

# Angus Local Housing Strategy 2023-28

## Topic Paper: Housing Delivery

The purpose of this paper is to summarise the national and local strategic and policy context, key evidence, trends, issues and challenges in relation to the housing market. It will outline the extent of housing need and demand in Angus and the role of specific tenures to meet housing need, whilst considering how housing is currently delivered, the challenges ahead and the key actions arising. The paper also proposes new Housing Supply Targets for Angus, detailing how the numbers were developed.

### 1. Strategic Planning for Housing

The Angus LHS 2012-17 set the ambitious vision to ‘create places that people can be proud to call home.’ This vision has provided the cornerstone to the partnership’s approach to increase the supply of affordable housing and improve place-making in Angus. Housing delivery is a key element of the LHS, with its roots firmly established in the planning framework, ensuring LHS 2023-28 sets out how the partnership will provide the right type of housing in the right place to meet the needs of the current and future population.

Planning for housing is guided by [Scottish Planning Policy](#) and the development plan. The [TAYplan Strategic Development Plan \(SDP\) 2016 - 2036](#) sets out the strategic policies to guide the scale and nature of land use change towards achieving a vision for the TAYplan area. This includes housing supply targets over the plan period. The current SDP was approved by Scottish Ministers in October 2017.

The [Angus Local Development Plan \(ALDP\) 2016](#), covers all of Angus, except an area which lies within the Cairngorms National Park. Within the context of TAYplan, the ALDP sets out the strategy for Angus to 2026 and allocates land for development and protects the environment and assets. It provides the framework against which planning applications are assessed. In line with Scottish Government guidance the ALDP Affordable Housing Policy seeks a benchmark contribution of 25% affordable housing from qualifying developments across all housing market areas.

The Planning (Scotland) Act 2019 introduces significant changes to the development planning landscape in Scotland. Under the new system, the next [National Planning Framework \(NPF4\)](#), including a revised Scottish Planning Policy, will have the status of the development plan for planning purposes. Strategic Development Plans are discontinued and new generation local development plans must align with NPF4. The NPF will be informed by Regional Spatial Strategies (RSS) prepared by groupings of local authorities. NPF4 will take a long-term view of Scotland to 2050 and will set “targets for the use of land in different areas of Scotland for housing.”

In early 2021, the Scottish Government (SG) proposed initial 10-year default estimates to inform a minimum all tenure housing land requirement for all local authority areas, to which the Council responded by scrutinising the evidence and engaging with local housing market partners before submitting locally adjusted figures for Angus. A draft was laid in Parliament in early November 2022, following which there will be further debate and time allowance for implementation of regulations and transition to the new system prior to full adoption.

Preparation of the next local development plan for Angus (AngusPlan) began in 2021. Given the timeframes and transition relating to new regulations, we anticipate that the Evidence Report could be submitted to Scottish Ministers by the end of 2023. Adoption of the new Plan may occur in 2026.

The [Strategic Housing Investment Plan \(SHIP\) 2022/23 to 2027/28](#) sets out how investment in affordable housing will be directed with the involvement of key partners. It prioritises the delivery of 686 units of affordable housing, with a funding requirement of just around £44m to deliver the programme. Sites are prioritised based on the extent to which they meet the Council's strategic priorities, with scoring criteria based on:

- whether a project addresses unmet housing need
- the attributes of a site (e.g. brownfield; rural; town centre)
- the level of planning consent
- wider community amenities or benefits
- opportunities to lever additional funding sources
- the extent to which it meets overall wider strategic priorities

Strategic planning for housing is based on functional housing markets where existing households live, work and meet their housing demand through choice, known as Housing Market Areas (HMAs). Angus has four HMAs (Map 1 below) which are:

- **North Angus HMA: Montrose, Brechin, Edzell, Ferryden and Hillside**
- **South Angus HMA: Monifieth, Carnoustie, Newtyle, Monikie, Wellbank, Tealing, Birkhill/ Muirhead, Liff and Auchterhouse.**
- **East Angus HMA: Arbroath, Friockheim, Carmyllie and Inverkeilor**
- **West Angus HMA: Forfar, Kirriemuir, Glamis, Kingsmuir and Letham**

Map 1: Housing Market Areas in Angus



## 1.1 The National Context

The Angus LHS 2023-28 is being developed at a particularly fluid period in terms of the wider strategic planning context. Preparatory work for the NPF4 began in 2020, with a revised draft laid in Parliament in early November 2022. Full adoption will require approval by the Scottish Parliament prior to the NPF4 becoming part of the statutory development plan. Its increased status will mean its policies will have a stronger influence in planning decision-making, but, until then, the NPF3 and Scottish Planning Policy will remain in place.

In March 2021, the Scottish Government published the [Housing to 2040](#) national strategy which sets the vision for housing in Scotland over the next 20 years and a route map detailing how we will get there with a particular focus on housing's contribution to tackling poverty and inequality, creating and supporting jobs, ensuring we meet our energy efficiency and fuel poverty targets, tackle the climate emergency and create connected communities. Naturally, the delivery of housing plays a key role within the four stages of the route map, from setting out the desired volume of affordable new builds, the types of homes we should deliver, how we should maximise the use of our existing stock, and how to ensure the homes delivered are affordable, warm and contribute to sustainable places. Priorities include:

### **More homes at the heart of great places**

- Target to deliver an additional 100,000 affordable homes by 2032, with at least 70% of these for social rent
- Accelerate funding from 2026 to bring more existing homes into the programme

### **Affordability and choice**

- Ending homelessness, improving accessibility, and ensuring the whole housing system operates fairly across all tenures

### **Affordable warmth and zero emissions**

- All new social housing to be zero emissions by 2026 (involving fitting zero emissions heating systems)
- The housing contribution to the green recovery

### **Improve the quality of all homes**

- Implement a new tenure-neutral housing standard to cover all new and existing homes

The four stages present a clear framework, outlining the pace and scale of delivery alongside changes to the specifications and quality standards. Both the public and private sectors will have to adapt from the way they currently deliver new homes in order to meet the aims of the strategy.

## 1.2 Local Context

The HNDA (described more fully in Appendix 1) outputs, outline the position in relation to estimated local need and demand. The remainder of this paper sets out how we have used the data to inform proposed Housing Supply Targets (HST) and the types of affordable and market housing that should be delivered.

Beyond this, there remains many challenges and considerations as to how we can influence the local housing system to deliver the right homes that are needed for local people, in the right places.

## 2. Setting Housing Supply Targets

To formulate our HSTs, we have translated the housing estimates determined in the HNDA to the HSTs including any potential impact these may have on the housing land requirements set out in the Local

Development Plan (LDP). There will be clear alignment between the HNDA and the HST but the HST will merely take the HNDA outputs as a starting point, and consider other policy and practical considerations to reach a view of the estimated annual housing requirements.

Scottish Government Guidance<sup>1</sup> states that the LHS should clearly set out the local authority's view of the type and level of housing to be delivered over the period of the plan in its HST. The HST should be broadly consistent with the HST set out in the development plan.

In setting and agreeing the HST, authorities should give full consideration to those factors which may have a material impact on the pace and scale of housing delivery such as:

- economic factors which may impact on demand and supply in particular parts of the area
- capacity within the construction sector
- the potential inter-dependency between delivery of market and affordable housing at the local level
- availability of resources
- likely pace and scale of delivery based on completion rates
- recent development levels
- planned demolitions
- planned new and replacement housing or housing brought back into effective use.

These factors are considered throughout the remainder of the paper and will tie in with the HNDA data estimates.

## 2.1 The Preferred Scenario and Land Supply

As a starting point we have taken the 20 year HNDA estimated need for new homes of 2,435 (see Appendix 1) and the 10 year Minimum All-Tenure Housing Land Requirement (MATHLR) (contained in NPF4) of 2,550 (see Appendix 2).

Although assessed over differing time-frames, the majority of estimated need in the HNDA does, in fact, come in the first 10 years, when all-tenure need is 2,202 (90%). This is due to the backlog of existing need along with new household formation. The figures offer robust parity between housing and land supply.

Table 1 - Angus HNDA (2021) 2018 Principal

	10-Year Need	20-year Need
<b>HNDA Estimate</b>	2,202	2,435
<b>MATHLR</b>	2,550	n/a
<i>Proposed HST</i>	220	n/a

The following sections set-out our proposed HST with details as to how the numbers were developed.

## 2.2 Proposed Housing Supply Targets

Table 2 – Proposed Angus Supply Targets

New Build	Tenure	Annual Target
<b>Affordable Units</b>	Social Rent	64
	Intermediate Products	12
	<u>TOTAL</u>	<u>76</u>

<sup>1</sup> Published in 2019, see <https://www.gov.scot/publications/local-housing-strategy-guidance-2019/>

<b>Market Housing</b>	Buyers & Renters	98
<b>TOTAL NEW BUILD HST</b>	<b>ALL-TENURE</b>	<b>174</b>

The table highlights a new build target of 174, comprising of Affordable and Market units. Sections 3.3 to 3.7 outline how we developed the figures and the degree of flexibility required to respond to changes in the market.

The affordable new build figure will be further supplemented to ensure we meet the estimated affordable housing need. This will include returning ineffective stock back into use and initiatives to increase the social housing stock. Further details are included in Section 4.

### 2.3 Developing Affordable Housing Supply Targets

As a starting point, it is important to consider the outputs from the HNDA and the elements used to develop those outputs.

The table below (Table 3, Angus HNDA, 2018 Principal) shows that a majority of need comes in years 1-5, where backlog of Existing Need (1,336) is to be met, and New Household formation (+744) occurs = 2,080. A majority of the need is assigned to Social Rent.

Table 3 - Angus HNDA (2021) 2018 Principal

Scenario 1	Years 1-5	Years 1-10	Years 1-20
<b>Social Rent</b>	1,497	1,521	1,560
<b>Intermediate</b>	168	195	243
<b>Market Rent (PRS)</b>	162	190	247
<b>Buyers</b>	253	297	385
<b>Total</b>	<b>2,080</b>	<b>2,203</b>	<b>2,435</b>

Source: Angus HNDA (2021), Scenario 1

We know however that the 'Existing Need' calculation from the HNDA derives from a range of data sources. Each element shown in Table 4 derive from HL1 (Homelessness Statistics) and Waiting List data, with the exception of 'insecure tenure' and 'concealed & overcrowded' which were calculated using HL1 data, Waiting Lists, and HNDA Survey responses. The HNDA survey respondents were self-reporting and therefore it would be prudent to apply further scrutiny on these two elements.

Table 4 – Angus HNDA (Existing Need Assessment)

Existing Need	North	East	South	West	Total
Homeless Households in Temporary Accommodation	30	40	20	22	<b>111</b>
Households in Insecure Tenure	84	62	92	63	<b>300</b>
Concealed & Overcrowding	77	396	167	115	<b>755</b>
Specialist Housing	26	30	19	79	<b>154</b>
Poor Quality	1	3	11	1	<b>16</b>
<b>TOTAL</b>	<b>218</b>	<b>530</b>	<b>309</b>	<b>279</b>	<b>1,336</b>
(Total excluding Insecure, Concealed & Overcrowded)	(57)	(73)	(50)	(101)	(281)

(to be addressed over 5 years in the initial 5 year period of the projections)

Source: Angus HNDA, 2021, Local Estimate for Existing Need

The elements ‘insecure tenure’ (300) and ‘concealed & overcrowded’ (755) add 1,055 to the affordable need, however, they do not necessarily translate to ‘affordable need’ as we have little information on the circumstances of the households. The total number of ‘Existing Need’ without these two elements is 281, therefore this is a significant proportion of the figure.

From the HNDA outputs (Housing Affordability Analysis) we know that 54% of Angus residents can afford market housing, and 59% can afford market rents. Therefore, taking a mid-point of 57%, it is reasonable to draw an assumption that the same proportion of people with a self-reported housing need, can afford either market rent or purchase. This equates to 601 (57% of 1,055), **thus 454 require affordable housing** (1,055 – 601 = 454).

Table 3 above outlines the affordable housing need as 1,716 (1,521 Social Rent + 195 Intermediate). By removing the 601 households, the new 10-year estimated affordable housing need becomes 1,115, as follows:

Table 5 – Proposed Affordable Housing Need Estimate

Estimated Affordable Housing Need	10-Year Need	Annual Need
Existing Need	281	92
Additional Existing Need	454	
Existing Social Rent Need (New Household Formation) Years 1-5	161	
Social Rent Need Years 5-10	24	
(Social Rent Need Total)	(920)	
Intermediate Need Years 1-10	195	19
<b>TOTAL ESTIMATED AFFORDABLE NEED Years 1-10</b>	<b>1,115</b>	<b>111</b>

We can then outline the annual affordable need (111) as well as the proportion of homes required for social rent (92) and intermediate tenures (19).

We must, however, be mindful that these affordable numbers do not automatically translate as a new build unit requirement. Acknowledging the need to make the best use of existing stock, there is a growing desire and capacity to support this approach and bring ineffective stock back into use. This makes sense from a stock perspective, bolstering supply levels, and also in terms of the climate agenda and sustaining existing communities. The end use for these units would be determined on a case-by-case basis, either as social rent or intermediate tenure.

As at March 2022, there were around 360 ineffective Council-owned stock units. This represents just over 32% of the 10-year estimated affordable housing need (1,115). There are many reasons why the stock is ineffective but factors associated with COVID-19 exacerbated the situation with properties remaining empty for longer periods. This, alongside not insignificant numbers of private sector homes that have been empty for more than a year, contributes to the principal issue of availability of homes for people in need. Both sectors have a crucial role to play and therefore it is important that we assess and ascertain proactive initiatives and objectives to utilise this stock both in the short and long-term.

It is prudently estimated that a minimum of 35 ineffective units could be brought back into use per year to cater for the need. This would mean that 76 units would be delivered as new builds, and by applying the proportionate need for social rent and intermediate tenures, 64 would be social rent and 12 intermediate tenure.

Details as to how we will tackle the ineffective stock is contained within Section 4.

## 2.4 Developing Market Housing Supply Targets

As previously mentioned, the HNDA outputs of estimated need for market housing provision are considered a starting point. The assessment considers the new household formation and their ability to afford particular tenures, thus given the evidence relating to local incomes and house prices/private rents, it comes as no surprise that the outputs suggest a more muted growth in market housing.

Table 6 – Estimated Market Housing Need, 2018 Principal

Taking a 10-year mid-point, the estimated market housing provision equates to a need for 49 new units per annum.	HNDA – Scenario 1	Years 1-5	Years 1-10	Years 1-20
	Market Need			
	PRS	162	190	247
	Buyers	253	297	385
	TOTALS	<u>415</u>	<u>487</u>	<u>623</u>

Source: Angus HNDA (2021), Scenario 1

These initial estimates for the private sector require adjustment to reflect demand and supply across the whole housing market framework.

### 2.4.1 Considerations – Proposed Market Demand Estimate

When developing the supply targets for affordable housing, the Existing Need element was adjusted to remove 601 households on the assumption that they could afford market rent or purchase options. This was based on affordability analysis which outlined that 54% could afford market ownership, and 59% could afford market rents.

Using the affordability analysis, this additional demand is then applied as follows:

Table 7 – Additional Market Existing Need, 10-Year Estimate

	Ratio	Volume of Households (601)	As Annual Demand
<b>Market Ownership (Buyers)</b>	48	288	29
<b>Market Rents</b>	52	313	31

### 2.4.2 Proposed Market Supply Targets

To cater for new Buyers, the HNDA outputs (Table 6) estimate a demand for 297 market units over 10 years, representing delivery of 30 units per annum. For Market Renters, the estimated demand is 190 units over 10 years, representing delivery of 19 units per annum. Therefore, the initial estimated market demand is 49 units per annum.

We must however also take into account the additional households (Table 7) which are derived from the revised Existing Need Assessment. For Buyers, this equates to an additional 29 units per annum, whilst for Market Renters, there is demand for 31 units per annum.

Adding these existing and additional demand elements together would mean:

Table 8 – Proposed Market Demand

Proposed Demand	Market Type	Annual Demand
<b>Existing Demand</b>	Buyers	30
	Market Rent	19
<b>Additional Demand</b>	Buyers	29
	Market Rent	31
<b>TOTAL MARKET DEMAND</b>		<u>109</u>

We have made the reasonable assumption that 10% of the total market demand (Table 8) will be met by existing stock, so the proposed Market HST is 98 units per annum (Table 2).

### 2.4.3 What this means

In terms of market rent, we cannot rely on the market alone to cater for the demand, particularly at a time when there is concern surrounding contraction in the sector. We must also consider the current economic climate and the issue of affordability. This will have a material impact on a household's ability to afford market housing costs and therefore it would be prudent to assume that some households earmarked as Market Renters may now in fact be more suited to Affordable housing options, and similarly some Buyer households may now be more suited to Market Renting.

We should therefore attach a degree of flexibility when considering the Market Rent demand, but to cater for demand, it is proposed that much of this need is met by bringing existing stock (long-term empty homes) back into use. This issue is explored further in Section 4.

For market buyers, we considered the inter-dependency between market and affordable housing at a local level and the proportion of the 76 new affordable homes which are required to be delivered via sites with affordable housing Planning Obligations. Based on the current SHIP projections, this is around 30% of delivery, or 23 units per annum.

On the basis of a continuation of the 25% Affordable Housing Policy currently in place, this therefore requires a minimum of 92 homes on sites with affordable housing Planning Obligations to deliver 69 market homes and 23 affordable homes per annum. These 69 market homes would help cater for the proposed market demand.

In comparison to the 2018 Principal, Estimated Market Need (Table 6), the proposed market demand may be considered an over-provision but it is important to recognise that a majority of the new demand comes in years 1-5 when new household formation occurs and therefore the market will need to cater for that need. The inter-dependency between the delivery of market and affordable housing is also instrumental and we recognise the role of healthy market provision to help enable and secure affordable supply.

We also recognise the current pace and scale of market delivery where, over the past 5 years, completions have averaged 265 units per annum. Looking forward over the period to 2027, there are a significant number of units on sites currently under construction (1,129), equating to delivery of 225 units per annum. There are a further 380 units with planning permission that are not currently under construction.

These levels of development reflect a strong market delivery programme. Due to the scale of the current development programme, in the short-to-medium term, market completions will likely



surpass the intended target (98), but we must recognise the wider outlook in terms of the economic and demographic forecast, as well as the climate agenda and the focus on sustaining communities.

Housing to 2040 outlines the move toward a greater emphasis on brownfield sites, which may impact the affordable housing Planning Obligation and account for smaller sites in the contribution to the overall delivery. We must therefore recognise this as a period of transition for changing the way we currently plan and deliver housing to meet local needs, shifting our focus from greenfield new supply to brownfield and maximising our existing stock. This is reflected in our [current SHIP](#) (described more fully in Section 5.2 - Investment) which outlines that 68% of new units over the next five years will be delivered on brownfield sites, and further echoed in the proposal that around 30% of affordable demand and 10% of market demand will be catered for by existing stock.

## 2.5 The Angus Housing Supply Targets

The following table outlines the Angus HSTs that are to be adopted. The table shows the 10-year HNDA estimated housing need (2,202) that translates into our 10-year HST (2,200). It also outlines the annual and 5-yearly estimated need for affordable and market housing based on the initial HNDA assessment. However, following further assessment and scrutiny of that need, taking into account all mitigating factors as described earlier in the paper, we have outlined the annual and 5-year HSTs that are to be adopted for both affordable and market housing.

	<b>Annual</b>	<b>5 yearly</b>	<b>10 yearly</b>
HNDA Estimate	220	2,080	2,202
<i>Estimated Affordable Need</i>	<i>(170)</i>	<i>(1,665)</i>	<i>(1,716)</i>
<i>Estimated Market Need</i>	<i>(49)</i>	<i>(415)</i>	<i>(487)</i>
Housing Supply Target	220	1,100	2,200
Affordable HST	111	555	1,110
Market HST	109	545	1,090

## 3. Challenges – Increasing Stock - Utilising Ineffective Stock

### 3.1 Social Stock

In our development of affordable housing supply targets, we outlined (Section 3.3) the estimated affordable housing need to be 1,115 units over 10 years, or 111 per annum with 76 of these to be delivered via new builds. The remaining 35 units would be delivered via various programmes to utilise existing stock more effectively including bringing empty private sector homes into use as affordable housing (see below), improving the turnaround of voids in the social sector, and a greater emphasis on the conversion of homes by the Council and RSLs to meet current need.

These activities will be considered alongside the current Open Market Acquisition scheme, which is used to increase the proportion of social housing, as well as a Buy-back scheme which considers the opportunity to purchase properties that were once local authority stock. The Council also considers the Disposal of current stock that is deemed surplus to requirements. Together these initiatives contribute to our strategic direction and they can help cater for a proportion of the 35 affordable homes required to meet annual housing need.

Since 2017/18 there have been a number of transactions:

Table 9 – Angus Stock, Acquisition & Disposals (2017/18 to 2021/22)

<p>The SHIP outlines the commitment to allocate £300,000 grant subsidy per annum toward these schemes, with any revenues from property disposals accrued and recycled.</p>	Angus Council	2017/18 to 2021/22
	<b>OMA</b>	38
	<b>Buy-Back</b>	9
	<b>Disposals</b>	13

Source: Angus Council, Acquisitions & Disposal Monitoring Report (2022)

### 3.2 Private Stock

There is an opportunity to consider the use of private sector empty homes, where there are around 1,300 long-term empty properties. This will mainly be determined by market availability and resource requirements, but it offers a viable solution to meet affordable housing need and cater for any gaps that new builds or existing social stock cannot meet.

There is also the opportunity to bolster the private market by encouraging their return to use, either for rent or sale. There are obvious benefits to housing supply, but, beyond this, empty homes can play a more integral role in the response to climate change, helping sustain existing stock and avoiding the wasted resource, and also helping to support existing communities.

The LHS will consider the most effective way(s) to reduce the overall numbers of private empty homes, scoping the options to change our approach and make better use of the Council Tax funding that emanates from long-term empty properties. Further details relating to Empty Homes is contained in the LHS evidence paper 'Placemaking and Communities', Section 4.

#### Issues for Further Consideration

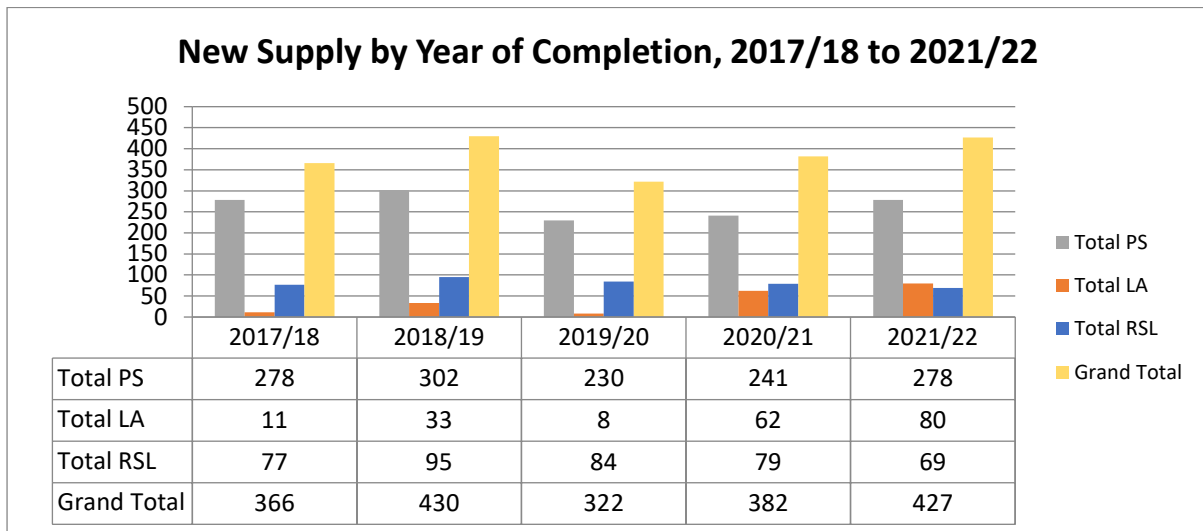
- What more can we do to encourage private empty homes return to use?
- Should we explore a more active role in the empty home market – utilise social/private properties – return to use as different products (MMR, Shared Equity)?
- Do we require more innovative funding ideas? More initiatives to provide different products / assist owners?
- Should the issue of empty homes be more of a priority? – wide benefits from their return to use...return on assets for owners; increased footfall and local spend; improve aesthetics; sustaining places (urban and rural); more affordable housing options for locals
- Specific empty homes we should target? – long-term empties; town centre, rural; poor condition; areas of high demand

## 4. New Supply

In common with the national picture, new build rates in Angus reduced significantly following the 2008 economic downturn. Since then, build rates have continued to fluctuate with some signs of recovery and optimism in 2013/14 when new supply totalled 300 which was broadly in line with the HST of 310 (Tayplan Proposed Plan, 2015). Completions then dropped off again over the period to 2016/17 but over the past 5 years new build supply has significantly improved, aided in part by the Council and RSL development programmes, which have provided just under 30% of all new supply.

Over the 5-year period there were 1,927\* completions, averaging 385 units per annum. 1,329 (68%) were private sector, with 603 (32%) in the social sector.

Chart 1: Angus, All-Tenure New Build Supply (2017/18 to 2021/22)



Source: Angus Council, Completions Monitor Report (2022) \*small discrepancies due to year of completion

#### 4.1 New Supply by HMA

Since 2017/18, North Angus has seen the lowest levels (7%) of new supply, followed by West Angus (16%), where new supply levels are over double that of the North. Both East (38%) and South (39%) Angus continue to deliver a majority of new supply, both from private sector and social developments.

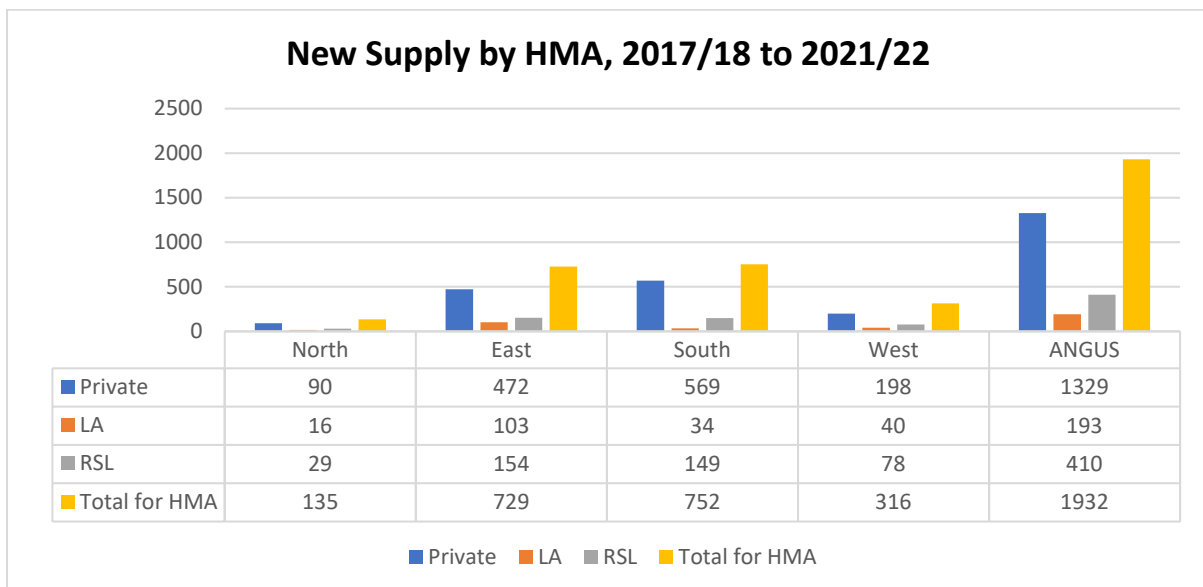


Chart 2: Angus, All-Tenure New Build Supply by Housing Market Area (2017/18 to 2021/22)

Source: Angus Council, Completions Monitor Report (2022)

We know that around 72% (84,000) of the Angus population reside in and around our main towns, and this is where the vast majority of new build supply (1,581, 81%) has been delivered in the past 5 years. Dictated by appropriate sites and demand, there will continue to be generous delivery via the current programme to support and sustain our larger settlements.

#### 4.2 Rural Housing Delivery

We are, however, mindful that whilst our larger settlements experience supported growth, our smaller rural settlements do not experience the same proportionate levels of delivery. Although home to 28% of the population, our rural areas have experienced only 18% of all new delivery. There are, of

course, wider issues influencing outputs relating to available and appropriate land, as well as demand. The table below outlines new-build completion rates for both market and affordable rural housing.

Table 10 – Angus New Build Rural Completions (2017/18 to 2021/22)

	2017/18	2018/19	2019/20	2020/21	2021/22	Total
<b>Rural Market Completions (as %age of all market completions)</b>	95 (34%)	79 (26%)	52 (23%)	36 (15%)	59 (21%)	321 (24%)
<b>All Market Completions</b>	278	302	230	241	278	1,329
<b>Rural Affordable Completions</b>	0	2	11	12	5	30

Source: Angus Council, Housing Completion Statistics (2022)

Over the past 5 years, private sector development has continued to produce generous outputs and provide new homes in line with population distribution. We should, however, note a gradual year-on-year decrease in output, with 2021/22 seeing a 38% decrease from 2017/18 output levels. Over the same 5 years, there were 30 affordable completions, which equates to just 9% of all rural completions.

The [Scottish Government Rural & Islands Housing Fund](#) (2016) was established to improve supply across rural Scotland, offering financial aid to a wide range of potential applicants (private developers, community organisations, landowners, etc.) Uptake has been slow across the whole country, with only two completed projects in Angus, providing 12 units of housing for intermediate rent. The Fund is targeted at those organisations unable to access the mainstream affordable housing programme such as development trusts, developers and private landowners and complements existing investment in affordable housing directed through Local Authorities and Registered Social Landlords. The demand-led fund is now widely recognised as a route for the delivery of homes in some of the most remote communities. The Scottish Government is making up to £30 million available to the demand led fund during the current parliamentary term (up to March 2026). Potential projects to the fund must be supported in principle by the local authority. The Council will commit to help increase uptake in the fund for projects in areas of identified need, and initiate discussion with a range of stakeholders, such as Forestry and Land Scotland, Scottish Forestry, and Small Communities Housing trusts to help identify the local needs.

Looking ahead, the [Angus Housing Land Audit \(Draft 2022\)](#) outlines housing land supply that could deliver 2,048 units over the period 2022 to 2027. Of these, 620 (30%) are in landward areas:

Table 11 – Angus, Effective Rural Sites (2022-27)

<p>The ALDP policy to support rural communities and markets is supported by the volume of rural land supply.</p>	Area	Effective Sites 2022-2027
	<b>North</b>	294 (48%)
	<b>East</b>	28 (4%)
	<b>South</b>	253 (41%)
	<b>West</b>	45 (7%)
	<b>TOTAL</b>	<u>620</u>

Source: Angus Housing Land Audit (Draft 2022)

### Issues for Consideration

- Generous completion rates over the last 5 years, along with a healthy development programme over the next 5 years – however the impact of the current economic climate, and our proposed HSTs...- representing a period of transition
- Affordable delivery proportions are not proportionate to population distribution, meaning access/options issues for locals seeking rural affordable housing
- What more can we do –rural housing is crucial to sustain these communities – what more can we do to encourage more rural completions? (market and affordable)
- Affordable rural completions show modest outputs over the past 5 years – how can we ramp this up?

## 5. Market Housing

### 5.1 Owner-Occupied Sector

The owner-occupied sector provides homes for the majority of Angus residents, making up around 63% (around 34,700 households) of all housing. Across each of our functioning HMAs, owner-occupied stock makes up around 55-60% of the HMA housing stock, with the exception of the South HMA where around 77% of housing is owner-occupied.

Table 12 – Angus Owner-Occupied Stock, by HMA

Stock tenure levels regularly fluctuate due to new build developments and change of tenure (from owner-occupied to private rented, and vice versa)	HMA	Owner-Occupied	Total HMA Stock
	<b>North</b>	7410	13,333
	<b>East</b>	7946	13,994
	<b>South</b>	10,489	13,462
	<b>West</b>	8874	14,725
	<b>Total</b>	<u>34,719</u>	<u>55,514</u>

Source: Angus Council HMA Profiles (2019)

### 5.2 The impact of the Pandemic and Beyond

Sales volume transactions fell 35% when comparing the first 6 months of 2020 to that of 2019. Whilst pre-pandemic agreed purchases could be completed during the lockdown period, the market was all but closed for properties new to the market and viewings from March to July 2020.

Table 13 – Angus Residential Property Sales Volume, by Quarter

Quarter	Q4 2017/18	Q1 2018/19	Q4 2019/20	Q1 2020/21	Q4 2021/22	Q1 2022/23
<b>Sales Volume</b>	419	501	382	222	434	545
<b>Total 6 month sales</b>	920		602		979	

Source: Registers of Scotland, Residential Sales Volume

Purchasing activity then picked up strongly in July and August (2020), when the market reopened to enable normal operations, and more recently market activity appeared to have returned to pre-pandemic levels in the early part of 2022. The flourishing market was, however, likely fuelled by low interest rates, where for much of 2020/21 the base rate remained at 0.1% as the Bank of England (BoE) encouraged lending as we navigated through the pandemic. Then as we entered 2022, the base rate climbed to 0.75% (April 2022), has experienced further increases and now sits at 3% (November 2022). There is, however, doubt as to whether the volume of transactions will be maintained as we navigate through the wider economic crises and the recent mortgage market volatility. High interest rates will dent lender confidence, resulting in less activity and housing choice for aspiring purchasers, thus favouring those in stronger financial positions whilst curtailing the aspirations of low to median earners and first-time buyers.

The [Scottish Housing Market Review](#) (Q2, 2022) highlights the strong market growth during 2021/22, with average property prices experiencing an annual increase of 10.6% (Q1, 2022 - £182,000). Favourable news then for owners, but recent events and interest rate rises have severely impacted household cash-flows. Average prices currently remain high and the cost of borrowing means that many households will fail the stricter financial stress-tests and therefore may be declined by lenders. The forecasts suggest housing market conditions will cool significantly, with a decrease in buyer demand leading to fewer transactions and curtailed sales prices.

### 5.3 The Angus Market - Sales and Volume

Prior to the pandemic, house prices maintained steady growth and sales volumes appeared to have returned to pre-2008 levels, surpassing 2000 per annum for the first time in over 10 years. This was likely fuelled by a general improvement in the economic and market conditions and increased lender and buyer confidence, influenced by the BoE sustained static base rate of 0.5% over a seven-year period (2011-17), marginally increasing to 0.75% in 2018.

Table 14 – Angus Residential Sales Volume (2008/09 to 2019/20)

House Sales Volume						Change from 2008/09 to 2019/20	
Area	2003/04	2008/09	2013/14	2018/19	2019/20	Sales Volume	%age
Angus	2381	1794	1880	2031	2073	+279	15.5%
Tayplan Area	11,472	7785	7677	9214	9154	+1369	17.5%

Source: Registers of Scotland, House Price Statistics

We also know that, during 2021/22, the volume of sales in Angus reached 2,476, surpassing levels not seen for 20 years, with the caveat that the market was feeding the backlog of demand due to the pandemic, and at a time with low borrowing rates. As previously mentioned, there remains significant uncertainty as to whether interest rates will rise further in an attempt to curtail inflation, but it is likely to be some considerable time before lending rates return to more comfortable levels. This will impact the volume of sales at all levels of the market, from first-time buyers and ladder-climbers, to those looking for investment, as well as the viability of new build developments. Each is a necessary ingredient for a buoyant housing market.

Table 15 – Angus Average Residential Sales Value (2010 to 2020)

Angus Average House Sale Values
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2009/10	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	% Change 2010-20
£140,525	£156,019	£155,150	£161,612	£160,643	£166,043	£167,596	+16%

Source: Registers of Scotland, Property Market Report 2019-20 Data Tables Table 2

Property sales value data (2018/19) from the Registers of Scotland highlights the following house price sale Quartile Values in Angus:

Table 16 – Angus Residential Sales, Quartile Values (2018/19)

Sales Value 2018/19	Average Sale Value	Lower Quartile	Median	Upper Quartile
<b>Angus</b>	£164,513	£95,000	£150,000	£220,000

Source: Registers of Scotland, House Price Statistics

In comparison to Tayplan partners, Angus is the second most affordable area (behind Dundee) to purchase a property. The figures however can be misleading, with further affordability analysis covered in more depth later in the paper.

#### 5.4 Functioning Housing Market Areas

Analysis of sales data from 2018/19 shows that, with the exception of the South HMA, the volume of transactions was fairly balanced, and that the overall average sales price for Angus was heavily influenced by sales in the South HMA and the completion of new build homes.

Table 17 – Angus Residential Sales, by HMA and Build Type (2018/19)

HMA	New Build Volume	New Build Average Price	Market Volume	Market Average Price	Total Sales	Total Average New Price
<b>North</b>	2	£232,000	411	£133,696	413	£134,172
<b>East</b>	94	£205,549	450	£130,021	544	£143,072
<b>South</b>	128	£259,503	508	£197,680	636	£210,123
<b>West</b>	11	£241,045	418	£150,986	429	£153,296
<b>Angus</b>	235	£236,832	1,787	£155,004	2,022	£164,513

NOTE – sales data discrepancy with annual sales tables above – tbc – update table with more recent data.

Source: Registers of Scotland, House Price Statistics

Delving further into the data, the origin of purchasers denotes that the Angus market is relatively self-contained:

- 63% of property purchases come from within Angus
- More than 65% of purchasers in North, East & West HMAs come from these HMAs
- The South HMA is the least self-contained with only 46% of purchasers coming from the area
- The South HMA is highly influenced by purchasers from Dundee (36% of purchases)
- There is limited movement between each of the HMAs in Angus
- Purchases from neighbouring Councils (Dundee, Perth, Fife, Aberdeenshire) account for 23% of all purchases in Angus
- 13% of purchasers come from other areas of Scotland (excluding Glasgow & Edinburgh)
- Around 8% of purchasers are from out-with Scotland

The data outlines that many Angus purchasers seek properties within their current HMA and therefore the new build programme plays an important role offering an alternative to existing market supply. The South HMA continues to enjoy buoyant sales volumes, however, with the purchaser influence from Dundee and above average prices (28% (£45,000) higher in the South than the Angus average), it is likely that many South HMA locals, particularly first-time buyers, may not be able to afford market housing in their area.

## 5.5 Affordability

Although house sales volumes have returned to pre-2008 levels, and we have seen gradual annual sales price increases in recent years, affordability remains a barrier to many households in Angus and neighbouring authorities.

Table 18 – Local Authority Income Benchmarks, by Quartile (2021)

Income Benchmarks	Median	Lower Quartile	Average
<b>Angus</b>	£29,464.71	£16,497	£36,985.29
<b>Dundee</b>	£24,628.94	£16,647	£32,218.36
<b>Perth</b>	£33,706.74	£17,072	£41,390.17

Source: Angus HNDA (2021)

Whilst household earnings remain on a par with national and local Tayplan partner rates, the average house price sale in Angus means many households are unable to afford these options, or will face restrictions when finding a suitable lender. The table below highlights that households in Angus must spend 4.53 times the average local income to afford the average house price, in excess of the 3.9 multiplier typically used for mortgage affordability.

Table 19 – Local Authority House Price-to-Income, Affordability Comparison (2021)

House Price Affordability	Average Houseprice	Average Income	Multiplier
Tayplan	£171,306.88	£ 37,037.93	4.63
Angus	£167,595.87	£ 36,985.29	4.53
Dundee	£145,942.80	£ 32,218.36	4.53
Fife	£162,091.53	£ 37,864.66	4.28
Perth & Kinross	£199,462.83	£ 41,390.17	4.82

Source: Angus HNDA (2021)

For the average household, these prices are simply unaffordable. Local house prices continue to rise (15% increase in median house sale values, 2009-2019) at a rate not mirrored by wage increases, whilst significant deposit requirements remain for those seeking favourable and affordable lending rates.

The situation becomes stark when we see the required incomes to afford House Sale Quartiles. A median earner (£29,464.71) would in most cases be looking at a home purchase just above the lower quartile value. Meaning only 25% of properties in the market would be available to them.

Table 20 – Angus, Income Requirements-to-House Price Comparison

Sales Value 2018/19	Average Sale Value	Lower Quartile	Median	Upper Quartile
<b>Angus</b>	£164,513	£95,000	£150,000	£220,000
<b>Required Income (using 3.9 multiplier)</b>	£42,182	£24,358	£38,461	£56,410

Source: Angus HNDA (2021)



## 5.6 First Time Buyers

The number of first-time buyers (FTB) in Scotland continued to rise (+6%) from 2017 to 2021, reaching 35,627. The purchases represented around 50% of all house purchase loans with an average purchase price of £166,919, making Scotland one of the most affordable areas in the whole of the UK for FTBs.

In Angus, the average FTB purchase price was £120,168 (April 2019 to March 2021). Assuming a typical multiplier of 3.9, including a 10% deposit, the average FTB would require an income of around £27,700.

The volume of first-time buyer purchases outlines the pivotal role the sector contributes to the health of the property market. However, current market conditions will likely mean a reduction in FTB transactions. In the meantime, it is important that alternative housing options are available to cater for this market, such as low-cost home ownership schemes.

## 6. Private Rented Sector

Traditionally, the private rented sector has provided accommodation for households who either cannot or do not want to buy. It is recognised as playing an increasingly important role for people as a result of difficulties in accessing mortgage finance, or for those who seek a degree of flexibility in the place they call home. It also provides a vital option for those who may primarily want the more affordable social rented sector but find accessing the sector challenging due to their household circumstances.

Across Angus, the private rented sector is a particularly important housing tenure for younger households, with around one third (32.9% Angus Private Sector Stock Condition Survey, 2016) of private renters aged 16 to 34 years old, in comparison to 8% of 16 to 34 year olds who are owner-occupiers.

The sector increased significantly in Angus over the period 2010 to 2015, increasing from just under 5,000 properties registered in 2010 to 7,000 properties registered in 2015. The sector continued to expand reaching around 7250 properties in 2017. Since then, however, the number of registered properties has started to marginally decline to just over 7000 properties in 2021, on a par with 2015 levels.

Chart 3 – Angus Registered PRS Properties (2017 to 2021)

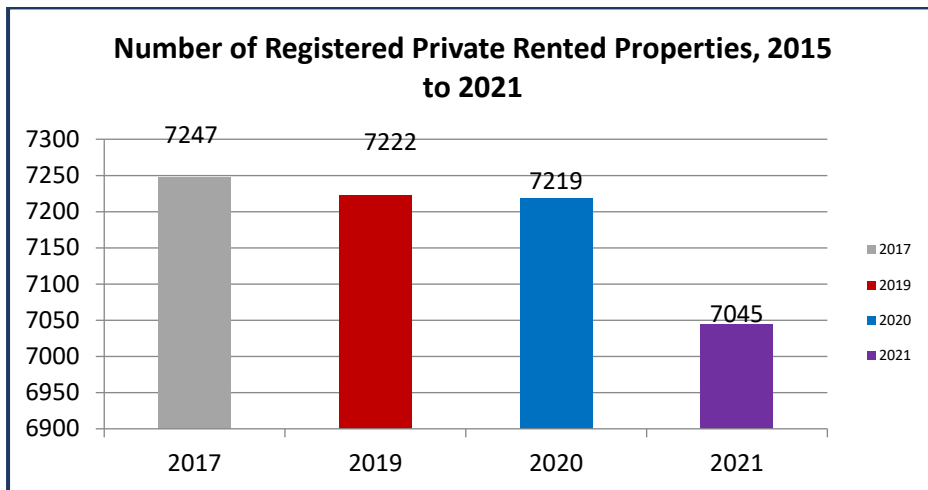
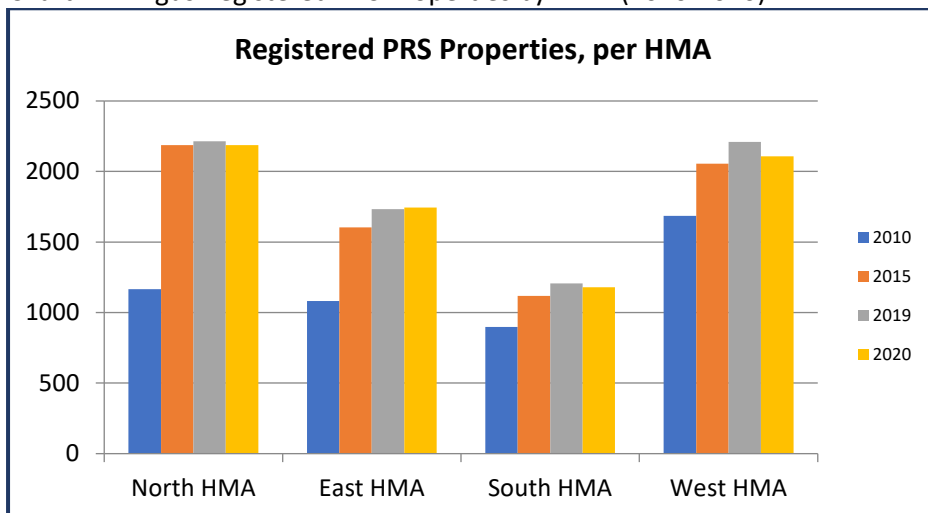


Chart 4 – Angus Registered PRS Properties by HMA (2010-2020)



Source: Angus Landlord Registration Report (2021)

- The PRS has retracted by around 3% over the past 4 years (-202 properties)
- Significant sector change within each HMA over the past 10 years.
- PRS stock volume almost doubled in the North HMA over a 5-year period, possibly due to the economic impact of the downturn in the oil industry, forcing homeowners to move elsewhere.
- Whilst overall PRS stock volume has marginally declined, stock in East HMA continues to marginally increase.

The decrease from 2017 could be attributed to regulatory changes impacting the market, from additional levies and changes to the tax system, to the impending minimum energy efficiency standards.

Through 2021/22 there were 275 new properties registered in Angus, however, there were 435 properties removed from the register – a PRS stock reduction of 160.

The new minimum energy efficiency standards (delayed until 2025) have yet to be fully enforced due to the pandemic, but from the other significant changes to the sector, such as changes to the tax

system on private rental income and additional charges levied on additional homes through the Land and Building Transaction Tax (LBTT), it is likely that these may constrain the finances for some landlords, who then may opt to leave the sector, thus potentially explaining the marginal decline in PRS stock in Angus.

The HNSA recognised that the private rented sector is likely to play an increasingly important role in meeting housing need across the Tayplan area in the future. The Scottish Government's Private Rented Sector Strategy 'A place to stay, a place to call home' (2013) emphasised the role of the sector within housing delivery and laid the foundations for the aforementioned regulatory and tax changes. Reinforced by [Housing to 2040](#), the national vision is to improve and grow the sector by enabling a more effective regulatory system, targeting tougher enforcement action and attracting new investment. The ambition is to attract new investment from institutional investors, so whilst some smaller landlords may opt to leave the sector, it is envisaged that market players with larger rental portfolios may enter the market, encouraging growth to meet demand. The new approach appears to have generated interest in the buoyant city markets, however, applying this approach in Angus will take more time, primarily due to the market differences such as lower rental yields generated.

#### **Impact of the pandemic**

As we continue to navigate through the effects of the pandemic, recent observations have highlighted a lack of supply and turnover within the local private rented sector. The lack of choice for prospective tenants means that when properties do come to the market, they are often swiftly re-let, whilst supply may have also been curtailed by the temporary ban on evictions to protect renters during the pandemic (ended 31 March 2022) and the current Cost of Living crisis (due to end 31 March 2023).

The current Rented Sector Strategy Consultation ([A New Deal for Tenants](#)) seeks to improve accessibility, affordability choices and general standards across the entire rented sector. The aim is to ensure that all tenants can access secure, stable tenancies, whilst benefitting from good quality homes with professional levels of service. The impact of the strategy will serve both tenants and landlords.

#### **Issues for Further Consideration**

- The number of registered properties needs to be closely monitored to understand the reasons why L/Ls are leaving the sector, and at what rate – and the scale of impact on PRS supply
- Actions the Council could take to assist landlords to remain in the sector (?) – assist landlords with tenant issues; rent arrears; signpost to funding for repairs/upkeep – meet minimum EPC standards?
- How can we best target empty homes to replenish PRS stock levels?
- We can expect the sector to further evolve (new minimum standards; wider economic conditions) – what action can we take to sustain the sector?

### **6.1 PRS Affordability**

Affordability in the private rented sector is an area of concern, albeit rental data is limited. **Broad Rental Market Areas (BRMA)** profiling, which takes a snapshot of Dundee & Angus private rents, shows the median rents for the average properties in the area. Data is often skewed by the Dundee market where rents have traditionally been higher due to it being a city market and buoyed by a thriving student population.

Table 21 – Dundee & Angus BRMA (Mean Rents, 2017 to 2021)

Dundee & Angus BRMA Average (Mean) Rents	2017	2018	2019	2020	2021	Increase 2017 to 2021
<b>1 bed Shared Room</b>	£309	£332	£344	£331	£329	£20 (6%)
<b>1 bed</b>	£394	£390	£402	£405	£414	£20 (5%)
<b>2 bed</b>	£555	£562	£582	£581	£601	£46 (8%)
<b>3 bed</b>	£717	£746	£795	£783	£809	£92 (13%)
<b>4 bed</b>	£1,047	£1,085	£1,177	£1,208	£1224	£177 (17%)

Source: [Scottish Government, Private Sector Rent Statistics \(2010 to 2021\)](#)

The data shows that the biggest rental increases have been for 3 and 4 bedroom properties, with 1 bedroom properties experiencing more modest increase. We can also see that from 2019 to 2020, most rent rates remained stagnant or even reduced, perhaps in part due to the pandemic, as landlords react to the swift changes in people's financial circumstances and market demand. In 2021, however, the average price for a 1 to 4 bedroom PRS property was £762pcm. In 2017, this figure was £678 – a 12% increase over 4 years.

The **Local Housing Allowance (LHA)** rates for Dundee & Angus highlight the maximum housing benefit entitlement (now Universal Credit housing element) for tenants renting private sector accommodation in Angus. The rates are based on the 30<sup>th</sup> percentile of rents within the BRMA.

Table 22 – Dundee and Angus LHA Rates (2022/23)

LHA (per bedrooms) 2022/23	1 bed shared	1 bed	2 bed	3 bed	4 bed	Average Rent (pcm)
<b>Dundee &amp; Angus</b>	£299.17	£364	£498.63	£648.22	£1047.10	£571.42

Source: [Scottish Government, LHA Rates, 2022/23](#)

The BRMA rents show that Angus is a comparatively more affordable place to live in comparison to the national averages. However, local income levels show that the national average is greater than in Angus and thus affordability remains a concern in the PRS.

- Angus lower quartile income - £16,647
- Angus median income - £29,464.71

The following table highlights the required household income to afford private rented properties in Angus. It demonstrates the concern for lower income households, particularly those unable to obtain mortgage finance or those with low priority for social housing.

Table 23 – Angus Affordability Comparison (Private Rent – LHA)

Source: Angus Council, Affordability Profile (2022)

Number of Bedrooms	Mean rent pcm (BRMA 2020)	Income required at 25%	Income required at 30%	Local Housing Allowance Rate (LHA 2022/23)	Income required at 25%	Income required at 30%
One bedroom	£414	£19,872	£16,558	£364*	£17,472	£14,545
Two bedrooms	£601	£28,848	£24,037	£498	£23,904	£19,900
Three bedrooms	£809	£38,832	£32,356	£648	£31,104	£25,894
Four bedrooms	£1224	£58,752	£48,955	£1047	£50,256	£41,838
<p><i>*Single adults under 35 are only entitled to receive the equivalent Shared Room Rate, currently £299.</i></p> <p><i>It is generally accepted that housing costs at around 25% of income is 'affordable' while housing costs at around 30% may be manageable for some.</i></p>						

To rent a mid-priced 1-bed property a household requires an income of at least £19,872. To rent a mid-price 2-bed property requires an income of at least £28,848. Furthermore, following work undertaken by Arneil Johnston as part of the HNDA process, it found that:

- 41% of Angus households could not afford average PRS rates based on 25% income to rent ratio
- 24% could not afford average PRS rates based on 30% income to rent ratio

#### Issues for Further Consideration

- Affordability (for all Market housing) will become more of a priority over the next 5 years – what action can we take to encourage provision of and enable access to affordable PRS properties?
- Where affordability remains the barrier, the default position may be to apply for social housing – low priority applicants may struggle, and added pressure on social stock

## 7. Affordable New Supply

LHS 2017-22 set an ambitious target to deliver 120 affordable units per annum over the life of the LHS through a combination of new build, refurbishment, and conversions. From 2017/18 to 2021/22, 603 new build affordable homes have been delivered (see Chart 1, Section 5) in Angus which is an encouraging output for a newly developed policy.

There are just over 11,600 social rented homes in Angus let by the Council and a number of RSLs. Stock levels have increased by around 429 (3.8%) units since the adoption of LHS 2017-22.

Table 24 – Angus Social Housing Stock (2021)

Social Landlord Stock	2016	2022
Angus Council	7722	7787
RSLs	3480	3847
<b>TOTAL</b>	<b>11,202</b>	<b>11,634</b>

Source: Angus HNDA (2021)

Angus Council has focused much of its development activity in recent years on renewing stock which is of poor quality and no longer meets tenants' aspirations. Significant regeneration is underway at the Timmergreens and Emislaw sites in Arbroath where around 172 properties are being demolished to be replaced with around 160 social rent properties. Whilst the overall volume of properties may

slightly decrease, there will be added benefits to the occupants and surrounding area with improved property specification and an improved outdoor space and quality environment, incorporating playpark facilities, foot/cycle pathways, and safe access routes for children.

A small number of mid-market rent (MMR) homes have been supported through the Affordable Housing Supply Programme. Since 2017/18, 12 MMR units have been delivered in Angus. The forward programme highlights the potential delivery of a further 38 units to 2027/28.

A number of other MMR homes have been delivered in Angus via Scottish Government funding schemes such as the Empty Homes Loan Fund (9) and the Rural Housing Fund (12).

These deliveries outline demand for the tenure, however further work is required to assess additional demand and in which locations.

## 7.1 Investment

Due to the pandemic, many affordable new build projects were delayed by 6 months or more, and whilst there was delay, the annual target (120 units) was achieved over the lifespan of the LHS. However, there remains an extremely challenging operating environment due to ongoing pandemic and economic-related issues, and the links between the SHIP and the emerging outlook should not be underestimated.

The construction sector was already facing up to the lasting impacts of the pandemic, most notably shortages of components and raw materials causing supply chain and logistical issues for contractors. This coupled with spiralling energy costs, and high demand for skilled operatives causing problems with staff retention, has created challenging operating conditions. This volatility is leading to uncertainty with programming, and delays with projects, and may also result in higher tender prices over the mid-term. These challenges become all the more difficult to overcome in the context of pressures associated with the cost-of-living crisis, the possibility of long-term rent freezes and increasing borrowing costs. This means that all social housing providers will be carefully assessing their capital investment programmes over the coming months and may have to take difficult decisions to postpone or withdraw from new build projects.

These ongoing challenges are evident in our efforts to spend our full funding allocation, falling short of full spend in 2021/22. To assist with rising costs, the Scottish Government issued new, updated, grant benchmark figures<sup>2</sup> for affordable housing (October 2021) which have been used to inform the current SHIP. Whilst welcome, it is anticipated that it may still be a challenge to spend the full funding allocation in 2022/23. Whilst we continue to work with partners flexibly to address these challenges, we are acutely aware that any underspend cannot be carried forward to future years and an underspend on a particular project will have an impact of the funding available in the following year.

In terms of future programme investment, the Resource Planning Assumption (RPA) outlines the position 2023/24 to 2027/28 and the Council's SHIP makes provision for a fully committed programme based on minimum level of assumed funding:

Table 25 – Angus, Resource Planning Assumption (2023/24 to 2027/28)

Year	2023/24	2024/25	2025/26	2026/27	2027/28
RPA	£9.017m	£9.049m	£9.199m	£3.65m	£3.65m

<sup>2</sup> In Angus, the 3 person benchmark grant allocation ranges from £71,500 to £95,300 depending on the location, landlord and provision of additional quality measures.

Source: Angus Council, SHIP 2023/24 to 2027/28

The funding provides certainty for the first three years of this SHIP, and, with funding not yet announced for years four and five, we have assessed we are likely to have reduced amounts of grant available for planning purposes.

In terms of wider investment to enable the delivery of affordable housing, the Housing to 2040 paper provides further insight as to the potential investment and delivery commitments for future years which will enable more robust future planning at local level. The 100,000 affordable homes target by 2032 also includes the commitment that, from 2027, funding will be ramped up to bring more existing homes into the programme, supporting the strong focus on improving the long-term sustainability of existing stock. Mindful of the intended approach and the commitment to tackle the climate agenda, it is vital we expand our approach to repurposing our existing stock to cater for housing need. This will continue to be a focus in the SHIP.

## 7.2 Specialist Need Housing

Notable progress has been made in the delivery of affordable specialist need housing. The LHS (2017-22) target to deliver 120 affordable units per annum also included a target that 20% (24 per annum) of new affordable supply would be for particular needs housing and half of these would be wheelchair standard units. To date, 73 particular needs units have been delivered over a 5-year period, representing around 12% of new affordable supply (603). Over the same period 43 wheelchair units have been delivered, surpassing the target of 50% particular need units.

Through the LHS 2023-28, the particular needs target will be reviewed to take account of current need, however it is encouraging to note that the current SHIP (2022/23 to 2027/28) outlines plans to deliver 226 units for particular needs housing over the next five years, representing 33% of planned delivery (Total delivery, 686 units, including over-committal to cover slippage.) However, the evidence from the HNDA continues to indicate a significant need for particular needs housing on the basis that:

- Around 576 units of specialist housing provided by social landlords, representing 5% of all social tenancies.
- Around 10% of these specialist homes are fully wheelchair accessible.
- Current housing waiting list data shows 216 applicants waiting on ground floor accessible housing and 94 applicants waiting on wheelchair housing. Based on the last three years, the average annual turnover of social wheelchair properties is 6.
- Around 30% (622) of CHR applicants require housing for age, medical or disability reasons.
- The Angus HNDA estimates a need for 3 additional tenancies to meet current and future needs for the client group with mental health condition(s)
- By the mid-2020s, around 50% of Council tenants will be aged 55 or over
- The over 75 demographic is expected to increase by 62% over the period to 2043
- Over the period 2000 to 2019 there was a 1% increase in the working population (16 to 64), whilst there was a 44% increase in those aged 65 or over
- Census 2011 estimated that 1.9% of Scottish households contained a wheelchair user. The 2015 Scottish Household Survey (SHS) highlighted an increase to 3.6% of all households, and further calculation projected a further 80% increase in the population of wheelchair users by 2024.

Housing to 2040 outlines the commitment to review the Housing for Varying Needs design guide for new build properties in the affordable supply programme. This should aid the future-proofing of all new social homes, but there remains clear disparity between specialist stock provision and immediate and long-term needs. The demographic changes will not only impact the sustainability of the local economy and functioning housing system, but also drive the need for housing, health and social care

interventions to meet the needs of the increasing older population and those with particular housing needs.

It is recognised that the current focus is primarily around the social sector and the Council believes that at present there is a lack of robust information on which to set targets for private sector housing and no mechanisms to control or monitor targets across the private sector. The Housing to 2040 paper sets out the approach (NPF4 Position Statement) as to how the planning system will help resolve this issue, from supporting sites in accessible locations to promoting development of homes that can adapt to peoples changing needs. Complimenting the approach, new building standards will underpin a Scottish Accessible Homes Standard for all tenures. It is anticipated that these new requirements can be introduced from 2025 and will contain the requirement to set an all-tenure wheelchair target.

**Issues for Further Consideration**

- Will the current targets for particular need homes meet local needs?
- How can we best find the balance to cater for current and future needs?

Issues related to particular needs housing are covered in more detail in the LHS Specialist Housing evidence paper.

### 7.3 Home-Ownership Schemes

There had been a steady supply and interest shown in alternative affordable home-ownership solutions in Angus. The appetite for **Low-Cost Initiative for First Time Buyers (LIFT)** shared equity products (both Open Market and New Supply) is encouraging and highlights the demand from households that aspire to be homeowners but may have been unable to afford market solutions.

**Scottish Government Funded Home Ownership Schemes**

The table highlights that around 40 households per year were accessing home ownership models, which shows consistent demand for the tenure in Angus.

Year	Shared Equity (Open Market & New Supply)	Help To Buy (ended March 2022)
2016/17	13	30
2017/18	13	20
2018/19	14	30
2019/20	22	20
2020/21	Tbc	Tbc

Table 26 – LIFT and Help to Buy Transactions in Angus (2016/17 to 2019/20)

Source: Scottish Government, Housing Statistics (<https://www.gov.scot/collections/housing-statistics/>)

There have also been an additional 8 units of new supply shared equity provided in Angus that were not funded by the Scottish Government. There were 100 Help to Buy transactions over 4 years until the scheme ended.

These opportunities play a vital role for aspiring homeowners with small deposits, particularly first-time buyers, as we continue to deal with the effects of Coronavirus and other economical and geopolitical events which continue to impact the marketplace



#### Issues for Further Consideration

- What more can we do to ensure the availability of these ownership products?
- The affordability issues are becoming more apparent (mortgage costs/interest rates)
- Ensuring there are affordable FTB options/product availability is key to a healthy local market – Angus residents tend to remain within their “home” HMA, thus local availability is key
- Is utilisation of empty homes viable option for FTB products?

## 8. Alternative Approaches to New Delivery

The **Build to Rent (BTR)** development model has been emerging in Scotland for a number of years and is more prominent in larger urban areas such as Edinburgh, Glasgow and Aberdeen. There are around 1,000 BTR units operating in Scotland with a further 9,500 either on site, approved planning, or in planning. The model focuses particularly on the service offering for tenants and delivering in locations with good local amenities and access to employment, services and infrastructure - all of which provide investment gains for investors as each element contributes to maintaining occupancy.

The Angus rented sector is far smaller in comparison to the larger urban areas and the local rented market rates are lower than the national average and have historically hovered above LHA rates. Together these foundations may inhibit the viability of BTR, but as a local authority eager to enable affordable housing delivery across all tenures, we would support this kind of opportunity should the right circumstances be presented.

Equally, the Council supports the Scottish Government ambitions that **Self and Custom Build** housing can play in providing good quality homes and sustaining communities. The Council welcomes the Scottish Government's recent Self-Build Loan Fund announcement, where £6 million is available via the Communities Housing Trust for self-builders who are unable to access standard bank lending, with financial assistance of up to £175,000 to help with development costs.

#### Issues for Further Consideration

- The HNDA highlighted that around 195 households could access intermediate products (MMR or shared equity) – how can we better gauge demand and bolster supply?
- The challenges with supporting and increasing self/custom build opportunities – sufficient appetite to deliver suitable plots? Creating a viable and worthy register?
- Appropriate land availability
- Developing a Self & Custom Build Register – identify what key information the register will include; how will we respond to demand for land?; how will we publish the register? How will we provide info for self-build, and what instructions on how to register?

## 9. Summary

The LHS 2017-22 has been delivered through a period of significant uncertainty and disruption but the Council and partners however have taken major strides to ensure development levels have been sustained to meet housing need.

Increased and sustained levels of house building have provided opportunities to deliver greater numbers of affordable homes for those who need them, and in the places they want to live. However, development of affordable housing is entering a particularly challenging period due to inflationary pressures, supply chain issues and budgetary considerations.

The demand for affordable housing remains high, particularly in our towns and settlements and for smaller 1 or 2 bedroom properties. It is not always economically viable or socially constructive to develop large proportions of affordable housing as one size. Therefore, we must continue to look at what potential solutions may lie within other tenures, such as the private rented sector and empty homes, to meet this need.

Understandably, the pandemic, Brexit and cost of living crisis are having a wide influence on the local housing system. New developments faced delays and many households faced barriers in relation to moving or accessing a new home. There remains some uncertainty around the long term impact this will have and there remains a backlog of need which needs to be resolved.

The Housing to 2040 Strategy sets out the route map for all housing over the next 20 years with potentially far-reaching impacts. We must consider what these changes will mean for the local housing system and what actions we will consider during the lifecycle of LHS 2023-28.

## 10. Issues for LHS 2023-28

- The proposed HSTs offer parity with the HNDA outputs, albeit requiring significant interventions to make use of ineffective stock to bolster supply levels and meet housing need.
- The current new build programme supports generous outputs over the next 5 years – though the impact of the economic situation remains uncertain
- Recognising the Housing to 2040 direction and the climate agenda to offer sustainable solutions for local housing needs – what more can we do to make best use of our existing stock?
- The projected demographic changes will impact on our housing system – ageing population, de-population. What does this mean for the supply of housing in the future?
- Maximise the potential role of the private rented sector, ensuring stock levels are sustained and assess the investment requirements to support the required growth.
- Maximise the use of ineffective/empty homes to address housing need; increase incentives and raise awareness of the issues.
- Increase the role of intermediate tenures (low-cost home ownership and mid-market rent) products, alleviate affordability concerns via these products