

# Appendix 1

## Angus Housing Need and Demand Assessment (HNDA) Analysis

### 1. Assessing Housing Need and Demand

At the time of developing the LHS 2017-22, the Tayplan Housing Need and Demand Assessment (HNDA) 2013<sup>1</sup> estimated a need for an additional 314 market and affordable homes per annum in Angus from 2012 to 2032. A 2015 review of new evidence published since the HNDA was undertaken by Tayplan concluded that there was no requirement to re-run the HNDA to support the Proposed Plan and that the assumptions made in the 2013 HNDA remain valid. The figure (314) is an average across all years and is calculated by taking into account the number of people with a current housing need and the requirement to accommodate newly arising households.

Since the publication of LHS 2017-22 there have, however, been some notable changes relating to assessing housing need and demand:

- New guidance published by CHMA on undertaking a HNDA (2018)
- New LHS Guidance published by the Scottish Government (2019)

Recognising these changes, work has been undertaken to produce a new HNDA which we anticipate will achieve robust and credible status by the Centre for Housing Market Analysis (CHMA) early in 2023. The purpose of the study is to provide an assessment of the total additional housing units needed each year for all tenures of housing, by size and type, across the four partnering authorities (Angus, Dundee, North Fife, and Perth & Kinross). The study will assist each Council in its role as the strategic housing body to set a Housing Supply Target for the area and develop appropriate housing investment programmes to meet future housing needs, with particular reference to scenario planning for the impact of COVID-19.

We have assessed the HNDA outputs and provided summary of the findings below, and the outputs have also been utilised to devise some proposed Housing Supply Targets (HST) (see Section 3.2).

#### 1.1 HNDA Outputs

Whilst we await formal HNDA sign-off, we are in a position to scrutinise the initial housing need scenarios which have been produced based on projected growth/decline in the Angus area. Distinction between the scenarios can be summarised by projected changes in household projections; existing need; income, growth & distribution; and prices & affordability. The following five scenarios produced a range of 20-year housing need outputs:

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<sup>1</sup> See <http://www.tayplan-sdpa.gov.uk/project/157>.

## Angus Housing Need & Demand Assessment – Housing Estimates <sup>2</sup>

All Tenure Need (Scenarios)	2021-2025	2026-2030	2031-2035	2036-2040	Total 20 Year Need	Annualised Need (2021-2040)	10 Yr Annualised Need (2021-30)
<b>2018 Principal (SG default)</b>	904	122	136	124	<u>1286</u>	64	102
<b>Scenario 1</b>	2080	122	109	124	<u>2435</u>	121	220
<b>Scenario 2</b>	2173	245	262	336	<u>3016</u>	150	241
<b>Scenario 3</b>	2173	245	262	336	<u>3016</u>	150	241
<b>Scenario 4</b>	1990	0	-61	-64	<u>1865</u>	93	199

Source: HNDA (2021): 20-Year Estimates - All Tenure.

After careful consideration, the decision was taken to narrow the scenarios down to the following:

- Scenario 1 – Based on 2018 Principal (moderate real term income growth), but using local authority Homeless & Temporary Accommodation, and Overcrowded & Concealed (HOTO) evidence
- Scenario 2 – Based on higher migration, local authority HOTO evidence, and moderate growth (income, growth & distribution)

As a result, the following housing needs were identified over a 20-year period (2021-2040):

**Scenario 1:** 2018 Principal (moderate real term income growth), using local authority HOTO evidence<sup>3</sup>

Area	Social Rent	Intermediate	Private Rented	Buyers	Totals
<b>North HMA</b>	272	54	43	103	472
<b>East HMA</b>	588	61	71	87	807
<b>South HMA</b>	368	63	63	94	588
<b>West HMA</b>	334	66	72	102	574
<b>Angus</b>	<u>1562</u>	<u>244</u>	<u>247</u>	<u>385</u>	<u>*2435</u>

\*Numerical discrepancies due to HNDA Tool (V4) - figures rounded.

**Scenario 2:** higher migration, local authority HOTO evidence, and moderately growth (income, growth & distribution)<sup>4</sup>

Area	Social Rent	Intermediate	Private Rented	Buyers	Totals
<b>North HMA</b>	284	94	61	164	603
<b>East HMA</b>	600	107	104	144	955
<b>South HMA</b>	381	110	97	146	734
<b>West HMA</b>	346	107	114	159	726
<b>Angus</b>	<u>1611</u>	<u>418</u>	<u>375</u>	<u>612</u>	<u>*3016</u>

<sup>2</sup> Angus Housing Need & Demand Assessment (2021)

<sup>3</sup> Angus Housing Need & Demand Assessment (2021) – Housing Estimates, Scenario 1

<sup>4</sup> Angus Housing Need & Demand Assessment (2021) – Housing Estimates, Scenario 2

Following the decision to focus on these two scenarios, further work was undertaken to analyse which assumption provides most parity with market forecasts and land supply in Angus.

## 1.2 Adopting a Scenario

There have been a number of significant factors impacting the market during the HNDA process, most notably the wider economic outlook and the resulting impact on the projected volume of new households emerging in Angus. The high migration scenarios were justified on the basis of projected economic growth, underpinned by the local (Tay Cities) economic growth strategy. Whilst remaining relevant, the confidence and ability to deliver local economic growth is largely out-with our control, guided instead by wider market conditions.

Over the past 20 years the Angus population increased 6%. <sup>5</sup>Since 2010 however growth has been less than 1%, demonstrating a slowdown attributed in part to the 2008 economic fallout. Over the period to 2040 the Angus population is projected to decline (-4%). The volume of households is anticipated to increase (+2%) over the same period, this is however an increase below the Scottish average and is mainly attributed to an increase in single person and 2 adult households, along with a substantial increase in the volume of households of retirement age, resulting in implications for services and policy aimed at supporting older people.

The NRS projections also apply a range of variant projections which take account of international migration. For Scotland the principal projected household growth is 10% to 2043, however this impact is concentrated in the city areas, with Angus experiencing a 2% household growth. Assessing the real impact of COVID-19 and Brexit on migration will take some time, but in the first 3 months of 2021, National Insurance Registrations in Scotland were 70% below pre-pandemic levels. All of these issues compound the uncertainty and consequently the robust evidence to express with confidence that there will be high migration and household growth.

Although evidence-based (NRS projections), the high migration scenario was largely justified on a policy-base relating to local economic growth ambition and whilst this policy-base can be introduced when setting housing supply targets, we cannot overlook:

- the relationship between household growth and economic growth/stagnation & migration.
- these assumptions and assessments were undertaken prior to the current economic forecast of short-to-medium term decline.

The impact on economic (income) growth will directly influence demographic changes and therefore it is proposed that a prudent course would be to adopt **Scenario 1 (Principal Growth)** to help formulate HSTs that more accurately reflect anticipated local market conditions.

HNDA 20-Year Estimates <sup>6</sup>	Social Rent	Intermediates	PRS	Buyers	Totals
<b>Scenario 1</b>	1562	244	247	385	<u>2,435</u>

Source: Angus HNDA, Scenario 1 (2021)

<sup>5</sup> Source: NRS, Population Estimates, & Household Projections (2018-based)

<sup>6</sup> Angus Housing Need & Demand Assessment (2021) – Housing Estimates, Scenario 1

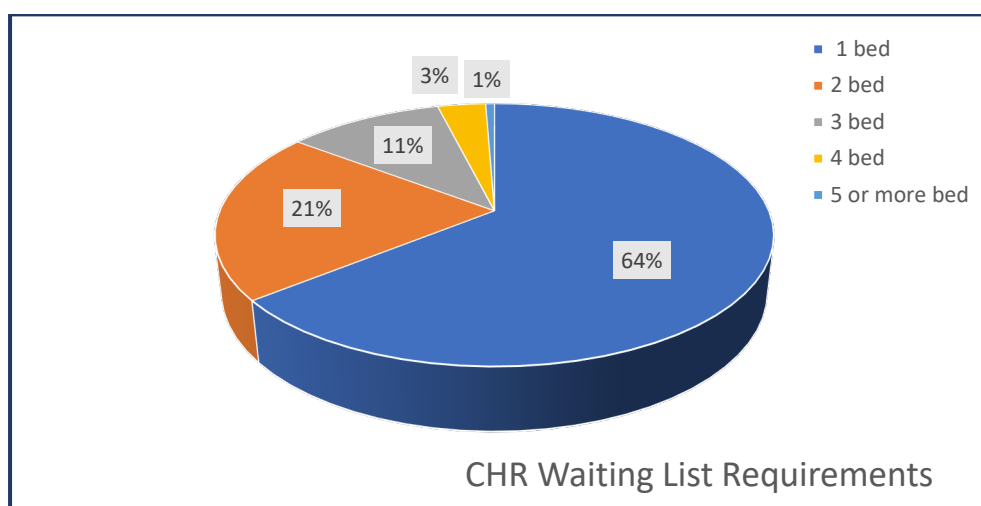
From the figures presented we can see a large proportion of need is allocated to affordable housing (both Social Rent and Intermediate Tenures). This equates to 1,806 units over 20 years which equates to 90 affordable homes per annum.

We are also aware of the estimated need apportioned to the private rented sector and buyers' markets. Whilst these values may be considered low, they represent a starting point in the formulation of HST. Other factors, such as historical completion rates, and the inter-dependency between the delivery of market and affordable housing at local level, will have a direct bearing, particularly the latter, when it comes to producing robust and achievable HSTs for all tenures. We will also draw upon wider social, economic, environmental and physical considerations, and these are considered in Section 3.2 (Housing Delivery, LHS Evidence Paper) where we have outlined proposed HSTs for Angus.

## 2. More Focus on Affordable Demand

### 2.1 Local Demand Data

Evidence from the Common Housing Register (CHR) shows significant demand for smaller properties with 64% of waiting list applicants requiring a one-bedroom home and 21% requiring two bedrooms.



Source: Angus Common Housing Register, Report (2021)

Waiting list data also highlights the location where applicants would prefer to live, and unsurprisingly the larger settlements prove most popular.

The East and West HMAs account for around two-thirds of all applications. Whilst the South just 10%, and the North just under a quarter of applications.

Area	Live Applicants (excluding 'Choice')	As %age of total
<b>Brechin</b>	182	9%
<b>Montrose</b>	241	12%
<b>Arbroath</b>	747	36%
<b>Carnoustie</b>	151	7%
<b>Monifieth</b>	126	6%
<b>Forfar</b>	498	25%
<b>Kirriemuir</b>	81	4%
<b>TOTAL</b>	<b>2026</b>	<b>100%</b>

Source: Angus Common Housing Register, Report (2021)

We also know that around 42% (1007) of applicants are over the age of 50, and of these 54% (547) are aged 65 or over. The data highlights the growing demand for properties to suit peoples changing needs as they grow older, with increasing demand for smaller and accessible properties.

The projected rise in the population of older people is also likely to influence the future demand for smaller homes in both the market and affordable sectors. Over the period to 2038 there is projected to be a 3% (3200) population decrease and a 2.8% (1500) increase in the number of households. The increase in households is driven largely by the increase in single adult households (+1624) and households with 2 adults (+1000). <sup>7</sup>Over the same period the number of larger households is expected to decrease.

Further data from the 2018 NRS Population Projections shows the significant shift in age group population in Angus, meaning our housing system must be adaptable and able to cope with the ageing population.

Age Band	Population Change 2018-2038
0-15 yrs	-13%
16-24 yrs	-13%
25-64 yrs	-10%
65-84 yrs	18%
85+	72%
<b>TOTAL</b>	<b>-3%</b>

Source: [National Records of Scotland](#), Sub-National Population Projections (2018)

We also know that there is an increasing demand for particular needs housing with the Common Housing Register (CHR) highlighting that around 55% of applicants (1110) requiring accommodation because of age, medical or disability reasons. There are a total of 2026 live applications (excluding 'Choice' applicants).

	Over 65	Medical Need	Disability	Total
<b>Number of Applicants</b> (excluding 'Choice')	495	402	213	1110
<b>As a Percentage of all Applicants</b>	25%	20%	10%	55%
<b>All Applicants Assigned to One Category</b>	<u>251</u>	<u>237</u>	<u>134</u>	<u>622</u>

Source: CHR (2021), Applications by Age, Medical or Disability Reasons

There are, however, a number of applicants who fall into more than one category. Of the 495 Over 65s, around 165 have medical needs and 79 have disability needs. By assigning applicants to one category this would still represent a significant volume of applicants (622 – 30% of all applicants) falling into the age, medical or disability bracket. We also know that there are 168 applicants who require wheelchair accommodation, representing 8% of all applicants.

### 3. Conclusion

There remains high demand for new homes throughout Angus, and, given the current economic situation, it is perhaps unsurprising that a high proportion of households will require affordable housing solutions. The evidence demonstrates that all housing providers will need to adapt to ensure the right homes are available for local people. Population and household projections point toward an ageing demographic and general reduction in household sizes, with smaller families and more people

<sup>7</sup> Source: Household Projections for Scotland (2018-based) Detailed Scottish Area Tables, NRS, 2020

opting to live as single or two-adult households and as indicated by our waiting list data, there will therefore be an ongoing requirement for more smaller properties suitable for our ageing population.