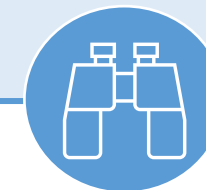# Moray Housing Market Partners
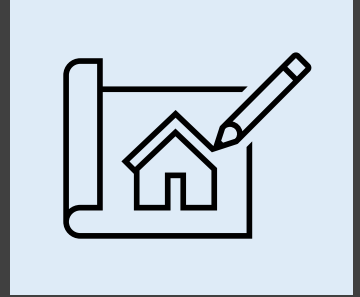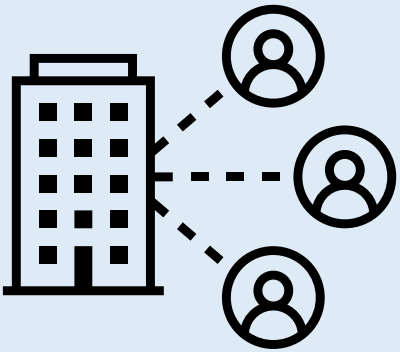
**Arneil** Johnston

**Insight briefing:**
- Existing need
- New need
- Housing affordability

## Housing Need & Demand Assessment

## Core Output 3: Estimating Future Housing Need & Demand

# Housing Need & Demand Assessment Overview

**Housing Need & Demand Assessments are designed to give broad, long-run estimates of what future housing need might be, rather than precision estimates.**

They provide an evidence-base to inform housing policy decisions in Local Housing Strategy (LHS) and land allocation decisions in Development Plans.

The previous Housing Need & Demand Assessment for the Moray area was produced in 2017.

**An HNDA estimates the future number of additional housing units to meet existing and future housing need and demand in a housing market area**

It also captures contextual information on the operation of the housing system to assist partners to develop policies on new housing supply, the management of existing stock and the provision of housing related services.

This contextual information includes an analysis of demographic, affordability and wider economic trends which are key drivers of local housing markets.

This analysis helps partners to understand local housing market dynamics and make evidence-based choices on meeting housing need and demand

# How does the HNDA Calculation work?

The Scottish Government provide an HNDA calculation tool prepopulated with data to estimate the number of new homes needed in the area

**The HNDA tool works by projecting the number of new households who will require housing across the Moray area by considering existing households who need new homes PLUS new households who will need homes in the next 20 years**

Local authorities can adjust the tool using local evidence of housing need and housing pressures

**1**

**Existing housing need**

Households in unsuitable housing or who need a home
- Homeless HH
- Concealed HH
- Overcrowded HH

**+**

**2**
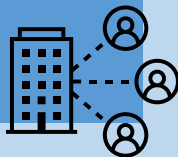
**New need for housing**

Household projections scenarios:
- Formation
- Migration
- Growth

**=**

**3**

**Future housing estimates**

Number of new homes requried in Moray over the next 20 years

# HNDA Calculation Inputs: New Housing Need

**Scottish Government HNDA Toolkit Newly Arising Need Estimate**

**2,059**

- NRS 2018 Based Principal Household Projections
- Projected 5% Growth across Moray area

Moray Population Projections (2018 Based NRS Projections)



| | | | | | Moray Low Migration | Moray Principal | Moray High Migration | Moray Growth @2.5% |

Values shown on chart: 43,691 (start); 48,273; 46,506; 45,927; 45,467 (end)
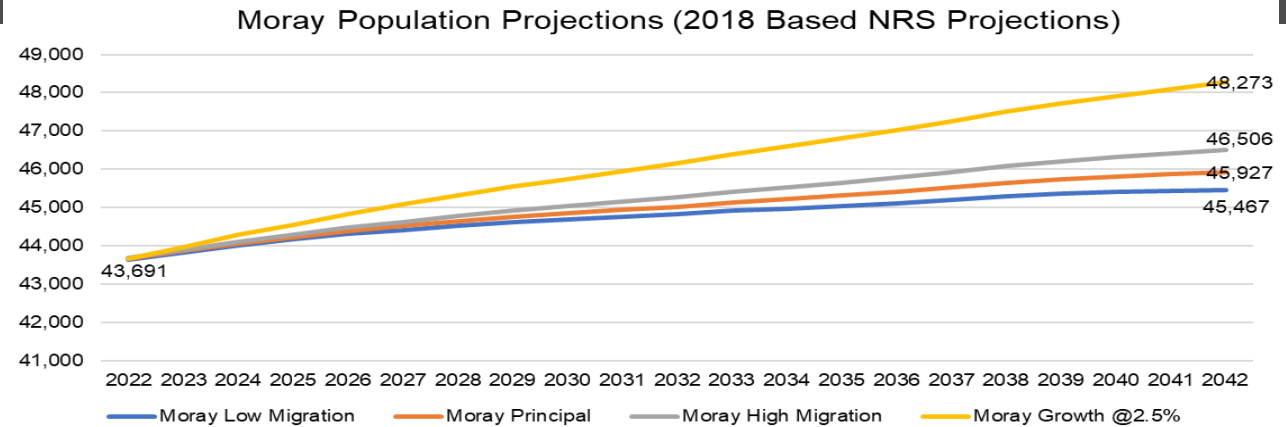
**Moray HNDA Toolkit New Arising Need Estimates: Principal/High Migration/Growth**

**2,258**

- NRS 2018-based Principal Projections
- Projected 5% growth across Moray

**2,815**

- NRS 2018-based High Migration Projections
- Projected 6% growth across Moray

**4,569**

- Principal Projections + Growth 0.25% per year
- Projected 10% growth across Moray

| | Households 2001 | Households 2011 | Households 2021 | % Change 2011-21 | % Change 2001-21 |
|---|---|---|---|---|---|
| Moray | 35,868 | 40,155 | 43,590 | 9% | 22% |
| Scotland | 2,194,564 | 2,376,424 | 2,528,823 | 6% | 15% |

| | 2022 | 2042 | 20 Year Change | Avg Annual | % Change |
|---|---|---|---|---|---|
| 2018 Low | 43,651 | 45,467 | 1,816 | 91 | 4% |
| 2018 Principal | 43,669 | 45,927 | 2,258 | 113 | 5% |
| 2018 High | 43,691 | 46,506 | 2,815 | 141 | 6% |
| Growth @ 0.25% | 43,669 | 48,239 | 4,569 | 228 | 10% |

# Moray – 20 Year HNDA Housing Estimates

**1** Existing housing need **2,160**

**+**

**2** New need for housing **2,258** **2,815** **4,569**

**=**

**3** Future housing estimates **4,418** **4,975** **6,730**
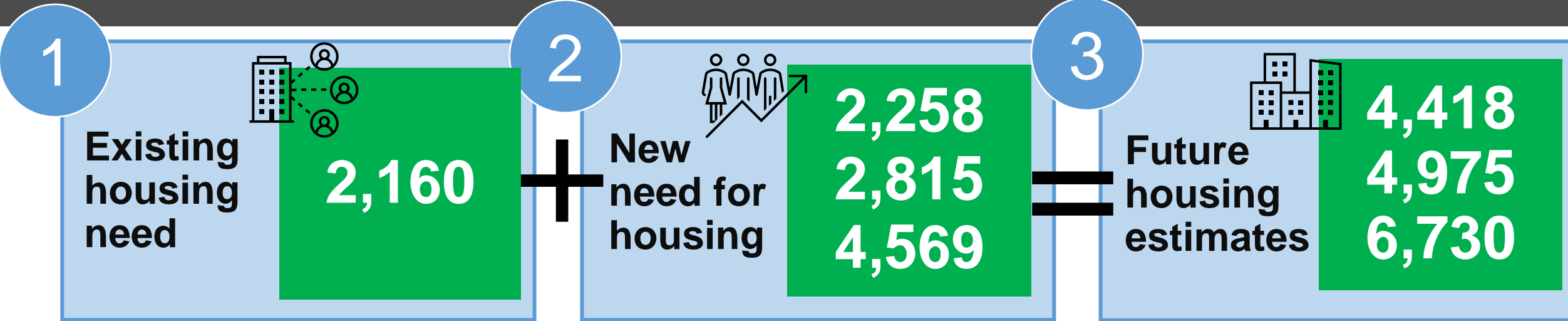
Despite consultation with stakeholders concentrating on Scenarios 2 and 3, the Moray HMP have opted to select Scenarios 1 and 2 as the preferred options upon which to create a range of housing estimates across the area. This decision has been made to attain robust and credible status from the Centre for Housing Market Analysis.

Moray HNDA housing estimates range from **4,418** to **4,975** over the next 20 years. The high migration scenario projects a 13% increase in housing estimates from the principal scenario. This results in an additional net housing requirement of 1,875 homes over the next 20 years.

# Creating Housing Estimates by Tenure

**1**

**Existing housing need**

2,160

**+**

**2**

**New need for housing**

2,258
2,815
4,569

**3**

**Future housing estimates**

4,418
4,975
6,730
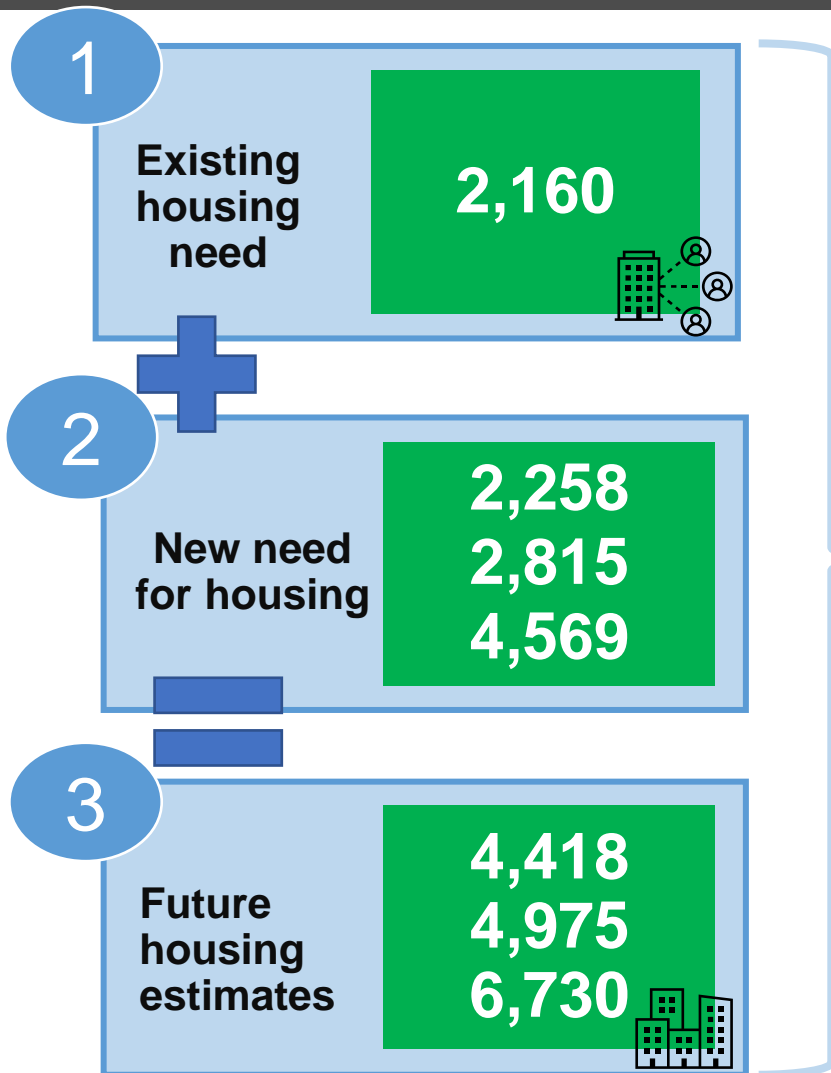
The Scottish Government HNDA calculation tool takes total future housing estimates and assesses the Moray requirement for new housing across the following housing tenures:

- Market housing
- Market rents
- Mid market rents
- Social rents

This split by tenures is determined by analysis of local housing affordability using the following assumptions:

## Market Housing Affordability

Households with lower quartile incomes can afford lower quartile house prices when a 3.9 X's mortgage multiplier is applied

**Those who cannot afford to purchase a home are split into the following tenures based on their ability to afford:**

## Market Rent (PRS) Affordability

Households who spend less than 25% of their income on market rents can afford to live in the private rented sector

## Mid Market Housing Affordability

Households who spend between 25%-35% of their income on rents could afford to live in the mid-market rented sector

## Social Housing Affordability

Households who spend more than 35% of their income on rents could only afford to live in the social housing sector

# Moray Housing Estimates by Tenure January 2023

**Moray future housing estimates**

| 4,418 |
| :---: |
| 4,975 |
| 6,730 |

| Scenario 2.1 - Principal | Housing Estimates | | % |
| :--- | :---: | :---: | :---: |
| Social Housing | 2,556 | 🟢 | 58% |
| Below Market Housing | 440 | 🔴 | 10% |
| Market Rent (PRS) | 673 | 🔴 | 15% |
| Market Housing | 749 | 🔴 | 17% |
| Total | 4,418 | | 100% |
| **Scenario 2.2 - High Migration** | **Housing Estimates** | | **%** |
| Social Housing | 2,648 | 🟢 | 53% |
| Below Market Housing | 547 | 🔴 | 11% |
| Market Rent (PRS) | 842 | 🔴 | 17% |
| Market Housing | 938 | 🔴 | 19% |
| Total | 4,975 | | 100% |
| **Scenario 2.3 - Growth @ 0.25** | **Housing Estimates** | | **%** |
| Social Housing | 2,940 | 🟢 | 44% |
| Below Market Housing | 887 | 🔴 | 13% |
| Market Rent (PRS) | 1,373 | 🔴 | 20% |
| Market Housing | 1,530 | 🔴 | 23% |
| Total | 6,730 | | 100% |

## High Migration Scenario: Housing Estimates by Tenure

**19%** — **Market Housing Affordability**
Households with lower quartile incomes can afford lower quartile house prices when a 3.9 X's mortgage multiplier is applied

**= 938** new Market Homes

Those who cannot afford to purchase a home are split into the following tenures based on their ability to afford:

**17%** — **Market Rent (PRS) Affordability**
Households who spend less than 25% of their income on market rents can afford to live in the private rented sector

**= 842** new Market Rent Homes

**11%** — **Mid Market Housing Affordability**
Households who spend between 25%-35% of their income on rents could afford to live in the mid-market rented sector

**= 547** new Mid Market Homes

**53%** — **Social Housing Affordability**
Households who spend more than 35% of their income on rents could only afford to live in the social housing sector

**= 2,648** new Social Homes

# Moray Housing Estimates by Tenure & Area

| Scenario 2.2 - High Migration Projections: Housing Estimates by Tenure and HMA | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Buckie HMA | Caringorms National Park | Elgin HMA | Forres HMA | Keith HMA | Speyside HMA | Moray |
| Social Rent | 349 | 24 | 1536 | 361 | 213 | 164 | 2648 |
| Below Market Housing | 96 | 5 | 264 | 90 | 48 | 44 | 547 |
| Market Rent (PRS) | 101 | 6 | 471 | 156 | 56 | 53 | 842 |
| Market Housing | 165 | 10 | 414 | 184 | 84 | 82 | 938 |
| Total | 711 | 44 | 2685 | 792 | 401 | 342 | 4975 |
| Average per annum | 36 | 2 | 134 | 40 | 20 | 17 | 249 |
| HMA Share | 14% | 1% | 54% | 16% | 8% | 7% | 100% |

| | Buckie HMA | Caringorms National Park HMA | Elgin HMA | Forres HMA | Keith HMA | Speyside HMA |
|---|---|---|---|---|---|---|
| Social Rent | 49% | 53% | 57% | 46% | 53% | 48% |
| Below Market Housing | 13% | 11% | 10% | 11% | 12% | 13% |
| Market Rent (PRS) | 14% | 14% | 18% | 20% | 14% | 15% |
| Market Housing | 23% | 23% | 15% | 23% | 21% | 24% |
| | 100% | 100% | 100% | 100% | 100% | 100% |