

Appendix 3 – Housing Market Partnership and Housing Supply Sub-Group minutes



Housing Need and Demand Assessment 2021-2026 Housing Market Partnership Core Group meeting 25 August 2020

Attendees

Kevin Anderson (Service Lead, Corporate Policy, Performance and Community Planning)
Julie Nicol (Service Lead, Planning and Building Standards)
Shirley Curran (Supervisory Planner – Development, Planning and Customers, Planning)
Neil Feggans (Co-ordinator, Planning)
John Hodge (Housing Asset Management Co-ordinator, Housing Services)
Jim Johnstone (Service Lead, Economic Development)
Ross Morris (Co-ordinator, Corporate and Housing Policy)
Laura Penman (Co-ordinator, Housing New Build)
Peter Rub (Corporate Policy Officer – Research and intelligence)
Laura Thomson (Policy Officer, Corporate and Housing Policy)
John Wood (Senior Manager, Planning and Performance, Health and Social Care Partnership)

Apologies

Adrian Browne (Lead Development Plan Officer, Planning)
Theo Leijser (Service Lead, Economy and Regeneration)

Proceedings

Ross Morris and Laura Thomson from the Corporate and Housing Policy team delivered a presentation on the purpose of the Housing Need and Demand Assessment (HNDA), the role of the Housing Market Partnership (HMP) and the core outputs expected from the HNDA process. Ross Morris set out the proposed timescales and milestones for completion of the HNDA. This included monthly HMP meetings, engagement with Elected Members through a Members' Bulletin and an initial deadline of 21 December 2020 for the HNDA to be sent to both Leadership Panel and the Centre for Housing Market Analysis (CHMA) for review. Allowing time for corrections, a final version of the HNDA would be ready by April 2021. Ross Morris also acknowledged that the delayed publication of data and the introduction of the new HNDA Tool in October/November 2020 may result in some delays, but the CHMA have indicated they are comfortable with this.

Discussion took place on the need for consultation with all appropriate stakeholders. A Housing Supply sub-group was proposed, encompassing representatives of partners with an interest in the local housing market. The group agreed that a Housing Supply sub-group should be led by representatives from Housing and Planning, and that a list of partners for consultation should be drafted.

- **Action:** Corporate and Housing Policy and Planning to develop a list of partners for Housing Supply sub-group. To be circulated to HMP Members for comment.
- **Action:** Housing Market sub-group to be arranged for late September/early October 2020.

A question was asked about the use of new locality level population projections in delivering the HNDA. Ross Morris advised that the Guidance¹ recommends that the HNDA avoids unnecessary disaggregation, and as such the HNDA will be produced at a South Ayrshire level.

Elected Members' involvement in the HNDA was discussed. It was agreed that Housing and Planning would provide joint updates on HNDA progress to the LDP2 Board during the development of the HNDA. A Members' Bulletin will be produced in October 2020.

- **Action:** Planning to advise of dates and times for joint updates to LDP2 Board.

Laura Thomson delivered a presentation on proposed consultation on the Specialist Provision chapter. This proposal involved a desktop study reviewing the findings of previous consultations with key groups and a timetable of 6 workshops with stakeholders throughout September 2020. A report would then be presented to the October HMP meeting for comment. Laura Thomson advised she has linked in with the Council's Equalities Officer Geraldine McGivern and will continue to do so during the consultation process.

Impacts of Coronavirus pandemic on research were discussed. Ross Morris advised that the HNDA primarily looks at long-term trends but that where more recent evidence was being used this would be set in context. Examples included impacts on the Private Rental Market and Employment. Any assumptions based on this more recent evidence would need to be robust and their impact fully considered by the HMP.

Next Meeting

The next HMP Meeting is proposed for week commencing 21 September.

- **Action:** Ross Morris to circulate Doodle Poll offering possible options for next meeting.

¹ Scottish Government *HNDA Practitioners' Guide 2018*. <https://www.gov.scot/publications/hnda-practitioners-guide-2018/>



Housing Need and Demand Assessment 2021-2026
Housing Market Partnership Core Group meeting 22 September 2020

Follow-up notes added 9 October 2020

Attendees

Kevin Anderson (Service Lead, Corporate Policy, Performance and Community Planning)
Julie Nicol (Service Lead, Planning and Building Standards)
Shirley Curran (Supervisory Planner – Development, Planning and Customers, Planning)
Neil Feggans (Co-ordinator, Planning)
Ross Morris (Co-ordinator, Corporate and Housing Policy)
Peter Rub (Corporate Policy Officer – Research and intelligence)
John Wood (Senior Manager, Planning and Performance, Health and Social Care Partnership)

Apologies

Adrian Browne (Lead Development Plan Officer, Planning)
John Hodge (Housing Asset Management Co-ordinator, Housing Services)
Theo Leijser (Service Lead, Economy and Regeneration)
Jim Johnstone (Service Lead, Economic Development)
Laura Penman (Co-ordinator, Housing New Build)
Laura Thomson (Policy Officer, Corporate and Housing Policy)

Proceedings

Ross Morris from the Corporate and Housing Policy team began the meeting by providing a reminder of the proposed timescales for development of the HNDA, before giving an overview of the session and the purpose of the meeting. The primary focus of the meeting was to agree the assumptions and scenarios to be tested using the HNDA Tool, informed by available data. The session utilised a format of presentations followed by discussion.

HNDA Geography

Ross Morris began by highlighting Scottish Government guidance stating that "HNDAs are undertaken at Housing Market Area (HMA) level. This is required for LHSs which require estimates of affordable and market housing at HMA level and for Development Plans which require land to be allocated for affordable and market housing at HMA level". In the previous HNDA and Local Development Plan, South Ayrshire was treated as the functional HMA, with two sub-HMAs – Ayr Urban and Girvan and South Carrick. Ross Morris advised that an HMA Refresh exercise was carried out which found by analysis of origin- and destination-based containment that the South Ayrshire local authority area remains a distinct and self-contained housing market for strategic planning purposes. The Ayr Urban sub-HMA was found to be relatively self-contained, but was subject to a high level of mobile demand. The Girvan and South Carrick sub-HMA was seen to have a strong market relationship with Ayr Urban

sub-HMA, and as such was not a functional HMA but rather should continue to be thought of as a sub-HMA of the South Ayrshire HMA.

The Housing Market Partnership (HMP) agreed that:

- South Ayrshire's two sub-HMAs should continue to be considered as sub-HMAs, as part of the South Ayrshire HMA rather than functional HMAs in and of themselves.
- The HNDA would be produced at HMA level only, delivering a single housing estimate for South Ayrshire as a whole, in line with the approach taken in the Local Development Plan and recommended in Guidance.

Demographic assumptions

Ross Morris highlighted the advice provided by the Centre for Housing Market Analysis (CHMA) to utilise the National Records of Scotland projections, and that these data would be considered sufficient to produce a range of broad estimates of future housing need. The three variant NRS projections (Principal, High Migration and Low Migration) were briefly explained to the group, noting that it was for the HMP to determine which scenarios it felt were most likely to occur based on the data and any other factors that might come into play. Data presented showed that South Ayrshire's population had stayed relatively constant over the years from 1998-2019 declining by only 0.6% during this period. The years 2001-2019 had seen an upward trend in the number of households, but this again was seen as a relatively limited change compared to most other areas in Scotland. Available projections showed that South Ayrshire's population was projected to decrease by 1.7% between 2018 and 2028, while the number of households was projected to increase by 2.6% between 2016 and 2026. Projected changes in South Ayrshire's population comprised a decrease in population through natural change of -5.8% (meaning more deaths than births), coupled with an increase in population as a result of net migration of 4.3% (meaning more people migrating to South Ayrshire than those leaving). Ross Morris noted that this was broadly driven by considerable net migration from other areas in Scotland (+3,304) and the Rest of the UK (+2,229), while migration to/from overseas resulted in a net decrease (-741).

Taking this data into account, the HMP discussed the factors which could potentially result in more or less migration to the area. Britain's exit from the EU was considered to be likely to have less of an impact on migration, since the biggest contributors to net migration in South Ayrshire was shown to predominantly be from other areas within the UK. While the most recent Skills Development Scotland report showed that employment levels for Ayrshire as a whole had been seen to decrease by 2.9% between 2009 and 2019 and that predictions suggested that employment in South Ayrshire would reduce by around 0.1% per year, it was felt that the investment provided by the Ayrshire Growth Deal in key industries would support inward migration. Furthermore, the HMP felt the increased flexibility to provide sites for development offered by the new Local Development Plan (LDP2) would further support regeneration of the area and inward migration. The HMP also noted the potential impact that the coronavirus pandemic may have on employment, given that some workplaces are moving towards a greater reliance on 'working from home'. As such, this may result in less need for households to migrate out of the area in order to work for companies based in Scotland's main conurbations. The age profile of households was discussed, with Peter Rub presenting 2016-based data on this, demonstrating South Ayrshire's ageing population. Introducing an alternative scenario using a still higher migration projection was suggested, but it was felt by the group that utilising the existing scenarios would be most prudent in terms of ensuring achievement of 'robust and credible' status.

The HMP agreed that:

- The Principal Projection and High Migration variant should be utilised.

Income Growth assumptions

Following on from this, data was presented on income growth locally for the period 2002-2019. This data showed that while median incomes have seen a broadly consistent gradual upward trend in Scotland and Great Britain as a whole (with slowing in 2010 and 2011 being the only exception), median incomes in South Ayrshire have shown more fluctuation. Nevertheless gross weekly pay for full-time employees in South Ayrshire had increased at an annual average growth rate of 2.2% during this period, and over the last five years had seen an annual average growth rate of about 2.8%. Data was presented on Gross Value Added (Balanced) for South Ayrshire, again showing a broadly upward trend.

The HMP was asked to consider which income growth scenario(s) were most likely to occur over the next twenty years, choosing between Modest Real Terms Growth (+3.5% per annum), No Real Terms Growth (+2% per annum) or Below Real Terms Growth (+0.5% per annum). The group felt that it would not be possible to give an informed decision on this without input from Economic Development.

The HMP agreed that:

- Input should be sought from Economic Development prior to a decision being made on this assumption.

Update (9/10/20)

- Following input from Economic Development, the HMP agreed that the most likely scenario was **No Real Terms Growth**.

Income Distribution assumptions

Data was presented on how incomes at different distribution points had changed over time, in order to support the group in determining how income distribution may change going forward. The group were asked to consider three possible scenarios – No Change, Greater Equality or Greater Inequality. The gross weekly pay of full-time employees at the 10th, median and 80th percentile² were considered. The data shows that, on average, incomes at the 10th percentile and 80th percentile have varied little from the median. Over the long-term, the average annual growth rate for these three income levels can be seen to be broadly similar, while recent years have seen marginally more growth among the least affluent full time employees. The group again felt that it would not be possible to give an informed decision on this without input from Economic Development.

The HMP agreed that:

- Input should be sought from Economic Development prior to a decision being made on this assumption.
- Income distribution affordability analysis should be carried out using the HNDA Tool's default settings – presenting information on affordability for households at Lower Quartile income.

² Data on the 90th percentile was not available at the time of writing.

Update (9/10/20)

- Following input from Economic Development, the HMP agreed that the most likely scenario was **No Change**.

House Sales assumptions

Data was presented on trends in house prices over the years from 2003/04 to 2019/20 in South Ayrshire. This data showed that prior to the housing market crash of 2007/08, South Ayrshire's average house prices were higher than for Scotland as a whole. Since 2009/10, however, the converse has been true and the years since 2016/17 have seen divergence between the Scottish average and house prices in South Ayrshire, with average prices locally showing only limited growth compared to upward trends for Scotland as a whole. New build purchase prices had seen more growth locally, but this only represents a proportion of the whole market. Furthermore upper quartile house prices were shown to have increased to a far greater extent over the last ten years than lower quartile and median house prices locally.

The HMP discussed possible factors likely to impact on house prices in South Ayrshire in the coming years, including predicted unemployment in some sectors making it more difficult for households to access a mortgage (balanced by predicted increases in employment in other sectors as a consequence of the Ayrshire Growth Deal), some banks moving away from High Loan-to-Value mortgage products in recent months (in the context of general increases in LTV rates over recent years) and previous years' house price trends showing limited growth locally.

Taking these factors into account, the HMP agreed that:

- Weak growth (+2% per annum) was the most likely scenario in terms of house prices in South Ayrshire.
- The HNDA Tool's default setting with regard to house price affordability should be used.

Rental Price assumptions

Ross Morris explained that data on trends in private rented sector rents were not available at a local authority level, and this information was instead produced for the Ayrshire Broad Rental Market Area (BRMA). This data therefore describes trends in rental costs across all three Ayrshires. While SAC can produce a 'snapshot' of current rents by carrying out a survey of landlords, it is not possible to show these trends over time in a robust way. As such, assumptions made in relation to this will be based on the Ayrshire BRMA data. The last ten years have seen relatively limited change in the average monthly rent in the Ayrshires BRMA – increases of about 1.5% for a 2 bedroom property over the last ten years compared to an increase of 25% for Scotland as a whole. A similar disparity can be seen across almost all property sizes.

The group discussed the HNDA Tool's default affordability thresholds, particularly around the relevance of the 'below market rent' estimate produced for households spending between 25% and 35% of their income on a Private Rent. It was noted that while there was likely to be limited demand for this type of provision in South Ayrshire it was worth retaining this information source in order to consider alternative

models of housing provision during production of the Local Housing Strategy (LHS), including Shared Equity properties.

The HMP agreed that:

- Weak growth (+2% per annum) or flat growth (+0% per annum) were the most likely scenarios.
- The HNDA Tool should utilise the default setting that 60% of households who can afford to buy do buy.
- The HNDA Tool's default affordability thresholds (25% and 35%) should be used in order to determine need for solutions like Below Market Rent and Shared Equity.

Estimate of Existing Need

Ross Morris described the methodology used to produce the estimate of existing need recommended by the CHMA. This involves a simple calculation, adding the total number of households in temporary accommodation as at 31 March to the estimated number of households locally who are **both** overcrowded and concealed. For South Ayrshire, this produces a figure of only 395-400 households. This is considerably short of the 800 households estimate utilised in the previous HNDA. The Scottish Government Guidance notes that authorities can provide their own estimates of existing need, providing these are developed using robust data. It was queried by the HMP as to whether factors such as proposed demolitions, the Council's involvement in the Global Resettlement Programme and people leaving long-term care could be factored into this calculation. Advice from the CHMA confirms that these factors should not be considered at this stage, and instead should be taken into account when producing a Housing Supply Target as part of the LHS development process. Nevertheless the group were keen to find out about alternative methodologies utilised for this measure by other local authorities.

The HMP agreed that:

- Ross Morris should make contact with the CHMA to find out about alternative methodologies for calculating existing need.
- A decision on the "Years to clear existing need" setting should be made by the HMP when a methodology for calculating existing need has been agreed.

Update (9/10/20)

Following input from the CHMA, an alternative methodology for calculating Existing Need was presented. This method was based on the current circumstances of housing applicants noted on their housing application. This methodology would:

- **Discount any applicant household** currently in a tenancy (including Council, RSL and private sector lets), owner-occupying or in a shared ownership property. This is because allocating this household a property would free up space for someone else in the relevant tenure.
- **Count any applicant household** whose circumstances indicate they are leaving an institution, sharing accommodation with friends and family, homeless or living in other unsuitable accommodation (i.e. living in a caravan). Allocating this person a property would not free up space for another household, and as such this provides an indication of existing need for additional housing units.

If utilising this methodology, the figures from the Homeless in Temp/Overcrowded AND Concealed (HoTOC) method would be discounted as this would lead to double counting, given that much of the expressed need from overcrowded and concealed households would be present in housing lists. This method provides an existing need of 787 rather than the 395 produced by the HoTOC method.

Estimate of existing need, SAC Housing List and Transfer List applicants as at 11 August 2020³

Current circumstances	Households
Caravan	10
Family/Parents	439
Homeless	270
Hospital	7
Institution	3
Military	2
No fixed abode	19
Lodging	20
Prison	7
Tied accommodation	10
TOTAL	787

Update (9/10/20)

- The HMP agreed to utilise this alternative methodology for calculating need.
- The HMP agreed to use the default setting for 'Years to Clear Existing Need' of 5 years.

Scenario Testing summary

The HMP agreed that the following scenarios will be tested using the HNDA Tool.

	Demographic	Income Growth	Income Distribution	House price	Rental price
Scenario 1	Principal Proj.	No Real Terms Growth	No change	Weak growth	Weak growth
Scenario 2	High Migration	No Real Terms Growth	No change	Weak growth	Weak growth
Scenario 3	Principal Proj.	No Real Terms Growth	No change	Weak growth	Flat growth
Scenario 4	High Migration	No Real Terms Growth	No change	Weak growth	Flat growth

Next Meeting

The next HMP Meeting is proposed for week commencing 26 October 2020.

- **Action:** Ross Morris to circulate Doodle Poll offering possible options for next meeting.

³ Northgate Report run on 11 August 2020 used to provide consistency with preceding section of the HNDA.



Housing Need and Demand Assessment 2021-2026
Housing Market Partnership Core Group meeting 26 October 2020

Attendees

Kevin Anderson (Service Lead, Corporate Policy, Performance and Community Planning)
Jim Johnstone (Service Lead, Economic Development)
Ross Morris (Co-ordinator, Corporate and Housing Policy)
Laura Penman (Co-ordinator, Housing New Build)
Peter Rub (Corporate Policy Officer – Research and intelligence)

Apologies

Julie Nicol (Service Lead, Planning and Building Standards)
Adrian Browne (Lead Development Plan Officer, Planning)
Shirley Curran (Supervisory Planner – Development, Planning and Customers, Planning)
Neil Feggans (Co-ordinator, Planning)
John Hodge (Housing Asset Management Co-ordinator, Housing Services)
Theo Leijser (Service Lead, Economy and Regeneration)
Laura Thomson (Policy Officer, Corporate and Housing Policy)
John Wood (Senior Manager, Planning and Performance, Health and Social Care Partnership)

Proceedings

Overview of agreed assumptions

Ross Morris from the Corporate and Housing Policy team began the meeting by providing an overview of the previous Housing Market Partnership (HMP) meeting, reminding attendees of the function of the Housing Need and Demand Assessment (HNDA) Tool and the assumptions agreed for use with this, subject to wider consultation.

Household projections – update

Following on from the previous meeting, Ross Morris noted that the delayed National Registers of Scotland (NRS) data in relation to 2018-based Household Projections had been released at the end of September, and as such the “Key Housing Market Drivers” chapter would have to be updated accordingly. In addition, as decisions on assumptions were agreed on the basis of the 2016-based Household Projections, it would be necessary for the HMP to review the key changes to South Ayrshire’s projections. Key changes were as follows:

- 2016-based projections indicated the number of households in South Ayrshire would increase by 2.6% between 2016 and 2026. The new 2018-based projections suggest a less pronounced increase – 1.5%.
- The 2018-based variant household projections provided by the NRS have also suggested reduced increases in the number of households than those predicted in the 2016-based projections. While the 2016-based High Migration variant projection indicated that the

number of households would increase by 3.3% over the next ten years, the 2018-based equivalent suggested an increase of only 1.8%. Similarly, the 2016-based Low Migration variant indicated an increase of 1.8% over the next ten years, the 2018-based equivalent suggested an increase of 1.2%.

The HMP agreed that:

- Having reviewed this new information, they were still happy to use the High Migration and Principal Projection demographic assumptions agreed at the previous meeting in the HNDA Tool.

Scottish Government update

Ross Morris provided an update on contact with the CHMA, particularly around timescales for the delivery of key resources relating to the production of the HNDA. The new HNDA Tool is scheduled for release in late October 2020, while the HNDA Datapack – including more up-to-date information on local area incomes and house sales – is scheduled for release in November 2020. The delayed production of these resources will have an impact on the production of the HNDA as they are required to carry out key tasks – including assessing affordability and producing a broad range of housing estimates. The CHMA has indicated that they will take a relaxed view on delays to HNDAs and Local Housing Strategies (LHSs) as a result of this.

Overview of Housing Stock Profile findings

Ross Morris provided an overview of the initial findings from the research carried out to inform the Housing Stock Profile chapter. This included:

- An overview of all dwellings in South Ayrshire by size and type across the tenures
- A summary of social housing provision
- Local information on private landlords, long-term empty properties and second homes
- Estimates of disrepair from the Scottish House Condition Survey and how these compared to local records on compliance with the Scottish Housing Quality Standard
- South Ayrshire Council housing stock by size and type
- South Ayrshire Council lets and relets
- Information from our waiting lists that could be used to advise on demand
- Information on low and zero demand properties

During this discussion, a number of queries were raised by HMP members. The first of these was in relation to the data sourced from the Scottish House Condition Survey, and a concern that using this data provided a misleading account of stock condition in South Ayrshire, given the very small sample size used to inform this. The survey involved less than 250 of the 55,320 dwellings in South Ayrshire, and runs counter to data held locally in relation to the social rented sector. There was a concern that private sector data would have similar issues, and indeed no data is provided in relation to the Private Rented Sector (PRS) due to the small number of homes sampled in this tenure.

- **Action:** Ross Morris to discuss use of Scottish House Condition Survey data with CHMA.

The group also discussed waiting list information, particularly around demand for specific towns. As South Ayrshire does not record a 'first preference' for housing applicants, and applicants can select

multiple areas on their application, it was recognised that this would lead to double counting. As such, it was felt by members of the group that presenting information on this topic in the chapter would be misleading, particularly in the context of South Ayrshire's status as a single Housing Market Area (HMA).

- **Action:** Ross Morris to clarify requirement for demand information around 'location' with the CHMA.

Next Meeting

The next HMP Meeting is proposed for weeks commencing 30 November 2020/7 December 2020.

- **Action:** Ross Morris to circulate Doodle Poll offering possible options for next meeting.



Housing Need and Demand Assessment 2021-2026
Housing Supply Sub-Group meeting 19 November 2020

Attendees

Kevin Anderson (Service Lead, Corporate Policy, Performance and Community Planning)
Heather Anderson (Head of Service Delivery, Irvine Housing Association)
Shirley Curran (Supervisory Planner – Development, Planning and Customers, Planning)
Jim Curran (Hanover Scotland Housing Association)
Neil Feggans (Co-ordinator, Planning)
John Hodge (Housing Asset Management Co-ordinator, Housing Services)
Ian Hope (Director, Hope Homes)
Joe Larner (Principal Planning Advisor, Homes for Scotland)
Ross Morris (Co-ordinator, Corporate and Housing Policy)
Laura Thomson (Policy Officer, Corporate and Housing Policy)
Jim Whiston (Director, Ayrshire Housing)

Apologies⁴

Julie Nicol (Service Lead, Planning and Building Standards)
Laura Penman (Co-ordinator, Housing New Build)
Jonathan McCarthy (Regeneration Officer, West of Scotland Housing Association)
Lauren Dixon (Scottish Builders)

Proceedings

Ross Morris from the Corporate and Housing Policy team opened the sub-group meeting by providing an overview of the purpose of the HNDA, the Core outputs of the HNDA and the use of the HNDA Tool to provide a Housing Estimate. The primary focus of this meeting was to give developers, RSLs and other stakeholders the opportunity to consider and contribute to deciding the assumptions and scenarios to be tested using the HNDA Tool, informed by available data. The session utilised a format of presentations followed by discussion.

HNDA Geography

Ross Morris began by highlighting Scottish Government guidance stating that "HNDAs are undertaken at Housing Market Area (HMA) level. This is required for LHSs which require estimates of affordable and market housing at HMA level and for Development Plans which require land to be allocated for affordable and market housing at HMA level". In the previous HNDA and Local Development Plan, South Ayrshire was treated as the functional HMA, with two sub-HMAs – Ayr Urban and Girvan and South Carrick. An HMA Refresh exercise was carried out which found by analysis of origin- and

⁴ Invites were also issued to Scottish Landlords, Milestone Developments, Mactaggart and Mickel, Scottish Land and Estates.

destination-based containment that the South Ayrshire local authority area remains a distinct and self-contained housing market for strategic planning purposes. As such, the HNDA will be produced at South Ayrshire HMA level.

Demographic assumptions

The three variant National Records of Scotland population projections (Principal, High Migration and Low Migration) were briefly explained to the group, with the purpose of identifying which the group felt were most likely to occur based on the data and any other factors. Data presented showed that South Ayrshire's population had stayed relatively constant over the years from 1998-2019 declining by only 0.6% during this period. The years 2001-2019 had seen an upward trend in the number of households, but this again was seen as a relatively limited change compared to most other areas in Scotland. Available projections showed that South Ayrshire's population was projected to decrease by 1.7% between 2018 and 2028, while the number of households was projected to increase by 2.6% between 2016 and 2026. Projected changes in South Ayrshire's population comprised a decrease in population through natural change of -5.8% (meaning more deaths than births), coupled with an increase in population as a result of net migration of 4.3% (meaning more people migrating to South Ayrshire than those leaving). Ross Morris noted that this was broadly driven by considerable net migration from other areas in Scotland (+3,304) and the Rest of the UK (+2,229), while migration to/from overseas resulted in a net decrease (-741).

The Housing Supply Group discussed the factors which could potentially result in more or less migration to the area, including Britain's exit from the EU and the impact of Coronavirus changing ways of working and patterns of commuting. Some members of the group noted that some parts of the authority may be less impacted by demographic change than others, potentially resulting in more demand in the north, for instance. The Housing Market Partnership (HMP)'s proposed use of Principal Projection and High Migration variants was discussed. The Housing Supply Sub-Group agreed these to be the most likely scenarios, however one group member suggested these projections were perhaps too pessimistic, and enquired as to whether an alternative projection could be utilised.

Income Growth assumptions

Following on from this discussion, data was presented on income growth locally for the period 2002-2019. This data showed that while median incomes have seen a broadly consistent gradual upward trend in Scotland and Great Britain as a whole (with slowing in 2010 and 2011 being the only exception), median incomes in South Ayrshire have shown more fluctuation. Nevertheless gross weekly pay for full-time employees in South Ayrshire had increased at an annual average growth rate of 2.2% during this period, and over the last five years had seen an annual average growth rate of about 2.8%. Data was presented on Gross Value Added (Balanced) for South Ayrshire, again showing a broadly upward trend. The Housing Supply Sub-Group was asked to consider which income growth scenario(s) were most likely to occur over the next twenty years, choosing between Modest Real Terms Growth (+3.5% per annum), No Real Terms Growth (+2% per annum) or Below Real Terms Growth (+0.5% per annum). The HMP's proposed use of "No Real Terms Growth" was discussed. This was felt by some in the HMP to be pessimistic. While it was agreed that the "Modest Real Terms growth" scenario of 3.5% was unlikely, HMP were asked to consider if an alternative assumption between these positions could be utilised.

Income Distribution assumptions

Data was presented on how incomes at different distribution points had changed over time, in order to support the group in determining how income distribution may change going forward. The group were

asked to consider three possible scenarios – No Change, Greater Equality or Greater Inequality. The gross weekly pay of full-time employees at the 10th, median and 80th percentile⁵ were considered. The data shows that, on average, incomes at the 10th percentile and 80th percentile have varied little from the median. Over the long-term, the average annual growth rate for these three income levels can be seen to be broadly similar, while recent years have seen marginally more growth among the least affluent full time employees. The Housing Supply Sub-group were in agreement with the HMP's proposed use of the "no change" in income distribution setting within the HNDA Tool based on the available data.

House Sales assumptions

Data was presented on trends in house prices over the years from 2003/04 to 2019/20 in South Ayrshire. This data showed that prior to the housing market crash of 2007/08, South Ayrshire's average house prices were higher than for Scotland as a whole. Since 2009/10, however, the converse has been true and the years since 2016/17 have seen divergence between the Scottish average and house prices in South Ayrshire, with average prices locally showing only limited growth compared to upward trends for Scotland as a whole. New build purchase prices had seen more growth locally, but this only represents a proportion of the whole market. Furthermore upper quartile house prices were shown to have increased to a far greater extent over the last ten years than lower quartile and median house prices locally.

Possible factors likely to impact on house prices in South Ayrshire in the coming years were discussed, including predicted unemployment in some sectors making it more difficult for households to access a mortgage (balanced by predicted increases in employment in other sectors as a consequence of the Ayrshire Growth Deal), some banks moving away from High Loan-to-Value mortgage products in recent months (in the context of general increases in LTV rates over recent years) and previous years' house price trends showing limited growth locally. The Housing Supply Sub-Group considered the HMP's proposed use of the "weak growth" (+2% per annum) setting. The group felt this was the most appropriate of the available options⁶, but one member noted that the HMP should keep in mind that the squeeze on mortgages is unlikely to continue in the long-term – this is a short-term issue directly as a result of the coronavirus pandemic. It was also noted that House price growth may increase to a greater extent in the north of the HMA than in the South, and the HMP should consider if this could be reflected in the Tool. It was noted that as South Ayrshire is considered to be a single HMA this would not be reflected in the Housing Estimate.

Rental Price assumptions

Ross Morris explained that data on trends in private rented sector rents were not available at a local authority level, and this information was instead produced for the Ayrshire Broad Rental Market Area (BRMA). This data therefore describes trends in rental costs across all three Ayrshires. While SAC can produce a 'snapshot' of current rents by carrying out a survey of landlords, it is not possible to show these trends over time in a robust way. As such, assumptions made in relation to this will be based on the Ayrshire BRMA data. The last ten years have seen relatively limited change in the average monthly rent in the Ayrshires BRMA – increases of about 1.5% for a 2 bedroom property over the last ten years

⁵ Data on the 90th percentile was not available at the time of writing.

⁶ Since this meeting took place, the new HNDA Tool has been issued with different parameters for house prices and rents. The HMP agreed at the 27/1/21 meeting to utilise the "moderately low" (+0.7% per annum) setting for house price as this was felt to be the best fit to local trends and predicted change.

compared to an increase of 25% for Scotland as a whole. A similar disparity can be seen across almost all property sizes.

The Housing Supply Sub-Group discussed the HMA's proposed use of the "weak growth" (+2% per annum) and "flat growth" (+0% per annum). It was felt that this was appropriate given the trends in Private rented sector information, as well as the likelihood that LHA would remain at a similar level for the foreseeable future⁷. Members of the group also noted the relatively limited evidence of need for Below Market Rent accommodation, given the minimal gap between LHA and rental figures.

Estimate of Existing Need

Ross Morris described the methodology used to produce the estimate of existing need recommended by the CHMA. This "Homeless in Temp, Overcrowded and Concealed" (HoTOC) method involves a simple calculation, adding the total number of households in temporary accommodation as at 31 March to the estimated number of households locally who are **both** overcrowded and concealed. For South Ayrshire, this produces a figure of only 395-400 households. This is considerably short of the 800 households estimate utilised in the previous HNDA. The Scottish Government Guidance notes that authorities can provide their own estimates of existing need, providing these are developed using robust data. An alternative methodology was presented utilising waiting list data and based on the current circumstances of housing applicants noted on their housing application. This methodology counting only households whose circumstances indicate they are leaving an institution, sharing accommodation with friends and family, homeless or living in other unsuitable accommodation (i.e. living in a caravan). Allocating this person a property would not free up space for another household, and as such this provides an indication of existing need for additional housing units.

While this methodology was considered a welcome advance on the HoTOC by the Housing Supply Sub-Group, it was still felt that this only captured the needs of people in the most extreme forms of housing need, and didn't reflect the range of circumstances experienced locally. Comments included the need to consider those who would not apply for Council housing as well as those with a need for specialist types of accommodation. Ross Morris agreed to consider alternative methodologies in discussion with both the CHMA and HMP.

Next Meeting

A follow-up Housing Supply Sub-Group will be arranged following publication of HNDA Tool and team have been able to run Scenario Testing based on the agreed assumptions.

⁷ Since this meeting took place, the new HNDA Tool has been issued with different parameters for house prices and rents. The HMP agreed at the 27/1/21 meeting to utilise the "low" (+0.3% per annum) and "moderately low" (+0.7% per annum) settings for private rents as this was the best fit to local trends and predicted change.



Housing Need and Demand Assessment 2021-2026
Housing Market Partnership Core Group meeting 27 January 2021

Attendees

Kevin Anderson (Service Lead, Corporate Policy, Performance and Community Planning)
Shirley Curran (Supervisory Planner – Development, Planning and Customers, Planning)
Neil Feggans (Co-ordinator, Planning)
John Hodge (Housing Asset Management Co-ordinator, Housing Services)
Theo Leijser (Service Lead, Economy and Regeneration)
Ross Morris (Co-ordinator, Corporate and Housing Policy)
Laura Penman (Co-ordinator, Housing New Build)
Peter Rub (Corporate Policy Officer – Research and intelligence)
Laura Thomson (Policy Officer, Corporate and Housing Policy)

Apologies

Julie Nicol (Service Lead, Planning and Building Standards)
Adrian Browne (Lead Development Plan Officer, Planning)
Jim Johnstone (Service Lead, Economic Development)
John Wood (Senior Manager, Planning and Performance, Health and Social Care Partnership)

Proceedings

Update on HNDA Tool 4.0

Ross Morris from the Corporate and Housing Policy team began the meeting by advising of the publication of the new HNDA Tool and updated guidance from the Centre for Housing Market Analysis (CHMA) in December 2020. In addition to updated demographic and income projections, new scenarios have been developed for House Price and Rental Price assumptions in the Tool, replacing the previous scenarios from the previous version of the Tool. As such, the HMP were advised they would need to consider the new scenarios with regard to these issues and agree which were most likely.

House prices – new scenarios

HMP members were asked to review the data on house prices and advise which of the new scenarios they considered to be most likely. The new scenarios with regard to house prices are as follows:

- **Trend growth – 1.6% per annum**
- **Moderately high – 2.3% per annum**
- **Moderately low – 0.7% per annum**
- **High – 2.9% per annum**
- **Low – 0.3% per annum**

Previously discussed data on trends in house prices over the years from 2003/04 to 2019/20 in South Ayrshire was again presented to aid the group in this decision. The group also discussed the likely impact of the Coronavirus pandemic on house prices locally.

Taking these factors into account, the HMP agreed that Moderately low growth (+0.7% per annum) was the most likely scenario in terms of house prices in South Ayrshire during the projection period.

Rental costs – new scenarios

Following on from this, HMP members were asked to review the data on rental costs and again advise which of the new scenarios they considered to be most likely. The new scenarios with regard to rental costs are as follows:

- **Trend growth – 1.6% per annum**
- **Moderately high – 2.3% per annum**
- **Moderately low – 0.7% per annum**
- **High – 2.9% per annum**
- **Low – 0.3% per annum**

The group reviewed previously presented data on rental prices in the Ayrshires BRMA, as well as considering the potential impact of the Coronavirus pandemic and the Scottish Government move towards increasing standards in this sector.

Based on these trends, the HMP agreed that Moderately low growth (+0.7% per annum) or Low growth (+0.3% per annum) were the most likely scenarios in terms of rental prices.

HNDA Tool – initial findings

Initial findings from the HNDA Tool were discussed, and the group requested that further consideration be given to the following, in discussion with the CHMA:

- Ensuring the estimate of existing need used presents an accurate picture of need locally
 - Tenure split and use of the Affordability Model function
 - 'Years to Clear Existing Need'
-
- **Action:** Ross Morris will review these issues and provide an update at the next HMP meeting.

Specialist Provision chapter update

An overview of the draft Specialist Provision chapter was presented by Ross Morris. This highlighted initial findings with regard to:

- Accessible housing
- Wheelchair standard accommodation
- Supported accommodation
- Non-permanent accommodation
- Care and support for independent living at home
- Locational and land needs

An update on a number of consultation sessions was provided. The group highlighted the need to include the estimated unmet need among wheelchair user households as part of our estimate of existing need.

- **Action:** Ross Morris to discuss how unmet need among wheelchair users can be reflected in estimates of existing need with the CHMA and provide an update to the group at the next HMP meeting.

Scottish Government update

Ross Morris provided an update on contact with the CHMA. Informal feedback has been received on draft versions of the “Key Housing Market Drivers” and “Housing Stock Profile” chapters, with feedback suggesting the CHMA are broadly happy with our work on these chapters. Some comments have been provided and the drafts will be amended to reflect these comments prior to final submission.

- **Action:** Ross Morris to update chapters based on this feedback and circulate to the HMP.

Next Meeting

The next HMP Meeting is proposed for March/April 2021, along with a Housing Supply Sub-Group meeting.

- **Action:** Ross Morris to arrange HMP and Housing Supply Sub-Group meeting following on from completion of tasks highlighted above.



Housing Need and Demand Assessment 2021-2026
Housing Market Partnership Core Group meeting 14 May 2021

Attendees

Kevin Anderson (Service Lead, Corporate Policy, Performance and Community Planning)
Julie Nicol (Service Lead, Planning and Building Standards)
Shirley Curran (Supervisory Planner – Development, Planning and Customers, Planning)
Neil Feggans (Co-ordinator, Planning)
Theo Leijser (Service Lead, Economy and Regeneration)
Ross Morris (Co-ordinator, Corporate and Housing Policy)
Laura Penman (Co-ordinator, Housing New Build)
Peter Rub (Corporate Policy Officer – Research and intelligence)
Laura Thomson (Policy Officer, Corporate and Housing Policy)

Apologies

Adrian Browne (Lead Development Plan Officer, Planning)
John Hodge (Housing Asset Management Co-ordinator, Housing Services)
Jim Johnstone (Service Lead, Economic Development)
John Wood (Senior Manager, Planning and Performance, Health and Social Care Partnership)

Proceedings

Ross Morris from the Corporate and Housing Policy team opened the meeting by providing an update to the Housing Market Partnership (HMP) group since the previous meeting in January 2021.

At this meeting the HMP asked us to consider how existing need beyond those in crisis could be factored into the calculation, and to review the likely contribution of Mid-Market rent given evidence about affordability and the minimal difference between social rents and LHA.

Existing need calculations

Ross Morris presented summary information on the different Existing Need calculations considered in developing the HNDA, including the HoTOC method, a methodology involving the current circumstances of Housing List applicants, and the alternative methodology developed by SAC in discussion with the CHMA in response to HSSG and HMP comments. This methodology calculates Gross Existing Need using data already gathered for the HNDA, and then subtracts the number of households' needs that will be met by in-situ solutions. This results in a Net Existing Need figure. It was noted that the figures presented were still in draft, and that further data had been sought from RSLs. The various elements of this methodology were discussed and the key figures to be used agreed by members following discussion. One member queried whether buybacks should be included in this calculation, however it was noted that this was funded through the Affordable Housing Supply Programme, and as such would be counted as 'New Supply' in line with existing arrangements. This

can, however, be considered further when we are agreeing the calculation of the Housing Supply Target for our Local Housing Strategy (LHS). As discussed, other issues such as demolitions will be factored in at this stage.

Affordability model

The HMP group had also previously requested that the use of the HNDA Tool's Affordability Model be reviewed. Ross Morris explained that if the Affordability Model was set to 'Off' in the Tool, this would allocate all Existing Need to the social rented sector, and partners agreed this would be unacceptable given the importance of private sector development to the housing market and economy locally.

Below market rent/Mid-Market Rent

The HMP and HSSG both requested the role allocated to Below Market Rent/Mid-Market Rent be reviewed, given evidence suggesting limited demand for this type of accommodation locally. Settings in the HNDA Tool were amended to reflect a more limited role and findings were presented during the Scenario Testing update.

Years to clear existing need

Data was presented on private and social sector completions in recent years, as well as detail on the Strategic Housing Investment Plan (SHIP). The group agreed that 10 years to clear existing need seemed realistic given the current rate of development in the social rented sector, while factoring in the possibility for slippage in the SHIP.

Scenario testing

Following on from this, the assumptions used for Scenario Testing were discussed, along with the parameters used for the HNDA Tool. Ross Morris noted that Scenario Testing had now been run using the new Existing Need figure and amended assumptions about Below Market Rent. A comparison in the outputs between the previous and new Existing Need figures was provided. The group agreed with the settings utilised and that these were an advance on the figures presented in January 2021.

HNDA process update

An update on progress was provided. Work continuing on a Consultative Draft, to be completed in early June 2021. Informal feedback from the CHMA has now been received on all three major chapters, as well as the critical Estimating Existing Need chapter, although this is more subject to change as data becomes available. Feedback on these chapters has been very positive, with minor comments on the first two chapters but a request for more information on estimated future needs in the Specialist Provision chapter. This update has now been completed and will be reflected in the Consultative Draft. A further short chapter on Consultation has been requested. This will be added to the final version following the proposed consultation period.

An update was presented on consultation carried out so far, including sessions relating to the needs of minority communities including Gypsy/Travellers, care experienced young people and joint Health and Social Care Partnership (HSCP)/Housing sessions on the needs of an ageing population and those with complex needs.



Housing Need and Demand Assessment 2021-2026
Housing Supply Sub-Group meeting 25 May 2021

Attendees

Kevin Anderson (Service Lead, Corporate Policy, Performance and Community Planning)
Julie Nicol (Service Lead, Planning and Building Standards)
Jim Curran (Development Officer, Hanover Housing Association)
Neil Feggans (Co-ordinator, Planning)
Ross Morris (Co-ordinator, Corporate and Housing Policy)
Laura Penman (Co-ordinator, Housing New Build)
Heather Philp (Vice-Chair, Strathclyde Home Builders' Committee)
Laura Thomson (Policy Officer, Corporate and Housing Policy)
Jim Whiston (Director, Ayrshire Housing)

Apologies⁸

Heather Anderson (Head of Service Delivery, Irvine Housing Association)
John Blackwood (CEO, Scottish Landlords)
Shirley Curran (Supervisory Planner – Development, Planning and Customers, Planning)
Lauren Dixon (Scottish Builders)
John Hodge (Housing Asset Management Co-ordinator, Housing Services)
Ian Hope (Director, Hope Homes)
Jonathan McCarthy (Regeneration Officer, West of Scotland Housing Association)
Craig Ormond (Homes Director, Mactaggart and Mickel)
Tammy Swift-Adams (Director of Planning, Homes for Scotland)

Proceedings

Ross Morris from the Corporate and Housing Policy team opened the sub-group meeting by providing an update to the group since the previous meeting in November 2020.

The new HNDA Tool 4.0 was released by the Scottish Government in December 2020, and Scenario Testing was carried out. The findings from this were presented to the Housing Market Partnership (HMP) group in January 2021. This utilised the previously discussed Existing Need figure of 787 households. The HMP agreed with the Housing Supply Sub-Group (HSSG)'s view that while this was an advance on the HoTOC method, this didn't fully represent existing need in South Ayrshire. Both HSSG and HMP asked us to consider how existing need beyond those in crisis could be factored into

⁸ Invites were also issued to Scottish Landlords, Milestone Developments, Scottish Land and Estates.

the calculation, and to review the likely contribution of Mid-Market rent given evidence about affordability and the minimal difference between social rents and LHA.

Existing need calculations

Ross Morris presented summary information on the different Existing Need calculations considered in developing the HNDA, including the HoTOC method, a methodology involving the current circumstances of Housing List applicants, and the alternative methodology developed by SAC in discussion with the CHMA in response to HSSG and HMP comments. This methodology calculates Gross Existing Need using data already gathered for the HNDA, and then subtracts the number of households' needs that will be met by in-situ solutions. This results in a Net Existing Need figure. It was noted that the figures presented were still in draft, and that further data had been sought from RSLs. HSSG asked for consideration to be given to the needs of single concealed households. One HSSG member asked if Accessible and Adapted Housing was differentiated from Wheelchair Accessible Housing. It was confirmed that these were provided as two separate estimates as per the CHMA.

- **Action:** Ross Morris to contact CHMA to consider how needs of single concealed households could be reflected in Existing Need figure.

Scenario testing

Following on from this, the assumptions used for Scenario Testing were discussed, along with the parameters used for the HNDA Tool. Ross Morris noted that Scenario Testing had now been run using the new Existing Need figure and amended assumptions about Below Market Rent. A comparison in the outputs between the previous and new Existing Need figures was provided.

HNDA process update

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