

# TAYplan-wide Joint Housing Need and Demand Assessment

December 2013



**Confirmed as 'robust and credible' by the  
Centre for Housing Market Analysis  
24 February 2014**

**Prepared jointly by**

Angus Council

Dundee City Council

Fife Council

Perth & Kinross Council

TAYplan Strategic Development Planning Authority



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**Housing, Regeneration and Welfare Directorate**  
Communities Analytical Services Division  
Centre for Housing Market Analysis  
1-F Bridge, Victoria Quay, Edinburgh  
EH6 6QQ



T: 0131 244 0766  
E: [andy.park@scotland.gsi.gov.uk](mailto:andy.park@scotland.gsi.gov.uk)

Pam Ewen  
TAYplan Strategic Development Planning Authority Manager  
TAYplan  
Enterprise House  
3 Grassmarket  
DUNDEE  
DD1 4QB

24 February 2014

Dear Pam

**TAYplan's Housing Need & Demand Assessment (HNDA):  
Final Appraisal by the Centre for Housing Market Analysis (CHMA).**

Following the CHMA's initial appraisal of TAYplan's HNDA on 20 January 2014 and subsequent discussions, we would like to thank you on behalf of the Scottish Government for agreeing to make the necessary amendments and clarifications requested.

The CHMA has reviewed this against the recommendations of our initial appraisal and, on this basis, the CHMA now considers that the process and methodology used to produce TAYplan's HNDA are robust and credible.

Should the credibility of the HNDA process or methodology be challenged during consultation on the Strategic Development Plan it should be ensured that this appraisal is drawn to the attention of the Directorate for Planning and Environmental Appeals at the point that the Strategic Development Plan is submitted to Scottish Ministers for examination.

The CHMA recommends that the HNDA and our appraisals are made available to your stakeholders and our suggestion is that they should be formally published online. Whilst this is at your discretion, it should be seen as good practice.

Yours sincerely

**Dr Andy Park**  
**Senior Economist & Head of CHMA**

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## TAYplan-wide Joint Housing Need and Demand Assessment 2013

### Purpose

i. The Housing Need and Demand Assessment (HNDA) helps us gain a better understanding of the present housing market and also of the scale of need and demand for affordable and market housing presently and in the future. This HNDA, prepared during 2013, informs the second TAYplan Strategic Development Plan process and the subsequent Local Development Plans and Local Housing Strategies for Angus, Dundee City, Fife and Perth & Kinross Councils.

### Partnership

ii. This HNDA has been prepared jointly between TAYplan Strategic Development Planning Authority and Angus, Dundee City, Fife and Perth & Kinross Councils. This partnership has piloted the new Centre for Housing Market Analysis approach to HNDAs. The process has been led by an Executive made up of Planning and Housing leads from these five authorities. The assessment and supporting work has been undertaken by a core officer group of planning and housing professionals from each of the five authorities. They have been supported by the expertise of other professionals within the councils and also by the knowledge and expertise of each council's wider housing market partnerships. The housing market partnerships are made up of various private, public and voluntary sector groups or organisations with an operational interest in housing issues.

### Structure

iii. This HNDA has been prepared to reflect the Scottish Government's HNDA Guidance Note 2008 in agreement with the Centre for Housing Market Analysis (CHMA). This is because this was the operational guidance at the time of preparing this HNDA and was prior to the publication of refreshed guidance, anticipated in 2014. As such the format is deliberately structured using the stages and steps described in the 2008 guidance to allow users to easily find the part they are interested in. The four main chapters are drawn together in the chapter entitled 'Joining Up the Evidence'.

### Facts and Figures

iv. All data presented includes source information. This HNDA also uses, for the first time, the CHMA's HNDA Tool (2013), which enables different variables to be altered to generate numerous scenarios that mimic alternative futures. This tool makes it possible to consider the implications of a variety of different scenarios measuring alternative futures. The processes and conclusions are set out in each chapter of the assessment.

### Conclusions and how they are used

v. This HNDA output does not automatically become the house building figures that are written into development plans and local housing strategies. Instead it is a vital piece of research that will contribute, along with other work, to inform and shape the policy response. Therefore the scale of new build and the locations where it takes place will be a matter for the Main Issues Reports that are prepared to inform the Strategic and Local Development Plans, along with other statutory considerations such as the conclusions from Strategic Environmental Assessments. The types of housing intervention that are deployed and scale or concentration of these, including the housing management response are a matter for councils through their Local Housing Strategies.

### Activity Timeline

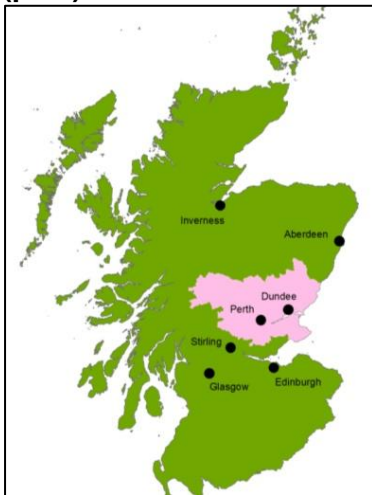
May to Aug 2012	Housing Market Areas Defined
Sept 2012 to April 2013	Preparatory work and methodological work for main HNDA
April 2013	Consult on methodology
Jan to June 2013	Testing CHMA Tool
Feb to Sept 2013	Undertake elements of HNDA
Sept to Oct 2013	Consult on Draft HNDA
Oct to Nov 2013	Consider feedback on Draft HNDA
Nov 2013	Submit HNDA to Centre for Housing Market Analysis

## Place

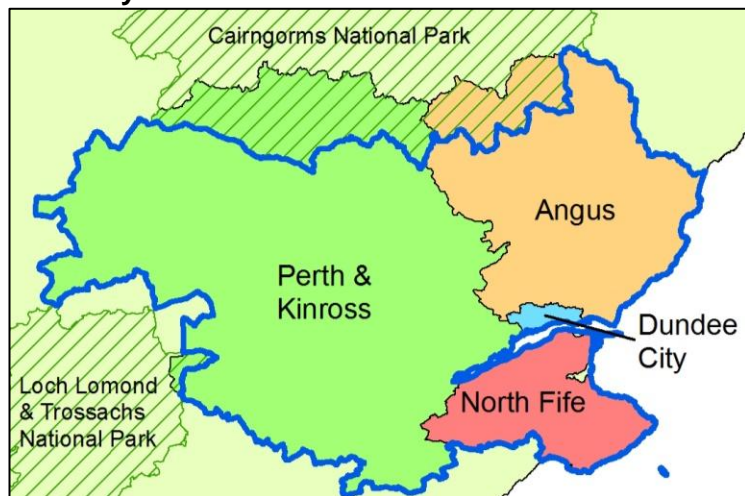
vi. This Housing Need and Demand Assessment covers the whole of Dundee City, Angus and Perth & Kinross Council areas and the north part of Fife Council. It includes the parts of Perth & Kinross and Angus Councils that are within the National Park areas (Maps 2 and 3). Here the National Parks are the Local Planning Authorities but the Councils are the Housing Authorities. The National Park areas are excluded from TAYplan Strategic Development Planning area (see Map 2) but there are no data zones wholly within the National Park areas and the majority of population and households for these are located on the TAYplan side of the boundary. As such the statistical information for all of the four council areas (including the National Parks) and for the TAYplan areas is considered to be the same.

vii. There are eleven housing market areas (Map 3) that were defined in 2012.

**Map 1: TAYplan SDPA area (pink)**



**Map 2: TAYplan area (blue line) and Constituent Local Authority Areas**



**Map 3: The Eleven TAYplan Housing Market Areas as defined in Summer 2012**



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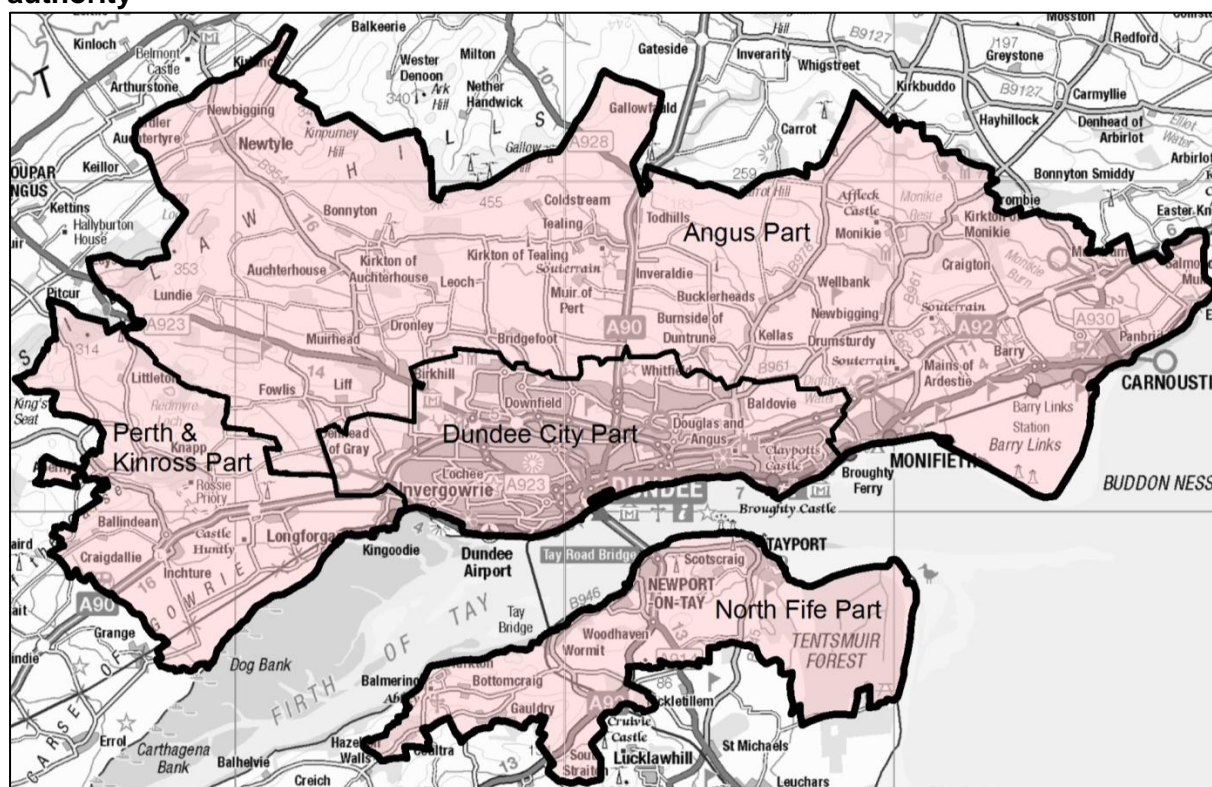


## TAYplan-wide Joint Housing Market Area Study (September 2012)

viii. TAYplan and the four constituent councils completed the *TAYplan-wide Joint Housing Market Areas Refresh Exercise* in September 2012 (see appendix 5). This work was based on the hypothesis that the existing housing market areas remained appropriate. It also considered whether the geographical extent of the Greater Dundee Housing Market Area defined by Communities Scotland in 2001 was appropriate.

ix. The reason for examining the 2001 Greater Dundee Housing Market Area is because in the previous round of HNDAs (2008 to 2010) councils undertook the process to define housing market areas in different ways. All concluded that there was a Greater Dundee Housing Market Area which extended beyond Dundee City Council's boundaries but all used slightly different approaches and geographies. As such it was not possible to join these together for the 2010 TAYplan-wide HNDAs. As such parts of the Greater Dundee Housing Market Area within Fife and within Perth & Kinross were considered to be part of the St. Andrews and North East Fife and the Greater Perth Housing Market Areas respectively for operational purposes in Local Plans and Local Housing Strategies. This refresh exercise in 2012 offered the opportunity to revisit all work to define housing market areas in a consistent way. The housing market areas concluded from the exercise are set out above in Map 3. Map 4 (below) shows the Greater Dundee Housing Market Area and the constituent council areas within it. Map 5 (overleaf) shows the main settlements in the context of housing market areas defined in 2012.

**Map 4: Breakdown of the Greater Dundee Housing Market Area by constituent local authority**



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**Map 5: Housing Market Areas and Principal Settlements in the TAYplan region**



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**Methodology used in the TAYplan-wide Housing Market Area Refresh (2012)**

x. The approach began by considering the methods set out in the Local Housing Systems Analysis: Good Practice Guide. Although there are numerous different methods that can be used the partnership selected 'origin based self-containment' and triangulated this with other information (described below). The self-containment analysis examined sasines data on house sales from the years 2009, 2010 and 2011. These were the most recent three years of data and had not previously been examined by the earlier round of HNDAs. The sasines were cleansed to remove sitting tenants etc so that only genuine house moves were examined. These were categorised into the then present housing market areas by destination of each move. These moves were then categorised origin location by housing market area or other locations. This information was then presented to understand the extent of self-containment. It was decided not to use a single measure of self-containment because there were known to be strong variations across the region from the last exercise. This required a judgement to be made based on whether the outputs suggested that housing market area boundaries had changed. The wider housing market partnerships were consulted on this methodology during May and June 2012. The feedback was positive and no changes were proposed.

xi. This information was then triangulated against information on school catchments, second homes, concentration of social rented property, data on property type and size and socio-economic information including the Scottish Index of Multiple Deprivation. This was done as a peer review exercise by the Operational Group (see Appendix 3) and also involved the input of local knowledge.

xii. This work concluded that the previous housing market area boundaries remained appropriate. It also formally defined the Greater Dundee Housing Market Area using the same boundaries defined in 2001 (see Maps 3 and 4 above). Although the Greater Dundee Housing Market Area has been defined on a consistent basis the parts within Fife and Perth



& Kinross remain comparatively small in geographical and population terms. There is however some usefulness for strategic planning in understanding the scale of need and demand for these areas. Therefore this HNDA has presented information at the following levels:

- TAYplan (used conterminously with the boundaries of all four councils including the national park areas);
- Individual council areas within the TAYplan region;
- Housing Market Areas; and/or,
- Component administrative parts of the Greater Dundee Housing Market Area.

xiii. This approach provides a lowest common denominator of information consistently so that the next TAYplan, Local Development Plans and Local Housing Strategies can consider the same consistent information at different geographies dependent on practical needs without the risk of double counting or under counting.

xiv. Although the housing market areas are representative of where the largest individual share of house moves both start and finish they are not mutually exclusive. The housing market area refresh exercise (September 2012) (Appendix 5) recognised that housing market areas interact with their surroundings and can also operate at different levels.

### Key Findings: Requirement for Additional (New) Housing

Total households with existing need (net)		6,728	Number of years to clear existing need					10
Total future households in 2035		NRS Principle Projection	NRS Alternative Headship with Low Migration	NRS Low Migration	NRS Alternative Headship	NRS Constrained Housing	NRS Alternative Headship with High Migration	NRS High Migration
		427,460	398,550	409,270	415,680	418,330	431,670	444,420
Projection Period								
2012-2032								
Scenarios <sup>1</sup>	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 4B	Scenario 5		
Cumulative total buying at end of projection	13,049	n/a	12,290	11,006	19,551	8,160		
Cumulative total needing PRS at end of projection	11,380	n/a	10,938	12,658	15,673	7,636		
Cumulative total needing intermediate rent at end of projection	7,887	n/a	6,448	6,663	9,232	4,577		
Cumulative total requiring social rent at end of projection	17,318	n/a	14,418	13,767	13,346	14,222		
Total (note rounded)	49,634	43,600	44,093	44,093	57,802	34,596		

Notes:

- Scenario 1 - Default settings in the CHMA's HNDA Tool with Net Backlog Need Included
- Scenario 2 - Scale of build in approved TAYplan (2012). No tenure splits are available for this scenario
- Scenario 3 - Anticipated Economic Future
- Scenario 4 - Better than Anticipated Economic Future
- Scenario 4B - Better than Anticipated Economic Future with High Migration Variant
- Scenario 5 - Worse than Anticipated Economic Future

n/a not available.

## TAYplan-wide Joint Housing Need and Demand Assessment 2013

### Executive Summary

#### Purpose and role of this Housing Need and Demand Assessment

i. This Housing Need and Demand Assessment (HNDA) has been undertaken jointly by TAYplan Strategic Development Planning Authority and by Angus, Dundee City, Fife and Perth & Kinross Councils. It has piloted the Centre for Housing Market Analysis (CHMA) new HNDA Tool which allows the construction of scenarios for alternative futures.

ii. The HNDA helps us to understand what is happening in the housing market and how this is changing or is anticipated to change in the future. It also provides some understanding of the scale of need and demand for new housing in the future. The CHMA's HNDA Tool allows users to consider the scale of need and demand for housing in different scenarios based on a series of variables including household change, changes to income and income distribution and changes in rental and purchase prices for housing amongst other things. This HNDA has investigated a series of different scenarios to gain some insight into both the outputs and the key factors which drive these.

iii. The scale of need and demand for new build housing that is identified by this HNDA does not, on its own, immediately translate into the levels of house building that will be written into the next TAYplan Strategic Development Plan and subsequent Local Development Plans and Local Housing Strategies. Instead it is a start point which enables Planning and Housing Authorities to consider a scale of need and demand within the context of other important economic, social, environmental and physical considerations. Housing is just one factor in a series of different land uses and activities that affect our lives.

iv. Development Plans and Local Housing Strategies are tools that will be used by Planning and Housing Authorities to deliver the visions, outcomes and priorities set out by their Community Planning Partnerships and in Single Outcome Agreements. In doing so they must balance a variety of competing and sometimes conflicting agendas. Therefore the findings of this HNDA will be used in the Main Issues Report process for the next TAYplan and also the subsequent Local Development Plans to consider the scale of house building to plan for and the amount of land required to deliver this. Local Housing Strategies will need to consider the findings of this HNDA to help them to determine how resources could be used and to identify other priorities.

#### Chapter 1: Current Market

v. The current market chapter explores many of the socio-economic and demographic trends from the last decade that have affected the housing market or which are likely to affect it in future years. There are four stages and two core outputs relating to the Current Market summarised in the tables below:

<b>Stage 1: Demographic and Economic Context</b>	<ul style="list-style-type: none"><li>• The population of the TAYplan area has grown in all council areas and all market areas according to the 2011 Census. The most marked change has been in Perth &amp; Kinross and Angus.</li><li>• The population structure continues to age with an increasing share of those aged 65 and over.</li><li>• Nearly three quarters of the population live within the 20 largest settlements; including over 40% in Greater Dundee HMA and 16% in Greater Perth HMA.</li><li>• Although there are households with higher incomes, over half of households have incomes of £30,000 or less. Over one quarter earn under £15,000 per year.</li></ul>
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	<ul style="list-style-type: none"> <li>• The Scottish Index of Multiple Deprivation shows that, although the number of people living in areas ranked amongst Scotland's most deprived 20% has fallen, this still remains high and is concentrated in specific neighbourhoods of Dundee, Perth and Arbroath in particular.</li> <li>• The public sector accounts for the largest individual sector of employment (around one third).</li> </ul>
<b>Stage 2: Housing Stock</b>	<ul style="list-style-type: none"> <li>• The majority of the region's housing is concentrated in the Greater Dundee and the Greater Perth HMAs.</li> <li>• Vacancy rates fell over the last decade</li> <li>• House conditions surveys suggest large portions of the housing stock fail the Scottish Housing Quality Standard. The most common reasons for failure are related to energy efficiency and repair.</li> <li>• Over-crowding and under-occupation are apparent in the social rented stock within each council area.</li> </ul>
<b>Stage 3: Market Activity</b>	<ul style="list-style-type: none"> <li>• House prices and the number of sales transactions grew over the early part of the decade. However, after the credit crunch in 2007/08 sales transactions and build rates fell. House prices fell a little but remained at similar levels to 2006.</li> <li>• Households earning between £20,000 and £30,000 per year would be able to afford to buy home priced in the lowest quartile. Those on lower incomes would need to secure higher deposits or equity to make up the shortfall.</li> </ul>
<b>Stage 4: Bringing the evidence together</b>	<p>The housing market and the state of the economy are strongly linked. The housing market in the TAYplan region has been driven by two broad influences: first; fiscal policy and the credit markets; and, second, the perceived quality of property and neighbourhoods.</p> <p>These have driven the ability of individuals to borrow money and make choices in the housing market, the scale of purchase price and rental inflation and the wider state of the economy and job security. But locally this has also meant choices about where to live and house being influenced by place quality perceptions and the housing stock. This presents distinct spatial disparities.</p>
<b>Core Output 1:</b>	Estimates of current dwellings in terms of size, type, condition, tenure, occupancy and location.
<b>Core Output 2:</b>	Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability. Description of key drivers underpinning the housing market.
	The conclusions for Core Outputs 1 and 2 are presented throughout Chapter 1 and in Appendix 1. They are summarised below in the extract from Stage 4.

vi. There are two categories of trends and drivers. The first are macro-economic and the second local place-based factors. Both occur individually but collectively influence market experience and have joint impacts.

**The macro-economic factors relate to UK fiscal policy and the market lending.**

<b>Interest rates and savings</b>	<p>Although UK Interest rates set by the Bank of England were comparatively low during the 'housing boom' of the last decade, running at between 3% and 5%, they have remained at an all-time low of 0.5% for several years.</p> <p>This keeps mortgage repayments low and enables households to have more spending power than otherwise would be the case. But it also acts as a</p>
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	<p>disincentive to saving. Saving remains important for home buyers, particularly first time buyers, trying to secure a deposit that will enable them to buy a home.</p> <p>Saving is also important because it gives banks and lending institutions capital to use to lend for mortgages, building projects and to businesses to expand. Although this is also dependent on the level of risk, for these reasons saving rates can affect job security and people's ability to borrow money.</p>
<b>Market mortgage products</b>	<p>There are now fewer mortgage products and 100% mortgages are more difficult to come by. Buyers must have sufficient savings or collateral to use alongside a mortgage to purchase a home and also have appropriate available finance for fees.</p> <p>The combination of fewer products and few if any 100% mortgages means that the housing market is more difficult to enter than before. It is unlikely that this will change in the short term without a major surge in financial confidence. Although mortgage guarantee scheme such as <i>Help to Buy</i> may assist.</p>
<b>Money lending culture</b>	<p>As a result of the financial crisis lending institutions became more risk averse in the later part of the last decade than in the beginning. Although it was arguably financial risk taking that helped trigger the financial crisis the present culture represents a more prudent approach to lending.</p> <p>But, this also means that many, particularly those in the 'sub-prime' market, who found themselves able to borrow money and possibly buy homes, are now more limited in being able to do so. This conflicts with social and political aspirations for home ownership.</p>

vii. Although financial institutions are taking fewer financial risks this also remains the key structural driver of the present and future housing market. As a result the more liberal lending practices of the late 1990s and early 2000s are unlikely to be repeated in the short term. This remains the dominant factor in whether aspirations of property ownership can be achieved. This suggests that the rental sector will play an increasingly prominent role in the future.

#### **Place quality and choices about where to live in the open market**

<b>Job security and salaries</b>	<p>Job security is driven partly by the wider economy (above) but also by local decisions by individual businesses and employers. The majority of households in the TAYplan region continue to be on incomes of below £25,000 per year. At best this would enable a borrowing capacity of no more than £100,000. Income and borrowing capacity will therefore continue to be a limiting factor in property ownership and the spatial expression of where people choose to live.</p>
<b>House prices</b>	<p>House prices tends to be highest in the areas where people are willing to pay the most to live. Usually these are places that are perceived to be the highest quality for a mixture of property and neighbourhood reasons. In the TAYplan region these are located in specific neighbourhoods of principal settlements and their surroundings. There are strong variations in price across the region's settlements with the same type of property sometimes costing significantly different sums because of its location.</p> <p>This strongly suggests that place quality remains a major local driver of choice and price in the market. It also suggests that improvements in place quality across the area may also offer part of the solution to making homes more affordable by providing competition between areas.</p>

<b>Population movements</b>	<p>People have always made choices about where to live based on place quality, property quality and their ability to pay. However, the last decade represented arguably the most liberal money lending period ever and as such allowed more people to express choice than had been the case previously. The areas that grew tended to be those same neighbourhoods within principal settlements and areas surrounding that also see the higher house prices.</p> <p>This continues to suggest that perceived place quality has been an important factor in motivating local choice and offers a strong illustration of the localities that were most popular.</p>
<b>Housing type and tenure</b>	<p>There is a distinct variation in house type and tenure across the region. The majority of the region's flats are located in Dundee and Perth urban areas. Here, and particularly in Dundee City, they make up a significant share of the housing stock. Similarly these same areas also include the majority of social rented housing and strongly correlate with concentrations areas ranked amongst the most deprived in Scotland.</p> <p>The other housing market areas have smaller populations, with smaller settlements and generally less stark socio-economic diversity. They are also predominantly made up of houses as opposed to flats.</p> <p>This means that those looking to purchase, and also looking to purchase a house rather than a flat, are directed to specific areas because of the availability of houses versus flats. Stock type is therefore a driver of local choice in the market.</p>

### **Issues for future policy/strategy**

viii. The key role for all planning and housing policy in future will be to deliver the Scottish Government's 16 National Outcomes through the priorities and activities identified in respective Community Plans and Single Outcome Agreements. The Development Plans and Local Housing Strategies are tools through which this can be achieved.

ix. Based on the identified drivers (above) and the move towards the prevention agenda this suggests the following issues for future policy:

- Helping to deliver better quality places through new development, public works, community action and regeneration and repair.
- Helping more people into work through skills development, training and providing infrastructure, land and premises that are attractive to retain and attract businesses to create jobs. This will also contribute to reducing socio-economic disparities.
- Helping to ensure that there is an appropriate mix of housing type, size and tenure to meet the needs of a range of different types of household throughout their lives.
- Helping to ensure that place quality and access to services enables people to live healthier lives.
- Helping to market the region and make it more attractive for people to live, work, study and invest.
- Helping to meet the identified needs of people who are not able to meet their own needs in the housing market.

### **Chapter 2: Future Market**

x. The future market is where the HNDA process considers factors that will influence how the market functions in the future. The conclusions of this have been used to help construct the scenarios for alternative futures that were then run using the CHMA's HNDA Tool. The conclusions from this work are presented in Chapter 5: *Joining up the Evidence* but this chapter explains how the assumptions for the scenarios have been made.

<b>Stage 1: Indicators of Future Demand</b>	<p>The 7 variants of the National Registers of Scotland 2010-based Household projections show growth in the number of households in all four council areas within the TAYplan region. In particular these suggest a continued ageing population structure with more, older households who will represent an increasing share of the total number of households. Although there is also a projected growth in families these will represent a smaller share of the region's households.</p> <p>The most substantial amount of growth is anticipated in the Perth &amp; Kinross council (in all 7 variants including those with low migration). Perth &amp; Kinross is one of the top three council areas in Scotland for projected population and household growth over the projected time period (2010-35)</p> <p>The 2011 Census also concludes that average household sizes are larger, or at least have not reduced, in the way that had been anticipated by the principal projections and the household estimates that preceded the 2011 Census. This has been driven by a mixture of demographic and economic factors meaning at least some of this increase is likely to be made up from hidden households. This suggests that the alternate headship variant projections are more appropriate for the local authorities in this region than those based on the principal projection.</p> <p>Fraser of Allender economic commentary, and from sources such as Scottish Enterprise and Local Authority economic development teams reveals some sectors of anticipated growth in this region. The anticipated jobs will be largely in the low to medium paid sectors such as the care sector, agriculture and food, hospitality and tourism sector. Although there will also be some higher paid jobs it is anticipated that the lower paid sectors will see the bulk of growth.</p> <p>This offers the potential to see some of those presently unemployed or in education to be employed in the future. But it is not anticipated that these types of jobs will attract major increases in migration beyond the levels already projected in the principal projections.</p> <p>Changes to the mortgage market since the last housing and economic boom have resulted in less liberal lending to developers and to consumers. It is not anticipated that this will change in the immediate future and therefore the comparatively strict lending arrangements will see access to home purchase more restricted, possibly restricting new build rates. This, combined with welfare reform and present levels of job security, is likely to see the private rented sector playing a stronger role in future housing solutions. Similarly although there may be a degree of house price inflation as a result of a stronger economy this will be restrained locally by the scale of lending available to consumers and partly because of average earnings.</p>
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Stage 2:  
Bringing  
the  
evidence  
together



### Chapter 3: Particular Household Needs

xi. Particular Housing Needs considers where specific or particular housing needs arise from the situations that some households find themselves in. This is entirely independent of the CHMA's HNDA Tool. Based on earlier work and local knowledge the following groups or areas of particular needs were identified and investigated:

<b>Core Output 4</b>	Partnerships should be able to produce an estimate of household groups who have specific housing requirements e.g. families, older people, minority ethnic groups, disabled people, young people etc.	
	The requirements of Core Output 4 are summarised below:	
	<b>Families</b>	The number of families is projected to increase in Perth & Kinross but to fall elsewhere. The issue for Development Plans and Local Housing Strategies will be to ensure that there continues to be a supply of homes that are large enough to accommodate larger households including families. This will include both the existing stock and new homes.
	<b>Older People</b>	<p>As more people live longer there will be more, smaller households that are older. Many will live independent lives and may continue to do so in the family home. This trend is anticipated in all areas in the future.</p> <p>This may require additional smaller homes to enable some to down size. There will also be cases where elderly people live in care homes or other forms of managed accommodation. This will have an impact on the types of new development which come forward and how existing properties can be used or re-used. There may also be a need to respond to the community care and support needs of many more elderly households.</p>
	<b>Community Care (including people with a long-term illness and/or a disability)</b>	<p>There is a need to recognise the inter-relationship between community care needs and the growth in the number of elderly households. An increasingly elderly population structure can also bring the likelihood that more people will need community care because of their age or age related health conditions. However, elderly people are also increasingly fitter and healthier than preceding generations and are able to live independent lives. Therefore not all elderly people will need community care.</p> <p>Similarly there are those who have a disability or experience long term health issues who are not elderly but who require similar interventions and who will also become elderly as time goes on. There are also those for whom the care or support needs are entirely different and where more tailored forms of support are required.</p> <p>Local Housing Strategies will need to consider how property adaptations and other measures can support the needs of these groups. Collectively these factors emphasises the importance of designing new homes and neighbourhoods with features that help avoid or minimise future costs of adaptation. But it also presents challenges that require care services and housing authorities to continue to work together. Many of these features may take place as a result of the implementation of the Adult Health and Social Care Bill.</p>
	<b>Gypsies and Travellers</b>	Although recent research and physical works have been carried out to improve accommodation for Gypsy/Traveller communities there will be a need for continued maintenance of existing sites. There is also a need for new transit/temporary sites in Angus and Perth & Kinross. In Fife the need for new sites is presently being tackled.
	<b>Travelling Show People</b>	There are no specific additional needs for Travelling Show People that have not or cannot be dealt with through the existing arrangements for temporary encampments or fairs.

<b>Lesbian/Gay/Bi-sexual/Transgender (LGBT)</b>	There is no specific data to quantify the scale of the population in the Lesbian / Gay / Bisexual and Transgender Groups. There is nothing immediately to suggest that there are any specific housing needs for the people in this group which differ from the housing needs of others. Those LGBT people who are also vulnerable, elderly, affected by abuse or who fall into other household groups are identified by their need rather than by their sexual orientation.
<b>Offenders</b>	Broader analysis shows that those leaving institutions are particularly vulnerable to losing contact, rough sleeping and failing to find sustainable accommodation. This in turn has a link to high levels of repeat presentation amongst this client group. There is already a strong link up between criminal justice social work teams in councils and the probation services.
<b>Minority Ethnic Groups</b>	The minority ethnic population accounts for just over 10% of the population of the population in Dundee City and less for Angus, the whole of Fife and Perth & Kinross. At least one fifth in Dundee City and in the whole of Fife are students attending universities. Their housing needs are considered as part of the wider issue of university students. The needs of other minority ethnic groupings for the elderly, families and larger households, serving forces personnel and those in need of community care will be similar to those of the 'white British' ethnic group and these have been considered as a whole in those sections of this Chapter. The housing needs of eastern European migrant workers appears to be the most significant individual issue for minority ethnic groups that is not considered elsewhere. Local authorities have already been investigating the quality and issues of accommodation that is provided.
<b>HM Armed Forces</b>	The changes brought about by the Strategic Defence and Security Review (2010) will lead to some significant housing market activity in North Fife as RAF personnel sell up and incoming Army personnel purchase homes. This can be managed well for the large part by the military linking up service personnel wishing to buy and sell and also any resettlement packages offered by the Ministry of Defence. There will also be some works to the base at Leuchars itself. This is therefore not considered to bring a specific additional housing requirement beyond what has already been planned for the area.
<b>University Students</b>	The needs of the student population are presently catered for with a mix of university/college accommodation, private halls of residence and the private rented sector. The local university population has meant that in Dundee in particular parent/guardian homes and own residences play an important role in housing the majority of students. The most significant impacts from the student population are apparent St Andrews where students make up around half of the population. Here the Local Housing Strategy will need to consider the results of research into the impact of the student market in St. Andrews and respond accordingly.

## Chapter 4: Estimate of Current Housing Need

xii. The purpose of this is to understand housing need for those who are not able to meet their own needs. This exercise involves two conclusions; firstly, the scale of backlog housing need, and secondly, the need for newly arising households. The newly arising household need is calculated directly by the CHMA's HNDA Tool. The backlog need can either be calculated using the default within the CHMA's HNDA Tool, 'the Waugh Method' or alternatively by calculating it outside of the Tool and then inputting instead of the Waugh Method.

<b>Stage 1 Current Housing Need</b>	<p>Stage 1 identifies the gross backlog housing need and net new build homes required to meet backlog housing.</p> <p>This has been calculated by examining housing register data at the consistent date of 31 March 2013. Data from this source also enabled the investigation at sub-local authority level for the North part of Fife that is within the TAYplan geography. This provided the gross backlog need for new housing.</p> <p>To understand the net new build housing required to meet backlog need involved discounting those instances where the need could be addressed through an in-situ solution such as an adaptation or quality improvement. Then an affordability calculation was applied to discount those who could meet their own needs. This calculation used 2.6 x income for an 80% loan because this was considered to best reflect the purchasing circumstances and market experience of those households on housing registers. This is distinctly different from the market as a whole.</p> <p>The gross and net backlog housing need are shown below:</p> <table><tr><th></th><th>TAYplan</th><th>Angus</th><th>Dundee City</th><th>North Fife</th><th>Perth &amp; Kinross</th></tr><tr><td>Gross backlog housing needs</td><td>24,264</td><td>2,508</td><td>13,546</td><td>4,191</td><td>4,019</td></tr><tr><td>Net backlog of housing needs</td><td>6,728</td><td>1,437</td><td>1,944</td><td>845</td><td>2,502</td></tr></table>		TAYplan	Angus	Dundee City	North Fife	Perth & Kinross	Gross backlog housing needs	24,264	2,508	13,546	4,191	4,019	Net backlog of housing needs	6,728	1,437	1,944	845	2,502																								
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<b>Stage 2: Future Housing Need</b>	<p>This excludes the backlog of housing need identified at stage 1 (above) and only covers the future need anticipated to arise from newly forming households.</p> <p>This calculation is now carried out by the CHMA's HNDA Tool. The Tool outputs figures for each scenario and each geography for buyer, private rent, social rent and intermediate sectors. Stage 2 is concerned with 'need' which refers to affordable housing. Using the outputs from the CHMA's HNDA for affordable housing using social rent and intermediate housing as a proxy (but excluding backlog need from Stage 1 above) the table below shows future need from newly arising households.</p> <table><tr><th></th><th>TAYplan</th><th>Angus</th><th>Dundee City</th><th>North Fife</th><th>Perth &amp; Kinross</th></tr><tr><td>Scenario 1</td><td>18,478</td><td>2,491</td><td>4,139</td><td>2,219</td><td>9,629</td></tr><tr><td>Scenario 2</td><td colspan="5">No sector splits were set out in the approved TAYplan (2012)</td></tr><tr><td>Scenario 3</td><td>14,138</td><td>1,894</td><td>3,055</td><td>1,701</td><td>7,487</td></tr><tr><td>Scenario 4</td><td>13,701</td><td>1,806</td><td>2,959</td><td>1,572</td><td>7,364</td></tr><tr><td>Scenario 4B</td><td>15,850</td><td>1,686</td><td>4,393</td><td>1,921</td><td>7,851</td></tr><tr><td>Scenario 5</td><td>12,071</td><td>1,551</td><td>1,328</td><td>1,517</td><td>7,675</td></tr></table>		TAYplan	Angus	Dundee City	North Fife	Perth & Kinross	Scenario 1	18,478	2,491	4,139	2,219	9,629	Scenario 2	No sector splits were set out in the approved TAYplan (2012)					Scenario 3	14,138	1,894	3,055	1,701	7,487	Scenario 4	13,701	1,806	2,959	1,572	7,364	Scenario 4B	15,850	1,686	4,393	1,921	7,851	Scenario 5	12,071	1,551	1,328	1,517	7,675
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<b>Stage 3: Affordable Housing</b>	<p>Stage 3 brings together the net need for new housing to meet backlog need with the future need from newly arising households. Both of these are for affordable housing only (Social rented and intermediate sectors). Stage 3 is calculated entirely within the CHMA's HNDA Tool.</p> <table><tr><th></th><th>TAYplan</th><th>Angus</th><th>Dundee City</th><th>North Fife</th><th>Perth &amp; Kinross</th></tr><tr><td>Scenario 1</td><td>25,206</td><td>3,928</td><td>6,083</td><td>3,064</td><td>12,131</td></tr><tr><td>Scenario 2</td><td colspan="5">No sector splits were set out in the approved TAYplan (2012)</td></tr><tr><td>Scenario 3</td><td>20,866</td><td>3,331</td><td>4,999</td><td>2,546</td><td>9,989</td></tr><tr><td>Scenario 4</td><td>20,429</td><td>3,243</td><td>4,903</td><td>2,417</td><td>9,866</td></tr><tr><td>Scenario 4B</td><td>22,578</td><td>3,123</td><td>6,337</td><td>2,766</td><td>10,353</td></tr><tr><td>Scenario 5</td><td>18,799</td><td>2,988</td><td>3,272</td><td>2,362</td><td>10,177</td></tr></table>		TAYplan	Angus	Dundee City	North Fife	Perth & Kinross	Scenario 1	25,206	3,928	6,083	3,064	12,131	Scenario 2	No sector splits were set out in the approved TAYplan (2012)					Scenario 3	20,866	3,331	4,999	2,546	9,989	Scenario 4	20,429	3,243	4,903	2,417	9,866	Scenario 4B	22,578	3,123	6,337	2,766	10,353	Scenario 5	18,799	2,988	3,272	2,362	10,177
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<b>Also Core Outputs 6 Estimate of the future households requiring affordable housing</b>																																											

## Chapter 5: Joining Up the Evidence

xiii. This chapter brings together all of the different elements of the HNDA. Having examined all 6 scenarios it was considered that Scenario 3 (anticipated economic future) and Scenario 4 (better than anticipated economic future) both represented the aspirations of the four councils within the TAYplan region and best reflected the stated visions from Community Plans and Single Outcome Agreements.

xiv. The scenarios were considered alongside a series of factors including the transition from presently low build rates, the scale of new affordable housing and how this might be delivered, and, more qualitative factors such as welfare reform, Help to Buy and changes to mortgage lending.

xv. The Scottish Government's HNDA Guidance Note (2008) suggests the output of a range of build rates. However, this has been achieved through the consideration of 6 scenarios for alternative futures. Core Outputs 7 and 8 (below) identify the scale of need and demand for Scenarios 3 and 4 using annual house building rates. The totals for both scenarios are identical but the sector mix varies. These suggest that the private rented sector will have a significant role to play in the future.

xvi. It should be made clear that the scenario outputs from the CHMA's HNDA Tool do NOT automatically translate into the housing supply targets for Development Plans and Local Housing Strategies. It is the role of TAYplan and the four Councils to consider the conclusions of this HNDA alongside some of the wider social, economic, environmental and physical considerations. Together these factors will inform decisions about the scale of house building that is planned for and the locations where this is to be accommodated.

**Core Output 7:** an estimate of future households requiring market housing; and,  
**Core Output 8:** an estimate of future households requiring either affordable or market housing.

The figures below are taken from the CHMA's HNDA Tool and show the net new build housing requirements for buyer, private rented, intermediate and social rented housing. This has been used as a proxy for households because the CHMA's HNDA Tool does not output households. These figures include new homes to meet backlog need and to accommodate newly arising households.

The social and intermediate sectors have been used as a proxy for affordable housing or need. The private rented and buyer sectors have been used as a proxy for market housing or demand.

Table 1, below shows the outputs for scenario 3: *Anticipated Economic Future* as average annual new build homes for the period 2012-32 by housing sector and totals for each housing market area, including the Greater Dundee Housing Market area constituent parts, and for Council and TAYplan levels.

Table 2 shows the same information for Scenario 4: *Better than Anticipated Economic Future* new build by housing sector.

**Table 1: Scenario 3: Anticipated Economic Future Average Yearly New Build (2012-32)**

		Social Rent	Intermediate	Private rented	Purchase	Total
Housing Market Areas	North Angus	32	11	13	20	75
	East Angus	40	12	6	28	86
	West Angus	31	11	20	20	82
	Greater Dundee	214	96	111	173	594
	South Angus Part	22	9	24	17	71



	Dundee City Part	172	78	61	136	447
	North Fife Part	12	4	13	10	38
	Perth & Kinross Part	9	5	14	10	38
	St Andrews and East Fife	47	18	47	35	147
	Cupar & North West Fife	33	13	31	32	109
	Greater Perth	188	87	166	177	618
	Kinross	18	11	24	29	81
	Strathearn	41	23	44	43	151
	Highland Perthshire	30	16	34	20	100
	Strathmore & Glens	48	25	50	38	162
Council Areas	Angus	124	42	63	85	314
	Dundee City	172	78	61	136	447
	North part of Fife	92	35	91	76	294
	Perth & Kinross	333	166	333	317	1,149
SDPA	TAYplan SDPA Area	721	322	547	614	2,205

**Table 2: Scenario 4: Better than Anticipated Economic Future Average Yearly New Build (2012-32)**

		Social Rent	Intermediate	Private rented	Purchase	Total
Housing Market Areas	North Angus	30	11	16	18	75
	East Angus	39	13	7	28	86
	West Angus	29	12	23	18	82
	Greater Dundee	202	101	134	158	594
	South Angus Part	21	8	29	13	71
	Dundee City Part	161	84	74	128	447
	North Fife Part	11	4	15	8	38
	Perth & Kinross Part	9	5	15	9	38
	St Andrews and East Fife	43	19	55	30	147
	Cupar & North West Fife	30	13	36	29	109
	Greater Perth	188	87	185	158	618
	Kinross	18	11	27	26	81
	Strathearn	36	24	52	38	151
	Highland Perthshire	30	16	38	16	100
	Strathmore & Glens	43	27	60	31	162
Council Areas	Angus	118	44	75	77	314
	Dundee City	161	84	74	128	447
	North part of Fife	85	36	106	67	294
	Perth & Kinross	324	169	378	278	1,149
SDPA	TAYplan SDPA Area	688	333	633	550	2,205

## Conclusions

xvii. This Housing Need and Demand Assessment was undertaken to pilot the new CHMA HNDA Tool as part of the emerging revision to the HNDA process. This partnership's social and economic aspirations are best reflected by Scenario 3: *Anticipated Economic Future* and Scenario 4: *Anticipated Economic Future*. This implies that if the parameters

modelled for these scenarios, using the CHMA's HNDA Tool, occur there are strong similarities with existing planned build rates.

### **Changes in the market over the last decade and in the future**

xviii. However, it is clear that the present and anticipated future market situations are very different to those experienced over the last decade. Low build rates, tighter lending, higher deposits, government interventions to overcome these, welfare reform, constrained public spending and the early part of an economic recovery collectively point towards a period of transition and of less liberal lending and purchasing patterns than society has recently been used to.

xix. These factors present real and practical challenges to meeting the identified need and demand for new homes associated with Scenarios 3 and 4. Both scenarios represent alternative futures based on a set of chosen parameters, some of which may vary in practice dependent on the market. It is clear, however, that presently planned build rates (Scenario 2) are very similar for many areas compared with Scenarios 3 and 4. The approved TAYplan (2012) plans for regional level build rates that already represent 98.5% of the need and demand for the region identified through this HNDA.

### **Implications of the identified scale of need and demand for new homes**

xx. In some council and housing market areas the scale of need and demand identified by this HNDA for scenarios 3 and 4 could be met by the build rates already planned for. In Perth & Kinross market areas and East Angus HMA the identified need and demand is higher than presently planned build rates. In Dundee City the scale of presently planned build is considerably in excess of identified need and demand for scenarios 3 and 4. Despite this the role of this HNDA is to inform the next round of Development Plans and Local Housing Strategies. They will also need to consider a series of broader economic, social, environmental and physical considerations, including those raised in statutory processes such as Strategic Environmental Assessments. Equally the purpose of both Development Plans and Local Housing Strategies is to deliver a vision for their respective areas and meeting the outcomes defined at national level and prioritised by Community Plans and Single Outcome Agreements. It is these outcomes that will drive policy.

### **Market transition**

xxi. Some of the critical factors relating to the housing market identified in this HNDA relate to the transition from a presently weak housing market with comparatively low output to the sorts of levels of new homes associated with Scenario 2 (approved TAYplan 2012) and with Scenarios 3 and 4. This will not occur overnight and examination of recent build rates and anticipated completions shows that the next decade will be a period of transition. This will involve the reorientation and recovery of the fiscal, physical and personal choices that drive the market. These factors would need to be in a position where the scale of need and demand identified by this HNDA could actually be built.

xxii. Land release is only one factor in a recovering market but it is clear from this HNDA that simply making more land available will not, on its own, deliver a recovery. Land release is part of a wider jigsaw which helps underpin some of the points made above. Development Plans will also need to balance numerous competing and sometimes conflicting social, economic and environmental objectives.

### **Implications for delivery of affordable housing**

xxiii. It is clear that the new affordable housing need identified by this HNDA will not all be met by the social rented and intermediate sector. This is because the ratio of market to affordable housing needs to be realistically deliverable by the market sector and government subsidy. It is also because welfare reform and initiatives such as the 'help to buy scheme' will have some effect on the market which ultimately means that purchase and private rented housing solutions will be used by more people. Private rent in particular will play a prominent role and this presents some challenges to social and political aspirations for property

ownership. It also presents practical challenges to the structure and operation of the private rented market.

### **Macro-economic and local factors**

xxiv. Despite the macro-economic situation important local factors will remain significant in resolving structural failures in the region's housing markets, particularly where place quality and inequalities are major market drivers. Whilst on the one hand seeking to meet need Development Plans and Local Housing Strategies are part of a wider set of purpose driven interventions designed to help people avoid need and have better outcomes and a better quality of life. This inevitably requires judgements to be made that are about more than just housing and homes but which are about economic, social and environmental change. These factors will also influence the scale new house building that is planned for and the resource deployment of public bodies to achieve outcomes.

### **Role of Development Plans and Local Housing Strategies**

xxv. As such the outputs from the CHMA's HNDA Tool has helped this partnership to understand the scale of need and demand associated with the broad extent of aspirations and to compare these with presently planned build rates. However, it is now for the Development Plan processes to determine how all of the factors identified in this HNDA, alongside other physical, economic, social and environmental considerations, influence the scale of house building that will be planned for. In the TAYplan region work will be done by the four councils through the TAYplan partnership. Options will be presented in the TAYplan Main Issues Report. This is anticipated for publication during spring 2014. Local Development Plans will need to identify the sites necessary to meet the scale of build in the next TAYplan including affordable housing and any other new build requirements.

xxvi. Local Housing Strategies will need to identify the priorities for new build affordable homes and also in-situ solutions and adaptations to properties. In so doing councils will need to work with other organisations to determine the appropriate priorities for resources against the backdrop of delivering the outcomes sought by Community Plans and Single Outcome Agreements.