

Appendix 3b

Refresh of the Housing Need and Demand Assessment

1. Background

The Council had recently completed their LHS (2023-28) and utilised the findings and outputs from the HNDA (2022) to develop new Housing Supply Targets (HSTs) as a central part of the LHS. The HSTs set out the requirements for both affordable and market housing to meet housing need in the region over the next 10 years.

Prior to the LHS publication, Storm Babet landed (October 2023) and had a significant impact on housing stock in the North HMA, creating housing pressure by reducing the availability of housing stock (particularly social) and increasing the number of households in housing need.

The decision was taken to re-assess the HNDA outputs, taking into consideration more recent data relating to the Existing Need element used in the assessment, with focus on the Homeless households in temporary accommodation and the immediate displacement of households directly impacted by Storm Babet.

We also considered other material changes since 2021, such as people migration and the impact of asylum seekers, refugees and the resettlement programmes.

2. Re-cap: Estimates of Housing Need, HNDA (2022)

The HNDA (2022) was signed off as robust and credible by the Centre for Housing Market Analysis (CHMA). The assessment produced future housing estimates, the number of new homes required in Angus over the next 20 years.

- *LHS Appendix 3a, HNDA 2022* describes in more detail the scenarios produced by the HNDA toolkit and the decision making process when considering which scenario to adopt for determining the housing estimate in Angus.
- *LHS Appendix 3c, Minimum All-Tenure Housing Land Requirement (MATHLR)* describes the relationship and parity between the estimates for housing need, land supply, and housing supply targets (HST) over a 10-year period.

The outputs can be summarised as follows:

Existing Housing Need		New Household Formation		Estimate of All-Tenure Housing Need (20-years)
1,336	+	1,099	=	2,435

Table 1: HNDA (2022), Scenario 1: 2018 Principal Projections

The HNDA toolkit produced estimates that 2,435 new homes would be required in Angus over the next 20 years. A majority of this need would be required within the next 10 years during which time the backlog of existing need would be cleared, and new households are projected to form.

The toolkit also provides a breakdown of estimated need in 5-year tranches thus enabling housing estimates to be produced over the next 10 years.

Over the next 10 years the estimated all-tenure housing need was 2,202. This figure was then used to develop annual HSTs, whereby there would be a requirement for 220 new homes each year for 10 years to meet the estimated housing need.

HNDA 10-Year Estimated Need	All-tenure HST (annual)	Affordable HST (annual)	Market HST (annual)
2,202	220	111	109

Table 2: Angus, 10-year Estimated Need & Housing Supply Targets (2022)

- *LHS Appendix 3, Housing Delivery* describes how we have used the estimates of housing need to develop HSTs for both affordable and market housing.

2.1 Growth Scenarios

The HNDA (2022) toolkit calculation used the input values outlined in Table 1 and underpinning those inputs are the projected local growth scenarios. These were Principal Growth and were based on:

- Household Income Growth and Distribution (Moderate Growth – 2.5%)
- House Price Affordability (Trend Growth – 1.6%)
- Projected Rent Levels (Trend Growth – 1.6%)
- Migration (NRS, 2018 Household Projections – 2%)

The decision was taken to adopt a Principal Growth scenario whereby Angus would experience marginal moderate growth across each of these elements. There was a great deal of uncertainty following the pandemic and whilst the economic forecasts hinted at market decline, there remained strong ambition to support growth in Angus - an assumption backed up by the projected volume of new households forming, and the local economic growth strategy as outlined by the Tay Cities Deal.

The alternative growth scenarios factored in High Growth underpinned by High Migration whereby the local population would increase at a faster rate. With population growth comes a more positive economic outlook with moderately higher growth beyond trend inflation. The confidence and ability to deliver the higher growth was considered out-with our control, guided instead by wider market conditions. The adverse effects from the pandemic suggested that we would not experience periods of prosperity.

3. The Changing Landscape – New Existing Need and Remodelling Housing Estimates

As described in Part 1, since the completion of the HNDA (2022) there have been some changes in circumstance significant enough to advocate for a refresh of the HNDA housing estimates. Most notably the primary data used to create the Existing Housing Need element which is used in the Estimated Future Housing Need calculation (Table 1).

3.1 New Existing Need

The original Existing Housing Need was assessed as 1,336, with a breakdown as follows:

Existing Need Elements	TOTAL
Homeless households in Temp Accommodation	111
Households in insecure tenure	300
Concealed households & Overcrowding	755
Specialist Housing	154
Poor Quality	16
TOTAL	<u>1,336</u>

Table 3: Existing Housing Need, HNDA (2022)

With a changing landscape triggered by both local and global events, it was proposed that some of these elements could be updated with more recent data. New elements could also be added to take account of changes such as the household displacement as a result of Storm Babet and the various resettlement programmes that have contributed to the housing pressures in Angus.

The following table (Table 4 – Angus Existing Need HNDA (2022) Vs New Existing Need) outlines the original input data against the new and updated figures.

The new data elements are:

- Storm Babet (measured as the volume of Council stock impacted by the flooding)
- Resettlement Programmes (measured as the volume of resettled households who are projected to remain in Angus)

Existing Need Elements	HNDA 2022 Data	New/Updated 2023 Data
Homeless Households in Temporary Accommodation	111	104
Households in Insecure Tenure	300	373
Concealed households & Overcrowding	755	168, 461 or 755
Specialist Housing	154	154
Poor Quality Housing	16	16
Storm Babet Displacement	-	150
Asylum Seekers, Refugees and Resettlement Programmes	-	80
Total Existing Need	1,336	1,045, 1,338 or 1,632

Table 4: Angus Existing Need HNDA (2022) Vs New Existing Need

The new updated data reflects the current position, a range of new figures relating to ‘Homeless Households in Temporary Accommodation’, ‘Households in Insecure Tenure’, ‘Concealed households and Overcrowding’, and the addition of ‘Storm Babet’ and ‘Asylum Seekers, Refugees and Resettlement Programmes’. To ensure the housing estimates are robust, we have considered the methodology and limitations in respect of the new existing need elements.

Data sources and limitations are defined below in Appendix 1.

The updated and new data elements present three options to consider for the Total Existing Need used in the assessment to produce Estimated All-Tenure Housing Need. The three options derive from the

‘Concealed Households and Overcrowding’ where there are a choice of three input options. The outputs (Estimated All-Tenure Need) from each of the three options are considered in Section 4.

3.2 Growth Scenario

We now find ourselves in a similar position where anticipated growth is likely to be in line with historical trends. The local population is projected to experience marginal decline over the period to 2040, but there will still be a significant increase in the volume of new households. The economic outlook is less positive but incomes, house prices and rent levels have continued to rise over the past few years. These factors all lend themselves to a continued Principal Growth scenario.

4. HNDA Toolkit – Calculation Outputs

The starting point for determining Estimated Housing Need is to populate the HNDA toolkit with a Growth Scenario and the values used for Existing Need and New Household Formation.

Our Growth Scenario has been set as Principal Growth, and we know the volume of newly forming households is anticipated to be 1,099.

For Existing Need (Table 4) we have three options from the updated data. The ‘Concealed Households and Overcrowding’ takes the value of either 168 (Option 1), 461 (Option 2) or 755 (Option 3).

The New Existing Need takes the form of one of three options and in turn determines the Estimated 20-year All Tenure Need.

	New Existing Need	10-Year Estimated All-Tenure Need (Tool Outputs)	Affordable Need (10 year)	Market Need (10 year)	20-Year Estimated All-Tenure Need
Option 1	1,045	1,920	1,485	435	2,155
Option 2	1,338	2,210	1,720	490	2,445
Option 3	1,632	2,505	1,970	535	2,731

Table 5: Angus HNDA (2024) Toolkit Scenarios, Principal Growth.

As outlined in the Data Sources and Limitations (Appendix 1), each scenario was scrutinised to consider the methodologies.

Option 1 presents the lowest figure (168) which derives from the Common Housing Register (CHR) Waiting List Data. The value is far lower than the original figure which was considered robust by the CHMA. The figure also only considers households currently on the CHR Waiting List and thus disregards large volumes of households in housing need who have not applied for social housing through the CHR.

Option 2 presents a mid-way point (461) taking an average of both Option 1 (168) and Option 3 (755). There lacks statistical confidence in this method and no other Existing Need element has been developed in this format.

Option 3 uses the original figure (755) that was used in the HNDA (2022) calculation, signed off by the CHMA as robust and credible, and therefore presents a figure that can be considered to have the most accuracy.

Following scrutiny of the inputs and outputs, the decision was made to select Option 3 as the most credible Estimate of Future Housing Need.

4.1 Option 3 – A Breakdown of the Numbers

The following table details the estimated annual need by tenure. The figures are higher in the first 5-year tranche as this is when the backlog of existing need is to be cleared.

Scenario	2022-2026	2027-2031	2032-2036	2037-2041
Social	347	5	4	4
BMR	37	5	5	5
PRS	36	6	5	6
Buyers	56	9	8	10
Total ALL	476	25	22	25
Total 5 yr Period	2,380	125	110	125
Total Cumulative	2,380	2,505	2,615	2,740

Table 6: HNDA (2024) Toolkit Outputs for Option 3

Overall, the new 20-years total is now 2,731/40, around 296 more than the original HNDA (2022) estimate of 2,435. And we can also see that the new 10-year total (2,505) offers parity with the original 20-year total. This essentially means that because of the changes in the toolkit calculation we require more new homes and sooner, and a larger portion of these should be affordable housing options.

4.2 What this means – A focus on 10-year need and Housing Supply Targets

As outlined in Table 5 & 6, the 10-year estimated all-tenure need is 2,505, and this is apportioned to affordable and market housing. There are significant variations in the numbers, even though the 10-year all-tenure estimates of need have only increase by just over 200 units, meaning 20 per annum. This is due to the increase in the Existing Need element used to calculate Estimated Need, where the backlog is to be cleared in the first 5 years and most if not all need is apportioned to require affordable housing solutions.

A crude assessment of the new figures would mean an annual requirement for 250 units comprising of around 197 affordable units, and 53 market units.

10-Year Affordable Housing Need	1,970	10-Year Market Housing Need	535
Annual Need	197	Annual Need	53

Table 7: Estimated Need by Tenure (10-Year and Annual)

When we compare the new estimated need to the current HST we can see the significant contrast. The current annual HSTs were set out in the LHS 2023-28 as follows:

All-Tenure HST	220	Affordable HST	111	Market HST	109
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Table 8: Angus Housing Supply Targets

One solution would be to re-assess the HST based on the new estimate that we require around 197 affordable homes and 53 market homes per annum. The delivery of this volume of market homes does

not present any issues, however there are decisive factors restricting our own and partners ability to deliver this volume of affordable housing options.

The HSTs developed as part of the LHS (Table 8) were done so in recognition of the tough operating environment where increased costs of construction and supply chain delays are the main challenge to delivering new homes. To reflect the increased costs the level of grant subsidy was increased by the Scottish Government (June 2023) and although welcome this has however failed to curb the decline in both the volume of new homes approved and how many homes have started on site (as at year to end September 2023, national figures). Furthermore, in December 2023 the Scottish Government announced a reduction in funding for the Affordable Housing Supply Programme of 26% for 2024/25 and while we do not yet know what impact this will have locally, it seems likely there will be a reduction in the funding. This will mean fewer new homes will be delivered than was anticipated in the most recent Strategic Housing Investment Plan.

There is also a close relationship between the delivery of market and affordable homes, with a proportion of affordable housing delivered as part of affordable housing requirements on market sites. This means that any reduction in the focus on delivering market homes, would likely have a negative impact on the availability of opportunities to deliver affordable homes.

For these reasons it is considered reasonable to retain the previously agreed HST (Table 8) while acknowledging that every opportunity will be taken to exceed the target for affordable housing if financial capacity allows.

4.3 Conclusion

Due to the significance of the recent events that reduced the availability of housing stock and increased the number of households in housing need, it was vital that we refreshed the estimates of housing need in Angus to ensure that the HNDA reflects the most recent position.

The toolkit results have produced outputs that increase the Estimated Housing Need by around 300 units over a 10-year period, and given the new additional elements inserted into the Existing Need assessment, a greater proportion of the Estimated Housing Need is assigned to requiring affordable housing options. The refreshed volume and proportion of estimated affordable housing need delivery is beyond our means in the current operating environment.

And so whilst we acknowledge this pressing requirement to enable the delivery of more affordable homes, the HSTs developed from the HNDA (2022) Estimated Housing Need are to remain.

All-Tenure HST	220	Affordable HST	111	Market HST	109
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Appendix 1 - Data Sources and Limitations

The proposed new data to be used in the Existing Need assessment is defined as follows:

- Homeless Households in Temporary Accommodation – updated with 2023 data to reflect the current position (**104**).

Source: Angus Council, Homeless households in Temporary Accommodation Report (December 2023).

- Households in Insecure Tenure – the original data (300) derived from the 2021 HNDA Survey which asked respondents whether they had been asked to leave their property. The survey was self-reporting and therefore the responses could not be corroborated. Updated with new data to reflect the current position (**373**).

Source: Angus Council, CHR Waiting List Data Report (December 2023).

- Concealed households & Overcrowding - the original data (**755**) derived from the 2021 HNDA Survey which asked respondents whether anyone living in their home may seek to move elsewhere to form their own household, and whether there are enough bedrooms in their home to meet the needs of all the occupants. The survey was self-reporting and therefore the responses could not be corroborated, however the results were considered robust and credible by the CHMA.

The new data (168) deriving from Common Housing Register (CHR) Waiting List data, December 2023, is significantly below the original survey figure (755) and only takes account of households who have applied to the CHR. Taking an average of the two (461) does not provide enough statistical confidence and accuracy.

Source: Angus Council, HNDA (2022) Primary Research – Household Survey).

- Specialist Housing – the volume of households who need to move due to medical needs or who require specialist housing. The figure remains the same and reflects the most recently available data (**154**).

Source: Angus Council, CHR Waiting List Report (2022)

- Poor Quality Housing – estimates of households in poor quality housing. The figure remains the same and reflects the most recently available data (**16**).

Source: Angus Council, CHR Waiting List Report (2022)

- Storm Babet Displacement – an additional element to reflect the known and potential loss of housing stock as a result of the flooding (**up to 150**).

Source: Angus Council, Storm Babet - Impacted Properties Report (December 2023).

- Asylum Seekers, Refugees, and Resettlement Programmes – an additional element to reflect the people migration since 2021. The figure takes account of the volume of households who

currently live in Angus in non-permanent accommodation (ie...Ukraine Sponsor hosts, MoD commissioned accommodation for Asylum Seekers, and the estimated volume of non-sponsored Ukrainian households living in Angus. There are no households currently in Hotels or Bridging Accommodation). The total number was then halved in accordance with the UNHCR Global Trends Report (2021) which stipulates that around 50% of displaced people will return to their home country ($160 / 2 = 80$).

Source: Angus Council - Asylum Seekers, Refugees and Resettlement Households Report (December 2023).

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