

South-East Scotland: Housing Need and Demand Assessment 3 (HNDA3)

Methodology Statement

Document history

V1	Pre-consultation draft for Regional Housing Partners	VK	28.07.20
V2	Consultation draft for wider Housing Market Partnership	VK	17.09.20
V3	Final – post consultation with wider Housing Market Partnership	VK	06.11.20

Purpose

A project team representing the City of Edinburgh, East Lothian, Fife, Midlothian, Scottish Borders and West Lothian Councils is preparing a third housing need and demand assessment (HNDA3) for South-East Scotland. This document proposes a methodology for progressing the HNDA3 to meet the requirements of the Scottish Government Housing Need and Demand Assessment Guidance 2018 <https://www.gov.scot/publications/hnda-practitioners-guide-2018/> and Housing Need and Demand Assessment Tool Instructions 2018* <https://www.gov.scot/publications/hnda-tool/> (*due to be updated in November 2020).

This methodology statement has been subject to consultation with the SES Housing Market Partnership and wider stakeholders from the 17th September 2020 to 2nd October 2020. Consultation responses were submitted by email to SESHNDA3@fife.gov.uk. Extension to the consultation times has been allowed where requested by individuals / organisations.

HNDA Core Outputs and Processes

The Scottish Government HNDA guidance requires four core outputs and six core processes to be met to achieve a 'robust and credible' HNDA (listed in Appendix 1). This document outlines a methodology to meet the core requirements as part of the HNDA3 project plan which is operating from June 2020 to October 2021.

In meeting these core requirements, a range of national and local data will be analysed and evidenced within the final HNDA3 report. Individual data sources are not identified as part of the methodology statement but will include those highlighted within the HNDA guidance and will be outlined in the HNDA report. The project team will consider options for addressing issues of missing data as the project progresses.

Core Output 1: Key housing market drivers (Sept 2020-Jan 2021)

Identifies key factors driving the local housing market, including household formation, population and migration, housing affordability including income, house prices, rent levels, access to finance and key drivers of the local and national economy and how these inform the choice of scenarios run in the HNDA Tool.

The following methodology is agreed:

Step 1 - deciding what evidence is required for the HNDA Tool, LHS and Development Plan and what geography is required.

Step 2 - gathering evidence and triangulate any local data with national data for quality assurance. Identify principal data sources, comment on reliability, comment on concerns, indicate how data has been triangulated / compared (ensuring all data in tables are sourced and dated).

Step 3 - tabulating or charting the data and describing the trends i.e. increase, decrease, no change.

Step 4 - considering what impact that local demographic, affordability and economic trends may have on the future level of housing need and demand e.g. drive less private demand, drive more affordable need, drive growth of the private rented sector.

Step 5 - using the analysis to choose scenarios in the HNDA Tool and writing up these decisions in this chapter.

Step 6 - considering what the findings in this chapter mean for LHS and Development Plan and complete a key issues table.

Step 7 - agreeing the draft chapter following consultation with the Housing Market Partnership.

The analysis will focus on:

- Demographic issues for local housing markets – how current and future households are driving local housing markets.
- Affordability issues for local housing markets – focusing on house prices, rents, volume of sales, incomes are driving local housing markets.
- Economic issues for the local housing market – how factors like employment, incomes and Covid-19 are impacting on local housing markets.

Core Output 2: Estimate a range of additional future housing units (Nov 2020-Jan 2021)

- **Figures should be broken down into the number of households who are likely to afford owner occupation, private rent, below market rent, social rent.**
- **Estimates must be reported for each five-year period of the projection and the cumulative total at the end of the projection (these are output automatically by the Tool).**
- **The projection period and geography chosen should fit with those required for the LHS and Development Plan.**
- **Assumptions and choices made about scenarios (demographic, existing need, house price, income and affordability) used in the Tool must be based on evidence and clearly explained in the HNDA.**

The following methodology is agreed (linked to Core output 1):

Step 1 - choosing a range of future demographic scenarios that best reflect what may occur in local housing market areas.

Step 2 - estimating the number of households in existing need that will require a new home and deciding how many years it will take to clear/ address this housing need.

Step 3 - choosing a range of scenarios which best reflect what may happen to future local house prices, rent prices and incomes.

Step 4 - using affordability assumptions to split total additional housing units by tenure i.e. likely to afford to owner occupation, private rent, below market rent or social housing.

Step 5 - considering how the Tool estimates will inform housing policy (LHS) and planning decisions (Development Plan) in a key issues table.

The analysis will focus on:

- Current need - estimating existing need for additional housing, presenting justification for choices made and deciding the period in which need will be addressed.
- Future demographic assumptions – presenting the choice of future demographic scenarios, providing justification for choices made.
- Future affordability assumptions – Future need for additional housing broken down by household who are likely to be able to afford owner occupation; private renting; below market renting or social renting.
- Future economic assumptions – presenting scenarios around the future direction of the economy, including income, employment etc.

Core Output 3: Specialist Provision (Aug 2020-Jan 2021)

- Identifies the contribution that Specialist Provision plays in enabling people to live well, with dignity and independently for as long as possible.
- Identifies any gap(s)/ shortfall(s) in that provision and the future level and type of provision required.
- Considers evidence regarding property needs, care and support needs and locational/ land needs.
- Undertakes consultation with all appropriate stakeholders who represent the views of those people who this chapter may impact upon and reports on the findings of such consultation.
- Gives due consideration to the provisions of the Equality Act (2010).

The following methodology is agreed:

Step 1 - deciding what evidence is needed to inform the LHS and Development Plan and at what geography will be required

Step 2 - gathering evidence to populate the Specialist Provision Templates provided within the HNDA guidance.

Step 3 - addressing any evidence gaps e.g. bespoke data or consultation.

Step 4 - analysing the available data and populating the standard templates.

Step 5 – agreeing the draft templates with the Housing Market Partnership.

Step 6 - consulting with those people represented in the templates.

Step 7 - reflecting any stakeholder feedback in the templates and reports on the consultation findings.

The analysis will focus on:

- Specialist housing provision - recording within the templates the scale and type of provision and unmet need now and in future for: accessible and adapted housing; wheelchair housing; non-permanent housing; supported provision; care and support services for independent living at home; and site provision.
- Specialist client types - the needs of the following client groups will be considered as a minimum: older people; disabled people; people with a mental health condition; people with a learning disability; homeless people; people fleeing / at risk of domestic abuse; people requiring non-permanent accommodation (e.g. homeless people, students, migrant workers, asylum seekers, refugees, care leavers, ex-offenders); armed forces communities; minority ethnic people (including Gypsy/ Travellers); and Travelling Showpeople. An example of the specialist provision template is shown as follows:

Table xx: Example Client Type	
National policies	
Local policies / strategies	
Property needs (key section)	
Suitability	
Evidence (key section)	
External stakeholder consultation and engagement	

Core Output 4: Housing stock profile, pressures & management issues (Aug 2020-Dec 2020)

- Consider what existing stock is available to meet local housing needs and identify any under-supply or surplus of housing types.
- Show where existing housing stock is pressured and could be managed differently to meet the housing needs.
- Describe the types and number of in-situ solutions used.
- Stock should be considered by size, type, condition, occupancy (overcrowding and under-occupancy, concealed households and turnover (re-lets and voids), tenure and location.

The following methodology is agreed:

Step 1 - deciding what evidence is required for the LHS and Development Plan and what geography is required.

Step 2 - identifying data sources and triangulating any local data with national data for quality assurance.

Step 3 - tabulating or charting the data and describing any trends i.e. increase, decrease, no change.

Step 4 - using the information from step 3 to identify stock pressures e.g. by size, type, tenure and location of dwelling.

Step 5 - using the information from step 3 to identify existing need that needs to be addressed by providing additional units (and which will be inputted into the HNDA Tool)

Step 6 – considering what the future demographic profile of the area (using evidence Core output 2) may mean for the profile of future stock.

Step 7 - considering what the findings in this chapter might mean for LHS and Development Plan and completing a key issues table.

Step 7 - agreeing the draft chapter with the Housing Market Partnership.

The analysis will focus on:

Housing quality – examining key characteristics such as dwelling size; dwelling type; housing tenure; dwelling condition (SHQS and BTS).

Housing pressures – including over/under occupancy; concealed households; stock turnover relets / voids; low demand; stock management; and the potential for in-situ solutions.

Future social housing supply – the required size, type, tenure and location of future social housing supply.

Core Process 1

A Housing Market Partnership (HMP) has overseen production of the HNDA and other stakeholders have been appropriately engaged with via consultation. All HMP decisions have been clearly reported in the HNDA.

The governance arrangements for the HNDA3 project have been made available through the SES HNDA3 Project Initiation Document. This includes roles, responsibilities and current membership of the Housing Market Partnership. A SES HNDA3 Consultation and Participation Approach is being developed to outline how the Housing Market Partnership and other stakeholders will be engaged at each stage of the HNDA3 project. All Housing Market Partnership decisions will be collated and presented in the final HNDA3 report.

Core Process 2

Housing Market Areas have been agreed with the Housing Market Partnership and are considered in the production of all core outputs.

A review of Housing Market Areas will be completed as part of the HNDA3 project and will be agreed with the Housing Market Partnership before informing work around the HNDA3 core outputs.

Core Process 3

The methodology, limitations and quality control mechanisms are given full technical explanation.

The methodology, limitations and quality control mechanisms will be given full technical explanation at relevant points in addressing each HNDA3 core output and will be summarised in a dedicated chapter within the HNDA3 report.

Core Process 4

Assumptions, judgements and scenarios are well reasoned and transparent.

All assumptions, judgements and scenarios will be worked through transparently and will form part of the consultation process with the Housing Market Partnership and other stakeholders.

Core Process 5

Key findings have been summarised, at the start of the HNDA, using the template provided. Figures should be shown for each five-year period of the projection and the cumulative total at the end of the projection (this is automatically output by the Tool).

The start of the HNDA3 report will include a summary of key findings presented within the template provided and within the format shown through the HNDA Tool outputs.

Core Process 6

HNDA3s have been officially signed-off by the Head(s) of Housing and the Head(s) of Planning or the designated senior official, prior to submission to the CHMA. Where Local Authorities have jointly produced an HNDA they all agreed their core outputs. A statement to this effect has been included as part of the official sign-off.

The SES HNDA3 will be signed-off by the Heads of Housing and Planning and a statement agreeing the HNDA core outputs will also be provided.

Appendix 1: Core Outputs and Core Processes for HNDA

Core Outputs

1	<p>Key housing market drivers</p> <p>Identifies key factors driving the local housing market, including household formation, population and migration, housing affordability including income, house prices, rent levels, access to finance and key drivers of the local and national economy and how these inform the choice of scenarios run in the HNDA Tool.</p>
2	<p>Estimate a range of additional future housing units</p> <ul style="list-style-type: none"> ● Figures should be broken down into the number of households who are likely to afford owner occupation, private rent, below market rent, social rent. ● Estimates must be reported for each five-year period of the projection and the cumulative total at the end of the projection (these are output automatically by the Tool). ● The projection period and geography chosen should fit with those required for the LHS and Development Plan. ● Assumptions and choices made about scenarios (demographic, existing need, house price, income and affordability) used in the Tool must be based on evidence and clearly explained in the HNDA.
3	<p>Specialist Provision</p> <ul style="list-style-type: none"> ● Identifies the contribution that Specialist Provision plays in enabling people to live well, with dignity and independently for as long as possible. ● Identifies any gap(s)/ shortfall(s) in that provision and the future level and type of provision required. ● Considers evidence regarding property needs, care and support needs and locational/ land needs. ● Undertakes consultation with all appropriate stakeholders who represent the views of those people who this chapter may impact upon and reports on the findings of such consultation. ● Gives due consideration to the provisions of the Equality Act (2010).
4	<p>Housing stock profile, pressures & management issues</p> <ul style="list-style-type: none"> ● Consider what existing stock is available to meet local housing needs and identify any under-supply or surplus of housing types. ● Show where existing housing stock is pressured and could be managed differently to meet the housing needs. ● Describe the types and number of in-situ solutions used. ● Stock should be considered by size, type, condition, occupancy (overcrowding and under-occupancy, concealed households and turnover (re-lets and voids), tenure and location.

Core Processes

1	A Housing Market Partnership (HMP) has overseen production of the HNDA and other stakeholders have been appropriately engaged with via consultation. All HMP decisions have been clearly reported in the HNDA.
2	Housing Market Areas have been agreed with the Housing Market Partnership and are considered in the production of all core outputs.
3	The methodology, limitations and quality control mechanisms are given full technical explanation.
4	Assumptions, judgements and scenarios are well reasoned and transparent.
5	Key findings have been summarised, at the start of the HNDA, using the template provided. Figures should be shown for each five-year period of the projection and the cumulative total at the end of the projection (this is automatically output by the Tool).
6	HNDA's have been officially signed-off by the Head(s) of Housing and the Head(s) of Planning or the designated senior official, prior to submission to the CHMA. Where Local Authorities have jointly produced an HNDA they all agreed their core outputs. A statement to this effect has been included as part of the official sign-off.

Source: Scottish Government (2018) HNDA A Practitioner's Guide