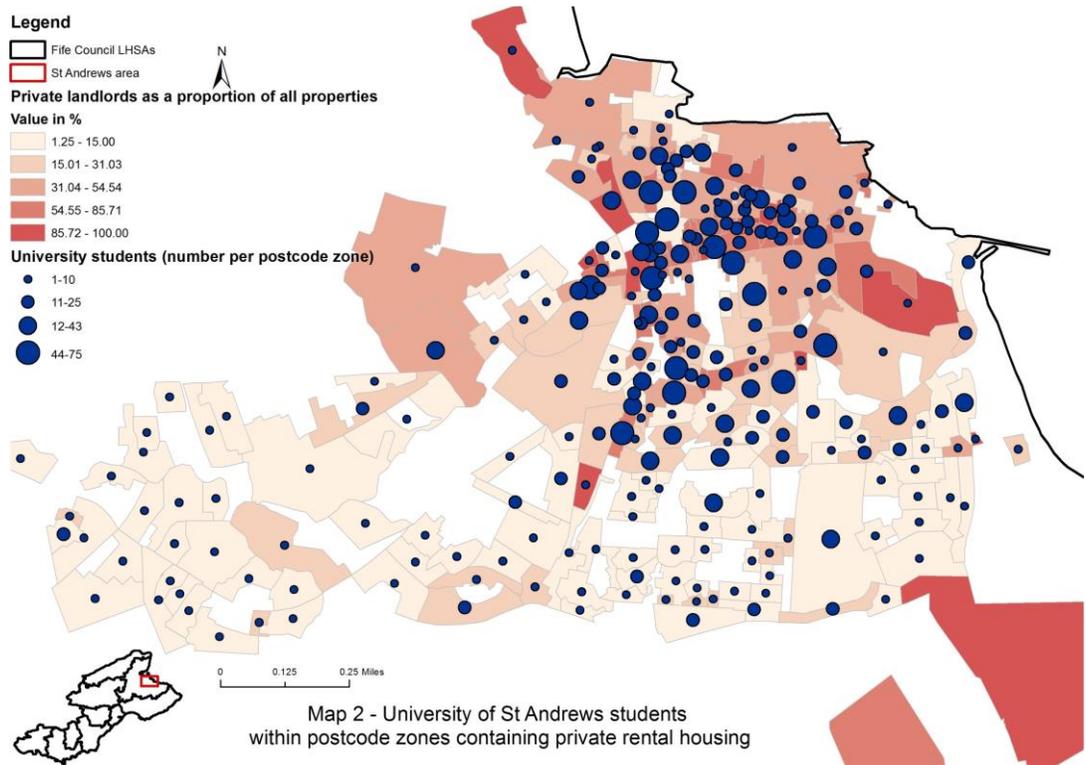
- 2.2.6 Although new house prices have remained robust around and in St Andrews, supply increases have been proportionately much less. Price increases have been pervasive, but increases in output have not. There has been no new social rental provision in the town between the end of 2008 to end 2011, and in that period an addition of only 38 units in the SALHSA. The Fife total that had been rising until 2008 has fallen significantly since. The evidence from new construction and lettings suggest that until the middle of the decade the numbers on the social housing waiting list were falling. But since 2008, until 2012, they have been increased by almost 80pc. Waiting list applicants, at present turnover rates will have at least a 10 year wait. It is clear that there is a misalignment between employment and population in St Andrews and that younger and poorer local households are facing rising costs, longer waiting times and few appropriate new supply opportunities. And compared to the rest of Fife, indeed the rest of Scotland, the share of the non-market sector to support poorer households and meet housing needs is markedly low, at less than 14pc for the town and 12 for the SALHSA, in contrast to 24pc for Fife as a whole. The patterns are stark; there is local housing difficulty amidst institutional enterprise and prosperity.

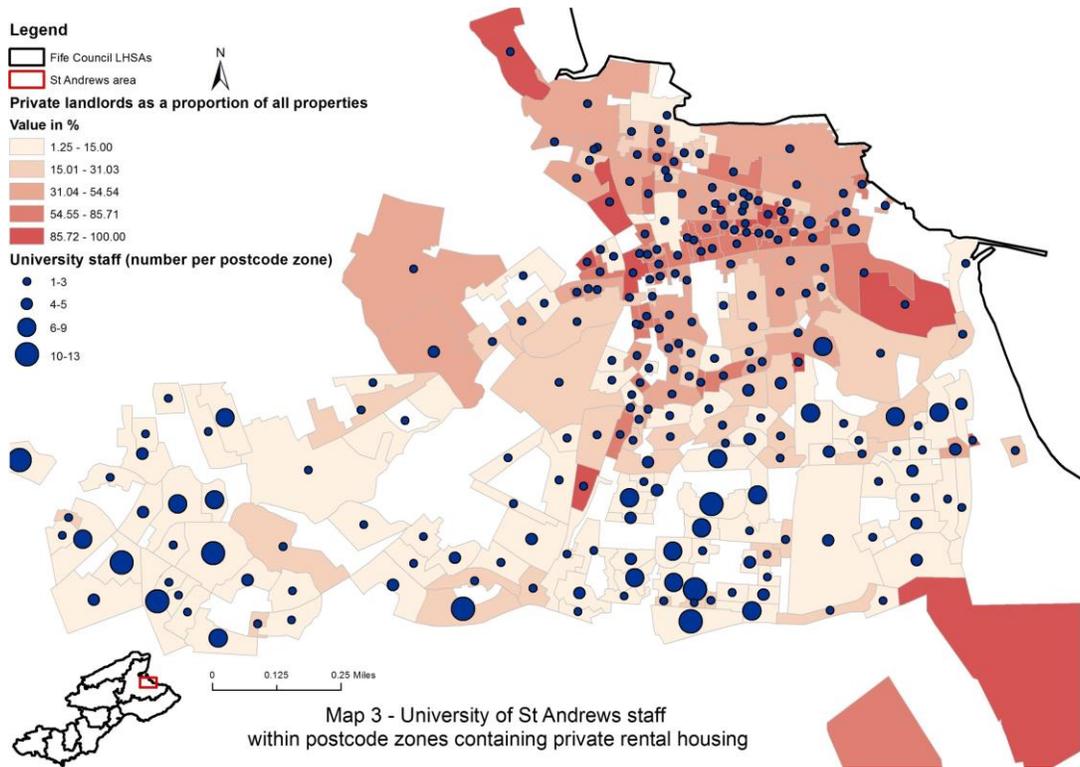
2.3 Growth and Place

- 2.3.1 The University of St Andrews is distinctive in its recent record of sustained growth and in the non-local origins of its students. The scale of the University, noted above, is modest. However it is large relative to the population of the town or the LHSA in which it sits. For instance St Andrews' 8,200 students sit in a town that houses fewer than 6,500 households in an LHSA that is home to just over 11,000 households. Clearly the University is going to have a proportionally greater impact on its LHSA than the 50,000 plus University students in Glasgow amidst the 250,000 households in that city. The place shapes the University and the University shapes the place.
- 2.3.2 The growth of the University, especially in staff terms, has been at rates faster than the town can absorb or house. In consequence, and over a long time, there has been a spread of staff, postgraduate students and some undergraduates into the surrounding SALHSA. In the chapters that follow, household survey data is used to understand these patterns and their

implications. To conclude this chapter we present some key maps of where staff and students live based on University records. They show clearly the complicated, concentrated and dispersed ways in which the University, as employer and teacher, has impacted and changed the LHSA.

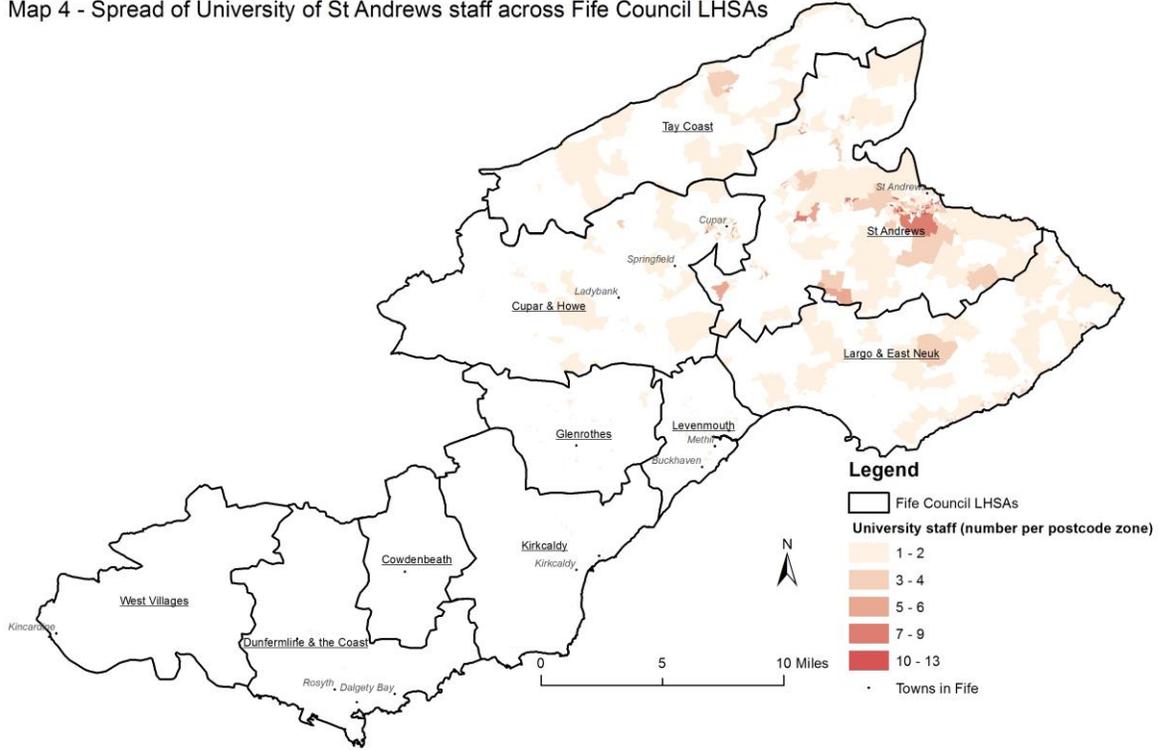
2.3.3 The vast majority of the student population live within 3 miles of the centre of St Andrews, either in private rental housing or Halls of Residence (HOR). The distribution of students living in private rental areas, see **Map 2**, is concentrated not just in St Andrews but into its older inner areas. As revealed in **Map 3**, staff tend to be more widely dispersed in ‘suburban’ areas, with a lower proportion of rental properties (a significant number of them in areas formerly rented as council houses).





2.3.4 Less than a third of all staff live within 3 miles of the centre of the town. The spread of home locations chosen by the staff of the University is indicated in **Map 4**. The University is an important driver of housing market demands throughout North East Fife as a whole. The more widespread distribution of staff than students, is an important indicator of the University’s impact across the different LHSAs of Fife. This observation was essential in selecting the areas for surveying the non-University renters (Chapter 5). In addressing housing issues that arise from the success of the University, it is clear that both problem analysis and policy solutions require a perspective that reaches well beyond the walls of the ‘Auld Gray Toun’.

Map 4 - Spread of University of St Andrews staff across Fife Council LHSAs



CHAPTER 3

IUVENES DUM SUMUS: HOUSING THE STUDENTS

3.1 Identifying Diversity with Growth

- 3.1.1 The major component of this research study was a series of three household surveys. Two of these surveys, of Students (this Chapter) and University Staff (Chapter 4) were conducted online with all staff and students contacted. The third survey identified the private rental population throughout relevant LHSA areas and wrote to them for a postal survey for return and completion (Chapter 5).
- 3.1.2 The students survey resulted in 1821 responses (roughly a quarter of students) but with households containing multiple numbers of students the dwelling responses relate to the rents and conditions experienced by half of the student population. The one significant bias in the responses is that proportionately more female students (63pc) took the time to return the survey than male students (37pc). The sample provides the basis for not only a robust but a detailed statistical overview of student housing choices in St Andrews. For reasons of brevity, a great deal of statistical material is omitted from this chapter. It is available on request. The report focuses on students living in homes rented in the marketplace rather than in HORs or with other housing arrangements.
- 3.1.3 The main purpose of this chapter is to describe the population of student renters, identify how they found housing, the nature of the homes and places they live in and how they pay for homes. A small concluding section identifies possible policy concerns that arise from the analysis.
- 3.1.4 In this chapter we emphasise two approaches in analysis. The first is that although the individual characteristics of students matter in choices made, it is also important to recognise that the vast majority of students do not operate in the market as single individuals. Most find and use housing as part of informal and often impermanent housing groups or quasi-households. This capacity to readily form groups is an important aspect of the competitive advantage of students within the local housing system. So results for household groups as well as individuals are noted in some areas of concern. The second emphasis is to recognise that

students, compared to other younger renters, may have some important commonalities. But they also have significant differences from each other. Some may be 18 year-old students who have just left home for the first time, but others are final year PhD research students with 7 or 8 years of market experience, more permanently developed personal relationships and, of course, considerably larger totals of student debt. In many ways the housing challenges and choices facing older PhD students are more similar to younger members of staff than new undergraduates.

- 3.1.5 Within any of the main student groups, undergraduates, taught and research postgraduates, there are other important differences. There are differences by gender and ethnicity, though there was no evidence in the survey that these individual characteristics influenced housing outcomes in adverse ways. There are also differences in proximity to home and, critically, in the extent of resources available to students to finance the formation of their human capital. The evidence presented below suggests that finding and paying for student housing is not a significant difficulty for the vast majority of students presently at the University, not least in contrast to non-University renters (see Chapter 5). However there are significant groups within the student population who are struggling to maintain a decent standard of housing as they seek to study.

3.2 The Students as Individuals and Housing Groups

- 3.2.1 The survey response was comprised of 78pc undergraduates and the remaining 22pc was roughly equally split between taught postgraduates (usually on a 1 year course) and postgraduate researchers, often with 3 year research horizons. Only 2pc of respondents were part-time students.
- 3.2.2 In broad housing market terms, the sample was predominantly of young households and the detailed age structure for the main student groups is set out in **Table 3.1**. Of all students 66pc were 21 years or younger and 22pc were 22 to 25 years old. Only 2pc of undergraduates were aged over 26. Some 30pc of the sample were Scots, 27pc from the RUK, and 14pc from the EU and 29pc overseas.

Table 3.1 - Age of Student by Student Type						
	What is your age?					
	<18	18 to 21	22 to 25	26 to 30	31 to 40	40+
Undergraduate						
Count	25	1131	232	9	2	18
%	1.8%	79.8%	16.4%	0.6%	0.1%	1.3%
Postgraduate (taught)						
Count	0	6	129	34	12	4
%	0.0%	3.2%	69.7%	18.4%	6.5%	2.2%
Postgraduate (research)						
Count	0	2	96	84	29	4
%	0.0%	0.9%	44.7%	39.1%	13.5%	1.9%
Total Count	25	1139	457	127	43	26
Total %	1.4%	62.7%	25.2%	7.0%	2.4%	1.4%

- 3.2.3 There is often an implicit assumption that all students have another 'home to go to' when semester finishes. Whilst 70pc of students matched this stereotype there were significant other groups who did not. Both research and taught postgraduate students tended to be year round renters and a small minority of overseas students maintained their homes over the summer.
- 3.2.4 The overwhelming majority of all types of students at St Andrews lived away from their parents' home. For the sample responding, 75pc of students lived in rental units with other students and they were roughly equally split between halls of residence (HOR) plus other University managed accommodation and private rental provision. Some 6pc lived as part of a couple, 15pc lived on their own in rented homes or rooms. Some 3.7pc shared with non-students. Less than 1pc lived in a property that had been bought for them, by parents or relatives.
- 3.2.5 This summary raises a number of significant points. The bulk of students rent whilst studying in St Andrews. HOR make a significant contribution, especially for the younger students, but the majority of a quite diverse group of students find their homes in the market. They search for homes and live primarily in groups and as a rule they do not share with non-students.
- 3.2.6 Respondents were asked to identify other people living in the same group and house and indicate their gender, relationship and economic

status. Within the market rental sector two-thirds of student renter households contained more than 1 person.

- 3.2.7 Almost 95pc of households living in the market rental sector, see **Table 3.2**, contained more than 1 person. Only 8pc of respondents in the sector indicated they lived with their partner and hence the vast majority of ‘other’ people present (86pc) were unrelated. Of these unrelated co-occupants some 95pc were students and also friends, see **Table 3.3**.

Persons	Number	Percent %
1	53	5.9
2	313	34.7
3	182	20.2
4	193	21.4
5 (or more)	162	17.9
Total	903	100

	Frequency	Percent %
Single Person	55	6.1
Single Person w/ Children	2	0.2
Couple	51	5.6
Couple w/ Children	14	1.6
Other Families	6	0.7
Shared w/ Students	750	83.1
Shared w/ Non-students	25	2.8
Total	903	100

- 3.2.8 We asked about ‘up to 4 other people in the households’. The pattern of responses implies at least 5,070 students were housed in the properties for which responses were received and of these, more than half being non-University (market) properties.

- 3.2.9 Patterns of household size and type differed considerably by student status. Of undergraduates, 2.7pc lived in a couple (0.5 with children), 2.1pc lived with parents/family, 3pc lived alone, 79pc shared with other students and 3.3pc with others. For taught postgraduates, 12.5pc lived

as couples (4.2 with children), 1pc with family/parents, 27.4 as single person households, 57pc sharing with students and 2pc with others. A fifth of research postgraduates lived in a couple (and a fifth of them with children), 16pc as a single person, 54pc shared with other students and 7.5 with non-students. For research postgraduates up to a fifth of 'partners' may be employed full-time, and 7pc part-time. Whilst the University makes a significant direct contribution to housing undergraduates, the 'adult' and short stay nature of taught postgraduates (PGT) raises some difficulties that seem to receive less attention. Arguably, there is also a need to see the PGT population as a relatively low income housing group within mainstream rental markets, especially where they are self-financing. In the sections that follow we focus on students living in the market sector.

3.3 The Resources of Students

- 3.3.1 What most distinguishes students from other young persons and households of a similar age is not just what they do. Though an increasing number of students now have part-time jobs, students are primarily reliant upon non-labour market sources of income. Almost all students, in order to increase their future incomes, prioritise the accumulation of human capital rather than financial assets.
- 3.3.2 The different ways in which undergraduate and postgraduate study is supported by the state in different countries has changed, and indeed diversified, over the last decade. In addition, the idiosyncratic arrangements for the setting of course fees for undergraduates that exist in Scotland further diversifies the economics of being a student. These are widely discussed elsewhere, but in effect Scottish and EU undergraduates are most likely to have some explicit form of state support or loan as well as being confronted with zero or limited course fees. Rest of UK and other overseas students are most likely to be supported by their respective governments via the student loans company so, at the point of source, they are government funded with loans subsequently repaid. Overseas students are also funded in diverse ways with, for example, growing levels of Federal Aid Program Funding (Debt) for US students.
- 3.3.3 The evidence from our survey is that students, both undergraduates and postgraduates, have access to multiple forms of support. Of the 42pc of

students who cited 'official' funds (government grants, loans, bursaries etc) as their first source of support, some 60pc also received support from their parents. Of the 33pc who said 'family' was their main source of financial support a further 31pc said 'official' sources also supported them to some extent and a quarter of students cited their 'own resources' (from working, saving and other sources) as their main income stream whilst studying. Approximately one student in six relied on all of the major classes of resource support outlined above.

- 3.3.4 Taught postgraduates were most likely to be reliant on their own resources. Undergraduates were proportionately most reliant on 'family' support and postgraduate researchers were predominantly dependent on the grants and bursaries, or 'official' sources.
- 3.3.5 This diversity of resources made it difficult to conceptualise and measure students 'incomes' and, as parents were often involved in payments, the rents that students paid for themselves. This study identifies what was paid for student housing but it could not precisely identify who really pays the rent. What we could observe is that for the students who did have access to the "bank of Mum and or Dad' the cost of undergraduate study, after payment of fees, housing and other living costs, would not fall below £20,000 per annum. Chapter 5 suggests that the vast majority of students had untaxed 'income receipts' significantly higher than non-University households.
- 3.3.6 Just over a quarter of students said that they had part-time 'in semester' (5pc) employment or vacation jobs that supplemented their St Andrews spending (21pc).

3.4 Choosing and Finding Housing

- 3.4.1 There is a St Andrews 'town myth' that 'lots' of students live, for the duration of their studies, in houses that have been bought for them by their parents. This was the case for just over 1pc of all students. Students, in the main do not look towards the social rental sector for vacancies. Less than 0.5pc were on the council waiting lists and 1.1pc on the lists of associations. These applicants tended to be either students who had originated in Fife or postgraduates with some signs of financial stress. The majority of the two thirds of students we surveyed, that lived outside HOR, had to find and choose housing in the

marketplace.

3.4.2 The size distribution of the student housing groups that searched for housing is indicated in **Table 3.4**. Non-student households usually conduct their searches either as a single person or as couples. Only 14pc of market renting students searched alone and 34pc searched in a 2 person group. That is, at least half of student market searchers are likely to fall below the scale of properties with HMO licences. Just over half searched in groups of 3 or more.

Table 3.4 - Students Finding Housing in the Market Sector: Size of Housing Search Group		
Number of Searchers	Frequency	Percent %
1	108	14
2	261	34
3	141	18
4	150	20
5	64	8
5+	45	6
Total	769	100

3.4.3 This observation has a number of implications. Housing search is costly in terms of time and effort and may also require searchers to live in expensive temporary accommodation whilst they find a longer term let. Overall, students seemed not to have faced a daunting search task. Some 30pc of students viewed only 1 property and 60pc less than 3. But almost a quarter had looked at more than four. The number of searches made varied little by size of group, so a very substantial economy of group effort was apparent. The overall search efforts per student were less than for both staff and other renters (see Below, Chapters 4 and 5).

3.4.4 The survey established that searchers in large groups had, collectively, often looked at no more than the number of properties visited by smaller groups. In addition they also, courtesy of the wider social networks of the group, had a stronger flow of informal information about vacancies and sharing opportunities. Aside from any rent sharing economies of scale, see below, this capacity to live and search, and pay in larger groups has allowed students to compete for spaces up the property

price spectrum competing not only with more affluent individual renters but also middle income home-owners. Such opportunities are not generally available to poorer, local renters searching in ones and twos.

- 3.4.5 Relatively few students, some 3pc, find their flats via the Student Accommodation Services. Students comment that there is little or no assistance from the University in obtaining non-HOR accommodation. Just over two in five students had found their flat via a rental housing agent (and there are 8 significant agents in the town). An identical proportion received the critical vacancy information from friends and they were usually second year students and upwards. A still significant proportion, 14pc, found their rental property via an internet advert or email list and less than 3pc from posters and newspaper adverts. New postgraduate students, both taught and research students, had a much greater reliance on these formal networks, as opposed to undergraduates and continuing students. Overseas students made proportionately greater use of internet sources and rental agents. The friends-based information nexus that exists amongst the continuing student population, including those frequently exiting HORs at the end of year 1, makes it very difficult for new students and non-students to compete for vacancies simply on the basis of information, leaving aside significant disposable income differences for non-renters
- 3.4.6 Students had a geographically very narrowly focussed locational search pattern. Four-fifths started looking for property within a mile of the town centre or within it, and a further 13pc within 3 miles. Undergraduate student search was particularly geographically concentrated. Some 84pc of undergraduates started search within a mile of the town centre, though this proportion was lower at 60 and 63pc, respectively, for PGT and PGR. Both undergraduates and PGRs had similar success rates in that just over 80pc of students found lets in the localities in which they started looking for them. The PGT rate was lower at 73pc and this undoubtedly reflects the fact that the vast majority of them only spend one year at the University and have relatively few information connections. They also tend to arrive in the seasonal market rather late. Of all the sub- populations studied in this report, undergraduates suffered less mismatch between their town centre aspiration and its fulfilment and they out-succeeded staff, PGs and the general population (in that order of effect).

- 3.4.7 All but 1pc of undergraduates saw being in the centre of the town (80pc) or less than a mile from it (19pc) as being their ideal location. For PGTs, there is a shift in balance outwards from the town centre (57pc) to within a mile (21pc) and with up a fifth seeing a location well away from St Andrews as ideal. In respect of postgraduate researchers (PGRs), with longer exposure to life and lifestyles in the town, ideal preferences were even more ex-centric with only half idealising the core and a fifth the next mile. Importantly, 3 out of 10 PGRs would ideally prefer a home in the suburbs or a detached village (1 in 10) around the town.
- 3.4.8 Although the location choice success rate, measured as a ratio of where people live to where they first looked for housing, differs across undergraduates and postgraduates it is, for each of these groups, broadly similar across the different distance bands and locations. Student demand in St Andrews is centre focussed, undergraduates (it would appear by dint of larger sharing groups) displace some PGTs and PGRs outwards, but these groups also have a higher initial propensity to live outside the town. Looking to the future, these observations highlight the salience of understanding which students groups might grow most over time.

3.5 The Choices Made

- 3.5.1 The search effort of market participants melds their preferences and resource constraints in shaping outcomes or choices.
- 3.5.2 Over the course of their time at St Andrews students have a housing 'career' or 'pathway'. PG students almost invariably find housing in the market. Undergraduate students change their choices as they build experience away from home and social contacts with their peers. More than three quarters of the third and fourth year students surveyed had lived at least one prior year in HOR. In the survey, of those students identified as being in HOR in 2011-12, only 29pc remained in halls in 2012-13 and 65pc were in the private market. Of those students who had been in the market sector 2011-12 some 95pc were still in the market sector in 2012-13.
- 3.5.3 HORs thus make an enormous contribution to reducing pressures on the market and in allowing students the time to build capacities that allow them relatively easy entry to the rental market. Again, this is a post-

home milieu that is not available to non-student renters.

- 3.5.4 Students were asked to identify the aspects of housing that were important to them in selecting a home. The most important attributes mentioned by all groups of students were proximity of location relative to place of study (97pc rated it as important or very important) and cost (96pc). The condition of properties and the amenities they contained ranked similarly for nine out of ten students as did the quality of social relationships with co-renters. Property size and neighbourhood quality mattered less to students. Seven out of ten still rated these factors as at least important, but local area amenity mattered only to a half. These latter scores are somewhat lower than for the non-student samples in this study. Non-students give stronger weightings to neighbourhood quality and amenity.
- 3.5.5 The place search patterns and 'ideal' residential aims described above are consistent with these individual ratings of property attributes.
- 3.5.6 The scores for PGs were broadly similar but less focussed on proximity attributes and more on neighbourhood quality and amenity. Within each of the student groups there were of course differences in preferences and that variety also matters in the design and location of any future new housing provision. There is a sixth of the student population, disproportionately PGs, who would have an interest in rental housing outside the town. The evidence of the surveys and the comments made by students suggest that it is important that this housing be easily and cheaply accessible by public transport and also allow some local access to other similar groups. That is, they are prepared to relax demands for centrality without seeking isolation and many do not believe that option is readily available. We return to this issue below.
- 3.5.7 The survey results reaffirmed the overall population patterns for students and staff set out in the maps in Chapter 2. At present, just over 90pc of students at the University live within 3 miles of the centre of town. This is a very spatially concentrated housing market demand and effect. Of those that live outside this area, one in four lives in the 'Cupar Corridor' (The area running from St Andrews to Cupar and including Leuchars and Guardbridge), one in five on Tayside and into Dundee and one in seven in the Villages of the East Neuk. This geography differs by student status. Some two-fifths of undergraduates living outside of St

Andrews are in the Cupar Corridor and a fifth in the Neuk villages with only one in seven locating towards Tayside and Dundee. For postgraduates, however, a quarter relocates towards Dundee and half that proportion in both the Cupar Corridor and the East Neuk villages. The survey evidence suggest that this latter finding reflects both a higher proportion of PGs with an interest in a more urban lifestyle but also a significant proportion rationed out of the villages around the East Neuk by absence of social contacts, transport and suitable properties to rent. Having a car has a big influence on locating to these areas.

3.5.8 The St Andrews concentration is greatest for undergraduates at 93pc, remains high for PGT at 90pc and falls to 72pc for PGRs. PGRs, in contrast to undergraduates, predominantly (85pc) live only at their study address, they are year round renters. Conversely, more than four out of five undergraduates have another address at which they live for part of the year. This emphasises the residential ‘independence’ of PGRs from their families (and this also applies to a third of PGTs) and their case for being seen as more like young staff renters.

3.5.9 Preferences for proximity are well met. Travel to work (study) times for students are indicated in **Table 3.5**, and presented separately for HOR and all residents.

	Students in Halls	All Students
Less than 5 mins	15%	17%
5 - 10 mins	27%	29%
11 - 15 mins	23%	26%
16 - 20 mins	18%	13%
21 - 25 mins	7%	6%
26 -30 mins	9%	6%
31 - 60 mins	2%	3%
61 - 120 mins	0%	1%
120+ mins	0%	0%
n	529	1572

- 3.5.10 Students ‘work’ primarily in the town centre (56pc) or the North Haugh (32pc). Four-fifths travel by foot to study, one in ten cycles and the remainder are equally split between car and bus. Travel to work times are short, with one in six less than 5 minutes and a further 30pc within 5 to 10 minutes. Only one in six had a journey to study time in excess of 20 minutes. Four-fifths of students have no travel to study costs.
- 3.5.11 As can be expected from the locational choice patterns, outcomes are somewhat different for PG’s. Only 70pc of PGTs walk to study and only 60pc of PGRs within 10-15. The proportion cycling, to work remains at 10pc for all the student groups with a fifth of PGTs and a quarter of PGRs relying on travel by bus or car. PGR’s rely more on public transport than any of the other groups (one in seven).
- 3.5.12 In consequence of these location and travel to work patterns the costs of ‘daily’ travel differ sharply across student groups. Those that live within St Andrews report an average weekly cost of travel of £3.83 and those outside some £21.70.
- 3.5.13 The house types and sizes that non-HOR students lived in are indicated in **Table 3.6**. Just under 10pc of students found their housing in detached homes or bungalows, some 20pc in semi-detached and 14pc in terraced homes. The dominant dwelling type was flats which housed 55pc of the student population³. Table 3.7 indicates that the average size of ‘living groups’ within flats was 2.9 and 3.5 for the other, larger housing types.

Type	Percent of Total
Semi-Detached	21%
Detached	9%
Flat	56%
Terraced	12%
Bungalow	2%
Other	1%

³ The St Andrews housing stock contains a proportion of ‘four- in- a- block’ dwellings that planning legislation classes as flats but that survey respondents may have noted as semi-detached or other houses; this may mean that the actual proportion of households in flats is marginally higher and houses lower than reported above.

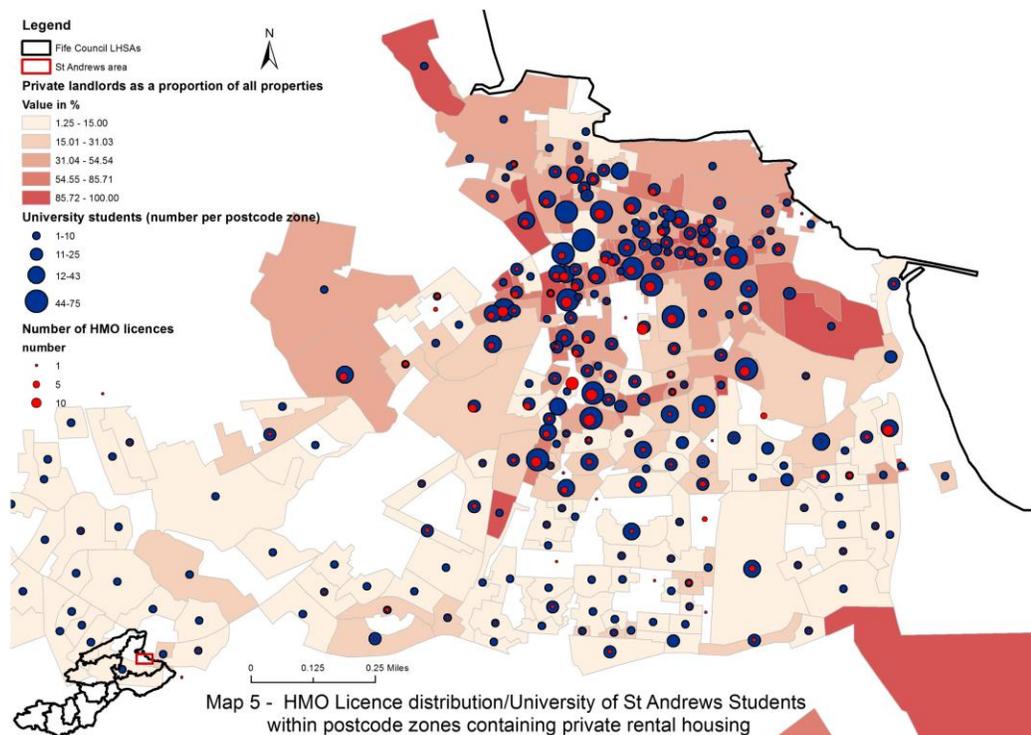
Number of Rooms	Bathrooms	Bedrooms	Living Rooms	Kitchens	Dining Rooms
0	0%	0%	8%	0%	81%
1	58%	5%	91%	98%	19%
2	31%	33%	1%	2%	0%
3	8%	24%	0%	0%	0%
4	2%	22%	0%	0%	0%
5	1%	10%	0%	0%	0%
5+	1%	6%	0%	0%	0%
n	903	903	903	903	903

3.5.14 Few of these properties were modern and most had been converted to make them more suited to letting to students. Aspects of the size of the places that students rented, by student living group size, are shown in **Table 3.8a** and **3.8b** and they are pertinent to the discussion of houses in Multiple Occupancy. More than half, 58pc, of the properties had a single bathroom/toilet. In non-flat structures 60pc of houses had more than one toilet, but in flats some 60pc had only one toilet. Only 5pc of homes had one bedroom and 62pc had three bedrooms or more. The modal provision (33pc) was two bedrooms. Most, 92pc, (and this varied relatively little across house types) had some form of separate living room (but usually only one regardless of household size) and 98pc had only one kitchen. Only 17pc had a separate dining room area and this fell to 10pc in flats. Multi-occupation was the dominant, and for students preferred, form of living arrangement.

Number of Bathrooms	Renters in Property					
	1	2	3	4	5	All
1	85%	84%	66%	37%	14%	58%
2	9%	13%	28%	48%	54%	31%
3	2%	2%	7%	12%	17%	8%
4	2%	0%	0%	3%	5%	2%
5	0%	0%	0%	0%	5%	1%

Number of Kitchens	Renters in Property					
	1	2	3	4	5	All
1	96%	100%	100%	100%	93%	98%
2	4%	0%	0%	0%	7%	2%
n	53	313	182	193	162	903

3.5.15 Patterns of student multiple occupations are worth probing further as they constitute an area of public policy concern (re the health and safety of residents). If a rented flat includes more than two persons who are not a family (or more than 5 unrelated persons share a house) and they share a single kitchen and or toilet then a dwelling is deemed to be multiple-occupied and landlords require a licence to operate the property in that way. In the survey, some 42pc of students residing in the market rental sector lived in a property with more than 3 bedrooms but with just one bathroom. The survey also suggests that for student households comprising more than 2 persons some 43pc had only one toilet. In houses with 2 toilets some 34pc had more than four residents. These figures suggest that somewhere around 40pc of students living in the PGRs were in houses that would require HMO licences on ‘bathroom’ criteria alone. Bringing the kitchen sharing requirement into play raises this total and the survey suggest that just over half of the student renters are likely to live in HMO properties. **Map 5** shows HMO licence distribution among rental areas populated by students.



3.5.16 When students living in the PRS were asked to say whether or not they lived in a let with an HMO licence a third said they did, a third said they did not and a third did not know. For lets with only 1 kitchen and a student housing group of 3 or more present some 80pc said they were registered as HMO, some 15pc were uncertain and 5pc said they were not. In relation to the property types in which students lived in the PRS, 63pc in semis and terraced houses, 51pc in detached, 44pc in flats indicated that they were HMO registered properties. Significant shares of ‘don’t knows’ exist across detached houses, semis, flats and terraced homes (20 to 25pc). The survey results demonstrate clearly that HMO status has no significant effect on student satisfaction with where they live. The policy issues surrounding these observations are noted at the end of the report.

3.5.17 The majority of single person student searchers/households did not live in flats but found a single room in another household. They were most likely to be PGT students. Three fifths of the students that lived as couples lived in flats. Three quarters of students who shared with non-students were also in the flats sector.

- 3.5.18 The survey revealed very high levels of student satisfaction with their overall housing outcomes. Housing satisfaction studies commonly report, in Scotland, that up to 80pc of households are satisfied with their homes and neighbourhoods. In this survey just under 90pc of UGs students reported that they were well satisfied with their housing choice. This rate fell closer to 80pc for PGTs but despite their different arrangements UGs and PGRs had similar high outcome scores. Overall satisfaction levels were moderately lower for those who paid lower rents but they did not vary with living group size (after controlling for other effects).
- 3.5.19 Students were less happy with individual attribute outcomes than the overall outcome, see **Table 3.9**. Three quarters believed that the size of their home was good or very good, and a similar proportion was recorded for living arrangements within their groups and the neighbourhoods they lived in. Students like where they live and who they live with. They were also content with their locations relative to places to study, in 68pc of cases, and local amenities (64pc). They were least satisfied (34pc) by the costs of securing accommodation. Paying for housing was not regarded as unproblematic.

	Very Good	Good	OK	Poor	Very Poor	Not Applicable
Property size	34.5%	39.4%	19.9%	4.0%	1.6%	0.5%
Condition of property	27.1%	33.7%	26.3%	8.9%	3.6%	0.4%
The property's amenities	22.8%	35.2%	30.3%	8.7%	2.5%	0.6%
Living arrangements with co-habitants	35.6%	36.6%	16.9%	4.4%	2.6%	3.9%
Your neighbourhood	38.0%	39.4%	17.6%	3.1%	1.0%	1.0%
Local amenities	29.4%	34.6%	23.5%	8.8%	2.7%	1.0%
Proximity to friends/family	24.7%	33.1%	21.9%	9.3%	4.2%	6.8%
Access to place of study/work	38.5%	29.4%	18.9%	8.3%	4.6%	0.3%
Rental cost	13.8%	20.3%	31.6%	18.3%	13.9%	2.1%

3.6 Paying for Housing

- 3.6.1 A small minority of students, some 4pc, reported having tenancies of less than six months, many of them using 'holiday lettings' as an 'emergency' outcome. These solutions, standardised for location and property type were typically 20pc more expensive per month than for other lets. The majority of students had tenancies of a 6 to 12 months duration aligned to the University year. Market provision was almost equally split by renting from property companies and single individual landlords.
- 3.6.2 Almost 90pc of students had paid a significant deposit before taking up their tenancy. Two thirds of them had paid a month's rent and another third up to two months. Students, almost 3 out of 4 cases, expressed considerable dissatisfaction with the management of these deposits. They felt that they were neither fairly nor efficiently dealt with. Less than 1pc of students pay their rent on a weekly basis, 80pc pay monthly and just under a fifth make some longer payment.
- 3.6.3 The rents charged differ by property type, location, services and size. And the rents paid by students, reflects these total property rents and the size of the housing groups involved. The lowest average overall property rents paid in the private rentals [PRs] were by PGR students. UGs are in the most expensive, larger properties with larger housing size groups reducing their per capita rents. There did not appear to be any impacts of gender or ethnicity on rents paid for given categories of properties. Scots pay an overall average of £420pcm with overseas students paying 10pc more. Couples with children pay the highest per capita rents close to £750pcm per adult. When students share with other students their average rent is £429pcm, but when they share with other non-students it is £365pcm.
- 3.6.4 The average monthly rents, un-standardised for property quality and services, that different student groups pay are presented in **Table 3.10**. The mean rent per student paid for living within St Andrews is £439pcm, and £393pcm outside. The size of housing groups also falls for students living outside of St Andrews so that overall monthly rents for properties commonly lie in the range of £1,000 to £1,500pcm within the town and £550 to £650pcm outside. PRS rents in St Andrews are close to rent levels in Central Edinburgh.

Group	Individual's Rent pcm (£)	Total Rent For Property Lived in pcm (£)
Undergraduate	439	1524
Postgraduate (Taught)	485	884
Postgraduate (Research)	411	820
Live in St Andrews	440	1445
Not in St Andrews	398	604
Semi-Detached House	433	1421
Flat	441	1302
Terraced House	429	1701
Very Satisfied with Housing Outcomes	426	1254
Very Dissatisfied with Housing Outcomes	433	1377
1 Person Renter Group	501	1043
2 Person Renter Group	430	1252
3 Person Renter Group	464	2449

3.6.5 The costs facing students include not just rents but also travel. With weekly travel costs for those living outside of St Andrews in the range £20-25 per week. This means that St Andrews students who live in the Tayside/Dundee sector will face monthly rent plus travel costs (with no value placed on travel time) of £445. Students who live in St Andrews will pay, coincidentally, a marginally greater combined amount of £460pcm. The total out of pocket rent plus travel costs that renters, who are spread across the region but who work in St Andrews, face is more uniform around the LHSA than rents alone. For instance, just under 2pc of students reported that they lived in Dundee. Their net average rents plus travel costs lie marginally below the same sum for St Andrews renters. Choosing Dundee, or Anstruther or Cupar may, in some instance reflect consumer preferences but much of the evidence presented here suggests that it primarily reflects the shortage of rental properties closer to the work place in St Andrews.

- 3.6.6 Per student rents differ by housing group size. In the market rental sector, single person housing units paid the highest rent, at just under £500pcm. For other sizes of groups there is a less consistent pattern although the overall property rental payment for the house rose from 2 person household groups at £948 to £1,581 for 4 person groups (for University managed properties, the mean rent per person was £400 and £1,229 per house). Overall, for most students, living in larger groups reduces per capita rent payments without reducing household satisfaction.
- 3.6.7 Rent payments per person and per house were examined statistically by multiple regression techniques. These regressions explained up to 60pc of the variation in the gross rents of properties with largely plausible and significant results. There was a price premium for location in St Andrews with rents in market properties higher than for similar University owned homes, and the numbers of bedrooms, bathrooms, kitchens predictably impacted total rents. This model, with numbers in housing group added worked less well for individual student rent payments and explained only 10pc of their variation.
- 3.6.8 Rents also included different provisions of services in the dwelling. Only 4pc included gas and electricity, 10pc included wireless internet provision, 12pc include gardening and 3pc laundry provision. Without detailed data on these services and their cost explanations, rental payments are not precisely comparable. Some 30pc of students reported that they had no services.
- 3.6.9 The burden of rent expenditures on students in the market sector is indicated in **Table 3.11**. Housing policy research usually considers rent-to-income burdens of more than 30pc as likely to be problematic. However this guideline cannot be convincingly used in relation to students, not least because of the problems of identifying student incomes and costs noted above.

Percent of Monthly Income Spent on Rent	Market Rental Students
Less than 10%	3%
10 - 20%	2%
21 - 30%	4%
31 - 40%	8%
41 - 50%	12%
51 - 60%	24%
60%+	48%

- 3.6.10 Some 6pc of undergrads pay less than 30pc of their monthly budgets for rent, this figure rises to 8pc for PGTs and 22pc for PGRs. PGRs rely less on family support, they have higher non-family resource levels and are more likely to work than other student groups. The equivalent statistics for burdens of 30 to 50pc are 12.6, 22 and 52pc.
- 3.6.11 These high rent-to-resources ratios cannot be directly compared with other renters, but they do emphasise how important housing costs are within the budgets of students and the families that support them. They do not, in the main, mirror long term household resource distress as would be the case for the staff and other resident samples with similarly high ratios. However it would be wrong to conclude that there are no students suffering financial duress, not least because of rent payments.
- 3.6.12 The burden of rental payments recorded can be correlated with other measures of student financial wellbeing such as capacity to have saved whilst studying (**Table 3.12**), levels of student debt accumulated (**Table 3.13**) and perceived importance of rent levels. Analysing these patterns suggest that students with rent to resource ratios in excess of 50pc, unable to save, working, with debts in excess of 10,000 and with no family support face real difficulties. The survey data suggest that at least one in ten students at the University has problems paying for renting and studying.

	Frequency	Percent %
Yes	370	24.9
No	1115	75.1
Total	1485	100

	Frequency	Percent %
None	571	41.3
0 - £2,500	143	10.3
£2,500 - £5,000	103	7.5
£5,000 - £10,000	165	11.9
£10,000 - £20,000	205	14.8
£20,000 - £30,000	115	8.3
£30,000 - £40,000	32	2.3
£40,000 - £50,000	6	0.4
£50,000 - £60,000	13	0.9
>£60,000	29	2.1
Total	1382	100

- 3.6.13 The survey results suggest that the relatively affluent majority of students at the University are well housed for young single persons and that they are satisfied their housing outcomes. These students however have a dominant role, given existing sluggish supply, in setting market rents not just for themselves but for their less well-off colleagues, younger staff and other renters. With an apparent shift of some home-ownership properties from owning into renting, since 2008, they may also be setting the price terms of the middle level lower owner-occupied market in the town.

CHAPTER 4

STAFF HOUSING CHOICES AND OUTCOMES

4.1 Thinking Beyond Students

- 4.1.1 There have been a number of studies of student housing across the UK. However, there have been few studies of the housing choices of University staff. Although it is widely recognised that universities form an important part of the employment base of Scottish cities and that 'University towns' are particularly impacted by sector expansion, there is little systematic understanding of the implications for local housing systems. Implicitly there is an assumption that staff are relatively well paid and that the majority are in, or heading for, home-ownership. Debates about 'key-worker' shortages occasioned by high housing costs relative to incomes rarely include references to University staff. In reality there is a wide range of skills, wage rates, contract durations and conditions for University staff so that traditionally defined housing needs may emerge within that group.
- 4.1.2 A new approach is needed. In the previous chapter there has been recognition of the diverse and complex nature of rental housing markets and a realisation that they meet the demands of quite different age and income groups. In this chapter we stress the variety of resources, housing preferences and choices that are generated by the University as an employer. If, in key regards, the student housing outcomes outlined in the previous chapter are really quite predictable then, in contrast, the staff housing outcomes reported below are less predictable ex ante. In Scotland and the UK, over recent decades home ownership rates have tended to rise with real incomes. Even with rising wages and salaries in the University sector it is possible that, because of uncertainties about housing prices since 2007, the proportion of University staff meeting their requirements within the rental housing sector may also be rising.

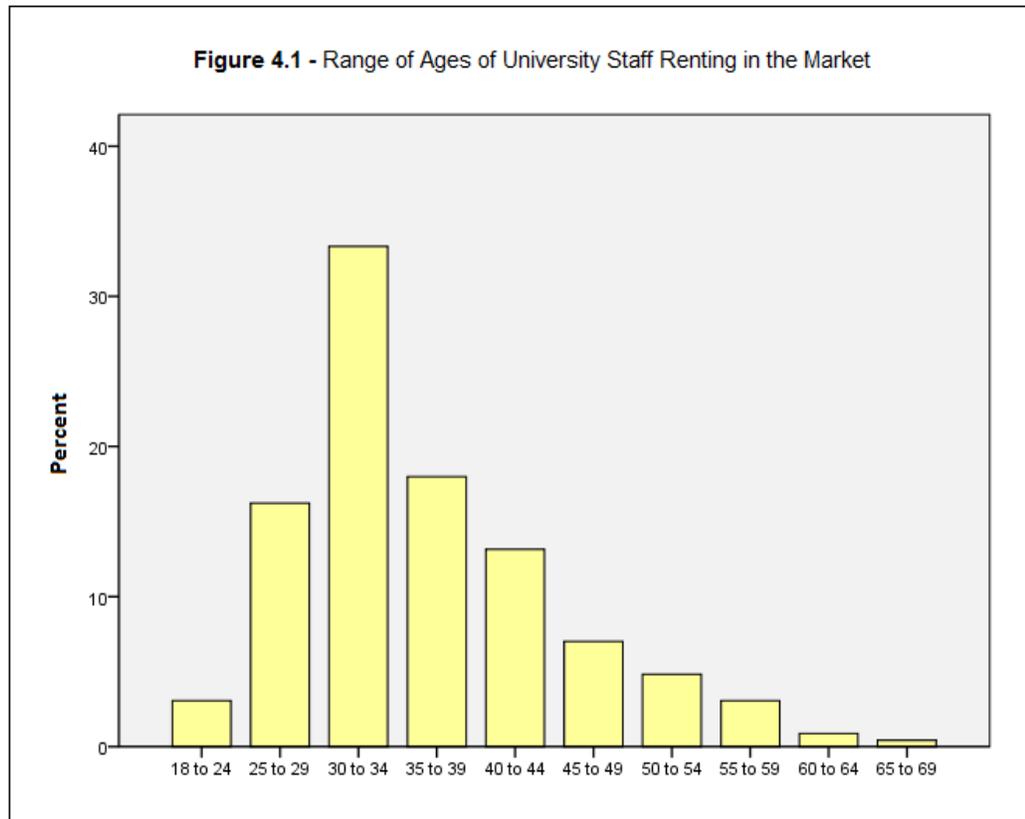
4.2 University Staff: Who Are They?

- 4.2.1 The staff survey, in March 2013, elicited 759 valid responses. As some households contained more than one adult working at the University the results pertained to the housing of a total of 946 (or almost half) of the

staff of the University.

4.2.2 As in the market rental survey (Chapter 5), the respondents split almost equally into men and women. One in eight of the respondents were aged 30 years or younger and this age grouping clearly overlaps with postgraduate students. However 62pc of staff were aged 30 to 50, 22pc aged 50 to 59 and 7pc over 60. This is an age profile not untypical of the general working population.

4.2.3 There are significant differences in the age profiles of different groups of staff. For instance only 6pc of management staff were under 30, but 16pc of operations/facilities staff fall in this age group. Academic staff were particularly important in the age ranges 30 to 40, with management staff most prominent in the 40 to 60 age ranges. The age profile for staff choosing to live in the rented housing sector is depicted below in Figure 4.1 (based on the staff survey).



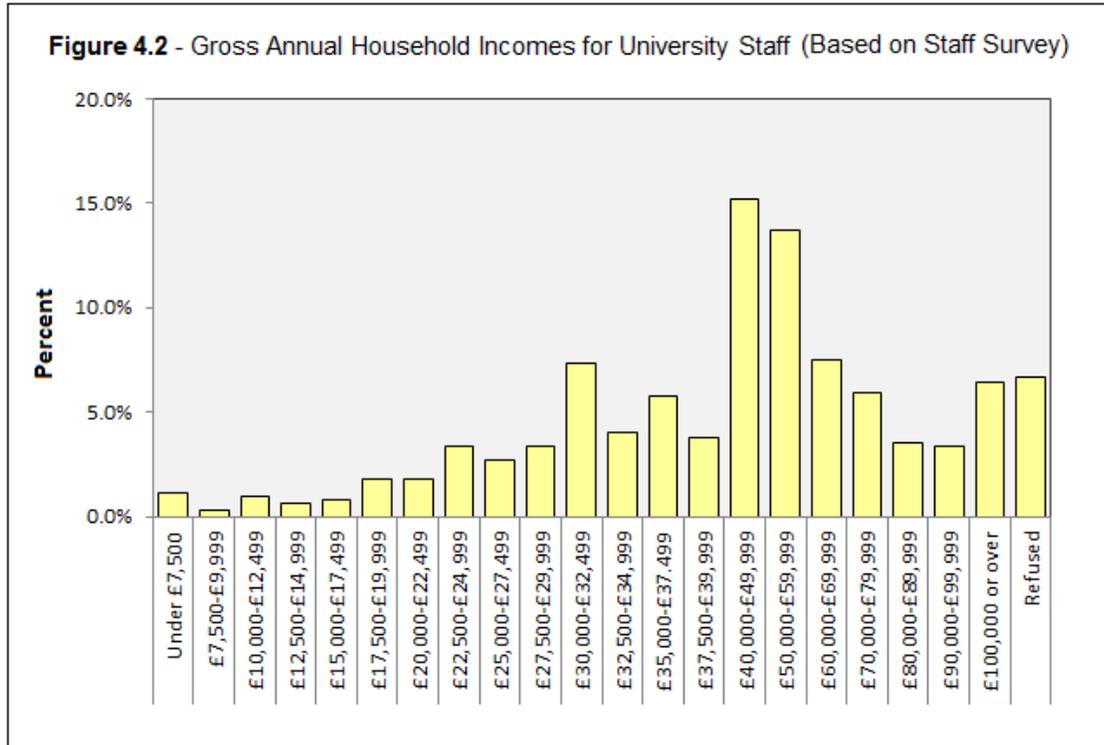
4.2.4 Of the 759 households, some 212 were single person households. The other 547 households ‘generated’ a further 991 persons. Half of them

(448) were working adults (two-thirds in full time jobs). Some 4pc were retired and just under 2pc (63) were unemployed. This is a housing market sample with strong employment rates within households and markedly low unemployment.

- 4.2.5 Of the non-working age persons in the sampled households, 102 were students and 152 were children, with St Andrews the main locus of education.
- 4.2.6 For those additional household members who worked, some 230 worked in St Andrews (187, or just over four out of five, worked for the University). A further 122 (just over a quarter) worked in the rest of Fife and just under one in five made the commute to Dundee or Edinburgh.
- 4.2.7 In relation to the housing market, this emphasises the potentially strong housing market position of a significant number of University households, living in dual-income households (four-fifths of two adult households). It also highlights how some households with say, two adults working in St Andrews and children at school there, face a strong locational pull towards the town. Yet for a significant proportion non-local job locations of partners act as a pull away from St Andrews.

4.3 Different jobs and incomes and origins

- 4.3.1 The distribution of household incomes reported by the sample is indicated in Figure 4.2. The overall mean and modal incomes of the sample are substantially higher than for the overall population of Fife, Scotland or the UK. The survey also indicates relatively long job durations for workers at the University. In aggregate, not only is the sample relatively intensively employed but relatively well paid in stable jobs. There are however significant numbers of households who earn well below the mean.



4.3.2 Nine out of ten of workers, in the staff sample, are in full-time employment and the remainder part-time. Three-quarters of the part-time jobs were held by women with just over half of them in the age range 35 to 50, in contrast to two out of five for full time employees. Almost half of part-time workers were clerical employees. Part-time, female clerical workers were predominantly represented in the less well-off (gross income) households and one in five were in a household with an income less than £20k per annum. For those with part time work, nine out of ten had a partner with just under two thirds of these partners working at the University and one in five a part-time job. The three quarters of respondents in the sample who were in full-time work at the University had partners. Of those partners, just over half had full-time jobs and one in five a part time job. For both full time and part-time workers at the University, 7pc of partners were studying at the University (generally as PGs).

4.3.3 Full-time/part-time work status is only one influence on income. Different job categories have very different reward structures and mean income levels. Academics and senior managers have higher incomes and, often, incremental, salary arrangements. The 60pc of staff respondents

in these two job categories have substantially greater lifetime income profiles than other groups. Age also influences current income levels. One in ten of respondents aged under 30 had annual household incomes of less than £20k, whereas only 3pc of the 35-45 age group were in this income bracket. Nobody under 35years earned more than 100k, but one in five of the 45-49 households did.

- 4.3.4 Amidst the relatively prosperous University workforce, there are part-time employees, single parents, clerical and younger workers with relatively low household incomes who face real burdens in paying for housing. They have to find housing in an area with both high rents and high house prices. And many of them are of local origins.

4.4 Coming to Work at the University.

- 4.4.1 The range of jobs within the University involves hiring across not just a diverse range of occupational labour markets but also labour markets that have quite different geographical reaches. Clerical and facilities workers, for example, are hired in labour markets that have potential stocks of labour locally. Academic posts often require highly specific sets of intensive human capital and this now invariably requires global labour market search for staff. The University impacts the local economy day-by-day through its overall expenditures but it makes a particularly significant impact to the town and Fife when it hires staff directly in local labour markets.
- 4.4.2 Households were asked to indicate where they were living when they were hired into the University. A quarter of all jobs were taken up from within the immediate, local labour market. Some 16pc took up the job from their present address (predominantly in North-East Fife), a further 9pc lived elsewhere in St Andrews and another 8pc from the East Neuk. All told, just over a third of employees were hired from the local labour markets of St Andrews and North-East Fife.
- 4.4.3 University job-growth has also drawn labour from adjacent labour markets in Scotland. One in eight jobs at the University was filled from the adjacent labour markets of Tayside and the Lothian's and one in five from Scotland more widely. Taking local and non-local Scottish hires together, just over 60pc of staff had their previous job in Scotland. The remainder of hires were drawn equally from the rest of the UK and

overseas.

- 4.4.4 These geographies of labour hiring are important in recognising the significance of the University as a growing Scottish employer. But they also have important housing market implications. Taking into account the significant hiring from very local and other Scottish locations, some 45pc of households did not move home when they took up their University job. That is, just under half of staff did not have a new local housing demand or need immediately consequent to taking up work at the University. However, the figures also imply that for each additional two jobs generated at the University at least one additional housing demand is added in the markets that serve the University.

4.5 Finding a Place

- 4.5.1 The residential choices reported in the staff survey replicate the broad patterns depicted in Maps 3 and 4 in Chapter 2. Overall, just under a third of staff live in St Andrews (up to three miles from town centre). Their residential geography is more dispersed than both undergraduate students and postgraduates. They are significantly spread into the surrounding housing market areas and beyond. Of those living outside St Andrews, some 30pc are in the Cupar corridor, 28pc live in and around the East Neuk ports and 20pc live in the 'Dundee corridor'.
- 4.5.2 The outcome pattern, as for the student groups, shows displacement both from initial search locations and 'location ideals'. Over half first sought to live within St Andrews. However, in contrast to students, two-fifths of staff searched in, and sought as 'ideal locations', the villages of North East Fife. Only one in twenty preferred to commute from remoter locations, as far away as Edinburgh or Montrose.
- 4.5.3 The area choice success rates, at 67pc, for staff were lower than for students. When asked about their ideal location, with no financial constraints, the proportion of staff 'idealising' a core St Andrews location did not rise above the search share. Most staff do not long to live amidst their students. However, there was a significant increase in the 'ideal' (63pc) over 'search' (50pc) in relation to locations in the suburbs of St Andrews. Whilst the ideal and search shares remained relatively constant for village choices throughout North-East Fife (NEF), the proportion citing 'rural' as ideal fell below search shares. The rural NEF

ideal falls back to 30pc and rest remains the same.

- 4.5.4 These patterns, that are more pronounced for staff employed by the University since 2005, suggest that student demands in the town core also displace staff demands outwards in a broad zone up to 15 miles around the University. There is staff interest in more housing closer to St Andrews, but not in the core. A significant proportion of staff do, however, prefer living around the villages of the region.
- 4.5.5 Patterns of search, 'ideal' and actual demand, differ across groups of staff. Staff who rent, see below, had the greatest desire to live in St Andrews and immediately around (more than two thirds), but less than a third of them achieved their locational aspiration in contrast to owners (two thirds of whom achieved the area choices they first searched for).
- 4.5.6 Academic staff are marginally more likely than others to have met a desire to live in St Andrews, at 33pc, other than operational staff (44pc of whom live in the town). The patterns of where different groups of staff live, largely confirm the patterns identified above in Chapter 3. Clerical staff have a below average share of homes in St Andrews and have high shares in the accessible NEF villages and the Cupar corridor. Academics have a similar location pattern. Operatives are much more likely to come from the Cupar corridor and Dundee, and indeed Dundee is the major home locus of technical staff employed at the University.
- 4.5.7 A consequence of these locational outcomes is that staff are much less likely to walk (25pc) or bike (10pc) than students. Just under half of staff travel to work by car and 15pc travel by bus. The proportion of clerical staff dependent on public (mainly bus) transport rises to 25pc for clerical staff and they primarily live in the 'corridors' around St Andrews and incur average weekly travel to work costs of £15.

4.6 Different Tenures

- 4.6.1 Students had little interaction with the social rental sector in Fife and the same holds true for staff. Fewer than 5pc of staff lived in either council housing or in housing associations homes. And almost all of them had lived in the sector before being employed by the University, although 4pc of staff renters are on waiting lists for the non-market sector. Almost all of the expansion of student and staff housing demand arising from growth at the University has relied on market choices and responses.

However, unlike students, staff make extensive use of the home-ownership sector.

4.6.2 This section examines the tenure choice split of staff into rental and home-owner housing. There is a widespread set of assumptions that underpins much housing policy discussion in Scotland, and indeed the UK as a whole. It includes the view that homeownership is the predominant, growing sector and that assumption has been misplaced since at least 2000. It also holds to an assumption that better-off households choose ownership and poorer and younger (early career) households rent. There is also a presumption that the two sectors are rather separate. Arguably, in the last decade there has been an expanded set of marginal choices and mobility between renting and owning. They constitute overlapping markets with at least some households and properties moving betwixt tenure choices depending on prices. These remarks are made to set the discussion of the survey results in a wider context.

4.6.3 Staff at the University are split into owning (64pc) and renting (34pc) homes, in proportions very similar to the overall average tenure shares for Scotland. Ownership is likely higher for more mature households and for households that have lived longer in the area. This has two important consequences. First, home owners, until 2007, in North-East Fife, experienced house price gains at rates above the Scottish average. Staff who have owned homes in the area since 2004 have experienced significant uplifts in their housing wealth, with house prices now almost double their level of a decade ago. We do not explore these wealth effects further in this study but it is important to emphasise that they reinforce the wealth, consumption and labour market incomes of the established staff at the University in ways that younger and more recent arrivals at the University cannot currently enjoy. They reaffirm the spending prosperity of the town and local region.

	Frequency	Percent %
Less than 10%	138	22.9
Approximately 20%	187	31.0
Approximately 30%	157	26.0
Approximately 40%	65	10.8
Approximately 50%	21	3.5
Approximately 60%	10	1.7
70% or more	4	0.7

4.6.4 The overall burden of housing expenditures for the staff sample is set out above (**Table 4.1**). It suggests that four fifths of staff have payment to income ratios below 30pc. However it cannot be deduced that a fifth of staff have a, conventionally defined, ‘housing affordability problem’. These ratios mean very different things in the owner and renter sectors. For owners, a consequence of past purchase and subsequent inflation means that almost two-thirds of owners spend less than 20pc of their household incomes on housing. Only a third of renters pay less than a fifth of their incomes for housing. More than four-fifths of owners paid 30pc or less of their incomes on housing. A quarter of renters (with no asset purchase involved) paid at least 30pc simply to rent their homes. We do not concur with current uses of affordability ratios in housing

policy and planning as they do not adequately measure real housing costs for home owners.⁴ However, it is clear that for renters in the bottom half of the income distribution that a rental burden in excess of 30pc is problematic. This ratio was highest, in the sample surveyed, for younger and below average income households in the sector. There are then University employees, especially younger staff in non-academic/managerial jobs, who do have housing affordability difficulties that merit policy attention.

4.6.5 It is commonly observed in housing markets that the rental share of tenure choices is higher for younger households (as they accumulate savings, form relationships, relocate with early career moves etc.). Since the mid 1990's home ownership rates for 25 to 45 year old households in the UK have been falling, as house prices have risen faster than incomes and, since 2007, tighter credit rationing rules have prevailed for first time buyers. Experiences, and expectations, of flat or falling house prices in local housing markets, after 2008, have also discouraged households across age and income ranges from purchasing homes in the short and medium term. There are some signs, by end 2013, that housing market prices have now stabilised in the local housing system and are now likely to increase. New government policies (Help to Buy) will reduce credit constraints for first time buyers in particular and this may encourage shift from renting to owning relative to the experiences of the last three years. However, this will not unwind the effects of the deterioration of younger worker wage rates relative to house prices, so rental shares for younger households are likely to remain above their pre-2008 levels.

4.6.6 The majority of St Andrews staff aged under 35 years were renters. However, the proportion of staff that rent homes remained above 30pc for those aged 35 to 45 and this is a high market rental share for this age group. After that age, and reflecting the longer local residence times for older households, the rental share fell sharply and progressively but

⁴ The best measure of housing costs for home owners is the user cost of capital measure that includes impacts of taxes and depreciation and the gain effects of rising house prices. If ratios are used, then net monthly mortgage outgoings plus depreciation/maintenance costs deducted from net household incomes, equalised for household size and structure, are a proxy for the burden of paying for home ownership. Present Scottish housing planning approaches neither adequately measure owner costs nor owner incomes.

it still remained over 7pc for the over 60's (in employment). This is a much more complex pattern of relatively high and middle income renting than has been commonplace in Scotland.

- 4.6.7 It is not just age and 'recency' of arrival that shapes tenure choices. Workers with fixed term contracts face a greater probability of having to relocate elsewhere than others. Some 70pc of staff on fixed term contracts rent their homes (this is also influenced by age and household type). Ownership rates also differ by job type groups and in ways that are somewhat unexpected. The ownership rate was highest for the managerial staff, at 77pc, next highest was for the clerical staff, at 72pc and then fell to 56pc for academics and was lowest at 54pc for the operational staff.
- 4.6.8 Academics, at any age, have the highest household incomes. However they have also had a higher recent turnover rate, more have relocated from overseas and high house price regions (where they may still own homes) and a high proportion of younger academics have fixed term contracts. Clerical staff are often the second earners in local households and a significant proportion of them live in 'bought' council homes. The reversal in the expected relative shares of home-ownership for academics and clerical workers reflects these influences.
- 4.6.9 It should also be emphasised that not all staff renters were young and had lower incomes. A third of renters had incomes above £50k per annum. At this juncture, a more detailed description of staff renters is presented as they compete and overlap in the local housing system most directly with the PGs and other students.

4.7 Contrasting Staff Renters

- 4.7.1 The job categories of staff living in the rental sector were 45pc academic, 20pc clerical, 15pc managerial, 8pc operational and 11pc technical. Of the renting academic staff, fewer than one in ten were already located in the local housing system when they took up employment. The comparable figure for management staff was 15pc. The equivalent figures, in the rental sector, were 42, 43 and 31percent respectively for clerical, facilities and technical staff. This means that a (disproportionately) large share of lower-income University staff were already located in the LOCAL rental sector when they were first hired by the University. They already had housing choice and affordability

difficulties in the local housing system when they come to work for the University. Thus locally originating staff renters, as well as those moving into the region, expressed concerns, in the survey, about the high cost of home-ownership in and around St Andrews.

- 4.7.2 In contrast to the lower income occupations at the University, the growth of academic and management staff 'imports' housing demands from outside the local rental housing system. Only a fifth of academic staff renters had been located in Fife prior to starting work at the University, in contrast to two thirds of clerical staff and three quarters of facilities staff. More than a third of staff who had been hired from overseas were in the rental sector, roughly double the rate for other origin groups.
- 4.7.3 Inter-regional migrants in the UK quite commonly use the rental sector as a first and temporary stop when they move jobs. The survey indicates that a significant number of new staff moving into the area relocate on from their first residence choice within 2 years of arrival and this usually involves a switch from renting to owning. Arguably the housing market recession post 2008 has prolonged these durations (see above) for some. The survey indicates that the average duration, to date, of academic and managerial staff presently in the rental sector has been 3 years. However for lower paid clerical and technical staff it has been 5 years and 9 years for operatives. The longer the duration of stays in rented housing, the greater the likelihood that affordability rather than price expectations influence choices.
- 4.7.4 In the previous chapter, it was stressed how important group search and friendship networks were for students in providing information on market vacancies. Staff had much more solitary search processes and relied on more formal information mechanisms. One in eight found their home via newspapers and similar proportions prevailed for the internet and friends as key information sources. The most widely used successful search channel was online search websites of local agents (31pc).
- 4.7.5 One in seven staff had not viewed any rental properties at all before renting locally. They were all staff hired from outside of Scotland. Of those that did search by viewing, 70pc found somewhere within three searches, but 20pc had more than 5 searches. This was a more arduous search effort than students. One in sixteen staff renters actually started their search with an intention to buy, with half of them bidding for at least

one property before reverting to the rental sector.

4.8 Homes, Rents and Satisfaction

- 4.8.1 Some 55pc of renters had an individual as their landlord and 45pc rented from a company. The majority of tenancies were for six months or longer (6 months 39pc; 6 months to a year 36pc; and 11pc more than a year). Some 7pc had tenancies of less than 6 months and these were recent arrivals. More than 90pc paid their rent on a monthly basis.
- 4.8.2 In contrast to students, only 5pc reported that they lived in a multiple occupation property (though, like students, around a third did not know the HMO status of their home). In common with students, flats provided the largest share of rental housing provision for staff (42pc) with terraced, detached and semi-detached all providing around 20pc of spaces. Three out of four homes had one bathroom and a fifth a second. Properties rented by staff had, on average, much more room space than for students and other renters. Three quarters of homes had 2 or 3 bedrooms, and 16pc a single bedroom. Most had a single living room (94pc) and a single kitchen (94pc). Staff renting mostly involved single household units renting separately from others. There is a competition with students for some rental vacancies, especially by younger staff, but staff and students occupy, and use, these spaces very differently.
- 4.8.3 The kinds of services provided by the landlords of staff were similar to those for students. Rent included window cleaning, gas and electricity in 6pc of cases, internet and telephone and laundry in 5pc but 70pc of renters received none of these services.
- 4.8.4 Staff renters paid an average monthly rent of £620, and this ranged from £675 for academic staff (but with a spread from £2,000 to £500) to £510 for clerical staff. These levels emphasise two observations made above. Firstly, all but the best paid academic and managerial staff living as single households cannot compete directly for space with groups of three or more students within St Andrews, unless they also become part of multiple household units, and some young staff do this. Staff find homes by moving out from St Andrews or by finding smaller homes neglected by student 'search groups'. Secondly, mature postgraduate students compete for homes in the same price ranges and locations as less well paid staff.

4.8.5 Regression analysis on the determinants of staff rents identified four statistically significant effects. Location in St Andrews raised rents, longer periods of residence were associated with lower rents and the number of bathrooms and bedrooms had a plausible positive influence. At the mean, the extra cost of living in St Andrews approximates to the cost of having a bedroom less. Cross-tabulating rents charged with Council Tax bands also highlights the broad association of property ‘quality’ and rent paid per month (**Table 4.2**).

Council Tax Band	Frequency	Mean Rent (£)
A	6	391.83
B	32	556.56
C	28	582.68
D	45	601.64
E	15	719.00
F	7	732.14
G	7	907.86

4.8.6 Two-thirds of staff moving to the area to work reported that they found that property was more expensive than where they had previously lived. Half felt that the variety and quality of property available locally was poorer than where they had previously lived and fell below their expectations. 10pc of those now renting, almost all of whom had moved from England, had found that selling their previous property had been problematic and contributed to their rental choice in St Andrews. Three quarters of that group were now both tenants in St Andrews and landlords in another location. This pattern is likely to unwind into an increased demand for home ownership as prices recover in other regions of UK.

4.8.7 Despite these reservations by in-movers, renters had moderate levels of satisfaction with their homes, with 3 out of 4 well or moderately satisfied (significantly lower than for students). Two-thirds regarded their neighbourhood as good or very good and the equivalent score for access to work were 60pc and 54pc for local amenities. Three quarters of those with children regarded schools as good or very good. Only a third of renters regarded homes as well located relative to friends (in contrast to students) and only 40pc felt that the value for money was

satisfactory or better. One in six reported it as poor or very poor value. A significant share of staff who were home owners, as outlined below, felt similarly about the consequences of being displaced into villages.

“I would much prefer to live in St Andrews (and walk to work) than commute from Dundee. Unfortunately, there is a severe shortage of housing of the size which interests me - and it's far too expensive”

“I would prefer to live in St Andrews but simply can't afford it. 3 bedroom houses elsewhere in North East Fife are cheaper than a 1 bedroom flat in St Andrews!!!”

“The main reason I was unable to live in St Andrew as I had hoped (to be near friends/work) is the high property prices.”

- 4.8.8 These latter two aspects of housing in the locality are not helpful to hiring and retaining staff at the University. Seven out of eight staff in renting intend to move within the next 5 years, indeed almost half plan to move house within a year. This movement intention pattern is not atypical for younger renters. The intention to move within a year is reported by three quarters of those 24 or under, by 42pc of those aged 25 to 29, by 36pc for those in their 30's, and 30pc for those in their 50's and over. This issue requires, beyond this report, further exploration because it suggests potential problems for community stability and staff retention unless it simply reflects the tail end effects of the housing recession unwinding.
- 4.8.9 When they relocate within the local housing market, a quarter of renters wish to move to more affordable accommodation, a fifth to move closer to their workplace (that is, move closer to St Andrews), a further 8pc wish to move closer to their partner's work and 10pc to move closer to friends (these groups are in outer locations). There is an isolation issue for some staff. They feel displaced from the St Andrews area into rural areas and villages, sometimes with poor public transport (and frequently younger research staff do not have a car) and they also comment upon poor broadband provision in their homes. Their sense is of a poorly 'connected' set of places to live in, whilst working at an internationally connected University. Almost a third, and predominantly in academic and managerial job streams, expect to move to a different job elsewhere. More usual motives for intended mobility include; the 15pc

forming a new relationship, the 2pc incurring relationship breakdown, the 15pc seeking to move to a larger property and the 3pc looking for a smaller one.

4.9 Owners: How the other half (two-thirds) live!

- 4.9.1 The home owners in the sample are, in the main, job-rich and high income households. They had housing cost-to-income relationships that place them beyond any serious 'needs' or concerns re affordable home-ownership and, as they are in employment, they do not face issues regarding home repossessions with mortgage difficulties. But that is not to suggest that being a home-owner, or becoming, an owner is devoid of any difficulties. There are issues of search, choice and outcomes that concern households and on which employers and the council should have regard to. There is more to a well-functioning housing system than raising investment in affordable housing.
- 4.9.2 Home-owners employed by the University deserve policy attention, not just to recognise the difficulties they can encounter, but because outside of the town boundaries they are the main competitors for housing in local communities across North-East Fife.
- 4.9.3 The staff home-owners are largely established 'family' households and 95pc are aged over 30. Half of households comprised households with children. Two thirds of households contained a second working adult and 30pc of them worked at the University also. Whereas almost 10pc of renters were of black, Asian or middle-eastern origin (a high proportion of ethnic minority households for a Scottish housing market), fewer than 2pc of owners were in these groups.
- 4.9.4 Some 98pc of University employed home-owners had household incomes above £20k, 75pc over £40k, 40pc over £60k, 24pc over £80k and 10pc more than £100k. Nine out of ten households spent less than 30pc of household income on housing. The 5pc spending more than 50pc were (predominantly) younger, mid-career households with children and that group must cause some concern. The relationship between estimated current house values and household incomes is not close (household income differences 'explained' less than a quarter of current house values) and this largely reflects the different histories of home-ownership, and housing asset gains, for households. The

meshing of staff into the local owner occupied market can be proxied by the distribution of Council Tax Bands they incur and these are identified in **Table 4.3** below. The past duration at St Andrews is 15 years for households in Council Tax band F and 6 years for those in band A. Current incomes and past housing asset accumulation shape the patterns in the housing market.

Council Tax Band	Frequency	Percent %
A	12	2.9
B	29	7
C	41	9.9
D	87	20.9
E	54	13.00
F	38	9.1
G	36	8.7
H	10	2.4
Don't Know	109	26.2
Total	416	100

- 4.9.5 Some of the owners had come to work in the University since the start of 2013 and a number had worked there for almost 40 years. When owners had first been employed by the University, a quarter already lived in St Andrews, a further sixth lived in the rest of Fife and one in ten in Dundee. That is, almost a half already living within the Fife-Tayside area and, in total, almost two-thirds originating in Scotland. Around 20pc arrived from the rest of the UK and 12pc were employed from overseas. After allowing for local relocations shortly after employment, around half of home owners had not had to move home when they took up University employment. For these households, arguably, the University adds to local jobs and incomes without imposing any additional housing demands on the area as a whole.
- 4.9.6 For households that moved home on being employed, a significantly higher proportion (a half) that arrived pre-2003 had moved to St Andrews and its suburbs, than for new in-movers over the last decade (a fifth). It may be that those who arrived pre-2003 and lived more than 3 miles from the town have relocated to another job and region (that is, the sample has survivor selection bias). More probably, the pattern reflects

the displacement, over the last decade of growth, of less affluent or younger staff out of the town and into the villages beyond.

- 4.9.7 The overall distribution of home owners is that a quarter live within 3 miles of the town, a similar proportion live in the Cupar corridor and a fifth live in the East Neuk villages. One in six are drawn northwards to Dundee. In consequence of these patterns, staff home-owners are more car-oriented than renters, with 70pc commuting to work by car. Only 10pc walk to work and 5pc bike, in contrast to students. Some 7pc use the bus. Higher incomes and car ownership rates and usage diffuse this housing demand around NEF. But, as in the case of renters, staff owners do not see it as an ideal outcome.

“Having the University sponsor public transport costs (as many others do) would make it much easier and more cost effective to live outside of St. Andrews town.”

“The cost of transportation to and from work is very high. There are no real discounts available for public transport which makes it cheaper to operate a car which is ludicrous.”

“There is only one direct bus through my village, and if I need to work beyond 'normal' working hours, I need to wait for an hour between buses.”

- 4.9.8 Only 2pc of staff had help from the University in searching for their current home. Half gleaned their key search information from estate agents and a further third from the online property search options for the area. Adverts in newspapers and on the internet as well as information from friends each mattered to around 4pc of searchers. As the key 'estate agents' are also the major sources of online information they clearly drive the information system for the local housing market.
- 4.9.9 The spatial pattern of search was less concentrated on St Andrews than for student renters. One in eight made their first search in the core of the town, a similar proportion within a mile and a further 16pc within 3 miles of Market Street. Some 40pc focus on St Andrews. Half of home owners started their search elsewhere in NEF and 6pc in Dundee. From the outset of the housing search process, more home owners were immediately engaged with the rest of NEF than students and renters. However they were much less likely to be diverted towards Dundee than either staff renters or PG students, and this is likely to reflect access to

property variety and public transport required by younger staff and PGRs.

4.9.10 Becoming a home owner in Scotland involves not just finding a suitable vacancy but, for most second-hand properties, also participating in a sealed bid system. In the present housing market recession, apparent since the end 2008, more fixed price sales are apparent and fewer bids per property occur. The search figures in the following paragraph relate to staff buying homes since mid-2008.

4.9.11 Just over half of searchers had visited more than 5 properties and only 8pc had looked at only one property or less. Housing search is a more onerous process for potential owners than for renters. A quarter, and this reflects zones or sectors of localised pressure, even within a slowing housing market, had made 3 or more bids for properties. Reflecting the times, however, half of buyers had made only one bid. The survey results indicate that both numbers of searches and numbers of bids were significantly higher for those who purchased homes in the (higher) tax bands E, F and G. Incoming staff, renters as well as owners, found these processes difficult.

“The University could do a great deal more to assist new staff, especially overseas staff, in arranging for housing. It would have been helpful if HR could have at least told me the names of the major property firms (i.e. Rollos, etc.). I had no idea, coming from north America, who is reputable and who is not .”

“As a foreigner coming to work to University and being single, it is impossible to find anything in St Andrews that is small enough and affordable.”

“For new employees from abroad (and I suspect from within the UK as well), it is very difficult to find a place to rent because you cannot visit any of the places online.”

4.9.12 One in six households that eventually purchased, had started searching for rental housing but switched to purchasing, as quality and locational options in the rental sector had not met with their expectations. A significant proportion of staff owners, as noted above, had moved inter-regionally or internationally to take up their post at St Andrews. In the discussion of staff renters it was highlighted that some recent movers

were renting in St Andrews and letting out at their previous location. A third of post 2008 movers who had relocated from outside of Fife and then bought their present homes, had taken a long time to sell their homes elsewhere but had largely done so. Two-thirds of this group also realised lower sales prices than they had expected. Moving to St Andrews had 'cost' them money and, unless University wage rates compensated, this must constitute a barrier to interregional labour mobility for some staff and potential staff. These observations hint at the potentially temporarily boosted rental demands as housing markets recover in other regions of the UK.

- 4.9.13 The locational outcomes of search processes did not match the aspirational ideals of staff owners. Some 40pc saw St Andrews as an ideal (lower than all the other groups in the study) but an equal proportion expressed their ideal as being in the towns and villages around NEF, and fewer than 5pc for each of Dundee and Edinburgh. Less than half of those who first looked in St Andrews managed to buy there. Only 5pc of those who first looked outside of the town then chose there. Some 95pc of those who live in the town see it as their ideal but their aspiration is not primarily for the town centre but for the town suburbs. On the other hand two-fifths of those owners who live elsewhere (75pc of the overall total) actually see St Andrews as the ideal place to live.
- 4.9.14 There are two important observations to be made on these figures. The first is that there is a strong, preferred demand on the part of a significant share of staff to live in the villages and rural areas of NEF. However, because preferences about lifestyles differ, there is also a significant population of owners who feel forced out of the suburbs of St Andrews into the surrounding region. There is substantial latent demand on the part of staff owners to live in St Andrews that is not presently met. In effect, a larger housing stock in St Andrews would absorb households from wider regional ownership markets. For example, half of staff owners living in Dundee would ideally like to be in St Andrews. Regression analysis of owner estimates of present home values in relation to property type, size, amenity and location confirm a substantial price premium has to be paid to live within three miles of St Andrews.

“Salaries are not sufficient to buy a decent sized house. As a lecturer on top of scale it is still difficult to raise a mortgage that would cover even small

property.”

“Unless you were lucky enough to have bought a house in St Andrews several years ago, or are fortunate enough to earn a professor's wage, St Andrews is ridiculously over-priced and when we came to buying our first property 10 years ago we had to look in the outlying towns and villages to find something we could afford”

- 4.9.15 Staff were also critical of what they perceived as a lack of University support in the processes of moving into the local housing market:

“The University was generous is paying for our removal costs but offered no advice or support in finding a home. This was a major issue for people moving 500 miles to an area we had no local knowledge about. The University could do much to improve the support of new and existing staff.”

“The online housing list available through the University was nearly useless, as many of the listings were for properties that were described *in the listing* as unavailable or already rented!”

“Assistance from the University for new staff moving to the area was very poor: in fact, it was basically non-existent. The only assistance we received was being given a couple of websites that weren't actually helpful at all. Considering that coming to St Andrews is a big move for most staff (they are unlikely to have been here before), that they are probably still working at a different institution while trying to find housing in St Andrews, and that staff often have to find accommodation within a very short period of time, the level of help from the University is unacceptable.”

- 4.9.16 The main reservation that home-owner staff expressed about their housing was cost. Half of those moving into the area since 2003 felt that property was more expensive than where they had come from. And a third felt the variety and quality of properties available did not meet their expectations. Overall a quarter of owners still felt that their property was not good value for money

- 4.9.17 Home owners, often with families, were not just sensitive to property size and condition when choosing homes, 90pc regarded neighbourhood quality as important and two-thirds regarded school

quality as vital. More than four-fifths were satisfied or very satisfied with property sizes, condition, amenity, schools and neighbourhood. But they were less satisfied with their location/access outcomes. Only three-fifths were at least satisfied with access to work and half regarded accessibility to friends as not satisfactory. The scores on both these sources of satisfaction were particularly low for younger staff with children living in dispersed villages. Comments on the survey returns often noted the lack of socialising opportunities that arose as a result of displacement and the difficulties of co-ordinating work/school arrangements in two-worker households with children. However, overall satisfaction scores were high, with nine out of ten households at least satisfied with their overall housing outcome.

- 4.9.18 The expressed movement intentions of owning staff suggest that they are a much more locationally stable group than staff renters (and this reflects more advanced career stage, orientation towards families etc.). Some 70pc say they will not move in the next five years. Some 7pc expect to move within a year, a further 10pc within 3 years and an additional 13pc in 3 to 5 years.
- 4.9.19 Renters stressed their interest in moving to more affordable properties. Owners instead emphasised moving to more accessible locations (21pc) with expected changes in household size and composition likely to trigger a similar volume of moves. Older staff indicated that moves would accompany imminent expansions in family size (6pc) and some also intimated that down-sizing, to transfer wealth to children and grandchildren, would also prompt moves. A very complex set of triggers to movement were noted, but within that pattern, the desire to overcome the effects of presently isolating locations was very clear.
- 4.9.20 One in six staff owners reported that they owned a second home. The survey data suggests that a third of that current second ownership reflects the disequilibrium processes of the current recession but for one-in-ten owning staff, it suggests a strong housing wealth position. Few owning staff are landlords (and less than 1pc informally let out rooms in their larger homes).
- 4.9.21 The analysis of the survey of staff working at the University is that St Andrews as a functional town is constrained in size by its housing supply decisions rather than by demands to live there by relatively affluent

households. The current outcome of these arrangements, with staff housing outcomes spreading some market pressures around NEF, is higher housing costs, for owner and renter staff and most others. Consequently longer commuting distances and times and denied walking to work preferences for up to almost half of staff are observed. The staff groups we have looked at do not generally have conventionally defined housing 'needs and affordability' issues. But it can be argued that they have to make choices in housing that are needlessly costly and that result in environmental, and potentially health, outcomes that are much worse than they have to be.

- 4.9.22 Some staff, even with above average salaries find the local housing system problematic more than most:

“This will be a huge factor in determining whether I remain at the University of St Andrews or look for a post elsewhere. The prohibitive cost of housing in St Andrews means I can only look at out-of-town options but am fed up with commuting partly due to weather/road conditions and the desire to participate in more University activities in the evening.”

“It's a disaster. I will probably leave employment with the University because of the poor provision of good quality, affordable housing nearby to work.”

The issue is not whether St Andrews housing outcomes are usually bad, they are mainly not. But they could potentially be better and for less cost.

CHAPTER 5

THE POORER PROSPECTS OF OTHER RENTERS

5.1 The Wider Market Matters

- 5.1.1 The focus of this report is the University and housing for its staff and students. It is clear from the previous chapters that directly driven University demand is almost entirely met in the market sector and that the growth in the University has driven these demands, especially from staff and more mature PGRs, out beyond the town and into the wider housing system of North East Fife and indeed beyond. It was also observed that whilst some 'University' households have difficulty finding housing, and that not all housing choices are viewed as satisfactory by their residents, there is not a widespread problem of paying for housing. These were households on upward, or at worst stable, trajectories in their lifetime incomes and few appeared to have housing outcomes that would detract from that progress. Our findings for these groups were based on substantial, successful surveys as well as extensive, reliable, administrative records.
- 5.1.2 The growth of the University not only directly augments student and staff demands in the local area but the multiplier expenditure effects, raises the general local demand for goods and services and employment in the wider local economy. And, as considered in the final chapter, there are sectors of the local economy, not least tourism, retirement services and agriculture, that also generate demands, and needs, for places to live. There is the possibility that rising University driven demands will increase rents and house prices, and that with demand growth outstripping supply, local residents will face increased competition for preferred and accessible locations. All local residents in the market sectors will face higher rents and house prices and those with lower incomes face the prospect of being displaced from the local market system.
- 5.1.3 The research project was interested in establishing the housing system outcomes for the rental market in the localities impacted by the University. The Town Commission study recently focussed their work on rented housing in the town. The vast bulk, over 80pc, of their respondents, were students and they reportedly struggled to establish a substantial sample of non-student market renters in the town. We make these observations with no criticism as we had as little success from a different approach.

5.1.4 In the early summer of 2013, we identified the areas around St Andrews where staff were extensively involved in renting locally (Chapter 2, Map 4). We took these areas and sent a postal questionnaire to some 2,560 households. This comprised all of the known private rental properties within the St Andrews town boundaries and a further 50pc of the private rental properties in the broader LHSA areas. We identified the property tenures for these areas according to the 2012 valuation roll. We picked this period out of term-time to try to limit survey returns from student households. We asked respondents not to respond if they were home owners (sometimes the valuation roll lags behind changes in dwelling status from renting to owner occupation). We also asked any University staff/students who received the questionnaire to return it but to only complete a small section. As staff and students had already been surveyed, we excluded any of their additional responses from the analysis of this section.

5.1.5 All told, we had a response of 225 households. But the majority were staff renters and we identified only 79 renters who were not part of University demands. This response rate is much lower than we expected and we use the results to provide only some general descriptions of outcomes in the local rental sector. It may be that the survey was unattractive to renters or that they were otherwise busy in the summer. But we also suspect that, at least in St Andrews town, that there are now very few market renters that are not associated with the University. We have reached, by a very different route, an impasse in sector description that is similar to the Town Commission. Lower income renters, in the market sector, may now have been largely displaced from the town.

5.1.6 The statistical base of what follows in this chapter is narrow and weaker than we would have wished. And this contrasts with earlier chapters. But there is also the contrast that the stories revealed by the exercise are of considerable difficulty for many local market renters.

5.2 Different Households, Incomes and Origins

5.2.1 The households that responded were primarily individual housing groups or families occupying the property without sharing with others (96pc). They were not multi-person, young singles living in group arrangements. The sample split roughly equally between single person households, couples without children and couples with children. Some 6pc were aged under 30, 40pc were in the age group 30 to 49, a similar proportion 50 to 69 and some 15pc over 70 (mostly renters in retirement homes). There is a clear elderly bias in the sample. The respondents were equally split between men and women and fewer than 4pc were identifiable ethnic minorities.

- 5.2.2 The significant proportion of elderly renters was reflected in that 25pc of respondents were retired. One in six were unemployed and of the 55pc who had a job, two thirds were in full time employment and a third worked part time. In contrast to University staff households, only a fifth of households (or 28pc of non-retired households) had a second earner in the home.
- 5.2.3 Age and employment status are directly reflected in the household incomes reported. Some 35pc of households have annual household incomes less than £15k (and that approximates combined rent and fee payments for non-Scottish but British undergraduates at the University). Half had household incomes under £20k. However, reflecting the typical diversity of the sector, 10pc of renters had household incomes in excess of £50k per annum.
- 5.2.4 One of the key roles typically played by the market rental sector is to provide homes for households, often single individuals, leaving home for the first time. In our sample this role is difficult to identify. Not only are there few persons under 25, but only 3pc reported their previous residence as being their parents' home. The bulk of residents (47pc) had moved within the PRS. There were also significant entry flows from the social rental sector (SRS) (12pc) and a high proportion, a quarter of households, had moved into renting from owner occupation. These former owners fell into three categories in similar proportions: A third of households were local residents who experienced difficulties in paying for owned homes, another third who had moved into the area and been unable to sell their homes in other parts of the UK and a further third (invariably higher income households) who were keeping their home elsewhere as well as renting in NEF. None of that last group expected to remain longer than five years in NEF.
- 5.2.5 The sector, relative to home ownership, had relatively high turnover/mobility rates. More than half of residents had come to live at their present home after 2008. But this also means that at least half of renters have lived in their present homes for 5 years but had done so with a succession of short term tenancies. The majority had six-month tenancies. There are households with children living for long periods in PRS homes on a succession of six-month assured tenancies and this cannot be a good social outcome (with uncertainty for the employment of adults and the schooling and socialisation of children).
- 5.2.6 The sector largely met locally originating demands and two-thirds of tenants had moved to their present home from within the Fife/Tayside areas, indeed 80pc of residents had moved from within Scotland. Three-quarters of others had arrived from the rest of the UK and the remainder

(low income workers) from overseas.

5.3 Homes, Locations and Neighbourhoods

- 5.3.1 Three-quarters of the renters in the sample had found homes in the broad areas they had first looked for them, with the exception of the third of households that had an employee working in St Andrews. They had, as for some staff and PGRs, been required to locate further from the town, largely, into the Cupar corridor and into the East Neuk. A quarter lived in detached homes or bungalows and roughly a fifth in both semi-detached and terraced homes. Just under one in four lived in flats. One-in-ten lived in a converted agricultural cottage or building and these were particularly associated with poorer households living in poor conditions and reporting significant problems with dampness and keeping houses warm. Houses were not large. Some 95pc had only one or fewer public rooms, 80pc had one bathroom, two-thirds had two or fewer bedrooms and 60pc had no separate dining room. In terms of broad property value niches, two-fifths of renters were in the lowest bands, A and B, and only 15pc were in homes rated band F or higher. That is, the property would primarily appear to lie in the bottom quarter of the assessed values for NEF.
- 5.3.2 Residents complained more about the problems of finding and paying for homes than about the quality of their housing. They had high scores of being at least satisfied with their neighbourhoods (100pc), access to friends, higher than for staff and PGRs, (94pc), property size (93pc) and local amenities (91pc) and moderately good for property amenity (83pc), condition (82pc) and cost (81pc). They were less satisfied with accessibility to work (67pc adequate). In relation to overall satisfaction with homes, scores were lower than for students and renter staff; just over a third were very satisfied with their home and a third 'somewhat satisfied'.
- 5.3.3 All of the tenants paid rents on a monthly basis. The rents paid were, on average, in the same range as staff and PGRs living in single family homes. The mean rent paid (before any benefits) was £497pcm. Removing the influence of the tenth of more affluent renters with relatively short term stay intentions, the rents of two-bedroom homes (all outside of the town) averaged £447pcm. Taking into account the average rents observed for younger staff, for equivalent properties outside of St Andrews, this suggests that competition for space in the Cupar corridor and the East Neuk largely occurs within a functionally single, if geographically dispersed, market. Rent levels across different areas are driven, in the main, by the St Andrews focussed workforce of the University.

- 5.3.4 Whilst household incomes vary across a wide range, there is a basal level to rents observed. Few properties of any kind are available at less than £250pcm. Indeed when average rents are calculated for each income band, they fall in the range of £400-450pcm for all annual household income ranges between £7.5k and £30k. Housing is, metaphorically as well as literally, an overhead cost. For the higher income fifth of households, rents rise to the £600-£700pcm range.
- 5.3.5 The consequence of these rent and income patterns is that almost 40pc of residents have high rent to income ratios, that is, they exceed 30pc of their gross household income. Half of these cases are households with children. This sample contains a significant proportion of households who would in most cases be regarded as being in significant housing need. That subset contains not just unemployed and retired households but households in work whose wage rates do not allow them to live in what they would regard as adequate properties at the presently prevailing rates. As public funding to meet such needs is now constrained, shortage induced rent rises in the market sector exacerbate these needs issues and their consequences.

5.4 What Next? Onwards and Upwards?

- 5.4.1 The older ages, lower incomes and difficult family circumstances of the renter sample analysed, suggest that the majority of households are not on an upward trajectory of income and housing outcomes. Some 55pc of the renter sample expect to remain in the PRS beyond another 5 years. Whilst the sector still meets fast mobility demands for some, it is also, apparently, a longer term home for more and poor households than in recent decades. Only one in five households, with higher incomes, expects to move within the next year, and a further 20pc within 3 years. Those that want to move intend to find more affordable homes, move closer to their workplaces and to live in areas where they had failed to secure a home in the past. There was also a mix of expected changing household circumstances likely to trigger mobility for more than a quarter of households.
- 5.4.2 Those who expected to leave NEF, and who were generally higher income renters, expected that their next home would be in the owner occupied sector. Whilst a quarter of the sample were on social housing lists in Fife, fewer than half of that group actually expected to be housed in the social sector in the next five years. In this age of diminished housing expectations for poorer households, more than half of PRS residents with local origins expected that their next move would be into another PRS property. Onwards and upwards appear to be rare likely trajectories for this renter sample. They will be seeking to survive in the

local rental housing market over the next five years, as any future expansion of University-based demands unfold around them. This is unless growth opportunities are abandoned or the local housing system adapts and operates more quickly and flexibly so that employment growth benefits outweigh PRS pressure effects.

CHAPTER 6

HOUSING AND THE ST ANDREWS ECONOMY

6.1 Introduction

6.1.1 This chapter draws together the findings from the previous chapters. It reviews, first, some possible housing-economy connections that emerge from the evidence presented. Secondly it then uses them along with a consideration of emerging practices and policies in the UK housing sector to suggest possible housing actions, for the University and the Council, that might reduce the costs and raise the benefits from any future expansion of the University.

6.2 Local Economies and Supporting Housing Systems

6.2.1 It is now widely accepted that housing is best understood in specific localities as a system rather than as a disconnected set of tenures. It is also clear that, as a system, housing interacts with the wider economy in which it is embedded in powerful, yet often subtle, ways.

6.2.2 The most acknowledged way in which such interaction takes place is perhaps the local economic boosts that can arise from the process of new residential construction. Investment of a given sum of money in new housing construction gives rise to a range of further beneficial economic actions as the recipients of that money use it to create jobs both immediately and subsequently through their onward spending activities. Latest Scottish Government data (for 2009) records 'type 1' output, income, employment and 'gross value-added' multipliers for Scotland from building construction activity at 1.8, 2.3, 2.3 and 2.0 respectively. Corresponding 'type 2' multipliers, which allow for the broadest range of induced effects from an initial investment, are estimated to be even higher, at 2.1, 2.7, 2.8 and 2.4.

6.2.3 Another noted connection between housing and the wider economy occurs where insufficient or unresponsive housing supply (or even too much owner occupied housing relative to all forms of renting) creates housing market instability that transmits into the wider economy, contributing to inefficient 'boom-bust' economic cycles. However,

measurement of such effects at local scales can be very difficult.

- 6.2.4 Housing can also reduce long term economic potential if it impedes labour mobility, or fails to contribute to the attractiveness of localities as places to locate economic activity, thereby impairing local 'place competitiveness'. Over the longer run, the quality of housing also has important implications for health, education and other outcomes that directly affect the acquisition of human capital and, through this, impact productivity and economic growth, and housing outcomes can have important consequences for environmental outcomes.
- 6.2.5 While far from exhaustive, the foregoing mainly deals with effects running from the housing system to the relevant local economic system. However, effects can, and do, run the other way also. In phases of growth or decline, economic change can proceed more quickly than the housing system can cope with, generating problems of shortage and affordability or surplus and associated neighbourhood decay. Economic change in the form of a restructuring of an economy from low-value-generating to high-value-generating productive activity, even where this is not associated with any overall change in the quantity of labour being demanded, by changing, the returns to employment can change the relative demand for property of different types and tenure faster than the housing system can absorb.
- 6.2.6 These prefatory remarks are relevant because which housing outcomes produce which economy outcomes (and vice versa) depend, amongst other things, on what the initial conditions are in the housing and related economic systems being examined, as well as on the geographies and timescales of most interest. Beyond this, the relationship between housing and the economy is almost certainly going to be conditioned by the nature of any change introduced into one or the other. For example, the economic effects of increasing the supply of housing in a local housing system by say 1,000 new properties will depend on what type of properties these are (expensive detached properties, distributed widely over the land area of a given locality will have different consequences to building a small number of multi-flat blocks in a single estate setting), while the effect on housing demand of 1,000 new jobs will differ according to whether they are high value positions, likely to attract incomers with a taste for living at distance from the workplace or low value posts, that are of interest to local people faced with restricted

transport options.

- 6.2.7 To translate this range of possibilities into something of practical use, we turn to a more focussed consideration of the St Andrews and North-East Fife local economy and housing systems.

6.3 Housing and Economic Activity in St Andrews and North-East Fife

- 6.3.1 Local economic statistics at the sub-Fife level are difficult to come by, but those available indicate the St Andrews economy is operating at a high level of capacity utilisation. Unemployment in the area is recorded at less than a quarter of that for the wider Fife economy and indeed for Scotland as a whole. As a further indicator of high levels of economic activity, vacant retail floorspace is at 5.4pc in St Andrews. This is the lowest level of vacant floorspace in Fife, and compares very favourably to the situation in Glenrothes (which, at 19.2pc is the highest).
- 6.3.2 Turning to the profile of local economic activity, the University of St Andrews is a dominant player in the local economy, while the economic impact of the University registers on a national scale. Recent research suggests the University contributes almost half a billion pounds annually to the Scottish economy, in the process supporting almost 9,000 full time jobs. More parochially, the University contributes around £200 million per annum to the local St Andrews economy and is responsible for 60pc of all employment in the town. The education sector is also the largest generator of employment in North-East Fife as a whole, contributing a fifth of the total amount of jobs in the area.
- 6.3.3 University-based activities contribute to, but also compete (for available labour and the consumers' pound) with the other major economic driver of the North-East Fife economy, tourism. Tourism in the North-East Fife area contributes a further 6,000 full time jobs and £155 million annually, which in itself constitutes almost 60pc of the value of the Fife tourism industry.
- 6.3.4 Scottish Development International reports earnings in St Andrews to be on average 20pc higher than is true of other parts of Fife. While this fairly sizeable gap is not confirmed in CACI data, the most recent Fife Housing Need and Demand Assessment (HNDA) does indicate St Andrews and North-East Fife to be a relatively high income area. Consistent with this, house prices and price inflation rates are relatively

high also. Recent Halifax Bank of Scotland analysis places St Andrews (£261,000) as second only to North Berwick (£328,000) in a ranking of average house price across Scottish seaside towns, while the Fife HNSA records, as noted in Chapter 2, the largest percentage change in average house prices between 1998 and 2008 was in the St. Andrews & North East HMA where house prices effectively doubled. Over the same period, the Scottish average house price increased by around a third.⁵

6.3.5 Benefit claimants as a percentage of the total working-age population are proportionately fewer in North-East Fife (around 9pc), than is the case for Fife as a whole (over 16pc). Income deprivation is also not a prevalent factor in the North-East Fife area. However, the local economy sustains a considerable number of low income jobs - in food production, the retail sector and serviced accommodation, as well as in the education sector. This feature of the labour market helps explain the Fife local housing strategy conclusion that the St Andrews housing market is significantly imbalanced. Housing need estimates support this conclusion also. While only 7.9pc of the population of Fife lives in the St Andrews Local Housing Strategy Area, it contains 11.6pc of all housing need in Fife, and 10.6pc of all households living in the St Andrews LHSA are judged as being in housing need. The St Andrews LHSA has consequently been identified as the area in Fife most acutely in need of additional general-needs social-rented housing, as well as properties for mid-market renting, discounted sale, shared equity and shared ownership. The 2010 local housing strategy document assessed that 1,143 new affordable homes were required, while the 2011 update further concluded that, due to the continued buoyancy of the St Andrews housing market, a broad range of unsubsidised affordable housing products was likely to be viable. Our more detailed sector surveys are consistent with and provide details of these kinds of housing patterns and both the difficulties for poorer households and the potentials for more market based housing.

⁵ House prices reflect the attributes of properties being sold, such as their size, type and location. When prices are compared for an area over time it is essential to standardise for variations in the attributes traded. Such standardisation is not undertaken in prices published by the Land Registry for Scotland. This is a potentially problematic omission when smaller areas with fewer transactions, particularly in market downturn periods, are being analysed. Some caution needs to be exercised in interpreting observed, unstandardized price changes.

6.4 Greater Challenges Ahead?

- 6.4.1 Local economic development priorities for St Andrews and North-East Fife, centre on the promotion of academic development and tourism (with due attention to protection of internationally important heritage of the area). The St Andrews & East Fife Local Plan, adopted in October 2012, anticipates new business parks in Cupar and St Andrews, and a science park in St Andrews, linked with the University, to exploit the commercial potential of the higher education sector. General business and industry employment land is also to be sought. Under the plan, St Andrews is to be further developed as an international destination for the pursuit of cultural, sporting and leisure activities, and as a centre of academic excellence. More generally, new employment-creating development is to be directed towards St Andrews, and the role of St Andrews as a district shopping centre is also to be enhanced, with retail growth focussed on St Andrews and Cupar. At the same time, St Andrews development is to be circumscribed through a green belt around the town.
- 6.4.2 Although wider opportunities are to be sought there is still an emphasis of 'more of the same' in the approach to local economic development of the St Andrews economy (as opposed to explicit diversification of the economic base) and it is not without risk. Accepted on its own terms, there is the further problem (which the Local Plan acknowledges) that the St Andrews and North-East Fife economy has already outgrown the housing system linked to and serving it.
- 6.4.3 In these circumstances, what effects might expansion of the University have on the housing system? For illustrative purposes, and in the absence of any firm proposals to use instead, we assume both a particular baseline (approximating present provision) illustrative expansion of the student complement of the University over a five year period. We assume the student population is a starting point that approximates the overall scale and structure of 2013-14. The University has indicated to the research team that it aims to increase Postgraduate Research student numbers by almost a half (to between 1200-1250) but that other student groups will remain relatively fixed over the next five years. We assume that it is more likely that there will be some growth in PGT and UG numbers of, respectively, 50 and 150 students. Despite the 50pc increase in PGR numbers this implies an overall growth of 7.5pc

on the baseline numbers. **Table 6.1** shows a possible expansion path consistent with such growth.

Student Group	Year 1 (base)	Year 2	Year 3	Year 4	Year 5
Undergraduate	6,350	6,400	6,450	6,500	6,500
Postgraduate (Taught)	800	810	820	830	850
Postgraduate (Research)	850	950	1,050	1,150	1,250
Total	8,000	8,160	8,320	8,480	8,600

6.4.4 The expansion path therefore involves adding additional housing demand of around 160 students per year from Year 1 to Year 5. There would likely also be some induced demand for additional housing arising from a related expansion of the University staffing complement, but the extent of this would depend on further policy decisions by the University (on suitable staff/student ratios, appropriate efficiency measures etc.) which are not speculated on further here. A ‘more of the same’ approach would involve potentially 500 more staff at the University plus additional indirect effects on employment via student spending multiplier effects.

6.4.5 In housing terms, our survey work indicates that around 90pc of the additional undergraduate demand would seek to locate within 3 miles of the town centre. Very roughly, assuming no new HOR provision, an extra demand for perhaps around 30-40 undergraduate student spaces with a similar scale and geography of new demand from expanded PGT numbers. That is, an additional 60-80 places per annum will be sought within St Andrews. The major change would be the addition of 400-450 PGRs over the period, or an additional 100 places per annum. Given existing pressures within St Andrews much of any growth in PGR demand may be met in locations outside of the town. Such dispersed provision, unless more effective co-ordination of dispersed opportunities is forthcoming, may well limit any expansion in PGRs. PGRs are more likely to scrutinise the cost, quality and availability of housing options than any of the other groups in making their choices. With present patterns of preferences, it is likely that around 350 PGRs would seek to rent in, or close to, St Andrews but up to 100 may prefer to rent in the Cupar corridor, Tayside and the East Neuk villages.

6.4.6 How does additional demand on this sort of scale tie back to both actual new supply and supply required by virtue of already anticipated

household growth? To begin with some useful context, first note that, pre-GFC, average annual new build for Fife as a whole was around 1,400 residential properties. More recently, and again for Fife as a whole, the Fife LHS 2011 update records an indicative target of 1,760 new housing units per annum, split 1,199 market homes and 561 affordable homes. Around 220 per annum (150 market, 70 affordable) are anticipated as needed in the St Andrews and North East Fife housing market area, and 140 in the Cupar and North West Fife area (95 market, 45 affordable). However, the 2012 Tayside HMA refresh exercise, reflecting the reality of the GFC, recorded fewer than 60 new-build sales in both areas over the period 2008-2010.

- 6.4.7 The survey work undertaken for this study has identified a number of sub-groups of consumers of housing, competing and interacting in specific ways in accordance with their relative resource endowments and preferences. The undergraduate student population, largely originating outwith the area but able, in the main, to share search costs, draw on and pool wider familial financial support, would, to a considerable extent, outcompete much of the newly arising (and some pre-existing) postgraduates and staff interest in town living. Postgraduate and staff locational preferences are more nuanced than the dominant undergraduate taste for town living in rented accommodation, but it is clear that some postgraduate and staff households are being displaced from town living into a more dispersed pattern of locational choice and this process would intensify. Of even greater concern, it is evident from the survey responses that a proportion of locally originating households, employed in operational, technical and clerical positions by the University or in wider tourism related and retail activities, have been displaced spatially and this would also intensify. Moreover, the strength of demand for renting from within the University student and staff groups means that locally originating lower income households would continue to experience both physical and tenure displacement, as at the margin of owner occupation properties are attracted into the private rental sector.
- 6.4.8 Identifying more general outcomes in the absence of a suitable supply response is not easy. Firstly, lack of appropriate supply could lead to some postponement of new household formation from within the local resident population. Secondly, the housing markets of North-East Fife are not closed systems, and lack of local new supply therein may cause

a reduced level of inward mobility that is unrelated to University driven activity. At the same time, as the St Andrews housing market (like the economic system it serves) is likely to remain tight, relative at least to the rest of Fife, we can reasonably expect some increase in social distress in the forms of worsening housing affordability and increasing hidden homelessness, in addition to spatial displacement of locally originating households into the wider Fife area and beyond. This also has potentially negative environmental effects associated with enforced longer travel to work journeys.

6.5 Squaring Circles

- 6.5.1 In sum, University of St Andrews jobs, together with lower-value tourism and retail-based jobs dominate the local labour market of the St Andrews and North-East Fife economy. While currently internationally renowned, given its current size and scale, the University needs further expansion in PGR numbers to enhance its global standing and competitiveness. That very expansion has however, through the possible housing system consequences it would generate, the potential to dislocate the non-University based segment of the North-East Fife economy. The current St Andrews West Strategic Development Area has an agreed capacity to provide an additional 1090 houses over the next 20 years. However there needs to be some more explicit sense that any development will actually meet the demands of mid-market renters and be developed in a time frame that aligns with University expansion plans. Moreover, without appropriate housing system response, the Local Plan desire to promote University based expansion and lower income generating tourism/retail based employment expansion at the same time may prove impossible to achieve.
- 6.5.2 Stimulating demand for rented housing without some confidence in a suitable supply response in these circumstances would be inadvisable. However in a period of slow job growth for Fife and Scotland it would be perverse to ignore employment and income possibilities through failing to think through better housing outcome mechanisms. These are arguments that are not about simply preserving a pretty old town for its favoured residents or about allowing major economic success to grow like the Upas Tree and spoil the land that it lies in. They are rather about how this potentially growing economic base helps shape the town and region into a more vibrant set of places with growth that improves the lot

of those who are less advantaged locally. We turn, therefore, to some suggestions for managing University expansion in ways that address the types of housing-system stress that we have suggested might otherwise arise.

6.6 Changing Possibilities

- 6.6.1 This concluding section emphasises what can be termed a ‘connected’ approach to developing the future of the University and the area that it decisively impacts. It is ‘connected’ because it seeks to look at housing, economy and related activities together. It is ‘connected’ in that it looks for the common interests of the University, residents and the Council and recognises how their future progress is so closely tied together. It is ‘connected’ in that it seeks solutions that are net benefits, not just to the University or the town, but the population and enterprises of the wider area of NEF. It should be recognised that the efforts in action and investment advocated below have to be layered onto existing housing plans and targets. Fife Council already have a developed local housing strategy that identifies the needs and demands for housing throughout Fife and that a series of housing and development plans are already in place for St Andrews and its connected housing submarkets. What is proposed below is intended to alleviate additional pressures from further growth.
- 6.6.2 Strategic and integrated approaches to changing places have been well developed in Scotland for almost thirty years, but the ideas are most commonly applied to cities and local neighbourhoods. However, when the recursive daily linkages between the University, town, NEF hinterland and broader Fife region are identified, as in this study, then the benefits of partnership strategies to achieve mutual benefits also become apparent. Our first concluding observation that housing solutions for the town and NEF, that will also allow the possibility of University expansion, need to be formed and delivered in a formal strategic partnership between the University, the Council and other key agents and communities.
- 6.6.3 There is a need to get past talking about the housing problem and forward to delivering, integrated solutions within a collaborative partnership. The housing policy and practice possibilities that need to be considered are assumed to be set in such a framework that aims for

mutually beneficial transformative change for St Andrews.

6.6.4 Competition is the hallmark of the rental housing market. Collaboration is the likely route for improving on present market outcomes. But the context for change is one of unrelenting pressures on public resources for housing provision. This report has made it clear how, in the absence of adequate public funds for affordable housing provision that, within existing institutional arrangements, University expansion inevitably displaces middle and lower income households from in and around St Andrews. It alludes to the poor households with bleak homes and bleaker prospects at the social and geographic margins of vibrant St Andrews. Interviews with housing policymakers and others suggest that this position is unlikely to change before 2020. The existing model of providing affordable and social housing has been broken by the GFC and new solutions have struggled to emerge at any scale in Scotland. Affordable housing starts for the nation in 2013-14 are likely to be a half of the levels recorded four years ago. The challenge is to change institutions, practices and incentives in ways that ensure market led growth can deliver better social and environmental profit. The possibilities to do this cannot be simply 'magicked' out of the air. But in the case of the University and St Andrews they can be plucked from the ground, or at least its development value. Partnerships provide the rationale for better land planning outcomes to secure mutual outcomes. Our study suggests that the incomes and rent-paying capacities of students and staff at the University could support substantial additional rental supply with, in that process, potential development gains used to assist less well-off students and younger households in the town.

6.6.5 In the remainder of this chapter we present a series of practice and policy suggestions that move from management to investment and ownership options. They require the University and the Council both to think differently about housing in the area.

6.7 A Collaborative Action

6.7.1 There is a case for a new collaborative framework, led by the Council and the University, for shaping smarter growth for St Andrews and NEF and to shape an innovative town-hinterland development. The housing issues raised above, and potential actions listed below, would be best framed in such a context. The possibilities include:

- The formation of a joint working-party to take forward the proposals discussed in this and other reports
- This could lead to the formation of a Development Partnership (reaching out to other local sectors and communities), potentially a jointly-owned non-profit Development Trust, and a coherent masterplan, not just for individual projects, but for St Andrews and a wider area around; this would not preclude the University disposing of land, to support other areas of investment, to other non-profit and for-profits developers if such opportunities arose
- The Council and the University could devote joint staff resources to reviewing the development of such a vehicle for change with a view to shaping such a vehicle by early 2014 (if it were to be considered desirable). University research staff working on non-profit organisations and renewal within towns and communities should be available to such a project as part of the University's knowledge exchange efforts.

6.8 Housing Actions

- 6.8.1 Whilst this study has been ongoing we have noted two possible policy proposals to deal with two different aspects of the range of problems identified above. There has been a suggestion that the problems of financially pressed postgraduate students could be dealt with by essentially considering them as constituting recognised local housing needs for housing allocation purposes. A second proposition has been that the difficulties of poorer local residents might be addressed by reducing the availability of multiple occupation licences within St Andrews. We address these two propositions in the following paragraphs.
- 6.8.2 It is clear that a significant number of older postgraduate research students face high rental burdens in relation to their income levels. In that sense they would meet most measures of housing need. However in the present period of both scarce financial resources for social housing provision and few development opportunities to acquire non-market housing via planning gain this proposal is unlikely to have appeal to national levels of government. Moreover those local households already in the lettings queue for several years could argue that few of the students constitute a truly local housing demand. This argument has no housing policy standing but plays a growing role in housing politics. It could also be argued more convincingly that research students currently have low incomes because they are investing in themselves and developing human capital to raise their lifetime, higher permanent

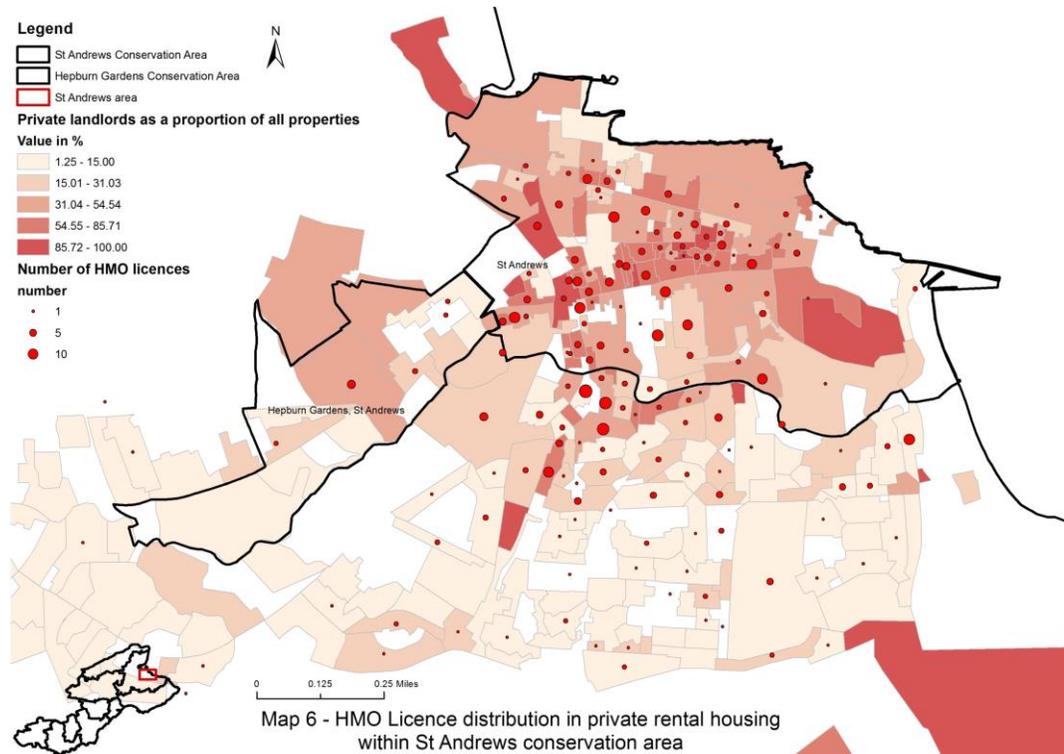
incomes. In that regard they can arguably borrow, rather than rely upon public subvention for housing, as long as capital markets have some degree of efficacy. However at least ensuring an adequate supply of mid-market rental housing will be critical to this purpose and for some PGRs there is an additional argument to be made that they are 'key workers' in transferring ideas from the academy to the proposed new 'science park'

This is not a judgement about facts but about income flows over time.

6.8.3 A refinement of this argument is that were the University to develop homes (directly or through a preferred provider) then instead of being required, in consequence of development and planning gains, to allocate a share of homes to meet local housing needs they might house postgraduate students, with clear needs in such homes. This proposal has fewer associated problems than the proposal set out above. The direct competition between postgraduate students and local residents in the local housing market means that changes in the size of one group impacts directly on opportunities for the other. Competition may not always be direct (vacancy by vacancy) in every sub market but it appears in many and the inevitable outcome is the displacement of local, low income households. That is, allowing financially pressured postgraduate students to secure University owned or other new rental units at (subsidised) mid- market rents will take pressure of the rental housing sector. It would also, if in or near the town, reduce isolation and travel costs for some students. The intensity of competition means that there is, direct social mix effects of local and non-local households aside, likely to be much the same benefit for low income renters from the provision of affordable housing for poorer students, perhaps as part of scholarship, as from the direct provision of affordable homes for local people by capturing development gains. However, this observation only holds if there is a substantial increase in postgraduate provision that clearly frees up vacancies for locals.

6.8.4 The tightness of the broader St Andrews rental market, with excess latent demands from all groups to live in St. Andrews, also bears on the question of restricting multiple-occupation (MO) within the town, in the Conservation Area for example. Reducing the provision of HMO will displace larger student groups, to compete elsewhere, probably in the suburbs of the town where their rent paying capacity and ease of forming larger living groups is likely to displace even moderately high income households from homes currently owned and occupied by families in the suburbs of the town. There are already signs of properties transferring from home-ownership into the market rental sector though the wider spread of suburban renting may take some time.

At the same time the properties within the areas where new limits are imposed on HMO supply are likely to be captured not by poorer local households but by middle income households with a desire for single family homes in St Andrews. University staff are particularly likely to be gainers from such a change. There are grounds to conclude that the restriction of HMO within the town may be a policy with significant and negative unintended consequences. **Map 6** shows the current (as of May 2013) concentration of HMO licences in the conservation area.



6.8.5 National resources to support social housing investment are now running at their lowest levels for thirty years, and they may well fall. It is unrealistic to expect, given the already established affordable housing needs in Fife and NEF that the Council has the resources to deal with any additional or new needs arising from University expansion. There are two ways to address this issue. The first is to convince the Scottish Government of the importance of growth at St Andrews, and the wider benefits, including increased tax revenues, for Scotland so that additional resources are allocated to Fife to develop an innovative planning-housing-economic development vehicle. A variant of this approach would be to develop in Scotland an innovative 'town deal' equivalent of the 'city deals' emanating from government at Westminster. The essence of these deals is the provision of additional capital support to localities where investment will generate well-defined

and future tax revenue increases (that then pay for the investment). This is a variant of Tax-Increment Financing models, essentially TIFs extended to wider activities and more tax streams. The Scottish Government has led the way on TIFs in the UK but have not yet developed town-city deal approaches (though Glasgow is currently pushing for such a deal) and there may be a window of opportunity to address this. Such an approach would relate to all of the infrastructure requirements to support growth and not just housing.

- 6.8.6 The second approach is to use private resources differently. In this context it would mean, as outlined in general terms above, the University utilising land and property and being prepared to allocate some of the gains, in the form of units of affordable homes, to less well-off members of the community. This approach has drawbacks as well as advantages but it has also been widely used across the OECD countries.
- 6.8.7 The University has clear growth prospects. It has also potential access to long term equity funding. It has land, and a significant stock of residential property. If it has some inhibition about selling land for development in this way then it has the option of:
- Becoming its own developer or creating a non-profit housing subsidiary
 - As suggested above, forming a joint Development Trust that could take a long lease on properties developed
 - Leasing land, or developed property, on a long term (100year) lease to a non-profit housing provider
- 6.8.8 There is now much specialised expertise in financing and managing mixed tenure and rental housing neighbourhoods and it may be that the University would prefer to specialise in its globally competitive business of higher education and research. It is also clear from recent English experience that large non-profit housing providers (as recently described in the University's own publication '*New Times, New Business*') are adapting to fiscal austerity by providing a mix of market renting and low cost home-ownership units as a means of cross-subsidising a proportion of affordable units for lower income households. These approaches are commonplace in Canada and Australia, for instance, and they allow growth gains to address housing issues for at least some poorer households in the context of more mixed communities. There is, arguably, only one Scottish non-profit, with the scale to attract finance on adequately competitive terms. It is clear from recent discussions that a number of larger non-profit providers would be interested in examining

the prospect of creating a new neighbourhood for St Andrews.

6.8.9 The discussion above leads towards the notion of a substantial investment in a mixed rental-led development within the vicinity of St Andrews of up to 400-500 rental housing units to meet the expansion of PGR and associated staff demands over the period to 2020. Multiplier effects may generate a similar number of other demands within the local economy. The location of that development, or whether a series of smaller developments, would serve the same purpose, needs to be carefully assessed. The study identified three broad possibilities

- Location adjacent to St Andrews would best meet the travel to work and social interaction aims of PG students
- Development at Guardbridge would be well within the main northern 'corridors' of outward spread and, other things remaining equal, may well prove an attractive location, though perhaps less so for staff than PG
- Considering a more dispersed development strategy that would raise rental demands, as part of village regeneration strategies, in the East Neuk villages. There are signs of underutilisation of rental property in some of the older parts but this may be more matter for information and transport solutions rather than new housing investment

6.8.10 The illustrative expansion plans outlined indicate how demands build up and diversify as cohorts of students pass through the typical University housing career. The University could take some pressure off the St Andrews rental housing market, in effect reduce potentially rising search and rent burdens for other students, by building new HOR capacity. We stress that the provision of up to 200 more hall spaces (at the expansion scale envisaged above in Paragraph 4.3) is likely to be sustainable in addition to the mixed-rental development (for up to 500 people) noted above. We have seen nothing in any development plans or developer proposals for the area that comes anywhere near to meeting the volume and pace of development required if the University is to expand even modestly.

6.8.11 In the previous paragraphs there has been a stress on development/investment activities. However students and staff expressed concerns that relate more to how the local rental system is run. These are issues that our survey respondents suggested for the University to consider if they wish to improve the experience of staff and

students at St Andrews. They include:

- The University to take responsibility for providing a forum for discussing housing difficulties in the locality
- A urgent need to provide better local housing market information for staff and students coming to the town, indeed often to Scotland, for the first time
- University HR to give much more attention to briefing staff on housing options as they commence employment: staff argue that this is done far better at other universities
- The University needs to pay more attention to low levels of social interaction amongst staff, especially where they have young families and live in villages well away from St Andrews; senior staff, they believe, are more likely to live in St Andrews and have little sense of village isolation effects

6.8.12 There may be a case for the University providing a more integrated offer for young staff and PGRs that are searching for housing in the villages. Students and younger staff, before they choose homes, are often unaware of where their peers live. The University could consider expanding its managed (own) properties portfolio by taking 'head leases' on some concentrations of properties in, for instance, the East Neuk ports. There may also be capacity to make more effective deals with 'holiday rental' landlords regarding temporary solutions. Most staff and students are unaware of the efforts that the University makes in this regard.

6.8.13 The Council and the University also have common interests in exploring issues/ developing a number of further areas of Scottish housing policy/interest. The two most obviously arising from this study are:

- Jointly understanding the pros, cons and consequences of HMO legislation and its implementation
- The need to recognise that more households are living longer in tight rental markets and that the reductions in social housing investment will mean more poor households raising families in the lower value parts of the sector; this study has highlighted how tenure rights (in particular tenure durations) need to be reconsidered for most local renters, staff and year-round, longer term students.

Last Words

Most students and staff at the University of St Andrews find adequate, if often expensive, housing. Finding and paying for housing is however a substantial problem for 10-15pc of the University based population. And for poorer renters, with the majority of local renters having lower resource levels available than staff and students, the story of the last decade has been growing displacement into poorer homes and remoter locations. Present housing and social security reform policies will only make this pattern worse if old policy thinking remains in place. But the optimistic gift of potential growth for the towns, indeed the wider region's main enterprise, can be fulfilled without social and environmental damage to locals and the locality if new institutions are evolved to jointly plan to shape growth and capture its gains. The University and the Town have evolved together over 600 years. Proud of their past, they must make a major leap forward now to capture a better, communal future.

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