
Report to Housing, Health & Social Care Committee

Date of Meeting: 21 August 2014

Subject: Housing Need and Demand Assessment - Update

Report by: Head of Housing & Community Safety

1.0 Purpose

- 1.1. This report seeks to inform Committee of the purpose and process of producing an updated Housing Need and Demand Assessment (HNDA).
- 1.2. It outlines the key evidence identified so far in the HNDA update and the governance and consultation process needed to achieve 'robust and credible' status from the Scottish Government.

2.0 Recommendations

- 2.1. Members are asked to note the report and the consultation process outlined.

3.0 Governance, consultation and timescales

- 3.1. The HNDA is required at five yearly intervals. The last one was approved by the Council in December 2010. Updated guidance was published by the Scottish Government in June 2014 to streamline the process and give a clearer method of estimating housing need and demand.
- 3.2. The HNDA production, consultation and sign-off is overseen by a 'Housing Market Partnership'. External stakeholders are central to the HNDA consultation process, and the partnership will include a mix of housing developers, RSLs, tenant organisations, estate and letting agents, private landlords and service users.
- 3.3. Consultation will take place from the end of August 2014 and is expected to take around 6 weeks to mid October.
- 3.4. This paper presents the key findings to date, and a final version of the HNDA will be presented to the Committee early in 2015.

4.0 Background

- 4.1. The Government provided a new software toolkit to calculate the figures contained within this report. The HNDA is designed to give broad, long-term

estimates of future housing requirements and to provide the evidence base to underpin policy decisions for future Local Housing Strategy (LHS) and development plans.

4.2. The new HNDA guidance states the following core elements are to be included in the completed document:

- Key Housing Market Drivers.
- Housing Stock - profile and pressure.
- Estimate of additional homes required (HNDA Toolkit).
- Specialist Provision.

4.3. The six main processes to achieve a quality output are:

- A Housing Market Partnership (HMP) has been set up to oversee production (in Clackmannanshire, the partnership includes Housing, Planning and members of the Clackmannanshire Alliance).
- Housing Market Areas defined using guidance outlined below and verified by the HMP.
- Methodology, limitations and quality control are given full explanation in the HNDA document.
- Assumptions, judgements and scenarios to be well reasoned and transparent.
- All key findings will be summarised.
- HNDAs are to be signed off by relevant senior officials in Housing and Planning.

4.4. The HNDA toolkit is populated with the Housing Market Areas that local authorities have provided. The boundaries initially derived in 2010, have been updated in line with boundaries used in the Local Development Plan. Forestmill is now in the Dollar HMA rather than Alloa HMA. This has no significant impact on the study due to the current small number of households contained in Forestmill.

Housing Market Area (HMA) Explanation

4.5. The origin and destination of house buyers is used to identify migration patterns across settlements. The analysis shows three spheres of market connectivity within the Clackmannanshire boundary, as follows:

HMA 1 (Alloa): Alloa/Clackmannan/Sauchie/Tullibody,

including the 'adjoining' settlements of:

- Kennet, Cambus, and Fishcross.

HMA 2 (Hillfoots): Alva/Menstrrie/Tillicoultry

including the 'adjoining' settlements of:

- Coalsnaughton and Devonside.

HMA 3 (Dollar): Dollar

including the 'neighbouring' settlements of:

- Muckhart and Forestmill.

5.0 Key Housing Market Drivers

5.1. This section sets out the evidence on key demographic and economic drivers in our local housing markets. The purpose of this is to improve understanding of what the issues are and what evidence is used to estimate housing need and demand. Key facts and issues so far are listed below:

5.1.1. 68% of households in Clackmannanshire are one or two persons.

5.1.2. The 2010 based population projections show a small increase of around 0.5% annually to 2035, which is an average increase of around 280 people a year.¹ This is reduction from the current HNDA based on 2008 population projections of annual growth of 1%.

5.1.3. The 2010 household projections set out a steady rise of around 275 new households every year.

5.1.4. Out-migration from Clackmannanshire is highest among 16-29 year olds (GROS population projections, 2010).

5.1.5. In the owner occupation market house prices rose slightly in 2012 and 2013, after have fallen year on year from 2007 to 2011. The market has been quite flat in Clackmannanshire, meaning there have been no great price drops in the downturn, but at the same time recovery has been slower than in the rest of Scotland (Registers of Sasines).

5.1.6. The lower end of the market, related to first time buyers, is not recovering as well as house prices in the rest of the market.

5.1.7. Unemployment in Clackmannanshire is higher than the Scottish average. Around 9.5% (2,300 people) of the working age population are unemployed, compared to 7.7% average in Scotland (NOMIS).

5.1.8. Households are getting poorer. Unemployment has risen from 6% in 2004 to 9.5% in 2013. The average household income in Clackmannanshire has dropped from £32,472 in 2008 to £28,068 in

¹ The 2012 based population projections show a small decline in population, so apply caution using 2010 based figures. The 2012 base **household** projections are not currently published (July 2014). To enable comparison between population and households figures the 2010 based figures will be quoted until such time as both updates are published.

2014. More than half of all Council and RSL tenants are claiming housing benefit (59%).

6.0 Housing Stock Profile, Pressures and Management issues

6.1. This section profiles local housing stock and identifies stock pressures, such as the mismatch between supply and demand, or housing management issues such as overcrowding.

6.1.1. The 2011 census data puts the number of households in Clackmannanshire at 22,734. Of these, 62% are owner occupied, 21% rented from the Council, almost 8% other social landlords and 8.3% are privately rented.

6.1.2. Owner occupation in Clackmannanshire and Scotland, rose consistently between 1991 and 2009, then dropped by 4% between 2009 and 2011. (Census 1991, 2001 & 2011, Assessors data, 2009.)

6.1.3. Census information and assessors data, shows that the private rented sector in Clackmannanshire remained unchanged at 5% of stock over the last 20 years then increased by over 3% to 8.3% between 2009 and 2011. The rest of Scotland is showing a similar trend.

6.1.4. There is a high proportion of large properties in the owner occupied sector; 28% have 4 or more bedrooms and nearly 75% of owner occupiers are under occupied by 1 or more bedrooms. Only 2% of owner occupiers are overcrowded. (Private Sector stock condition survey, 2009.)

6.1.5. There are currently 110 social housing applicants, 6.8% of the waiting list, with overcrowding points.

6.1.6. Between 36% and 47% of all Council lets go to homeless applicants, the majority of which are single households. There are around 130 - 160 one bedroom council properties available to let each year. There are currently 558 people on the housing list for a one bedroom property.

6.1.7. The majority of Council properties that become available each year have two bedrooms. The stock profile is:-

27% 1 bed,
45% 2 bed
25% 3 bed
3% 4+ bed.

There are only two 5 bedroom properties in the council's stock.

7.0 Estimating Housing Need and Demand

7.1. The software provided uses standard assumptions; a modest increase in house prices, flat income projections and need from the Common Housing Register.

7.2. Demand is split by four different tenures; owner occupation, private rent, mid market rent and social rent. Having run the software model the new figures for Clackmannanshire are shown in table 1, below.

Table 1. Clackmannanshire Council and Housing Market Areas

Annual Estimates of Future Additional Housing, by Tenure, 2012 to 2031

Number of household who can afford:	Annual¹ estimates of future additional housing			
	Clackmannanshire			
	2012 - 2016	2017 - 2021	2022 - 2026	2027 - 2031
Social rent	118	87	69	71
Below market rent	68	66	51	48
Private rent	59	60	43	36
Owner occupation	131	132	99	90
Total	375	345	262	246
	Alloa HMA			
Social rent	75	56	44	45
Below market rent	44	43	34	31
Private rent	32	33	23	20
Owner occupation	79	79	60	54
Total	229	211	160	150
	Dollar HMA			
Social rent	7	4	3	4
Below market rent	4	4	3	4
Private rent	9	9	6	6
Owner occupation	6	6	4	4
Total	26	23	18	17
	Hillfoots HMA			
Social rent	37	27	22	22
Below market rent	19	19	14	13
Private rent	18	19	14	11
Owner occupation	46	47	35	32
Total	120	111	84	79

7.3. The results in the above table are shown for 5 year time intervals. Results in bold signify the number of additional housing units needed each year. Key findings from the HNDA model are:

7.3.1. 375 new homes are needed per annum, which results in 1,875 over the 5 years to 2016, (and 3600 to 2021).

7.3.2. There is demand for 1,315 owner occupied properties in the period to 2021. This compares with the figure of 950 for owner occupied properties for the same period in the existing HNDA. This rise will be influenced by much reduced housing supply figures in recent years and

house prices have not risen as steeply as had been previously assumed, which will increase demand for market level housing.

- 7.3.3. For private renting the demand over 10 years is for 595 new lets. This is a comparatively healthy private rented market compared with historic trends.
- 7.3.4. The Housing Market breakdown shows that 61% of demand is for the main population centre in the Alloa, Tullibody, Clackmannan corridor. The Hillfoots demand is around half that at 32%.
- 7.3.5. The demand for social rented housing as a proportion of overall demand is broadly similar across all HMA's at around 32%. The demand for new owner occupation is slightly higher at 35%. However, when combined with mid market demand, the total affordable housing demand is just under half overall.
- 7.3.6. The most noteworthy finding from the model is the significant reduction in the projected demand for affordable housing. ('social rent' plus 'below market rent'). Demand is now assessed at 1,695 units (required by 2021. This is reduction of over 3000 units from the current HNDA which projected demand for 4,770 affordable properties to 2020. Whilst this is still a sizeable number and greater than the projected available funding for new affordable housing, it does support the anecdotal evidence reported by officers of demand softening for certain house types and locations, making some properties harder to let. Proposed new build and refurbishment programmes will need to carefully consider such factors, rather than being solely driven by the projected demand.
- 7.3.7. The model also shows the long term demand for additional housing is likely to decline by around a third to 2031, with social renting over the whole model showing a slightly higher decline of 40%. This trend is driven by low or declining long term population projections.

8.0 Specialist Provision

- 8.1. In order to cater for future specialist housing need, the HNDA is asked to provide an estimate of the scale and type of both housing provision and related support required to assist independent living at home.
- 8.2. Additional work in this area is currently ongoing to identify the existing provision and future needs.
 - 8.2.1. The Housing Investment team are due to commence a survey of 437 council properties that are currently adapted to get more information on the nature of the adaptation. The information is due to be complete by January 2015.
 - 8.2.2. A review of Strategic Commissioning is underway, Social services are looking at the need for social care provision into the future. This is intended as a basis for discussion and forming future strategies. The report estimates future needs using current care needs plus population projections and the prevalence of the conditions that lead to the need

for care. Joint working with Social Services will ensure that the HNDA picks up on specialist housing requirements.

- 8.2.3. The current Clacks 1000 questionnaire contains specific questions on housing for older people, included for the express purpose of feeding into the HNDA. The responses are expected to be received by August 2014.
- 8.3. The Strategic Commissioning report; "Capacity Planning for Social Care Needs" (May 2014) makes the following points relevant to housing policy;
 - 8.3.1. The main drivers in emerging need are from an ageing population resulting in more older people who need care (low cost but high volume) and higher infant survival and longevity for those with learning disability (low volume and high cost).
 - 8.3.2. The Social Services model is similar to the HNDA and uses 2012 population projections showing a doubling of people aged 85 and over by 2030. Under 75 groups remain fairly static. This is similar to the existing HNDA.
 - 8.3.3. Physical disability is driven by frailty in old age and the over 75 group will see a steep increase in demand over the next 20 years. Complex care is masked within physical disability trends as they are low in prevalence but high in unit cost. The cost of such services increases with age as clients will have multiple contacts with services such as MECS and support workers.
 - 8.3.4. The 18 - 49 year old group with learning disability will see a substantial cost increase over 20 years in the Model. This reflects an increase in a small number of high cost packages.
 - 8.3.5. The Report notes that increased provision of care at home and care home placements cannot be financially sustained. It compares the comparatively more controllable cost of "preventative" activity such as adaptations, equipment and respite.
 - 8.3.6. The Report finally makes a specific reference to the problems faced by rising number of dementia sufferers.
- 8.4. Even in advance of completion of the studies referred to in section 7.2, these factors all indicate that new build and refurbishment programmes must take into account this increasing requirement for specialist provision.

9.0 Sustainability Implications

- 9.1. The Housing Need and Demand Assessment will be a platform upon which future housing policy is based. The future design, development and supply of new housing will affect the sustainability of communities in Clackmannanshire.

10.0 Resource Implications

10.1. Financial Details

10.2. There are no financial implications arising from this report.

10.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes

10.4. There are no staffing implications.

11.0 Exempt Reports

11.1. Is this report exempt? No

12.0 Declarations

12.1. The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities 2008 - 2011** (Please double click on the check box)

The area has a positive image and attracts people and businesses

Our communities are more cohesive and inclusive

People are better skilled, trained and ready for learning and employment

Our communities are safer

Vulnerable people and families are supported

Substance misuse and its effects are reduced

Health is improving and health inequalities are reducing

The environment is protected and enhanced for all

The Council is effective, efficient and recognised for excellence

(2) **Council Policies** (Please detail)

13.0 Equalities Impact

13.1. Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes No

14.0 Legality

14.1. It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

15.0 Appendices

15.1. Please list any appendices attached to this report. If there are no appendices, please state "none".

none

16.0 Background Papers

Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

No

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