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Affordable Housing Need in Scotland post-2021

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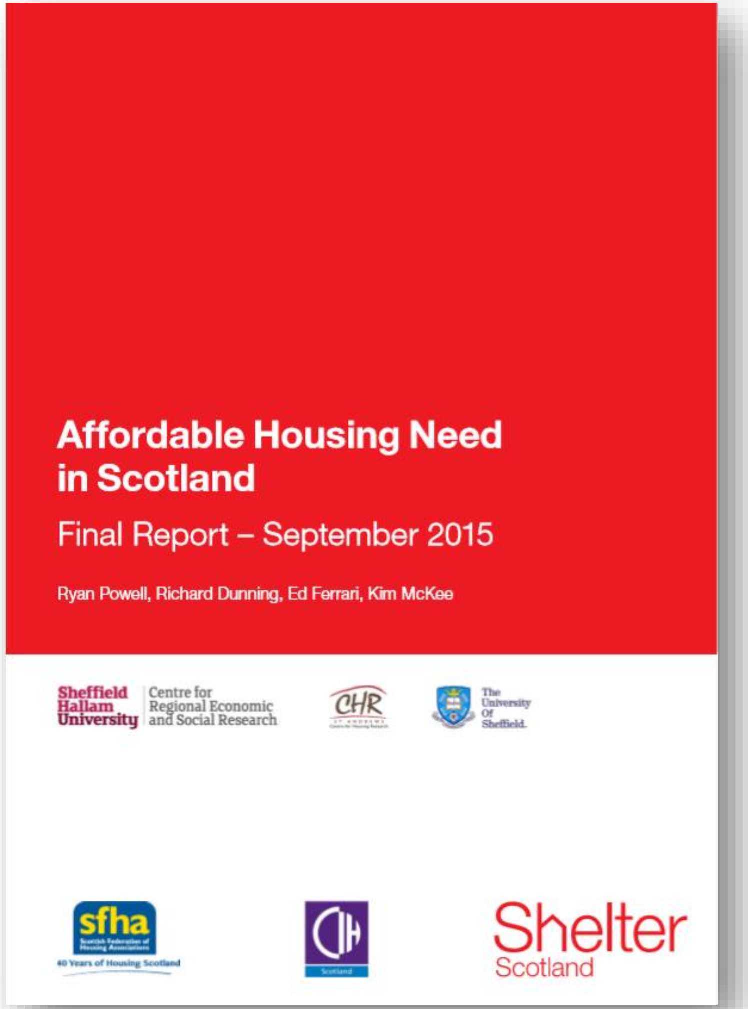
University of Liverpool | Cardiff University Prifysgol Caerdydd | The University Of Sheffield. | Sheffield Hallam University | University of Glasgow

Outline

- Introduction to the research
- A brief note on the method
- Key findings
- Commentary on the main drivers of change

Introduction to the research

- Commissioned by SFHA, CIH Scotland and Shelter Scotland
- Update to our influential initial research in 2015
- How has the picture changed?
- What progress is being made?



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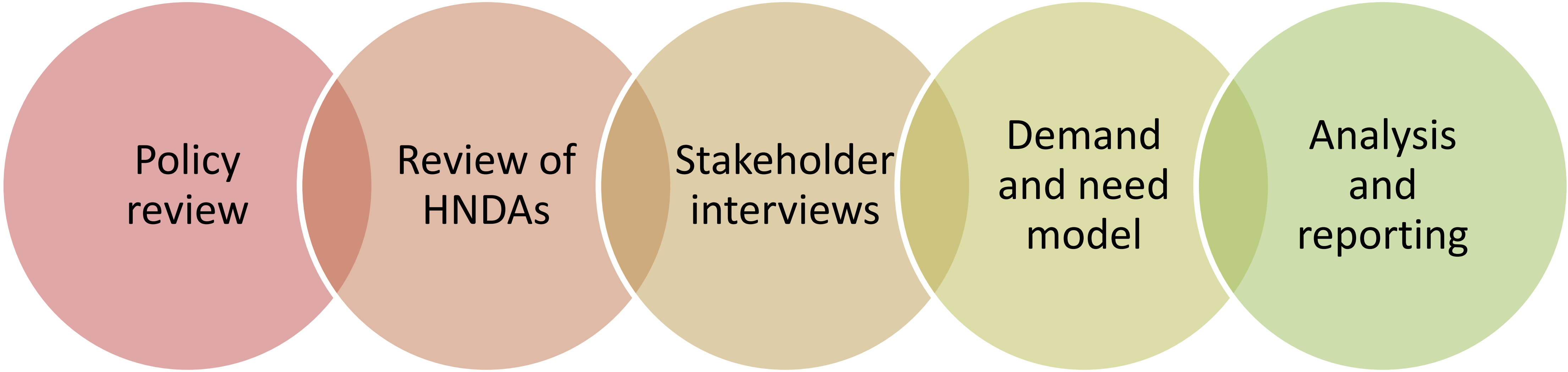
Our methodology



Our methodology

- Policy review
- Review of HNDAs
- Stakeholder interviews
- Demand and need model
- Analysis and reporting

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Demand and need model

- Estimating housing **need**: not just an exercise in demography
- Calculating need for Scotland is not simply a case of ‘adding up’ HNDAs
- Stock-flow model of type commonly used in housing markets analysis

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Key data sources

- National Records of Scotland – Household projections (including variant projections)
- Scottish Housing Regulator – ARC (Annual Return on the Charter)
- Scottish Government – CHMA Tool, Homelessness Statistics
- Scottish House Condition Survey

Typology of local authorities

1 – Capital Region

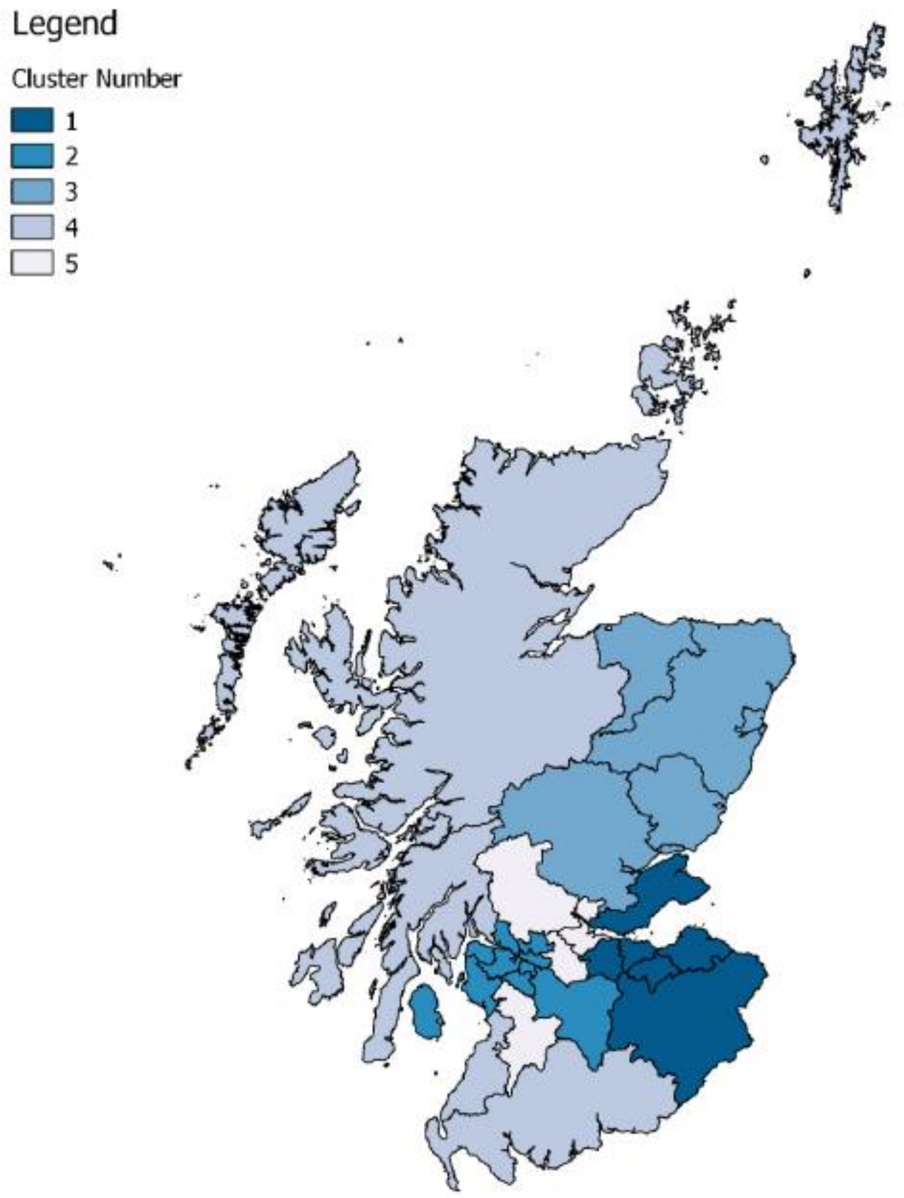
2 – West Central

3 – Tayside and North East

4 – Highlands, Islands and West

5 – Central

Figure 6.1 Map of the classification of local authorities for the purposes of national affordable housing need assessment



Source: Author's own classification

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1. Backlog housing need

Housing Need

- Households that are housed inadequately owing to:
  - **Crowding:** Overcrowding according to the bedroom standard
  - **Poor quality:** Below tolerable standard
  - **Unsuitability:** Unsuitable for health or medical requirements

- We estimate 125,744 households in Scotland in housing that is inadequate for their needs

- We assume that the needs of households in the SRS can be met ‘in situ’ (with an allowance made for imperfect matching)

- We estimate that 34% of PRS and OO households in need cannot afford to resolve their need in the private market.

- **This leaves a net backlog owing to inadequate housing of 29,068 households.**

Homelessness

- A range of data sources consulted with care to avoid double counting concealed households whose needs may already have been assessed as part of the previous step.

- We use current homelessness cases that have been open for 3 years or less.

- We also looked at the estimates of households which are in temporary accommodation, overcrowded and concealed as a check against our other data.

- **We believe the best estimate is that there is a backlog of homelessness of 20,517 homeless households.**

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1. Backlog housing need

Estimate of total backlog need

Area type	A	B	C	D
	Backlog of needs arising from inadequate housing	Backlog of homelessness	Total backlog need	Annual requirement to deal with backlog over 5 years
	Table 5.3 column F	Table 5.4 column B	A+B	C÷5
1 Capital region	6,298	7,360	13,658	2,732
2 West Central	8,765	6,381	15,146	3,029
3 Tayside and North East	5,383	2,893	8,276	1,655
4 Highlands, Islands and West	4,167	1,706	5,873	1,175
5 Central	4,454	2,177	6,631	1,326
Scotland	29,068	20,517	49,585	9,917

Source: Authors' own calculations

Homelessness

- In addition to the backlog, households are falling into homeless on a continual basis, for a range of complex reasons.

- A policy judgement is made, consistent with that used within the Scottish Government's previous estimates of homelessness and temporary accommodation pressure (HaTAP), that **c. 60% of new homeless households will manifest as need to be met within the affordable housing stock.**

- **Drawing on HL1 statistics our best estimate is that 17,275 new homeless households add to overall housing need each year.**

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2. Newly arising need

New household formation

- The extent to which new households will contribute to newly arising housing need rests on two factors:
  - The projected number of net new households (from migration and household change)
  - The ability of these new households to afford in the private market
- Our analysis uses a range of projection scenarios, linked with assumptions about affordability. At the time of modelling the most likely was the NRS 2016 Principal Projection (15,315 p.a.) with a moderate estimate of price/rental growth (~ 63% unable to afford).
- **On this basis we estimate 9,616 households p.a. newly arising need.**

Turnover of social lettings

- **By far the most significant source of affordable housing supply is already built: the reletting of social rented housing.**
- Changes to data and the cessation of SCORE make this a more challenging technical exercise, especially in terms of estimating the extent to which social vacancies arise because of death or a move to long term care.
- We estimate that 88% of lettings arose because the previous occupant died or moved to a care setting. This is applied to all general needs lets (excluding exchanges, intra-SRS moves, etc).
- **As a result we estimate that 28,167 lets p.a. can be used to meet backlog or newly-arising housing need.**

Other sources of supply

- **Shared Ownership resales:** 344 p.a.
- **New build and demolitions:** Because we seek to model **gross housing need** we do not account for new-build social housing or demolitions at this stage.
- **Right to Buy:** We assume the impact of the RTB is now negligible given its removal in 2016.
- **Geography:** The model depends on assumptions about the geography over which it is reasonable to assume that supply can meet need. We assume that housing needs must be met in the local authority area in which they arise.

Bringing the estimates together

1. Backlog housing need	+	2. Newly arising need	-	3. Supply of affordable lettings	=	4. Gross affordable housing requirement
9,917	+	26,891	-	28,510	=	8,298

Adjusted for geography constraint: 10,586

As proportion of projected households: 68%

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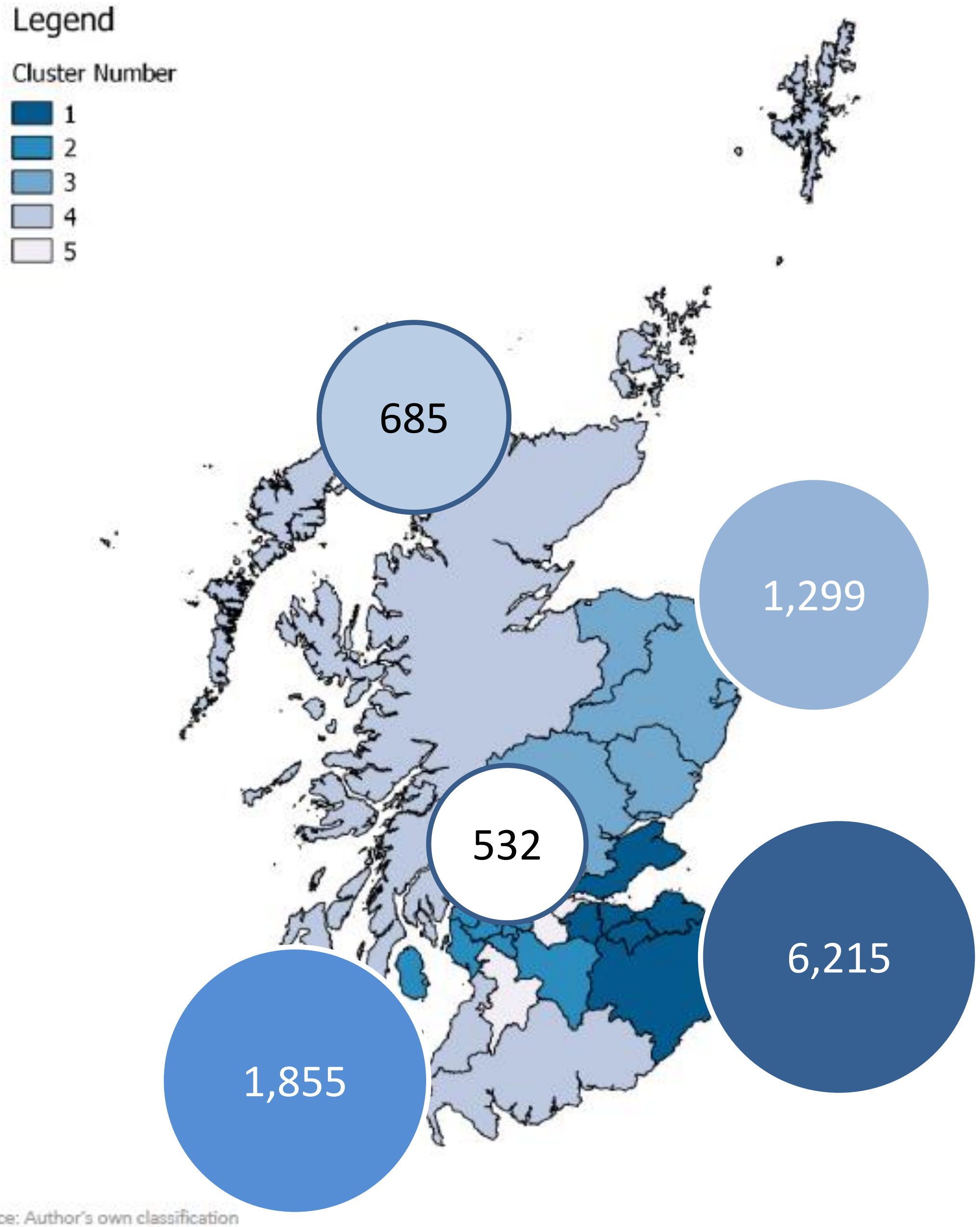
By area type

1 – Capital Region	6,215
2 – West Central	1,855
3 – Tayside and North East	1,299
4 – Highlands, Islands and West	685
5 – Central	532

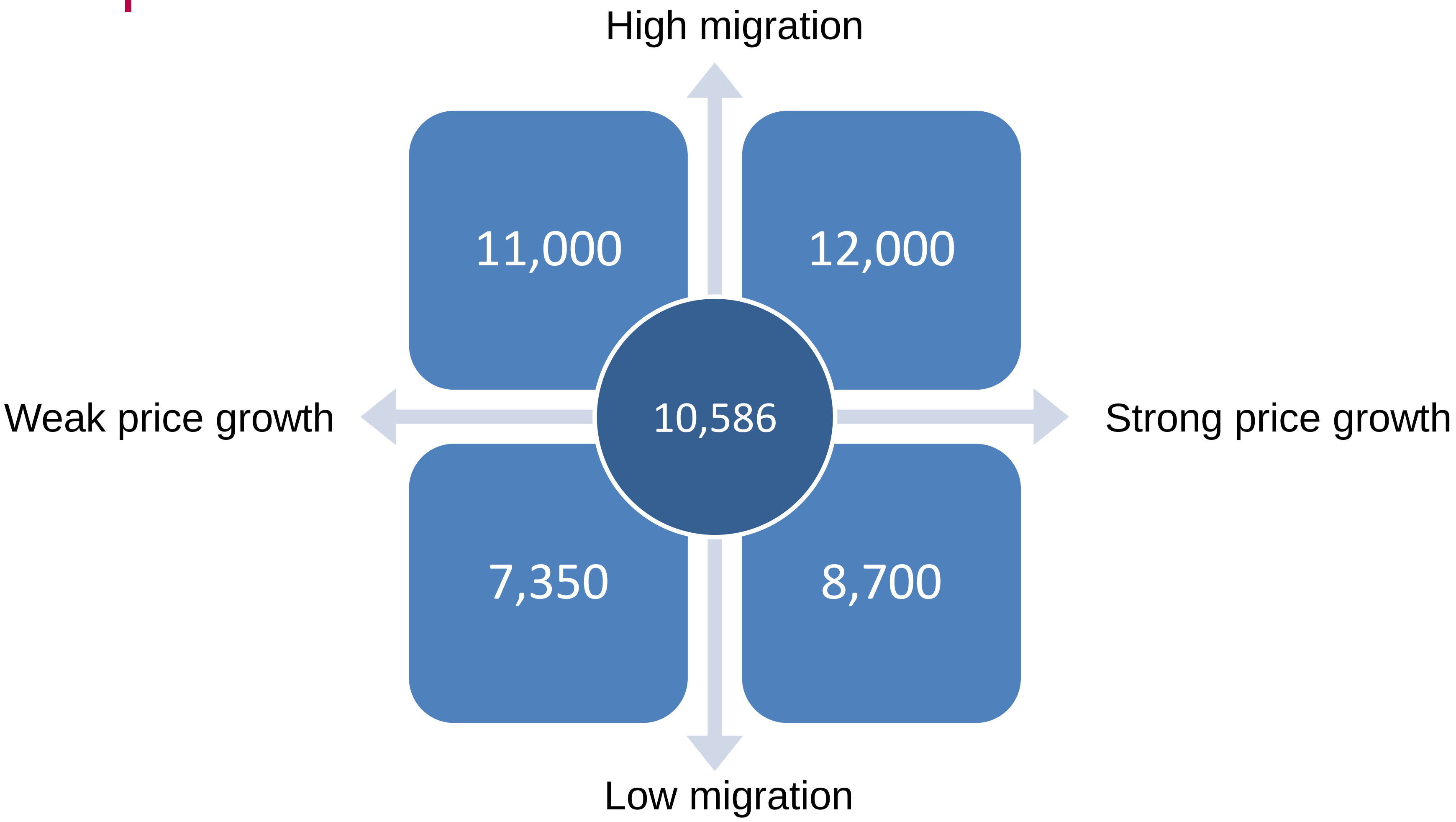
4. Gross affordable housing requirement



Source: Author's own classification

4. Gross affordable housing requirement

Scenarios



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Conclusions

- **A gross requirement of c. 10,600 units of affordable housing required each year.**
- Whilst slightly less than 5 years ago, the affordability situation has worsened.
- Whilst good progress has been made against the SG's housing programme, this has been below the estimate of 12,000 made in 2015.
- The backlog has reduced only marginally (by 1,200) since 2015. At current rates, assuming newly arising needs are met, it will take 20+ years to clear the backlog.
- The geography of need has shifted slightly, with more emphasis on the capital region.

Thank you

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