

HIGHLAND HOUSING MARKET PARTNERSHIP

ESTIMATING THE EXISTING NEED TO BE USED IN OUR 2014 HNDA

Introduction

At its meeting on 3rd October 2014 the Highland Partnership agreed to use an in house method to estimate the existing need¹ (sometimes referred to as the backlog of need) based on an assessment of the current living arrangements of each applicant on the Highland Housing Register (HHR). The Partnership believes that this approach is more robust than the modelled (HaTAP) and surveyed & inferred (based on SHS) methods suggested as defaults in the HNDA Guidance. This note describes the method to be used and the logic behind it.

Background

The Scottish Government's Centre for Housing Market Analysis (CHMA) has published Guidance for practitioners on producing Housing Need and Demand Assessments (HNDAs). This Guidance states that the existing need should be assessed, and must be based on the need that requires an addition to the current housing stock. Relevant extracts from the Guidance are given in Appendix 2 at the end of this Note.

Para 4.21 of the Guidance gives authorities discretion to use their own estimates, providing that they clearly demonstrate and document how the estimate was reached. The guidance also suggests two possible ways of assessing existing need:

- Using national data on Homelessness and temporary accommodation pressure (HaTAP) with the figures built in as defaults to the HNDA tool. For Highland, the HaTAP pressure is 590 units with the default that it should be removed over a five year period.
- Estimates of overcrowded and concealed households from the Scottish Household Survey (SHS). For Highland this is 400 units (confidence limits zero to 1,000), (presumably also with a default of removal over five years).

As the HaTAP figures are for homeless families, and the SHS figures are for concealed household who are accommodated, there is an argument that the two figures are additive (rather than exclusive) but the Guidance is not specific on this point.

Chapter 3 of the Guidance discusses stock management issues. Paragraph 3.7 suggests overcrowding and concealed households should only be considered for the social sector, as a stock management issue. Experience in Highland is that applicants on our HHR who are over-crowded and concealed are currently in both the private and subsidised sectors, and many have a need that can only be met within the social sector. The result is that both the HaTAP and SHS data are likely to result in significant underestimates. This note therefore recommends that we analyse our existing HHR (May 2014 snapshot), and assesses whether each individual applicant might need an addition to stock on the basis of the information contained in the Register using rules described below.

Information Contained in our Highland Housing Register

There are three fields which are particularly relevant, with details of potential values for each field given in Appendix 3. These are:

¹ At the same meeting the Partnership agreed that likely future levels of funding for affordable housing suggest we should aim to remove the existing need over 10 years (rather than the default of 5 suggested for HaTAP): this is not discussed further in this note.

- Household Type
- Current Home Description
- Points Rule

Although the points rule has arguably the greatest potential for use in identifying existing need, it is not always clear from this whether housing the applicant would release an existing house for resale or relet, therefore the approach taken is to base the assessment on a combination of the points rule and current home description to ensure that only the requirement for a stock addition solution is being met.

Calculating the Backlog

We have considered the information in the Register and suggest that the seven rules given in the table below should be used to assess each individual application. They all identify applicants who require a stock addition and should therefore be included in existing need for the purpose of the HNDA. The rules are applied sequentially 1 to 7, starting at 1, and each application is counted only once irrespective of the number of points rules it is considered under.

| Points Rule and / or Current Home to be Classed as Requiring a New Build | Reason |
|---|---|
| 1 Points Rule = homeless | Homeless people are the highest priority for housing and suitable accommodation in the right place and at an affordable price is not available. |
| 2 Current Home = homeless at home | This is equivalent to homeless (only 4 in this category). |
| 3 Current Home = living in a hostel | Equivalent to homeless – these are homeless individuals / families living in temporary accommodation. |
| 4 Current Home = Living in a caravan | Caravans as used here are not mobile homes designed for long term occupation, but are touring caravans or statics designed for seasonal holiday use: they are cramped, poorly insulated, and prone to damp. Council policy is that this is an unacceptable standard of accommodation for permanent accommodation. |
| 5 Current Home = Living in temporary accommodation provided by the Highland Council or another Council | Equivalent to homeless – these are homeless individuals / families living in temporary accommodation. |
| 6 Current Home = living or lodging with friends | Current living arrangements are unacceptable and the accommodation is being provided as a personal favour. It is unlikely to be re-let when the individual or family moves out. |
| 7 Current Home = living with parents or relatives | Current living arrangements are unacceptable and the accommodation is being provided as a personal favour. It is unlikely to be re-let when the individual or family moves out. |

Other categories of applicant have not been included because they will either release a property when re-housed (eg a tenant of a HHR landlord), or are part of population “churn” where we might expect the numbers to be reasonably constant in the future (eg living in a hospital or residential care) and numbers are relatively low.

Note

We have also looked at including points rule = overcrowding as a final category at step 8. In the approach described above we have considered living with friends, parents and relatives at steps 6 and 7 of the analysis, and of the applicants remaining after step 7, 905 are overcrowded. Of these 533 are already in social housing, 276 are private sector tenants, and 65 own their own home. In each of these cases a new build is unlikely to be required as re-housing would result in a relet or resale (net neutral, and defined by the Guidance as a stock management issue). We have therefore not included over-crowding in the calculation.

Results

A summary of the results for Highland are given in the table below, with a breakdown by Housing Market Area in Appendix 1. They show that, of the 7,393 applicants on the Register, 2,144 are likely to require a stock addition meet their need, and the biggest numbers are applicants living with parents or relatives (1,201) or homeless (475).

| Reason for Inclusion in Backlog | Highland Total |
|---|-----------------------|
| 1 Points Rule = homeless | 475 |
| 2 Current Home = homeless at home | 4 |
| 3 Current Home = living in a hostel | 42 |
| 4 Current Home = Living in a caravan | 90 |
| 5 Current Home = Living in temporary accommodation provided by the Highland Council or another Council | 69 |
| 6 Current Home = living or lodging with friends | 263 |
| 7 Current Home = living with parents or relatives | 1,201 |
| Grand Total | 2,144 |

Using the Existing Need in the Highland HNDA

As discussed earlier, applicants counted in existing need include families currently housed in both the private and subsidised sectors (as well as homeless) and some might have income incomes that could allow a private sector solution. Use of the affordability model in the HNDA tool has been investigated but the tool assumes that people in existing need have the same income distribution as the wider population and allocates around half to the private sector. For this reason the affordability model has not been used in the scenario presented in our HNDA. further information on the impact of the affordability module is given in the sensitivity analysis paper at:

[Insert link](#)

Cameron Thomas
Research Officer
Development & Infrastructure
Highland Council
11/11/14

APPENDIX 1 – COMPONENTS OF BACKLOG BY HOUSING MARKET AREA

| Reason for Inclusion in Backlog | Badenoch & Strathspey | Caithness | Inverness | Lochaber | Nairn | Ross East | Ross Mid | Ross West | Skye & Lochalsh | Sutherland | Total |
|---|-----------------------|-----------|------------|------------|------------|------------|------------|-----------|-----------------|------------|--------------|
| 1 Points Rule = homeless | 16 | 7 | 254 | 37 | 21 | 46 | 53 | 2 | 36 | 3 | 475 |
| 2 Current Home = homeless at home | | | 2 | | 1 | | | 1 | | | 4 |
| 3 Current Home = living in a hostel | 5 | | 27 | | 2 | 2 | 3 | | 3 | | 42 |
| 4 Current Home = Living in a caravan | 3 | 1 | 24 | 18 | 3 | 7 | 6 | 9 | 13 | 6 | 90 |
| 5 Current Home = Living in temporary accommodation provided by the Highland Council or another Council | 3 | | 31 | 6 | 4 | 9 | 14 | | 1 | 1 | 69 |
| 6 Current Home = living or lodging with friends | 13 | 10 | 101 | 32 | 12 | 30 | 22 | 13 | 23 | 7 | 263 |
| 7 Current Home = living with parents or relatives | 63 | 37 | 522 | 103 | 69 | 131 | 141 | 33 | 65 | 37 | 1,201 |
| Grand Total | 103 | 55 | 961 | 196 | 112 | 225 | 239 | 58 | 141 | 54 | 2,144 |

APPENDIX 2 – EXTRACTS FROM HNDA PRACTITIONERS GUIDE

Step 2 - Estimate of existing need for additional housing units and the period in which it will be cleared/addressed

4.18 In this step an estimate of the existing need for additional housing units should be made. This estimate MUST represent the need for additional homes and NOT detail in-situ or stock management issues which are addressed separately in Chapters 3 and 5 of the HNDA. Possible elements of estimating existing need and data sources are set out at [Annex D](#).

4.19 The HNDA Tool contains the option of using a simplified methodology for this based on national data on [Homelessness and Temporary Accommodation Pressure \(HaTAP\)](#) that the CHMA consider sufficiently robust to use.

4.20 A possible advantage of this for SDPAs is that the estimates are consistent across all constituent local authorities. An advantage for all HNDA Practitioners is that this option is instant, reducing the time and complexity of this part of the HNDA. If this method is selected the result is an estimate of the existing need for additional units of social rental housing only. In this case the CHMA recommends that the period to clear/ address housing need should be set at 5 years.

4.21 If authorities wish to use their own estimates of existing need for future additional housing units, it is at their discretion to decide what constitutes this and what reflects local circumstances most appropriately.

It will be necessary to clearly demonstrate and document how this estimate was reached (in-situ, stock management and other wider issues are dealt with separately in Chapters 3 and 5).

4.22 It is suggested that existing need for additional housing units may include the items below. Data sources for these items are set out at [Annex D](#):

- [homeless households including in temporary accommodation](#)
- [households that are BOTH concealed² AND overcrowded^{3,4}.](#)

4.23 Attention should be given as to whether the estimates of existing need are solely about social housing or whether they span all four tenures. If it is all tenure then the estimates should be processed through the affordability model (Stage 3 and 4) in order to break it down by tenure. This option is available within the Tool or may be completed outwith the Tool.

² Two or more households living in a single dwelling. A working definition based on the Scottish Household Survey (SHS) is [provided](#).

³ The SHS provides a [definition](#) of overcrowding.

⁴ A count concealed AND overcrowded households for each Local Authority has been produced by the Scottish Government based on the SHS.

Outputs

4.47 At the end of this section authorities should have:

- an estimate of current households in need who require additional housing units (i.e. not current households whose need can be delivered by an in-situ solution)

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APPENDIX 3 – RELEVANT DATA FIELDS IN THE HIGHLAND HOUSING REGISTER

| FIELD | VALUES |
|--------------------------|---|
| Household Type | 45 combinations with the general format: FAM, 1>16, 0<16 SHARE, 1<16 SOLE, 3 BED |
| Current Home Description | A Tenant of another Housing Association A Tenant of a HHR Landlord A Tenant of a property leased by Highland Council A Tenant of another Council Homeless At Home In Prison Living in a home I Own, or of which I am a sharing Owner Living in a Hospital Living in a Hostel Living in Acc provided by my job Living in caravan Living in Residential Care Living in Supported Acc Living in Temp Acc provided by the Highland Council or another Council Living or Lodging with friends Living with Parents or Relatives Tenant of a Private Sector Landlord or a residential Landlord |
| Points Rule | 2 Households Combined Accessible Housing Care And Support Needs Homeless Insecure Tenure Need To Reside Overcrowding Poor Housing Condition Sharing Facilities Special Allocations Status Temporary Accommodation Under Occupation |