

ARNELL JOHNSTON
Public Sector Housing
Partnership Community

Argyll & Bute Council

Meeting Housing Need & Demand

Lorn & Isles Local Area
Community Planning Group

Wednesday 12th May 2010

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Assessing the Requirement for Affordable Housing

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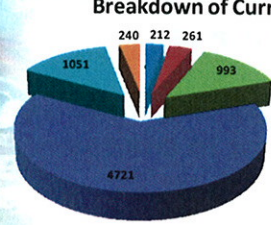
Housing Need Calculation

Total Backlog Need	➔	7,478 households located in unsuitable housing and require alternative accommodation
Market Independence	➔	1,249 households in unsuitable housing who cannot meet need independently per annum
Annual Backlog Need	➔	125 households who cannot meet need independently per annum for next 10 years
Newly Arising Need	➔	901 households change status and form need over annual period
Affordable Supply	➔	714 units of affordable housing become available per annum to meet need
Net shortfall/surplus	➔	An annual shortfall of 312 units is evidenced

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Affordable Housing Need Calculation

Breakdown of Current Need



Category	Count
Homeless/Insecurity	4721
Concealed Households	1051
Overcrowding	240
Special Needs	212
Poor Condition	261
Harassment	993

Current Need = 7,478

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Affordable Housing Need Calculation

Total Current Need

Eliminate

- 'In situ solutions': 3172
 - Provision of aids/adaptations/support
 - Net 'Special Need' figure = 1,549
- Net 'Current Need' figure = 4,306

Then eliminate

- Those who can afford to meet need in private housing market
 - 71% can meet market entry price

Net Current Need = 1,249

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Affordable Housing Need Calculation

Newly Arising Need

- New household formation: 722
 - Eliminate new formers who can afford to meet market entry level prices = 46%
- Existing households falling into need: 512
 - Change in household circumstances including annual flow of homeless households

Newly Arising Estimate = 901

Affordable Housing Need Calculation

Affordable Housing Supply

- Affordable housing relets: 638
- Committed new affordable supply: 76
- Turnover net of units taken out of management: 0 (demolitions)
- Annual Supply Estimate = 714

Affordable Housing Need Calculation

Interim Calculation Estimate

- Current need = 7,478
 - > Net current need = 1,249
 - > Net annual current need = 125 (10 years)
- Annual newly arising need = 901
- Annual total need = 1,026
- Annual affordable supply = 714
- Estimated shortfall = -312
- 10 year estimated shortfall = -3,120

Key Message

The annual shortfall in Argyll & Bute is **300 units**

*This results in a Year 10 shortfall of in excess of **3,000 units***

Lorn & Islands Profile

	Coll & Tiree	Lorn & Inner Isles	Mull & Iona
Total Backlog Need	119	538	348
% who Cannot Afford	63% = 75	47% = 251	63% = 219
Annual Backlog Need	7	25	22
Newly Arising Need	27	92	102
Total Annual Need	35	117	124
Affordable Supply	5	63	24
Net shortfall/surplus	-30	-54	-100

Lorn & Islands Profile

Profile of Current Need by HMA

	Coll and Tiree	Lorn and the Inner Isles	Mull and Iona
Homeless Households	4	49	10
Insecure Tenure	0	5	1
Concealed households	0	27	63
Overcrowding	54	86	143
Aids & Adaptation	82	91	163
Special Forms of Housing	43	160	73
Housing Support	0	64	13
Poor Quality	18	212	45
Harassment	0	0	13

Lorn & Islands Profile

Key Headlines

- > % current need below average in Lorn (9%); twice the average in Coll & Tiree, Mull & Iona
- > New formation significant in Coll & Tiree (4%), Mull & Iona (7%)
- > Typical levels of homelessness in each HMA
- > Below average turnover of stock: ABC 7%
 - > Coll & Tiree, Lorn = 4%, Mull & Iona = 5%
- > % annual unmet need in islands very high:
 - > Lorn: 47% need cannot be met
 - > Coll & Tiree: 86% need cannot be met
 - > Mull & Iona: 81% need cannot be met

Lorn & Islands Profile

Annual HMA Shortfall

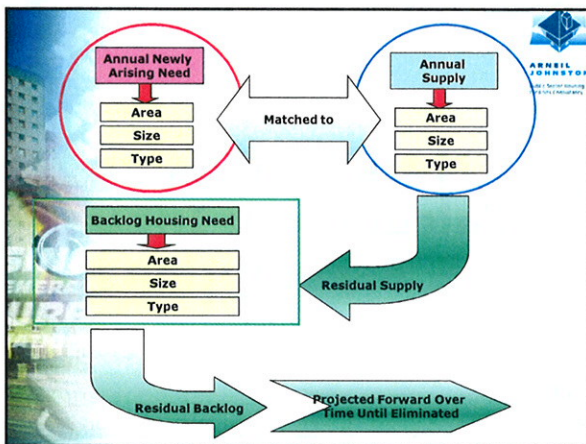
- Coll & Tiree = **-30**
- Lorn & Inner Isles = **-54**
- Mull & Iona = **-100**

10 Year HMA Shortfall

- Coll & Tiree = **-300**
- Lorn & Inner Isles = **-540**
- Mull & Iona = **-1000**

10 Year HMA Shortfall = -1,840

Unmet Need for Affordable Housing: Disaggregated Analysis



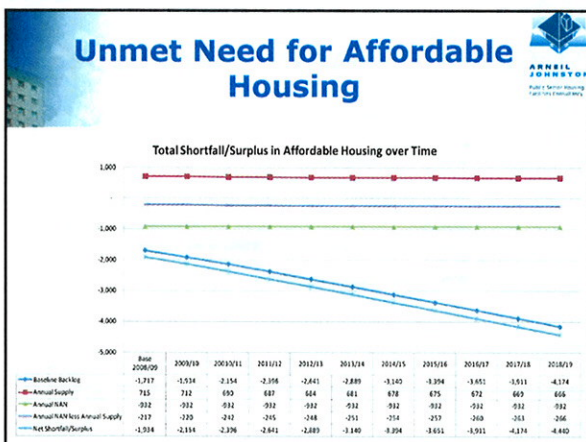
Disaggregated Outcomes

Key Outcomes

- Year 1: 2,154 households have unmet need
- Year 5: 3,140 households have unmet need
- Year 10: 4,440 households have unmet need

Headlines at Year 5

- Shortfall highest in Helensburgh & Lomond (-933) & Mull & Iona (697) HMA's
- Shortfall of affordable housing greatest in 1 & 2 bedroom properties: (-1,723) (55%)
- 94% of shortfall is in General Needs housing



Disaggregated Outcomes

Key Outcomes: Coll & Tiree

- Year 1: 112 households have unmet need
- Year 5: 193 households have unmet need
- Year 10: 294 households have unmet need

Headlines at Year 5

- 88% of shortfall is in General Needs housing
- Shortfall of amenity housing (-19)
- Shortfall of wheelchair housing (-6)
- Sheltered housing supply in balance (+1)
- Shortfall of affordable housing greatest in 1 & 2 bedroom properties: (-116) (61%)

Disaggregated Outcomes

Key Outcomes: Lorn & Inner Isles

- Year 1: 309 households have unmet need
- Year 5: 431 households have unmet need
- Year 10: 588 households have unmet need

Headlines at Year 5

- 87% of shortfall is in General Needs housing
 - Shortfall of amenity housing (-45)
 - Shortfall of wheelchair housing (-23)
 - Surplus in sheltered housing (+14)
- Shortfall of affordable housing greatest in 1 & 2 bedroom properties: (-283) (66%)

Disaggregated Outcomes

Key Outcomes: Mull & Iona

- Year 1: 375 households have unmet need
- Year 5: 697 households have unmet need
- Year 10: 1,101 households have unmet need

Headlines at Year 5

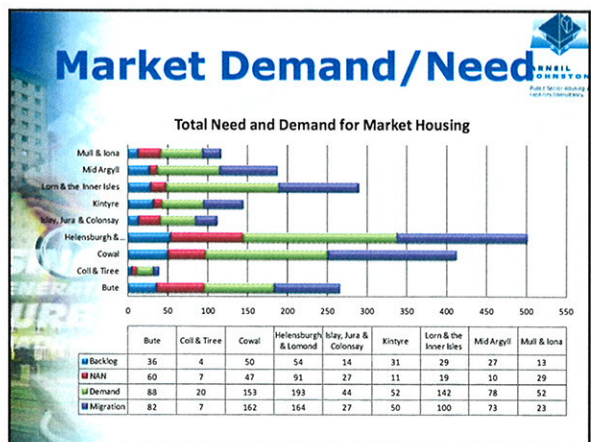
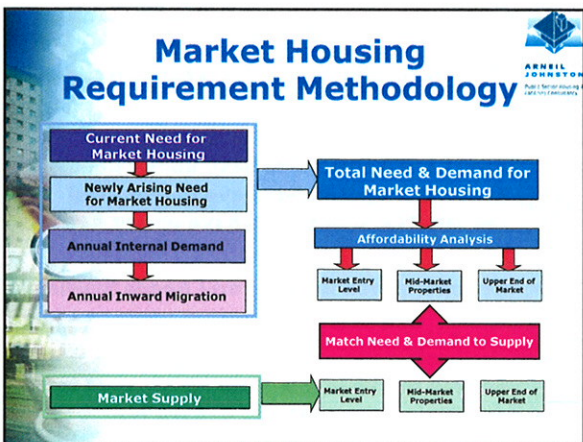
- 95% of shortfall is in General Needs housing
 - Shortfall of amenity housing (-9)
 - High shortfall of wheelchair housing (-25)
 - Surplus in sheltered housing (+9)
- Shortfall of affordable housing greatest 2 bedroom properties: (-314) (45%)

Key Message: Affordable Housing

There are cumulative 10 year shortfalls of...

- Coll & Tiree: 290 – 300 units
- Lorn & Isles: 540 – 580 units
- Mull & Iona: 1,000 – 1,100 units

Market Housing Calculation: Inputs & Assumptions



Calculation Inputs

Market Housing Supply (2008)

Sales Volume	Bute	Coll & Tiree	Cowal	Highland	Islay, Jura & Colonsay	Kintyre	Lorn & the Inner Isles	Mid Argyll	Mull & Iona	A&B (Total Sum)
QUARTILE (Q1)	34	4	76	106	10	25	64	37	10	366
QUARTILE (Q2)	31	3	80	102	9	24	63	36	9	357
QUARTILE (Q3-Q4)	65	7	146	207	19	47	127	73	20	711
	130	14	302	415	38	96	254	146	39	1434

- Sales Volume 2008 = 1,434
- Sales Volume 2007 = 2,050
- Average Sales 2004 to 2008 = 1,919
- Modelling Assumption :
 - Volume of sales incrementally increase from Yr 4 to 1,919 sales by Yr 10.

Calculation Inputs

Validating Need/Demand Input

Current Need for Market Housing = 259 per annum

Newly Arising Need for Market Housing = 301 per annum

Annual 'Effective' Demand = 821 per annum

Annual Inward Migration (2008 Sales) = 688 per annum

Total Annual Demand = 2,069

5 Year Average of Transactions = 1,919

Market Housing Requirement

Quartile 1 and 2 (<£125K: Shortfalls)

- Year 1: -772
- Year 5: -3,810
- Year 10: -7,269

Quartile 1&2 : Cumulative Yr 1,5,10

	Bute	Coll & Tiree	Cowal	Highland	Islay, Jura & Colonsay	Kintyre	Lorn & the Inner Isles	Mid Argyll	Mull & Iona
Year 1	-113	-15	-114	-191	-44	-66	-76	-51	-82
Year 5	-561	-73	-460	-941	-219	-326	-369	-252	-408
Year 10	-1,100	-142	-1,250	-1,770	-433	-634	-661	-468	-813

Market Housing Requirement

Surpluses in Housing Q3&4

- Relates to properties above £125,000
- Total Surplus in Year 1: 137
- Surplus in every area except Bute (-23), Coll & Tiree (-10) and Islay, Jura & Colonsay (-30)
- Cumulative Surplus (10 Years): 2,122
- Total Shortfalls (All Quartiles)
 - Year 1 = -635
 - Year 5 = -3,046
 - Year 10 = -5,147

Market Housing Lorn & Islands Profile

Quartile 1 and 2 Shortfalls

- Year 1: -172
- Year 5: -850
- Year 10: -1,616

Quartile 1&2: Cumulative Yr 1,5,10

	Coll & Tiree	Lorn & the Inner Isles	Mull & Iona
Year 1	-15	-76	-82
Year 5	-73	-369	-408
Year 10	-142	-661	-813

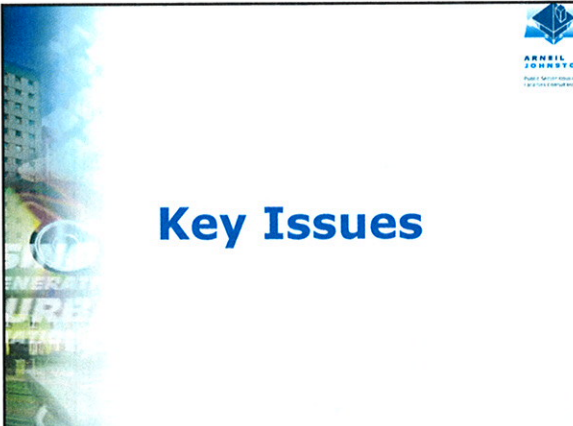
Market Housing Lorn & Islands Profile

Quartile 3 and 4 Surpluses

- Year 1: +35
- Year 5: +191
- Year 10: +515

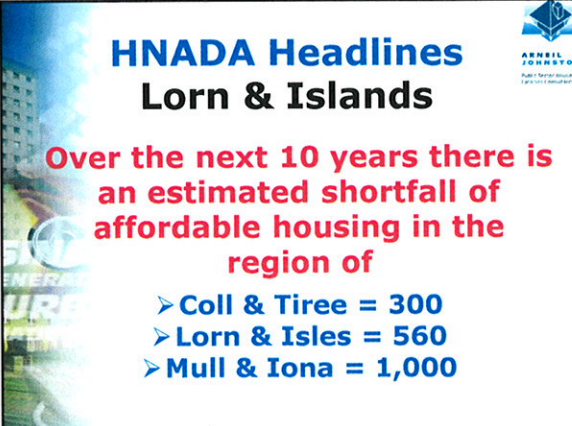
Quartile 3&4: Cumulative Yr 1,5,10

	Coll & Tiree	Lorn & the Inner Isles	Mull & Iona
Year 1	10	40	4
Year 5	43	227	23
Year 10	93	544	64



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Key Issues



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HNADA Headlines Lorn & Islands

Over the next 10 years there is an estimated shortfall of affordable housing in the region of

- Coll & Tiree = 300
- Lorn & Isles = 560
- Mull & Iona = 1,000

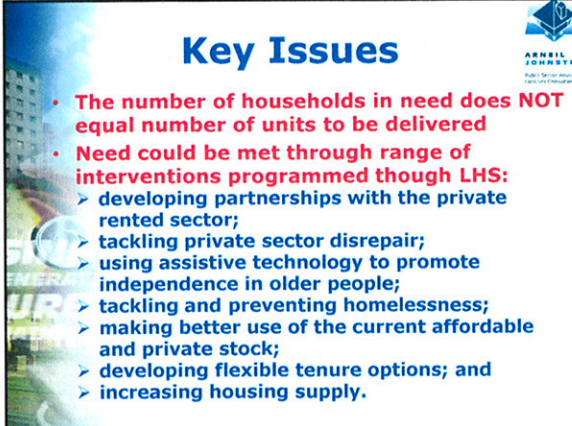


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HNADA Headlines Lorn & Islands

Over the next 10 years there is a cumulative shortfall of up to 1,000 units of market entry level housing for sale

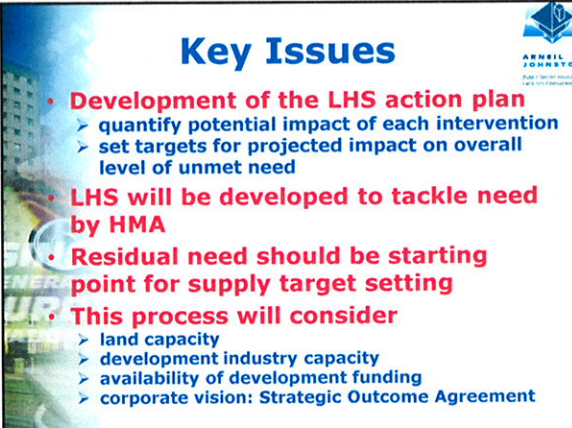
- Coll & Tiree = 230
- Lorn & Isles = 120
- Mull & Iona = 750



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Key Issues

- The number of households in need does NOT equal number of units to be delivered
- Need could be met through range of interventions programmed though LHS:
 - developing partnerships with the private rented sector;
 - tackling private sector disrepair;
 - using assistive technology to promote independence in older people;
 - tackling and preventing homelessness;
 - making better use of the current affordable and private stock;
 - developing flexible tenure options; and
 - increasing housing supply.



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Key Issues

- **Development of the LHS action plan**
 - quantify potential impact of each intervention
 - set targets for projected impact on overall level of unmet need
- **LHS will be developed to tackle need by HMA**
- **Residual need should be starting point for supply target setting**
- **This process will consider**
 - land capacity
 - development industry capacity
 - availability of development funding
 - corporate vision: Strategic Outcome Agreement